

## Bank of America Paper Procurement Policy

Bank of America believes responsible environmental stewardship is an integral component of doing business. The health of the environment not only directly affects the quality of our lives; it's also a part of the foundation for a sustainable economy. As a result, environmental considerations are increasingly intertwined with economic decisions. Bank of America is committed to integrating environmental stewardship into our business operations, placing emphasis on minimizing waste and consumption, addressing climate change, and preserving biodiversity.

Bank of America has developed the following paper procurement policy because we recognize that paper is a key material used in providing financial services, that the majority of the paper we purchase is derived from forests, and that maintaining the ecological health of forests aligns with our commitment to environmental stewardship. Forests help regulate climate, support biodiversity, and provide other vital services that help sustain the cultures, local communities<sup>1</sup> and economies relying on this resource.

The bank's paper procurement policy seeks to maintain the ecological health of forests through:

- Source Reduction and Recycling – the bank will build on its long-standing commitment to minimize consumption of paper products containing virgin wood fiber, in order to reduce demand on forests;
- Sustainable Forest Practices – when procuring paper products containing virgin wood fiber, the bank will require its suppliers to ensure that the source forests from which fiber is procured are managed using environmentally preferable practices;
- Protection of Endangered Forests – the bank will require its suppliers of paper products to identify and appropriately manage forests threatened by human or commercial activity.

Bank of America will apply the following policies to all new agreements to purchase paper products as of April 1, 2005 and for existing agreements at the time of renewal. This policy includes, but is not limited to direct agreements between the bank and its suppliers to purchase paper products. The bank also encourages its third party suppliers of goods and services to employ sound environmental business practices. (see section I.C, below).

### I. Source Reduction and Recycling

- A. The bank will minimize the volume, by weight, of paper products it purchases, where cost, quality, and general business needs allow. This will be achieved via procurement best practices, such as light weighting; internal operations initiatives, such as business process digitization; and customer product offerings, such as providing online banking customers with the option of receiving electronic statements in place of paper statements.
- B. Bank of America will maximize its purchase of paper products containing post-consumer recycled content where cost, quality, and feature requirements allow. The bank has set a goal that 90 percent of total paper purchases are to contain a minimum of 20 percent post-consumer recycled content by 2006. Metrics around recycled paper purchases will be available in the bank's annual Sustainability Report.
- C. As a component of its secure document disposal program, the bank will recycle paper it uses in internal operations and receives from external sources.
- D. Bank of America will encourage any supplier with which it enters into a contractual agreement for the provision of goods or services to use, consistent with the efficient performance of such agreements, recycled paper products, and to implement and adhere to other applicable environmentally beneficial policies and practices.

## II. Forest Practices

- A. The bank will not knowingly do business with companies that collude with, or purchase wood products from illegal logging operations<sup>2</sup>. Suppliers of paper products to the bank must remain in compliance with applicable laws and regulations governing timber harvesting and ensure their third party suppliers also comply with applicable laws and regulations.
- B. The bank will manage its suppliers to ensure it is not aligning itself with suppliers engaged in the conversion of high conservation value forests<sup>3</sup> or natural forest ecosystems<sup>4</sup> to tree farms or plantations, on any scale, on lands that they own or manage.

Additionally, the Bank will require its suppliers<sup>5</sup> to work with their third party suppliers of wood fiber to encourage and monitor compliance with the conversion requirements above, to promote retention of high conservation value forests and natural forest ecosystems.

- C. Suppliers of paper products will be required to possess independent third party certification of sustainable forestry practices for all forests they own or manage.
- D. The bank will require all paper product suppliers to have procurement procedures in place that reliably identify the origin of all wood fiber used in the manufacture of their products and enable monitoring of compliance with legal and policy requirements. At Bank of America's request, suppliers will be required to produce documentation of their procurement procedures and/or fiber origin data produced by these procedures. The bank will require suppliers to warrant that:
  - i. All wood fiber sourced from third party suppliers was harvested using sustainable harvest practices<sup>6</sup>. Suppliers will audit third party supplier harvest operations to verify that sustainable harvest practices are being implemented. At the bank's request, suppliers will be required to provide audit system documentation and results. Additionally, suppliers will actively promote logger training in sustainable harvest practices throughout their supply chains. Suppliers will work with their third party suppliers to ensure that a minimum 90% of their wood fiber is sourced from harvest operations in which at least one person per harvest crew is trained in sustainable harvest practices<sup>7</sup>. Suppliers will be required to monitor and report on compliance with this requirement, and the bank will encourage continuous improvement in this performance metric over time.
  - ii. Neither their products nor product inputs, whether sourced from internal operations or third party suppliers, were derived from genetically modified organisms<sup>8</sup>.

## III. Protection of Endangered Forests

- A. Bank of America will require suppliers of paper products to warrant that neither their products nor product inputs, whether sourced from internal operations or third party suppliers, were derived from the harvesting of:
  - i. Primary tropical moist forests<sup>9, 10</sup>;
  - ii. Primary forests in temperate or boreal forest regions that are not managed using sustainable forestry practices as verified by an independent third party audit.

- B. The bank will require suppliers of paper products to assess all land they own or operate for high conservation value and to refrain from harvesting wood fiber from such areas unless management activities maintain or enhance the attributes that define such forests, as verified by an independent third party with relevant expertise.
- C. Suppliers of paper products to the bank will be required to work with their third party suppliers to avoid sourcing any form of wood fiber harvested from high conservation value forests, unless management activities maintain or enhance the attributes that define such forests. Suppliers must submit to the bank a management plan to achieve this objective. The plan must contain measurable time bound goals, and the supplier will be required to report on a regular basis as to the progress against such goals.

False declarations of compliance or failure to adhere to conditions will be considered breaches of purchasing terms and conditions and appropriate actions will be taken. Bank of America will require supplier company representations and warranties with respect to compliance with the above conditions.

## Additional Bank of America Actions

In addition to engaging with its paper products suppliers to insure compliance with the above policies, the Bank will encourage its suppliers to continually strive to exceed environmental performance expectations. The Bank will extend purchasing preference to products and suppliers that exhibit superior environmental performance, where cost, quality, and feature requirements allow.

To help increase the supply and affordability of environmentally preferable paper, Bank of America joined the [Paper Working Group](#), a project of Metafore, in 2004. The group is developing sourcing tools that define environmentally preferable paper and enable businesses to evaluate the full range of environmental attributes of paper products.

To help identify sensitive forest areas that require special management attention, Bank of America has committed to continue its financial support for the development of the World Resources Institute's Global Forest Watch initiative to map intact forest landscapes<sup>11</sup>.

Bank of America recognizes that successful implementation of these policies relies upon transparency to all stakeholders, appropriate training of all relevant associates and regular public corporate sustainability reporting. The bank will report on environmental data as per the Global Reporting Initiative (GRI) framework.

## Footnotes

<sup>1</sup> **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.

<sup>2</sup> **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.

<sup>3</sup> **High Conservation Value Forests** are considered by this policy to be those that possess at least one of the following attributes: significant biodiversity or wilderness value; rare, or endangered species or ecosystems; ecosystem services, such as watershed protection and clean drinking water, that are critical to meeting basic needs of local communities (e.g. subsistence, health). Bank of America will direct its suppliers to partner with nationally and internationally recognized conservation organizations, such as NatureServe, The Nature Conservancy, Conservation International, and the World Wildlife Fund to assist in identifying and evaluating high conservation value forest areas.

<sup>4</sup> **Natural forest ecosystems** include forest lands that have been historically forested and that have remained continuously forested for an extended period of time (i.e., forests that have not been in agricultural or other non-forest use any time over the

last two centuries) and where the current forest type is the naturally occurring forest type that would be expected under natural disturbance conditions.

<sup>5</sup> **Includes landowner outreach programs** that the supplier operates, or with which the supplier is affiliated.

<sup>6</sup> **Sustainable harvest practices** are to include at a minimum surface water protection practices, and for harvest operations within the United States, compliance with applicable state forestry best management practices. Sustainable harvest practices should also include ecology and wildlife management and forest aesthetics considerations.

<sup>7</sup> **Outside the United States and Canada**, in countries where third party certified training in sustainable harvest practices is not available, the harvest operation and/or landowner of the source forest will be required to partner with an environmental Non-Governmental Organization (NGO) to insure sustainable harvest practices are being implemented.

<sup>8</sup> **Genetically modified organisms (GMOs)** are defined here as organisms in which one or more specific genes have been intentionally added or removed. Organisms produced by conventional methods such as traditional domestication, selection and controlled breeding are not considered by this policy to be genetically modified organisms. Additionally, this policy does not apply to non-wood ingredients common to paper products, such as corn starches, that have been genetically modified.

<sup>9</sup> **A primary forest** is a relatively intact natural forest that has been essentially unmodified by commercial scale human activity for the preceding 80 or more years.

<sup>10</sup> **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.

<sup>11</sup> **Intact forest landscapes** are defined by Global Forest Watch in its 2003 report, *Canada's Large Intact Forest Landscapes*, as landscapes that possess "a contiguous mosaic of natural ecosystems in a forest ecozone, essentially undisturbed by human influence, including both treed and naturally treeless areas. An intact forest landscape must be large enough to contain and support natural biodiversity and ecological processes, and to provide a buffer against human disturbance from surrounding areas."