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Investors Commend Bank of America for Agreement to Disclose Clawbacks

Investors at JPMorgan Chase to Vote on Same Clawback Proposal May 19th

Detroit—The UAW Retiree Medical Benefits Trust (“Trust”) commends the Bank of America Corporation (“Bank”) on its agreement to develop a *Compensation Recoupment & Forfeiture Disclosure Policy* (“Policy”) by 2016 to guide its decisions to publicly disclose the clawback of senior executive pay as a result of certain misconduct.

“We are very pleased that Bank of America is taking a leadership role in the financial sector to strengthen Board accountability, transparency and alignment of interests between shareholders and the Company,” said Meredith Miller, Chief Corporate Officer for the UAW Trust. “The Board’s willingness to disclose under certain circumstances, the recovery and forfeiture of incentive compensation is a high water mark for investors.”

The commitment is in response to a proposal the Trust first made in October 2014 on behalf of an institutional investor coalition with \$524 billion in total assets under management, and noted in the 2015 proxy released on March 26, 2015. The proposal called on the Compensation Committee to adopt a policy to publicly disclose each year, general information about the amount and the circumstances related to its clawbacks.

This policy includes misconduct that may cause significant financial or reputational harm but may not necessarily result in a financial restatement. Bank of America currently has a robust set of clawback policies already in place and disclosure will provide more transparency regarding clawbacks.

Key elements of the 2016 policy, *Compensation Recoupment & Forfeiture Disclosure Policy* (“Policy”), that would apply to compensation recovered under the Bank’s Detrimental Conduct Policy or its Incentive Recoupment Policy include:

- Application to senior executives deemed “risk takers” by the Bank at the time of the triggering event;
- Disclosures of events publicly disclosed by the Bank in Securities & Exchange filings or through a press release or similar communications;



- Incentive recoupments or forfeitures disclosed shall be reported in the aggregate provided that it does not raise legal or privacy concerns and be accompanied by a general description of the circumstances associated with the triggering event.
- The first disclosures will apply to amounts recovered or forfeited in the fiscal year 2016 and disclosed in 2017; and
- The disclosures may appear in several places available to the public including financial filings, the corporate website or press releases.

“We are pleased the Board recognized that investors view these disclosures as the lynchpin between pay and performance,” said William Atwood, Executive Director of the Illinois State Board of Investment. “Transparency about the consequences of significant allegations involving fraud goes a long way in maintaining and boosting investor confidence.”

Bank of America joins PNC Bank, GlaxoSmithKline, McKesson, and Avon in the adoption of policies on the disclosure of clawbacks. The Trust has been leading an investor coalition on the issue of clawbacks since 2012. A proposal similar to that agreed upon with Bank of America, will go to a vote at JPMorgan Chase’s May 19th annual meeting in Detroit. The UAW Retiree Medical Benefits Trust and the New York City Pension Funds co-filed as leads on the shareholder proposal and the Trust will be presenting the resolution at the meeting.

The \$54 billion UAW Retiree Medical Benefits Trust is the largest non-governmental payor of retiree health care benefits in the United States, providing health care benefits to over 750,000 eligible UAW retirees and dependents.

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