JPMorgan Chase

As of the time of writing, Chase is the #1 financier of fossil fuels globally since the Paris Agreement. With an estimated 7% of its financing activities going towards high-emissions energy activities, Chase is unduly exposed to climate risk. The bank thus holds some of the largest exposure in the banking industry to fossil fuel financing and its associated risks. Investors can compel Chase to reduce this exposure by supporting resolutions urging Chase to adopt absolute emissions targets, phase out expansion financing, and set an adequate transition plan. In addition, board directors Linda Bammann, James Crown, Alex Gorsky, Mellody Hobson, and Michael Neal have demonstrated incapacity to lead the company on successful decarbonization pathways, warranting votes against them.

Financing activities misaligned with climate goals

Total financing to fossil fuel companies (2016-2021)	**$382 billion**
Financing to companies expanding fossil fuel assets since joining NZBA (April 2021- August 2022)	**$16.8 billion**
Global Fossil Fuel Financing Rank (2016-2021)	**#1**
Fossil fuel financing as a percent of total financing (2016-2021)	**7%**
Public transition plan?	**NO**
Absolute emissions targets?	**YES**
Paris-Aligned financing?	**NO**
Adequate board oversight?	**NO**

Transition plan status

As of writing, Chase has not released a concrete transition plan. Without this information, Chase's shareholders lack the information they need to assess whether and how the bank will meet its existing 2030 climate targets. Without comprehensive information on measurable metrics, timelines, and indicators of success, investors lack the information needed to understand whether or not the bank's plans will result in emissions reductions in line with a 1.5˚C pathway.

Absolute emissions targets

Chase lacks absolute emissions reduction targets for its energy and utility sector clients. The resolution at Chase calls for setting absolute emission reduction targets for the banks' energy sector and power generation clients. Chase only has 2030 intensity targets for energy sector clients, making its interim targets fundamentally misaligned with reductions required to limit warming to 1.5°C.

Need for absolute emissions targets: Absolute emissions reduction targets are necessary to achieve a reduction in both financed emissions and real-world emissions. Meeting emissions intensity targets may show a decrease in reported financed emissions, but may lead to an overall increase in real-world emissions. As a consequence, intensity targets for this sector are fundamentally misaligned with a 1.5°C aligned pathway.

Misaligned commitments: Chase only has emission intensity targets for energy sector clients, meaning its existing targets are not aligned with the goals of the Paris Agreement. Chase's existing policies are misaligned with its NZBA commitment and its own net-zero commitments.

Demonstrated inefficiency of existing targets: Chase's business activities has demonstrated clearly the inefficiency of intensity targets for the energy sector. Chase's 2022 climate report shows that between May 2021 (when Chase set its intensity targets) and June 2022, Scope 3 (end use) emissions from its oil and gas sector clients increased 1% and Scope 1 and 2 (operational) emissions showed a 0% change from a 2019 baseline.

Peer precedent: Citibank, Wells Fargo, Bank of Montreal, Danske Bank and HSBC have committed to absolute emission reduction targets in their oil and gas financing activities. Citibank has also adopted absolute emission reduction targets for thermal coal.

Financing of fossil fuel development and exploration

Chase lacks sectoral policies necessary to align its financing activities with the goals of the Paris Agreement, misaligning the bank with both its public commitments and science-based transition pathways.

Continued financing of fossil fuel expanders: **Chase consistently ranks as the #1 financier of fossil fuel expansion year after year**. Since 2016, the company has provided $43.4 billion in financing to its top five upstream oil and gas clients (Exxon Mobil, Occidental Petroleum, Saudi Arabian Oil Co, Marathon Petroleum, Petroleos Mexicanos). Together, these five companies are set to produce an estimated 16.9 billion barrels of oil equivalent in hydrocarbon resources beyond what is compatible with IEA's net zero pathway to limit warming to 1.5°C.

Lacking commitments: As a member of NZBA, Chase has committed to transition emissions from their lending and investment portfolios. Criteria from the Race to Zero, of which Chase is also a member, makes clear that financial institutions must "phase out...development, financing and facilitation of new unabated fossil fuel assets, including coal, in line with appropriate global, science-based scenarios." However, Chase lacks any sectoral policy to align its financing activities accordingly with the goals of the Paris Agreement.

Without sectoral policies to phase-out financing of projects and companies expanding fossil fuel assets, Chase is not able to credibly claim alignment with the Paris Agreement, industry group pledges, or net-zero goals.

Inadequate board oversight of climate risk

Chase has unacceptably high exposure to climate risk. Chase continues to be the largest global financier of fossil fuel expansionists, does not contribute its fair share toward financing climate solutions, and does not disclose adequate information on climate risk or associated business strategies to investors. This position comes despite publicly committing to both net-zero alignment and to financing climate solutions, and growing regulatory pressure.

Investors have felt it necessary to file three resolutions calling on Chase to strengthen and disclose its climate policies. The need for such resolutions demonstrates a lack of confidence by investors in the board's ability to adequately manage climate risk and disclose such strategies to investors.

For failure to provide adequate oversight and transparency, votes are warranted against the following members of Chase's Public Responsibility and Risk Committees for failure to align the bank's strategies with 1.5°C pathways: Linda Bammann, James Crown, Alex Gorsky, Mellody Hobson, and Michael Neal.

Bank-Specific Risks

Reputational Risk:
Chase is especially exposed to reputational risk as the world's top private bank fossil fuel financier. A steadily-growing activist movement has put JPMorgan Chase in its crosshairs, drawing attention to Chase's role in controversial projects like the Dakota Access Pipeline. Campaigns targeting JPM's climate policies include hundreds of organizations with tens of millions of global members and supporters, including current and potential JPM customers.

In its 2023 10K JPMorgan acknowledged the growing risk posed by reputational damage. JPMorgan acknowledges that growing criticism and campaigning could "potentially engender dissatisfaction among clients, customers, investors and employees." It predicts resulting harm could include increased government scrutiny, cessation of business relations with JPMorgan Chase by clients, impairment of JPMorgan's ability to attract new clients or customers, and limited ability to hire and retain employees, among others.

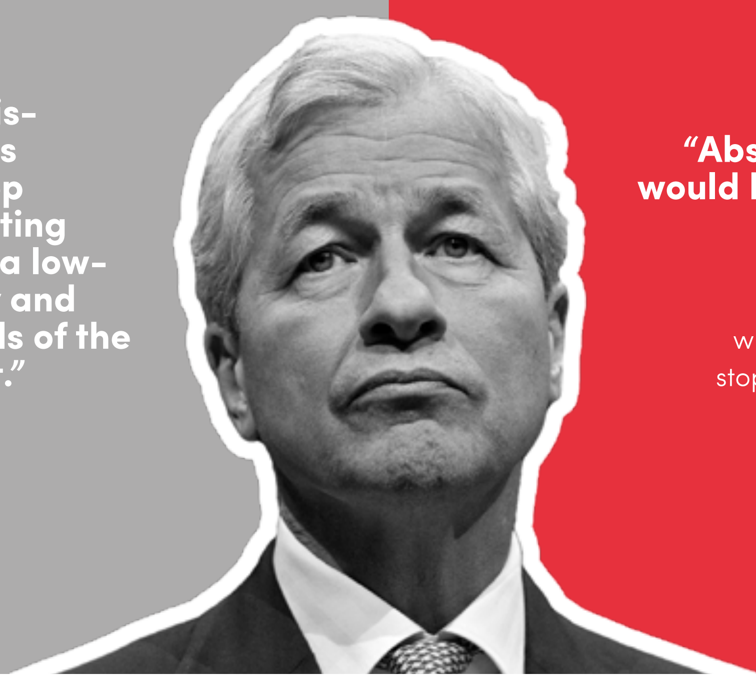
Greenwashing risk:
Despite the company's public climate commitments, JPMorgan's CEO has repeatedly insisted in pursuing financing activities that directly undermine 1.5°C alignment, namely by supporting continued fossil fuel expansion. He has been a vocal advocate for continuing to expand fossil fuel production, saying the US should be "pumping more oil and gas" and needs to invest more in the fossil fuel industry, and that ceasing to do so would be the "road to hell" and isn't "against climate change." Such comments have been covered in high-profile news outlets, including *Forbes, Business Insider, Bloomberg, Fox Business,* and *CNBC*, among others.

"If governments are serious about the climate crisis, there can be no new investments in oil, gas and coal, from now – from this year."

Faith Brihol, Executive Director of the IEA, May 2021

"Setting our Paris-aligned targets is an important step toward accelerating the transition to a low-carbon economy and meeting the goals of the Paris Agreement."

Jamie Dimon



"Absolutely not ... that would be the road to hell for America."

Jamie Dimon, when asked if Chase would stop financing new fossil fuel development.