Fossil Fuel Financing

Resolved: Shareholders request that JPMorgan Chase (JPMC) adopt a policy by the end of 2022 in which the company takes available actions to help ensure that its financing does not contribute to new fossil fuel supplies that would be inconsistent with the IEA's Net Zero Emissions by 2050 Scenario.

Supporting Statement

While JPMC has asserted that it is taking "comprehensive steps"[1] to align with the climate goals of the Paris Agreement", the company's position as a leading financier of fossil fuels conflicts with a scenario in which global warming does not exceed 1.5° C.

For instance, in May 2021, the International Energy Agency (IEA) found that for the world to limit warming to 1.5 degrees Celsius by 2050, effective immediately "there is no need for investment in new fossil fuel supply."[2] The IEA's 1.5 degree scenario does not contemplate new fossil fuel development, but the Company continues to finance it.

Exceeding a 1.5° scenario jeopardizes the global economy. Under current emission trajectories, 10% of total global economic value has been estimated to be lost by 2050.[3] Limiting warming to 1.5 versus 2 degrees could save $20 trillion globally by 2100; exceeding 2 degrees could lead to climate damages in the hundreds of trillions.

To diversified investors, continued support for fossil fuel development threatens long-term portfolio value; for banks, it means increased credit, market, and operational risks.[4] Even short-term fossil fuel financing contributes to long-term risk: the IPCC's 2021 report confirmed that historic and current emissions have locked in warming for the next two decades.[5]

In May 2021, JPMC released 2030 targets for oil and gas, electric power and autos as part of its "Paris-aligned financing commitment". The bank's 2030 targets specify reductions in carbon intensity — that is, greenhouse gas emissions per unit of output.

1 https://www.businesswire.com/news/home/20210513005492/en/JPMorgan-Chase-Releases-Carbon-Reduction-Targets-for-Paris-Aligned-Financing-Commitment
2 https://www.iea.org/reports/net-zero-by-2050 p 21
3 https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economics-of-climate-change.html
4 https://www.accenture.com/us-en/insights/banking/climate-change-risk-banks
5 https://www.nytimes.com/2021/08/09/climate/climate-change-report-ipcc-un.html

These targets are compatible with *expansion* of fossil fuels. The intensity targets do not meet the identified need, over the next decade, to cut global *absolute* emissions by 45%. JPMC has been identified as the largest funder of companies expanding oil and gas production.[6] Some of these oil and gas companies have set intensity reduction targets meeting or exceeding what JPMC is calling for, even as they plan continued oil and gas expansion.

Public calls for an end to fossil fuel finance have grown and threaten JPMC's reputation. For example, in September 2021, JPMC and other large banks were named in an op-ed by youth climate activists calling on the banks to stop financing expansion of fossil fuels.[7]

We urge shareholders to vote in favor of this proposal, to encourage JPMorgan Chase align with global efforts to contain climate change.

6 https://www.bankingonclimatechaos.org/
7 https://www.teenvogue.com/story/banks-fund-fossil-fuels