

JPMORGAN CHASE - REPORT ON NET ZERO ABSOLUTE EMISSIONS REDUCTION

RESOLVED: Shareholders request that the Board of Directors issue a report that sets absolute contraction targets for the Company's financed greenhouse gas emissions, in accordance with United Nations Environmental Program Finance Initiative (UNEP FI) recommendations to the G20 Sustainable Finance Working Group, for credible net zero commitments.

Proponents request that, in the discretion of board and management, the report address the lack of need for new fossil fuel development beyond projects already committed as of 2021, as set forth in the UNEP FI recommendations.

SUPPORTING STATEMENT

Our Company notes that "[c]limate change manifesting as physical or transition risks could have a material adverse impact on JPMorgan Chase's business operations, clients and customers." [\[1\]](#)

JPMorgan is a member of the Net Zero Banking Alliance (NZBA). It has committed to align with pathways consistent with a maximum temperature rise of 1.5 degrees Celsius above pre-industrial levels and to use decarbonization scenarios from "credible and well-recognized sources." [\[2\]](#)

However, JPMorgan's current decarbonization plan is not aligned with a credible net zero pathway. The UNEP FI, which convenes the NZBA, published an Input Paper to the G20 Sustainable Finance Working Group which defines credible net zero commitments of financial institutions. [\[3\]](#) UNEP FI contrasts two decarbonization approaches: "absolute contraction," or "[r]educing the absolute amount of carbon in the portfolio," versus an "[e]conomic intensity-based" approach, or "[a]chieving a greater carbon efficiency per dollar invested." While JPMorgan publishes decarbonization targets based on carbon efficiency, UNEP FI emphasizes "**it is most convincing for investors to use an absolute contraction approach** (original emphasis)..." [\[4\]](#) Targeting portfolio carbon efficiency by itself, without adopting absolute greenhouse gas emission reduction standards for its financing, allows for an increase in the Company's total fossil fuel financing. For example, focusing on only lower carbon intensity fuels, such as fracked gas, decreases overall portfolio intensity while potentially increasing its overall financed emissions.

This is a red flag for JPMorgan, the world's top financier of companies expanding fossil fuels. [\[5\]](#) The UNEP FI recommendations also admonish: "A financial institution establishing a net-zero commitment should begin aligning with the required assumptions and implications of IPCC 1.5°C no/low overshoot pathways as soon as

possible....All no/low overshoot scenarios indicate an immediate reduction in fossil fuels, signalling that investment in new fossil fuel development is not aligned with 1.5°C.”^[6] JPMorgan has no policy to halt financing new oil and gas exploration and development.

JPMorgan’s assertions of climate leadership fly in the face of its actions, creating reputational risk from greenwashing accusations. By underwriting or lending to projects which are unneeded under the UNEP FI recommendations, JPMorgan is also knowingly loading potentially stranded assets onto its clients’ balance sheets, or its own, creating financial and litigation risk.^[7] In this regard, investors need to know that JPMorgan’s emissions reduction targets, and its lending and underwriting policies, are consistent with its own net zero commitment.

^[1] JPMorgan Chase 2020 Form 10-K, at 28.

^[2] <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZB...>

^[3] <https://g20sfwg.org/wp-content/uploads/2021/10/2021-UNEP-FI.-Recommendations-for-Credible-Net-Zero-Commitments.pdf>

^[4] *Id.* At 14.

^[5] <https://www.ran.org/wp-content/uploads/2021/03/Banking-on-Climate-Chaos-2021.pdf>, at 38.

^[6] <https://g20sfwg.org/wp-content/uploads/2021/10/2021-UNEP-FI.-Recommendations-for-Credible-Net-Zero-Commitments.pdf>, at 15.

^[7] <https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-...>