



**WHEREAS:** JPMorgan Chase has established a Net Zero by 2050 goal and aligned 2030 emission reduction targets for financing activity in nine sectors, including electric power, oil and gas, and auto manufacturing. Despite investor demand for clearer disclosure of banks' transition planning,<sup>1</sup> shareholders lack information as to whether JPMorgan is on a path to meet its 2030 targets.

Critically, JPMorgan's annual disclosures fail to disclose the impact that high-emitting sectors will have on its ability to meet its 2030 targets. Independent assessments show that most companies in these sectors are failing to align with a Net Zero-aligned 2030 pathway. The Transition Pathway Initiative has assessed that no public companies in the oil and gas sector have 2030 targets aligned with a 1.5°C scenario;<sup>2</sup> and no public auto manufacturers, besides dedicated electric vehicle manufacturers, are on a Net Zero aligned 2030 pathway.<sup>3</sup> Similarly, the cement and steel sectors are not on track with a Net Zero by 2050 Scenario.<sup>4,5</sup>

As the Institutional Investors Group on Climate Change explains, to deliver on their targets, banks should disclose protocols and strategies specific to each business activity, including "phasing out financing of inconsistent activities which present particular risks... while pivoting financing towards climate solutions."<sup>6</sup>

JPMorgan is the largest global funder of fossil fuels, with nearly \$39 billion in fossil fuel financing in 2022 and \$434 billion between 2016 and 2022.<sup>7</sup> JPMorgan provides a heatmap of carbon intensity for its lending portfolio, which shows significant credit exposure to high carbon assets.<sup>8</sup> It further states that it uses a Carbon Assessment Framework to assess its clients' emissions and decarbonization plans. Yet, JPMorgan does not disclose information on client progress in transitioning in alignment with Net Zero by 2050 goals or provide sufficient information to assess the potential for misalignment between JPMorgan's 2030 targets and its clients' transition progress.

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<sup>1</sup> <https://www.asyousow.org/press-releases/2023/5/16/shareholders-jpmorgan-chase-disclose-climate-transition-plan>

<sup>2</sup> <https://www.transitionpathwayinitiative.org/sectors/oil-gas>

<sup>3</sup> <https://www.transitionpathwayinitiative.org/sectors/autos>

<sup>4</sup> <https://www.iea.org/energy-system/industry/cement#tracking>

<sup>5</sup> <https://www.iea.org/energy-system/industry/steel>

<sup>6</sup> <https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/Past%20resource%20uploads/IIGCC-Net-Zero-Standard-for-Banks-June-2023.pdf>, p.9

<sup>7</sup> <https://www.bankingonclimatechaos.org/>

<sup>8</sup> <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf>, p.21



The potential for misalignment carries significant risk. If JPMorgan fails to meet its targets, it faces the possibility of reputational harm, litigation risk (including greenwashing), and financial costs.<sup>9</sup> Failure to meet targets also contributes to systemic climate risk that harms JPMC and investors' portfolios.

**BE IT RESOLVED:** Shareholders request that, for each of its sectors with a 2030 target, JPMorgan Chase annually disclose the proportion of sector emissions attributable to clients that are not aligned with a credible Net Zero pathway, whether this proportion of unaligned clients will prevent JPMorgan from meeting its 2030 targets, and the actions it proposes to address any such emissions reduction shortfalls.

**SUPPORTING STATEMENT:** At management's discretion, the assessment should take into account all material financing mechanisms and asset classes that contribute to JPMorgan's emissions, including direct lending, underwriting, and investments. Emissions attributable to unaligned clients can be measured using estimates or other appropriate methods.

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<sup>9</sup> <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-mounting-risk-of-fines-regulatory-probes-over-sustainability-claims-74385257>