October 17, 2019

To the CEOs of Bank of America, Citigroup, Credit Suisse, Goldman Sachs, HSBC, JPMorgan Chase, and Morgan Stanley,[1]

We are writing to express our alarm at your banks' potentially playing leading roles in underwriting the intended Initial Public Offering (IPO) of part of Saudi Aramco, the world's largest corporate emitter of carbon dioxide.[2] This IPO is likely to be by far the biggest single infusion of capital into the fossil fuel industry since at least the Paris Agreement in late 2015.[3]

This massive capital infusion comes at a time when the UN's climate scientists have shown that to prevent the catastrophic consequences of global temperatures rising beyond 1.5° Celsius from pre-industrial levels, global carbon emissions need to peak immediately and start dropping sharply. The IPCC's Special Report on 1.5°C shows that carbon dioxide emissions must be reduced by more than half over the next decade, and to effectively hit zero by 2050. The percentage of oil in primary energy supply will need to fall by 37% by 2030 and by 87% by 2050 (both from 2010 levels).[4]

Such drastic cuts will not be possible if banks like yours keep increasing the capital they are facilitating for the fossil fuel industry, and in particular for companies like Aramco that are planning to expand their production.[5]

As of the start of 2017, the remaining carbon budget for a medium (50%) chance of keeping warming below 1.5°C was 350 gigatons of carbon dioxide. Burning all of Aramco's reserves would amount to 112 gigatons of carbon dioxide, or nearly one third of total global emissions in a 1.5°C carbon budget.[6] Enabling Aramco to extract these reserves over the coming decades, while at the same time providing and facilitating capital to the other major fossil fuel corporations — which are also seeking to expand their production — is a recipe for financing the destruction of the planet.

It can be presumed that the tens of billions of dollars pumped into Aramco in this IPO will be used not only to keep expanding oil production in the Kingdom, but also to push the company's strategy of doubling its oil refining capacity, and diversifying more into fossil gas and petrochemicals.[7] It is important to note that the IPCC's pathway for staying under 1.5°C without the Hail Mary pass of developing viable technologies to capture massive amounts of carbon from the atmosphere, calls for fossil gas to fall as a proportion of final energy demand by 25% by 2030 and 74% by 2050 (both from 2010 levels). Moreover, much of the output from new petrochemical plants is slated to go to producing plastics, which are already causing massive environmental problems worldwide.

We are also concerned about your banks' eagerness to help raise billions of dollars for Saudi Arabia given the horrendous human rights record of the Saudi regime. Recent examples of this include the role of Saudi agents in the brutal murder of Jamal Khashoggi in October 2018, and the involvement of Saudi forces in indiscriminate airstrikes on civilians in Yemen.[8] We also note with concern the report in the *Wall Street Journal* that a large group of Saudis who were arrested and held at a hotel between 2017 and 2019 at the behest of Crown Prince Mohammad bin Salman will allegedly be forced to buy "large stakes" in the IPO.[9]

Banks are increasingly being recognized by investors, politicians, regulators, the media and the general public as bad actors on climate for their seemingly unrestrained financing of fossil fuels. Your firms are all among the top fourteen fossil banks in the world since the Paris Agreement was adopted.[10] The world is watching — and the more bank financing of fossil fuels increases, the more public outrage will grow. If you play a leading role in underwriting this IPO, this will factor into calculations of your banks' fossil financing, and the trajectory it sets will not go unnoticed.

It will also be noted that while your banks may have enthusiastically signed up to help Aramco go to market, some important investors are refusing to play along. *Bloomberg* has reported that Singapore's $313 billion Temasek Holdings "has decided against investing in Saudi Aramco's initial public offering, in part over environmental concerns."[11] *The Wall Street Journal* has also reported on Temasek's decision to stay away from the IPO for climate reasons and has noted that Aramco "could face challenges from at least some investors who are choosing to avoid fossil fuel investments in favor of investments deemed more environmentally friendly."[12]

All of you have at various times expressed your concern about climate change and your support for the Paris Agreement. And all of your banks have policies that purportedly seek to respect human rights. If you go ahead as lead coordinators in raising tens of billions of dollars for the world's biggest climate polluter — funds that will be at the disposal of a government that continues to commit appalling human rights violations — it will be clear that your words of environmental and social concern are devoid of all sincerity, and that when push comes to shove your concerns for short term profit outweigh all else.

We look forward to your response to this letter.

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Executive Director
Rainforest Action Network

Johan Frijns
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Executive Director & Founder
Oil Change International

Catherine Howarth
Chief Executive
ShareAction

Michael Brune
Executive Director
Sierra Club

May Boeve
Executive Director
350.org

References

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2. Matthew Taylor and Jonathan Watts, "Revealed: The 20 Firms Behind a Third of All Carbon Emissions," *The Guardian*, 9 October 2019.
3. Conclusion from Rainforest Action Network analysis of deals on Bloomberg Terminal.
4. Based on the IPCC P1 scenario, with no or limited overshoot. IPCC, 2018, "Summary for Policymakers." In "Global Warming of 1.5°C: An IPCC Special Report on the Impacts of Global Warming of 1.5°C Above Pre-Industrial Levels and Related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty," edited by Valérie Masson-Delmotte et al. World Meteorological Organization, Geneva, Switzerland, p. 14.
5. Saudi Aramco is the world's sixth biggest expander of fossil fuels among upstream oil and gas companies, when ranked by carbon dioxide expected to be produced by 2050 from projects sanctioned between 2016 and 2030. "Banking on Climate Change: Fossil Fuel Finance Report Card 2019," Rainforest Action Network, Indigenous Environmental Network, BankTrack, Oil Change International, Sierra Club, and Honor the Earth, 20 March 2019, p. 90.
6. Greg Muttitt and Hannah McKinnon, "Overheated Expectations: Valuing Saudi Aramco's IPO in Light of Climate Change," Oil Change International, August 2017.
7. Eric Ng, "Saudi Aramco, Planning to Launch World's Largest IPO, Says its Growth Lies in Natural Gas, Refining and Chemicals," *South China Morning Post*, 11 October 2019; Anthony Dipaola, "Saudi Aramco Seeks to Double its Refining Network to 10 MMbopd by 2030," *World Oil*, 11 April 2019.
8. Nick Cumming-Bruce, "War Crimes Committed by Both Sides in Yemen, U.N. Panel Says," *The New York Times*, 3 September 2019.
9. Ben Dummett and Summer Said, "Bankers Due to Deliver Crucial Aramco Valuation as Soon as Friday," *The Wall Street Journal*, 10 October 2019.
10. JPMorgan Chase is the #1 fossil bank in the world since Paris (by a 29% margin), with $196 billion in lending and underwriting to fossil fuel companies in 2016-8; Citigroup #3, with $129 billion; Bank of America #4, with $107 billion; Morgan Stanley #11, with $67 billion; Goldman Sachs #12, with $59 billion; HSBC #13 (and #2 in Europe), with $58 billion; and Credit Suisse #14 (and #3 in Europe), with $57 billion. "Banking on Climate Change: Fossil Fuel Finance Report Card 2019," Rainforest Action Network, Indigenous Environmental Network, BankTrack, Oil Change International, Sierra Club, and Honor the Earth, 20 March 2019, p. 7.
11. David Ramli and Elffie Chew, "Singapore's Temasek to Rule Out Investment in Aramco IPO," Bloomberg, 9 October 2019.
12. Ben Dummett and Summer Said, "Bankers Due to Deliver Crucial Aramco Valuation as Soon as Friday," *The Wall Street Journal*, 10 October 2019.