



# A Fig Leaf for **FOSSIL EXPANSION**

Assessing JPMorgan Chase's **2030** Climate Targets

# A Fig Leaf for Fossil Expansion: Assessing JPMorgan Chase's 2030 Climate Targets

*Rainforest Action Network*  
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## Summary

This month, JPMorgan Chase released 2030 targets as part of its “Paris-aligned financing commitment”.<sup>1</sup> These intensity-only targets for oil and gas, power and autos are fully compatible with expansion of fossil fuels and threaten to rubber-stamp increases in absolute emissions, as this initial analysis shows. Coming from the #1 banker of fossil fuels, calling such targets “Paris-aligned” offers a fig leaf for fossil expansion.

The bank's 2030 targets specify reductions in carbon intensity — that is, greenhouse gas emissions per unit of output — across each portfolio. While explicit interim targets for fossil sectors are necessary, intensity targets alone are simply insufficient during the decade when we must cut global absolute emissions by 45%, at minimum.<sup>2</sup> JPMorgan Chase is uniquely responsible among its peers for fueling fossil expansion, banking 56 of the 75 companies doing the most to expand oil and gas.<sup>3</sup> In using intensity-only targets, JPMorgan Chase is taking a page from Big Oil's playbook.

JPMorgan Chase must take more ambitious action to truly align with Paris. The bank must immediately end support for fossil expansion and phase out its fossil financing, starting now.

Key findings of this briefing include:

1. **On oil and gas:**
  - a. Meeting JPMorgan Chase's intensity-reduction targets is compatible with expansion of fossil fuels and increases in absolute emissions. For example, Shell — JPMorgan Chase's #7 fossil client — appears to have 2030 carbon-intensity reduction targets that broadly match JPMorgan Chase's, and plans to massively expand production, especially of fossil gas. (See p. 4)
  - b. Given its client list, JPMorgan Chase must strengthen its policy to stop financing expansion; since the Paris Agreement, JPMorgan Chase has financed 46 of the 60 companies with the biggest plans to expand upstream oil and gas. (See p. 5)
  - c. JPMorgan Chase's policy appears not to explicitly cover midstream-focused oil and gas companies, though it may cover the companies that also have upstream operations. It has financed 11 of the 15 key midstream oil and gas expansion companies; its #1 fossil client by a significant margin is TC Energy. (See p. 7)
  - d. JPMorgan Chase is still financing oil and gas clients implicated in Indigenous rights abuses, like TC Energy and Enbridge, and these targets do nothing to address that. (See p. 8)
2. **On power:**
  - a. JPMorgan Chase's power policy includes no new explicit coal requirements, meaning it badly lags global and U.S. best practice. Citi, for example, restricts financing for companies expanding coal power and is exiting coal power by 2030 in OECD countries and 2040 in the rest of the world. (See p. 9)

- b. Since Paris, JPMorgan Chase has financed 18 of the 25 U.S. utilities that are planning the most new fossil gas capacity, and with the most coal without a 2030 retirement commitment. It has also financed ten of the top 30 global coal power companies. (See pp. 9)
3. On **coal mining**:
  - a. JPMC's coal mining policy badly lags global and U.S. best practice, with a very high 50% revenue threshold, allowing it to finance major miners — and expanders of coal mining — like Glencore. (See p. 11)

To truly align with Paris, JPMorgan Chase should, among other measures:

- Make ending expansion of fossil fuels a precondition for financing clients involved in coal, oil and gas.
- Immediately begin phasing out its fossil fuel financing, on a timeline consistent with limiting climate change to 1.5°C. This includes requiring full coal exit by, at latest, 2030 in OECD and EU countries and 2040 in the rest of the world.
- End support for projects and companies implicated in human rights abuses, especially Indigenous rights abuses.

A full list of recommendations, covering deforestation as well as fossil fuels and human rights, can be found on p. 12.

## **JPMorgan Chase's Track Record on Financing Fossil Fuels**

In March, the most recent edition of the industry-standard annual report on banks and fossil fuels, *Banking on Climate Chaos*, documented the fossil financing of the 60 largest global banks.<sup>4</sup>

The report tallies bank lending and underwriting (of debt and equity issuances) to approximately 2,300 oil, gas and coal companies over 2016-20<sup>5</sup> and finds that JPMorgan Chase is:

- The #1 global banker of **fossil fuels overall** — with \$317 billion in lending and underwriting to the fossil fuel industry over 2016-20 — by a 33% margin over the second-placed bank. It was the #1 fossil bank in each calendar year since the Paris Agreement was adopted.
- The #1 global banker of the 100 top **companies expanding fossil fuels** — with \$143 billion in financing — by a 32% margin over the second-placed bank. (This finding documents financing to 100 companies doing the most to expand oil, gas and coal extraction and infrastructure.)

A focus on fossil expansion is motivated by the fact that potential emissions from oil, gas and coal reserves *already in production* more than exhaust a 2°C carbon budget, let alone 1.5°C. If coal use ended overnight, oil and gas currently in production would exhaust a 1.5°C budget. Expansion of fossil fuels refers to new oil wells, new gas wells, new coal mines, and new or expanded infrastructure such as pipelines or fossil power plants that would drive increased extraction upstream.<sup>6</sup>

(See the appendix of this briefing for further details of JPMorgan Chase's fossil financing.)

## **JPMorgan Chase’s “Paris-aligned financing” commitment**

In September 2020, 61 climate and rights groups from around the world issued the Principles for Paris-Aligned Financial Institutions, setting out key steps that global financial companies must take to align with a world in which climate change is limited to 1.5°C and human rights are fully respected.<sup>7</sup> Top priorities include:

- Immediately ending support for expansion of fossil fuels;
- Phasing out support for fossil fuels, starting immediately, on a 1.5°C-aligned timeline; and
- Immediately ending support for projects and companies that are implicated in abuses of human rights, especially Indigenous rights.

In October 2020, JPMorgan Chase adopted a “Paris-aligned financing commitment”<sup>8</sup> — which fell far short of the Paris Principles.<sup>9</sup>

As the next major step in implementing that commitment, in May 2021, the bank set 2030 targets for its oil and gas, power and automobile manufacturing portfolios:<sup>10</sup>

<b>Sector</b>		<b>2030 Portfolio Targets (from 2019 baseline)</b>
Oil and gas (producers, refiners and integrated companies)	End-use (scope 3)	15% reduction in carbon intensity
	Operational (scopes 1 & 2)	35% reduction in carbon intensity
Electric power (scope 1)		69% reduction in carbon intensity
Auto manufacturing (scopes 1, 2 and 3)		41% reduction in carbon intensity

Brief explanation of terms is below.<sup>11</sup>

Setting explicit 2030 targets on oil and gas and power is a welcome step, given JPMorgan Chase’s roster of fossil clients. (Auto manufacturing is outside the scope of this briefing, beyond noting that JPMorgan Chase should declare an explicit 1.5°C-aligned date beyond which it will not finance manufacture of internal combustion engine vehicles.)

But while there is a role for carbon intensity in curbing climate impact, standalone carbon intensity targets are flatly insufficient. Global emissions must be halved by 2030, on the way to full decarbonization by midcentury at the latest, if we are to have any chance of limiting climate change to 1.5°C.<sup>12</sup> This is of course an absolute emissions target, and reductions in carbon intensity are fully compatible with increases in absolute emissions and extraction of new reserves.

JPMorgan Chase says its “targets are based on credible third-party energy and emissions scenarios, including the International Energy Agency’s Sustainable Development Scenario.”<sup>13</sup> But as Oil Change International’s analysis shows, the Sustainable Development Scenario (SDS) is only designed to limit warming to below 2 degrees, and doesn’t reach net zero until 2070.<sup>14</sup> Gas demand actually increases this

decade in the SDS, whereas in the IPCC P1/P2 scenarios and elsewhere it very rapidly falls. Furthermore, the IEA's newly released *Net Zero by 2050* report may well make the SDS effectively obsolete and force JPMorgan Chase back to the drawing board.<sup>15</sup>

## **Oil and gas**

### **Upstream oil and gas**

Intensity-only targets are compatible with expansion of fossil fuels and increases in absolute emissions. For example, Shell — JPMorgan Chase's #7 fossil client overall, with \$4.675 billion in lending and underwriting over 2016-20<sup>16</sup> — appears to have 2030 carbon-intensity reduction targets that broadly match JPMorgan Chase's — so its plans may offer a template for JPMorgan Chase's overall upstream oil and gas portfolio.

Shell targets a 20% reduction of carbon intensity — including scopes 1, 2 and 3 — by 2030.<sup>17</sup> While this reduction is not disaggregated, it appears that there are feasible projected reductions of production and end-use emissions that would satisfy JPMorgan Chase's intensity reduction targets. Like JPMorgan Chase, Shell also does not have absolute emissions reductions targets.

Shell also plans:

- Increase in fossil gas production through 2030, to about 55% of company hydrocarbon production;<sup>18</sup>
- Small decreases in oil production through 2030, 1-2% per year;<sup>19</sup>
- Reliance on offsets (about 120 mtpa of “nature-based solutions” by 2030) and carbon capture and storage (targeting more than 25 mtpa by 2035);
- No guarantees on cutting absolute emissions through 2030;
- Overall oil and gas expansion through 2050. New oil and gas reserves projected to be extracted through 2050 would produce 6.453 billion metric tons of CO<sub>2</sub>, the 8th most of any company in the world.<sup>20</sup>

Now, these plans appear to rely heavily on fossil gas being a lower-carbon bridge fuel, despite rapidly evolving science increasingly revealing its serious climate impacts,<sup>21</sup> and a cratering appetite for fossil gas among utilities and investors.<sup>22</sup> And the sheer infeasibility of Shell's offset plans — to say nothing of their rights implications — has quickly become clear.<sup>23</sup> (For further analysis of Shell's plans, see, for example, Oil Change International, Follow This and partners.<sup>24</sup>)

But this is a major oil and gas producer's plan that appears to be compatible with JPMorgan Chase's portfolio-wide requirements. The bank's modest carbon-intensity reduction targets are compatible with increases in fossil extraction and threaten increases in absolute emissions — during the critical decade for the climate, when global absolute emissions must be cut 45%.

Furthermore, JPMorgan Chase's targets being portfolio-wide mean that individual clients can fall short of even these modest objectives. And JPMorgan Chase has set 2030 targets, with no indication of interim targets or reporting — further giving major fossil clients a grace period for expansion so long as the bank can factor in their 2030 figures into its overall portfolio calculations. Best practice among global and U.S. banks in sectoral policies involves requiring each client to produce reporting and plans in the short term.<sup>25</sup>

JPMorgan Chase's methodology does not specify how it will factor in schemes such as carbon capture and storage and offsets. It should rule out reliance on projections that infringe on rights or are technically unfeasible — such as Exxon's proposed Houston carbon capture and storage hub, with aspirations to store 50 million tons of carbon per year by 2030.<sup>26</sup>

It is worth acknowledging that JPMorgan Chase sets a Scope 3 target, since major oil and gas companies have largely avoided this central topic.<sup>27</sup> It is also positive to see JPMorgan Chase including underwriting as well as lending in its targets, since underwriting accounts for roughly as much fossil financing as lending.<sup>28</sup>

While they cover only scope 1 and 2 emissions, JPMorgan Chase's top upstream oil and gas clients are already planning intensity reductions, and massive expansion of extraction (as the chart in the next section will detail). This includes Exxon (JPMorgan Chase's #2 fossil client overall),<sup>29</sup> Occidental (#3),<sup>30</sup> Saudi Aramco (#5),<sup>31</sup> Chevron (#8),<sup>32</sup> and Petrobras (#10).<sup>33</sup> In setting intensity-only targets, JPMorgan Chase is taking a page from Big Oil's playbook. For the #1 fossil bank in the world, nudging its upstream oil and gas clients to set modest Scope 3 intensity targets and get moving on methane leakage is clearly insufficient for ensuring that climate change is limited to 1.5°C.

### **JPMorgan Chase: Banking on Upstream Oil and Gas Expansion**

Among global banks, JPMorgan Chase is uniquely responsible for financing expansion upstream oil and gas, and it must prioritize ending financing for such expansion. It will continue fueling this expansion unless and until it requires clients to stop expanding as a precondition for receiving financing.

Since the Paris Agreement was adopted, JPMorgan Chase has financed 46 of the 60 companies with the biggest plans to expand upstream oil and gas, with a total of \$108.198 billion in lending and underwriting.

Company	JPMorgan Chase Financing		Oil and gas upstream expansion	
	Total 2016-2020	2020	Rank	Emissions from reserves projected to be produced from 2021–2050 (metric tons of CO <sub>2</sub> ) <sup>34</sup>
Exxon Mobil	\$14.219 B	\$7.503 B	2	11.801 B
Occidental Petroleum	\$8.109 B	\$750 M	9	5.798 B
Saudi Aramco	\$6.320 B	\$1.833 B	4	9.593 B
Pemex	\$6.032 B	\$526 M	24	2.385 B
Royal Dutch Shell	\$4.675 B	\$441 M	8	6.453 B
Chevron	\$4.659 B	\$2.171 B	7	6.465 B
Ovintiv	\$3.943 B	\$800 M	26	2.220 B
Petrobras	\$3.730 B	\$643 M	5	7.269 B
ConocoPhillips	\$3.689 B	\$167 M	22	2.511 B
Gazprom	\$3.587 B	\$1.872 B	1	13.953 B

Antero Resources	\$3.343 B	\$119 M	38	1.754 B
BP	\$3.236 B	\$1.750 B	12	4.342 B
Cenovus Energy	\$3.115 B	—	56	1.106 B
Southwestern Energy	\$2.968 B	\$61 M	23	2.420 B
Devon Energy	\$2.586 B	\$175 M	27	2.205 B
Range Resources	\$2.535 B	\$135 M	37	1.794 B
Marathon Oil	\$2.488 B	—	57	1.102 B
Diamondback Energy	\$2.370 B	\$167 M	46	1.462 B
Hess Corporation	\$2.364 B	\$250 M	36	1.890 B
Total	\$2.330 B	\$472 M	11	4.786 B
Equinor	\$2.152 B	\$1.818 B	18	3.077 B
Abu Dhabi National Oil Company	\$1.959 B	—	14	4.007 B
Noble Energy	\$1.734 B	—	30	2.010 B
Pioneer Natural Resources	\$1.691 B	\$122 M	31	1.995 B
CNX Resources	\$1.476 B	\$69 M	40	1.596 B
EQT Corporation	\$1.384 B	\$369 M	20	2.666 B
Chesapeake Energy	\$1.354 B	—	28	2.168 B
Eni	\$1.230 B	\$360 M	17	3.288 B
Sinopec (China Petrochemical Corporation)	\$1.067 B	\$231 M	34	1.951 B
Murphy Oil	\$1.023 B	—	55	1.120 B
Canadian Natural Resources (CNRL)	\$892 M	\$367 M	32	1.978 B
Cimarez Energy	\$838 M	—	33	1.953 B
Apache Corporation	\$828 M	\$104 M	50	1.214 B
National Fuel Gas	\$624 M	\$210 M	45	1.473 B
EOG Resources	\$600 M	\$214 M	15	3.567 B
PDVSA (Petroleos de Venezuela SA)	\$563 M	\$563 M	42	1.533 B
LUKOIL	\$500 M	—	44	1.532 B
Woodside Petroleum	\$400 M	—	60	932 M
Repsol	\$385 M	\$292 M	41	1.575 B
China National Offshore Oil Corporation (CNOOC)	\$348 M	\$67 M	16	3.370 B
Comstock Resources	\$222 M	—	29	2.052 B

Petroliam Nasional Berhad (Petronas)	\$201 M	\$201 M	35	1.942 B
Kuwait Petroleum Corporation	\$143 M	—	21	2.632 B
China National Petroleum Corporation (CNPC) / PetroChina	\$133 M	\$133 M	10	5.719 B
State Oil Company of the Azerbaijan Republic (SOCAR)	\$100 M	—	58	1.032 B
Vine Oil & Gas	\$54 M	—	51	1.205 B
<b>GRAND TOTAL</b>	<b>\$108.198 B</b>	<b>\$24.995 B</b>		

### **JPMorgan Chase: Banking on Midstream Oil and Gas Expansion**

JPMorgan Chase's 2030 oil and gas target is limited to producers, refiners and integrated companies, and as such appears not to explicitly cover midstream-focused oil and gas companies, though it may cover the companies that also have upstream operations. But here too, it is uniquely responsible among global banks for financing expansion.

Since the Paris Agreement was adopted, JPMorgan Chase has financed 11 of the 15 key midstream oil and gas expansion companies,<sup>35</sup> with a total of \$42.695 billion in lending and underwriting. Its #1 fossil client overall, by a significant margin, is TC Energy.

As well as massive infrastructure expansion, key companies on this list are also already planning carbon-intensity reductions, such as TC Energy<sup>36</sup> and Marathon Petroleum.<sup>37</sup>

Company	JPMorgan Chase Financing	
	Total 2016-2020	2020
TC Energy	\$20.395 B	\$2.875 B
Marathon Petroleum Corporation	\$6.380 B	\$901 M
Enterprise Products	\$2.762 B	\$581 M
Energy Transfer	\$1,862 B	\$264 M
Enbridge	\$1.804 B	\$506 M
Plains All American Pipeline	\$1.798 B	\$62 M
Cheniere Energy	\$1.748 B	\$192 M
Phillips 66	\$1.692 B	\$317 M
EQM Midstream Partners	\$1.564 B	\$222 M
Magellan Midstream Partners	\$1.492 B	\$100 M
Kinder Morgan	\$1.199 B	\$125 M
<b>GRAND TOTAL</b>	<b>\$42.695 B</b>	<b>\$6.146 B</b>



### **On oil and gas, JPMorgan Chase should:**

Require that clients:

- End expansion of oil and gas — no new exploration, no new extraction, and no new or expanded infrastructure that would drive new extraction upstream
- Phase out extraction of oil and gas, and use of oil and gas infrastructure, on a timeline compatible with limiting climate change to 1.5°C

## **Rights**

### **JPMorgan Chase: Banking on Indigenous Rights Abuses**

Among the projects sponsored by JPMorgan Chase's roster of oil and gas clients are two which not only expand fossil fuels, but more importantly infringe on human rights, and particularly Indigenous rights:

- **Enbridge's Line 3 tar sands oil pipeline.**<sup>38</sup> This pipeline, currently under construction in Minnesota despite growing Indigenous-led resistance, would expand tar sands extraction upstream and threaten the Great Lakes, and is proceeding without the Free, Prior and Informed Consent of the Ojibwe peoples, whose territory the pipeline cuts through.<sup>39</sup> Because Enbridge is not seeking direct financing for Line 3, banks backing Enbridge are supporting the project. JPMorgan Chase is among the banks participating in the seven Enbridge credit facilities totaling \$12.9 billion.<sup>40</sup> JPMorgan Chase has provided Enbridge with \$1.8 billion in lending and underwriting since 2016.<sup>41</sup>
- **TC Energy's Coastal GasLink Pipeline.**<sup>42</sup> This pipeline would bring fracked gas through British Columbia to the LNG Canada terminal, across the traditional lands of the Wet'suwet'en, who have not granted their Free, Prior and Informed Consent.<sup>43</sup> The Wet'suwet'en have faced militarized police raids in response to their consistent opposition to this project.<sup>44</sup> JPMorgan Chase is a direct lender to the Coastal GasLink Project.<sup>45</sup> TC Energy is also JPMorgan Chase's #1 fossil client since 2016; JPMorgan Chase has provided \$20.4 billion in lending and underwriting, 43% more than to any other fossil company.

JPMorgan Chase is also implicated in Indigenous rights abuses via activities beyond its lending and underwriting. For example, it holds debt and equity in firms like GeoPark and Frontera, which are actively expanding oil extraction in the Amazon rainforest in areas which overlap with Indigenous peoples' territory.<sup>46</sup>

**On human and especially Indigenous rights, JPMorgan Chase should:**

- End support for projects and companies implicated in human rights abuses, especially Indigenous rights abuses
- Ensure that respect for human rights — especially Indigenous rights, including the right to Free, Prior and Informed Consent — is a precondition for financing, including project and corporate lending and underwriting, and investment

**Power**

For its electric power portfolio, JPMorgan Chase is targeting a 69% overall reduction in carbon intensity, but otherwise includes no explicit coal requirements. These new targets accompany an existing prohibition on financing new coal-fired power plants.

Taken as a whole, JPMorgan Chase’s power policy badly lags global and U.S. best practice. Citi, for example, is exiting coal power by 2030 in OECD countries and 2040 in the rest of the world, with some restrictions on companies expanding coal power.<sup>47</sup> A number of global banks will not bank any company expanding coal power.<sup>48</sup>

JPMorgan Chase should match global best practice on coal, and especially given its client list, should exceed that practice by requiring clients not to expand fossil gas. Given the coal intensity of JPMorgan Chase’s existing power portfolio, those clients simply expanding fossil gas would lower the carbon intensity of its portfolio<sup>49</sup> — another reason why an intensity-only policy is insufficient.

Since Paris, JPMorgan Chase has financed 18 of the 25 U.S. utilities that are planning the most new fossil gas capacity, and with the most coal without a 2030 retirement commitment. It has also financed ten of the top 30 global coal power companies.

**JPMorgan Chase: Banking U.S. Fossil Utilities**

The Sierra Club’s January 2021 report, *The Dirty Truth About Utility Climate Pledges*, identifies the 10 U.S. utilities with the most planned new gas power, and the 20 with the most remaining coal without a 2030 retirement pledge, for a total of 25 companies due to overlap.<sup>50</sup>

Since Paris, JPMorgan Chase has provided lending and underwriting for 18 of those 25 companies.

Company	JPMorgan Chase Financing		10 utilities with most planned new gas capacity by 2030		20 utilities with most remaining coal without a 2030 retirement commitment	
	Total 2016-2020	2020	Rank	Capacity in MW	Rank	Coal in million MWh
Southern Co	\$3.677 B	\$99 M	—	—	3	40.52
Emera	\$3.267 B	\$208 M	9	1,624	—	—
Dominion Energy	\$3.078 B	\$39 M	6	1,970	12	13.26

PPL	\$1.521 B	\$162 M	—	—	5	26.21
Duke Energy Corporation	\$1.509 B	\$374 M	1	7,804	1	47.73
Ameren	\$1.122 M	\$186 M	—	—	8	19.67
Berkshire Hathaway	\$1.120 B	\$135 M	7	1,873	2	42.35
NextEra Energy	\$1.016 B	\$271 M	4	2,112	—	—
American Electric Power	\$1.010 B	\$55 M	—	—	4	34.18
Energy	\$890 M	\$40 M	—	—	6	24.33
CMS Energy	\$700 M	\$700 M	—	—	18	8.05
DTE Energy	\$447 M	\$126 M	—	—	11	15.34
Xcel Energy	\$424 M	\$83 M	5	2,080	15	9.87
WEC Energy Group	\$311 M	\$69 M	—	—	14	11.23
FirstEnergy	\$200 M	\$48 M	—	—	9	19.65
Pinnacle West	\$183 M	\$37 M	10	1,497	—	—
Buckeye Power	\$137 M	—	—	—	19	7.85
Entergy Corporation	\$80 M	\$4 M	3	2,883	—	—
<b>GRAND TOTAL</b>	<b>\$20.692 B</b>	<b>\$2.636 B</b>				

### **JPMorgan Chase: Banking Global Coal Power**

Since Paris, JPMorgan Chase has financed ten of the world's top 30 coal power companies, including six with major coal expansion plans.<sup>51</sup>

Company	JPMorgan Chase Financing		Coal power		
	Total 2016-2020	2020	Rank (installed + planned)	Installed capacity (attributable MW)	Expansion plans (attributable MW)
Duke	\$1.509 B	\$374 M	16	16,998	0
American Electric Power	\$1.010 B	\$55 M	24	13,230	0
Eskom	\$333 M	—	8	40,170	6,400
State Power Investment Corp.	\$182 M	\$84 M	6	>35,741	11,769
RWE	\$143 M	—	20	14,232	0

CLP	\$135 M	\$71 M	28	11,996	0
China Huaneng	\$75 M	\$75 M	2	>100,000	28,680
China Huadian	\$59 M	—	4	>91,548	15,434
Power Finance Corp.	\$33 M	—	27	0	12,000
State Development & Investment Corp.	\$9 M	\$4 M	17	15,781	674
<b>GRAND TOTAL</b>	<b>\$3,486.58 B</b>	<b>\$662 M</b>			

**On power, JPMorgan Chase should:**

Require that clients:

- End expansion of fossil power — no new or expanded gas power, and especially no new coal power
- Phase out fossil power on a timeline compatible with limiting climate change to 1.5°C. In the case of coal, this means, at an absolute minimum, exiting coal by 2030 in the OECD and 2040 in the rest of the world

## **Coal mining**

Alongside strengthening its policies on oil and gas and power, JPMorgan Chase should strengthen its policy on coal mining. Since Paris, the bank has supported six of the top 30 coal mining companies in the world, including four with massive expansion plans.<sup>52</sup>

While JPMorgan Chase’s 2024 coal exit date is strong, its 50% threshold lags far behind global best practice. The litmus-test client here is Glencore, which is not only a top-ten coal extractor but also has plans to expand. Glencore’s revenue is only 16% coal, so falls outside the scope of JPMorgan Chase’s coal mining policy.<sup>53</sup> The bank should also immediately end support for any company expanding coal mining.

### **JPMorgan Chase: Banking Global Coal Mining**

Company	JPMorgan Chase Financing		Coal mining		
	Total 2016-2020	2020	Rank	Annual production (metric tons)	Expansion plans?
Peabody Energy	\$1.058 B	—	6	142.1 M	
Glencore	\$423 M	\$86 M	9	123.9 M	YES
Yankuang Group	\$371 M	—	3	161.5 M	YES
RWE	\$26 M	—	22	64.8 M	YES

State Power Investment Corporation (SPIC)	\$18 M	\$10 M	14	81.9	
China Huaneng Group	\$4 M	\$4 M	20	70.9	YES
<b>GRAND TOTAL</b>	<b>\$1.899</b>	<b>\$100 M</b>			

**On coal mining, JPMorgan Chase should:**

- End support for clients expanding coal mining
- Lower its coal mining threshold to 5% of revenue, to encompass diversified companies that are major coal extractors in absolute terms

**JPMorgan Chase: Banking on Forest-Risk Commodities**

While this briefing has focused on JPMorgan Chase's fossil fuel financing, it is also a major banker of forest-risk commodities, with \$6.887 billion in lending and underwriting over 2013-20.<sup>54</sup> Ending support for deforestation and respecting human rights are key steps for financial institutions to take to align with a just and climate-stable world.<sup>55</sup>

In response to investor pressure, JPMorgan Chase has committed to strengthening its palm oil restrictions to require producer clients to adopt No Deforestation, No Peat, No Exploitation (NDPE) policies.<sup>56</sup> This is a welcome move, and once implemented will represent the first NDPE policy for any forest-risk sector among the big six U.S. banks.

JPMorgan Chase's NDPE policy should be extended to encompass the full range of forest-risk commodities, including pulp and paper, beef, rubber, soy, and timber as well as palm oil traders. At \$707 million over 2013-20, palm oil constitutes just 10% of JPMorgan Chase's forest-risk financing; pulp and paper constitutes 70%, at \$4.845 billion over the same period.<sup>57</sup>

**What JPMorgan Chase should do to truly align with Paris**

In order to align itself with a world in which climate change is limited to 1.5°C and human rights are fully respected, JPMorgan Chase should, overall, ahead of the Glasgow COP:

- Make ending expansion of fossil fuels a precondition for financing clients involved in coal, oil and gas.
- Immediately begin phasing out its fossil fuel financing, on a timeline consistent with limiting climate change to 1.5°C. This includes requiring full coal exit by, at latest, 2030 in OECD and EU countries and 2040 in the rest of the world.
- End support for projects and companies implicated in human rights abuses, especially Indigenous rights abuses.

In particular:

**On oil and gas, JPMorgan Chase should:**

- Require that clients:
  - End expansion of oil and gas — no new exploration, no new extraction, and no new or expanded infrastructure that would drive new extraction upstream
  - Phase out extraction of oil and gas, and use of oil and gas infrastructure, on a timeline compatible with limiting climate change to 1.5°C

**On power, JPMorgan Chase should:**

- Require that clients:
  - End expansion of fossil power — no new or expanded gas power, and especially no new coal power
  - Phase out fossil power on a timeline compatible with limiting climate change to 1.5°C. In the case of coal, the bank should fully exit coal by 2030 in OECD countries and 2040 in the rest of the world

**On coal mining, JPMorgan Chase should:**

- End support for clients expanding coal mining
- Lower its coal mining threshold to 5% of revenue, to encompass diversified companies that are major coal extractors in absolute terms

**On human and especially Indigenous rights, JPMorgan Chase should:**

- End support for projects and companies implicated in human rights abuses, especially Indigenous rights abuses
- Ensure that respect for human rights — especially Indigenous rights, including the right to Free, Prior and Informed Consent — is a precondition for financing, including both project and corporate lending and underwriting, and investment

**On deforestation, JPMorgan Chase should:**

- Establish and implement a No Deforestation, No Peat, No Exploitation (NDPE) policy that encompasses the full range of forest-risk commodities, including pulp and paper, beef, rubber, soy, and timber as well as palm oil, that applies to producers, processors and traders.

**Overall, JPMorgan Chase should:**

- Ensure that all of its policies and targets encompass all financial activities, including underwriting of debt and equity issuances as well as lending and investing

For more detail on what financial institutions must do to align with Paris, see the *Principles for Paris-Aligned Financial Institutions*.<sup>58</sup>

## **Appendix: Additional Financing Figures from *Banking on Climate Chaos***

### **JPMorgan Chase: Banking on Spotlight Subsectors<sup>59</sup>**

	Subsector	JPMorgan Chase Financing		Note
		Rank	Total 2016-2020	
Oil and gas	Tar sands oil	#1 U.S., #3 globally	\$12.14 B	To 35 top extraction and pipeline companies. More tar sands oil financing than the other big six U.S. banks combined.
	Arctic oil and gas	#1 globally	\$2.28 B	To 30 top companies
	Offshore oil and gas	#2 globally	\$29.07 B	To 30 top companies
	Fracked oil and gas	#3 globally	\$52.23 B	To 30 top companies
	Liquefied natural gas (LNG)	#3 globally	\$7.81 B	To 30 top companies
Coal	Coal mining	#1 U.S.	\$1.90 B	To 30 top companies
	Coal power	#2 U.S.	\$3.42 B	To 30 top companies

## **Endnotes**

<sup>1</sup> [“JPMorgan Chase Releases Carbon Reduction Targets for Paris-Aligned Financing Commitment,”](#) JPMorgan Chase, 13 May 2021.

<sup>2</sup> [“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., IPCC, 2018, p. 14.

<sup>3</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021](#), Rainforest Action Network, BankTrack, Indigenous Environmental Network, Oil Change International, Reclaim Finance, and the Sierra Club, March 2021.

<sup>4</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021](#), Rainforest Action Network et al., March 2021.

<sup>5</sup> The report assesses each bank’s leading involvement in corporate lending and underwriting transactions. Data were primarily sourced from Bloomberg Finance L.P., allocating credit according to Bloomberg’s league credit methodology. Each transaction was weighted based on the proportion of the borrower or issuer’s operations devoted to the sector in question. For full methodology, see *Banking on Climate Chaos*.

<sup>6</sup> [The Sky’s Limit: Why the Paris Climate Goals Require a Managed Decline of Fossil Fuel Production](#), Oil Change International, September 2016; Kelly Trout, [“The Sky’s Limit and the IPCC Report on 1.5 Degrees of Warming,”](#) Oil Change International, 17 October 2018.

<sup>7</sup> [“Principles for Paris-Aligned Financial Institutions: Climate Impact, Fossil Fuels and Deforestation,”](#) Rainforest Action Network et al., 16 September 2020.

<sup>8</sup> [“JPMorgan Chase Adopts Paris-Aligned Financing Commitment,”](#) JPMorgan Chase, 6 October 2020.

<sup>9</sup> [“Response to JPMorgan Chase’s Paris Alignment Commitment,”](#) Rainforest Action Network, October 2020.

<sup>10</sup> [“Carbon Compass <sup>SM</sup> Methodology,”](#) JPMorgan Chase, accessed 17 May 2021; [“JPMorgan Chase Releases Carbon Reduction Targets for Paris-Aligned Financing Commitment,”](#) JPMorgan Chase, 13 May 2021.

<sup>11</sup> Carbon intensity is greenhouse gas emissions per unit of output, such as a barrel of oil or kilowatt-hour of electric power. That is in contrast to absolute emissions, which refers to the total amount of emissions associated with a given output.

- For an oil and gas producer:
  - Its [“scopes 1 and 2”](#) emissions are the emissions from the extraction of its product — flared methane, use of machines, and so on. The carbon intensity of its scope 1 and 2 emissions could be reduced by, for example, reducing methane flaring or leakage, or using lower-emissions machines. For a major oil and gas producer, scope 1 and 2 emissions account for approximately [5-10%](#) of its overall emissions.
  - Its [“scope 3”](#) emissions are the emissions from combustion of its product. Carbon intensity of its scope 3 emissions could be reduced by, for example, increasing the proportion of conventional gas it extracts, as opposed to oil. For a major oil and gas producer, scope 3 emissions account for approximately [90-95%](#) of its overall emissions.
- For an electric power company, its scope 1 emissions are the emissions from production of its electricity. Carbon intensity of its scope 1 emissions could be reduced by, for example, switching from coal to gas.

<sup>12</sup> [“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., IPCC, 2018, p. 14.

<sup>13</sup> [“JPMorgan Chase Releases Carbon Reduction Targets for Paris-Aligned Financing Commitment,”](#) JPMorgan Chase, 13 May 2021.

<sup>14</sup> [“Getting on Track to 1.5°C: The IEA’s Opportunity to Steer Investments Towards Success in Meeting the Paris Goals,”](#) Oil Change International, March 2021.

<sup>15</sup> [“IEA to produce world’s first comprehensive roadmap to net-zero emissions by 2050,”](#) International Energy Agency, 11 Jan. 2021.

<sup>16</sup> [“Banking on Climate Chaos: Fossil Fuel Finance Report 2021,”](#) Rainforest Action Network et al., March 2021.

<sup>17</sup> [“Shell Insights: Energy Transition Strategy,”](#) Royal Dutch Shell, 7 May 2021, slide 5.

<sup>18</sup> [“Shell Strategy Day 2021,”](#) Royal Dutch Shell, 11 Feb. 2021, slide 19.

<sup>19</sup> [“Shell Strategy Day 2021,”](#) Royal Dutch Shell, 11 Feb. 2021, slide 19.

<sup>20</sup> These figures are drawn from [Banking on Climate Chaos](#). Emissions were calculated by Oil Change International based on projected production figures from Rystad Energy AS and emissions factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Emissions are from combustion of oil and gas only and do not include methane or other production and processing emissions.

<sup>21</sup> See, e.g., Catherine Traywick, Stephen Cunningham, Naureen S Malik, and Dave Merrill, [“Gas Exports Have a Dirty Secret: A Carbon Footprint Rivaling Coal’s,”](#) Bloomberg, 23 Jan. 2020.

<sup>22</sup> [“Gas Is the New Coal With Risk of \\$100 Billion in Stranded Assets,”](#) Bloomberg, 16 April 2021.

<sup>23</sup> [“Big Oil’s Net-Zero Plans Show the Hard Limits of Carbon Offsets,”](#) Bloomberg, 1 March 2021.

<sup>24</sup> For further analysis on Shell, see, e.g., [Big Oil Reality Check: Assessing Oil and Gas Company Climate Plans](#), Oil Change International, Sep. 2020; [“Joint letter to investors on Shell resolution,”](#) Follow This et al., 26 Feb. 2021.

<sup>25</sup> See Reclaim Finance’s [Coal Policy Tool](#) for global best practice on coal, and Citi, [“First Steps Towards Net Zero”](#) (23 March 2021) for a step forward in the U.S. context.

<sup>26</sup> Paul Takahashi, [“Exxon eyes Houston for \\$100B carbon capture hub,”](#) Houston Chronicle, 20 April 2021.

<sup>27</sup> Emily Pontecorvo, [“Big Oil is finally talking about scope 3 emissions. What the heck is scope 3?,”](#) Grist, 12 Feb. 2020.

<sup>28</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021](#), Rainforest Action Network et al., March 2021, p. XX.

<sup>29</sup> “2025 greenhouse gas emission reduction plan: intensity of upstream emissions to drop by 15-20%; methane intensity by 40-50%; flaring intensity by 35-45%”: [“ExxonMobil announces emission reduction plans: expects to meet 2020 goals,”](#) ExxonMobil, 14 Dec. 2020.

<sup>30</sup> “Set mid-term targets to reduce our upstream oil and gas GHG and methane emissions intensities by 2025”: [“Climate Report 2020,”](#) Occidental, Dec. 2020.

<sup>31</sup> “We have one of the lowest upstream carbon intensities of any international oil company”: [“Climate Change,”](#) Saudi Aramco, accessed May 2021.

<sup>32</sup> “We are committed to advancing a lower-carbon future by reducing the carbon intensity of our operations and assets”: [“Actions to Reduce our Carbon Intensity,”](#) Chevron, accessed May 2021.

<sup>33</sup> “We reaffirm our commitment to ... promoting the decarbonization of our operations, reducing the carbon intensity of our emissions.” [“Climate change and transitioning to low carbon,”](#) Petrobras, accessed May 2021.



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- <sup>34</sup> These figures are drawn from [Banking on Climate Chaos](#). Emissions were calculated by Oil Change International based on projected production figures from Rystad Energy AS and emissions factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Emissions are from combustion of oil and gas only and do not include methane or other production and processing emissions.
- <sup>35</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021](#), Rainforest Action Network et al., March 2021. List compiled from reporting on key oil and gas midstream expansion projects and the companies behind them.
- <sup>36</sup> "We are committed to managing our GHG emissions, focusing on our GHG intensity": ["Climate Change,"](#) TC Energy, accessed May 2021.
- <sup>37</sup> "At MPC, we are implementing a sustainable energy strategy that is reducing the carbon intensity of our operations and the products we sell": ["Leading in Sustainable Energy,"](#) Marathon Petroleum, accessed May 2021.
- <sup>38</sup> ["Case Study: Line 3 Tar Sands Pipeline,"](#) Rainforest Action Network et al., March 2021.
- <sup>39</sup> See, e.g., Sheila Regan, ["It's cultural genocide': inside the fight to stop a pipeline on tribal lands,"](#) *The Guardian*, 19 Feb. 2021.
- <sup>40</sup> As of March.
- <sup>41</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021](#), Rainforest Action Network et al., March 2021.
- <sup>42</sup> ["Case Study: Coastal GasLink Pipeline,"](#) Rainforest Action Network et al., March 2021.
- <sup>43</sup> Augusta Davis, ["Unceded Land: The Case for Wet'suwet'en Sovereignty,"](#) Cultural Survival, 28 Feb. 2020.
- <sup>44</sup> Sulakshana, ["\[Sept 2020 Update\] Who's banking the Coastal GasLink pipeline?,"](#) Rainforest Action Network, 15 Sep. 2020.
- <sup>45</sup> ["Case Study: Coastal GasLink Pipeline,"](#) Rainforest Action Network et al., March 2021.
- <sup>46</sup> [Investing in Amazon Crude,](#) Amazon Watch, March 2020.
- <sup>47</sup> Val Smith, ["First Steps Towards Net Zero,"](#) Citi, 23 March 2021.
- <sup>48</sup> ["Best Practices,"](#) Reclaim Finance, accessed May 2021.
- <sup>49</sup> The caveat noted above about the rapidly emerging science regarding fossil gas's true climate impact applies here as well.
- <sup>50</sup> [The Dirty Truth About Utility Climate Pledges,](#) Sierra Club, Jan. 2021.
- <sup>51</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021,](#) Rainforest Action Network et al., March 2021. Data from ["Global Coal Exit List,"](#) urgewald e.V., November 2020.
- <sup>52</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021,](#) Rainforest Action Network et al., March 2021. Data from ["Global Coal Exit List,"](#) urgewald e.V., November 2020.
- <sup>53</sup> ["Annual Report 2020,"](#) Glencore, p. 63.
- <sup>54</sup> [Forests & Finance.](#)
- <sup>55</sup> ["Principles for Paris-Aligned Financial Institutions: Climate Impact, Fossil Fuels and Deforestation,"](#) Rainforest Action Network et al., 16 September 2020.
- <sup>56</sup> ["JPMorgan Chase Adopts Deforestation Policies,"](#) Green Century Funds, 8 April 2021.
- <sup>57</sup> [Forests & Finance.](#) For further information on Rainforest Action Network's current work holding corporations accountable for deforestation, see [Keep Forests Standing: Evaluating the Banks and Brands Driving Deforestation and Human Rights Abuses,](#) Rainforest Action Network, April 2021.
- <sup>58</sup> ["Principles for Paris-Aligned Financial Institutions: Climate Impact, Fossil Fuels and Deforestation,"](#) Rainforest Action Network et al., 16 September 2020.
- <sup>59</sup> [Banking on Climate Chaos: Fossil Fuel Finance Report 2021,](#) Rainforest Action Network et al., March 2021.