

Open Letter to Investors
From Delegation to 2018 JPMorgan Chase Shareholder Meeting
Representing Communities Impacted by the Bank's Fossil Fuel Financing

May 14, 2018

To the heads of 25 top institutional shareholders in JPMorgan Chase:

As a delegation representing communities from across the United States, and from Canada to Ecuador, we are attending this year's JPMorgan Chase shareholder meeting to spotlight the climate, environmental, and Indigenous rights impacts of the bank's fossil fuel financing. We call on you, as top shareholders in JPMorgan Chase, to engage with the bank to end those impacts, and more broadly to align its policies and practices with a 1.5 degree world in which human rights are fully respected.

We highlight JPMorgan Chase in particular because of the unique scale and seriousness of its impacts. Among major U.S. banks, JPMorgan Chase is the biggest funder of extreme fossil fuels:¹ tar sands, Arctic,² and ultra-deepwater oil; liquefied natural gas export; and coal mining and power. It is also a major funder of oil drilling in the Amazon rainforest. At \$11.6 billion, JPMorgan Chase's 2017 financing to the largest companies in the coal and extreme oil and gas sectors was greater than that of the next three biggest U.S. funders combined (Citigroup, Bank of America and Goldman Sachs, at \$10.9 billion total). This area of financing is growing, with a more than \$4 billion increase from 2016 to 2017.³

Tar sands oil

JPMorgan Chase's financing of tar sands oil, which increased more than four-fold from 2016 to 2017, is the most significant component of the extreme fossil fuel increase last year.⁴ This spring, the bank blocked a shareholder resolution to report on the reputational, financial and climate risks of tar sands financing.⁵ Investors should be aware of those risks, beginning with the impacts it generates on our communities.

JPMorgan Chase directly finances Kinder Morgan's proposed Trans Mountain Expansion Project, which would triple the pipeline's current capacity in its path from Alberta to British Columbia. First Nations that would be directly impacted by the route and port terminal are currently fighting the project in the courts and have led resistance on the ground — in particular the Tsleil-Waututh, Squamish, and Musqueam First Nations.⁶ Kinder Morgan recently announced it would suspend non-essential spending on the project in recognition of the many risks to the project's viability due to opposition in British Columbia. Not only is JPMorgan Chase a banker of Kinder Morgan overall, but the bank also supported Kinder Morgan in an IPO to spin off its Canadian assets including TransMountain, and lent C\$315 million to the pipeline expansion project.⁷

Enbridge's so-called "replacement" Line 3 project is a proposed new pipeline that would cross from Alberta, through Minnesota, and into Wisconsin. The company's preferred route, which is different than that of the existing pipe, would cut through

some of the world's largest and most productive wild rice beds, and the 1855 Treaty territory, where members of signatory Ojibwe bands retain the rights to hunt, fish, harvest wild rice, conduct religious ceremonies, and travel.⁸ The five Ojibwe tribes in Minnesota which would be directly impacted by Enbridge's proposed route are opposed to the project, which even the state's own Department of Commerce says is not necessary. Despite the fact that Minnesota has not finalized the permitting processes for Line 3, Enbridge has already started construction on either end of the new pipeline in Wisconsin and Canada.⁹ Enbridge is constructing the pipeline without having secured project-level financing. This implicates the banks providing general corporate financing to Enbridge, including JPMorgan Chase, in supporting the project.

JPMorgan Chase is a leading banker of TransCanada, the company behind the infamous Keystone XL pipeline that would bring tar sands from Alberta to Nebraska. The proposed route for Keystone XL crosses tribal lands, sacred sites, ranches, and farms. TransCanada has failed to obtain consent from tribes along the route and the communities that face the risk of contamination of their sources of drinking water. Numerous tribal nations including, but not limited to, the Standing Rock Sioux, Rosebud Sioux, Yankton Sioux, Cheyenne River Sioux, Crow Creek Sioux and Oglala Sioux have repeatedly expressed their adamant opposition to Keystone XL. Ninety-two landowners across the state of Nebraska have refused to sign easements with TransCanada because of the threat that a leak or spill from this pipeline poses to their land and livelihoods, as well as the Ogallala Aquifer. TransCanada has not secured project-specific financing for the Keystone XL pipeline, meaning banks lending to TransCanada for general corporate purposes, such as JPMorgan Chase, are effectively the bankers of the Keystone XL pipeline. In December, the bank re-upped support for TransCanada, approving a renewal of a \$1.5 billion credit facility that JPMorgan Chase led.¹⁰

In addition to the harms of particular projects and companies, tar sands oil is deadly for the climate. Alberta's tar sands oil is significantly more carbon-intensive than conventional oil, because of the additional steps required to process it — and that intensity is worsening rather than improving.¹¹ Additionally, as tar sands production is much more capital-intensive and long-lived than other conventional oil production, investment now threatens to lock in production for decades, at a time when the sector should be in a managed decline on a path toward a zero-carbon economy. Extraction of the tar sands also destroys huge swathes of Alberta's boreal forests, which serve as a critical carbon sink, source of water, and habitat for endangered species; uses and pollutes enormous amounts of freshwater; and has been linked to increased cancer rates in nearby communities.

Tar sands pipelines are currently operating at near-maximum capacity, meaning that any new pipeline infrastructure is for new expansion that is demonstrably incompatible with the Paris Agreement and the planet's safe climate limits.¹² Moreover, 150 First Nations and Tribes have signed a treaty opposing all tar sands pipelines, rail cars, and tanker traffic from crossing their traditional lands and waters.¹³ Any financial institution that supports this infrastructure, and the companies developing it, in the face of opposition from the Treaty Alliance, runs a risk of contributing to Indigenous rights abuses and the disruption of local economies and water supplies for generations. This constitutes a violation of corporate responsibilities to respect human rights under the

U.N. Guiding Principles on Human Rights, which hold that businesses must avoid causing or contributing to adverse human rights impacts through their activities or business relationships. It is also contrary to the provisions on Free, Prior and Informed Consent in the UN Declaration on the Rights of Indigenous People.

Overall, JPMorgan Chase continues to make its support for the tar sands sector clear. It is the 3rd biggest global funder of tar sands extraction and pipelines, behind only two Canadian banks.¹⁴ JPMorgan Chase is a leading banker of Teck Resources, the company behind the proposed Frontier open pit tar sands mega-mine in Alberta. The \$10.9 billion that JPMorgan Chase has funneled into the tar sands sector in the last three years is unacceptable.

Energy Transfer Partners, fracked gas in South Texas and oil in the Amazon

Outside of the tar sands sector, JPMorgan Chase supports other problematic oil and gas industry clients. JPMorgan Chase is a leading banker of Energy Transfer Partners, the company behind the notorious Dakota Access Pipeline, whose business practices have resulted in Indigenous rights violations and human rights abuses. Energy Transfer Partners is currently planning to build the Bayou Bridge Pipeline to carry fracked oil from Nederland, Texas across southern Louisiana. The proposed pipeline would impact more than 600 acres of wetlands and threaten a crucial source of drinking water, with disproportionate threats to local low-income communities of color.¹⁵ Trans Pecos, an Energy Transfer gas pipeline in a part of Texas previously untouched by the oil and gas industry, faced ardent opposition from local Indigenous water protectors and activists.¹⁶ JPMorgan Chase did not participate in the project financing to finish the Trans Pecos pipeline, but supports the company on many loans for general corporate finance.

In South Texas, JPMorgan Chase finances fracked-gas infrastructure buildout that is impacting the health of local communities, infringing on Indigenous rights, and accelerating fracking upstream. Its client Enbridge's under-construction Valley Crossing Pipeline will put frontline communities at risk of leaks and explosions. JPMorgan Chase is the second-biggest U.S. funder of fracked-gas export terminals in North America,¹⁷ and is a major financier of Cheniere, whose Sabine Pass LNG export terminal recently suffered leaks that regulators labeled a potential "serious hazard to people and property"¹⁸ and whose Corpus Christi project threatens more of the same.

The impacts of JPMorgan Chase's financing do not stop in the United States. The bank holds almost \$121 billion in combined debt and equity investments in GeoPark, Frontera, and the parent companies of Andes Petroleum¹⁹ — companies with licenses to explore and/or drill in the Amazon rainforest on or near the territories of Indigenous nations that oppose oil extraction on their lands. Oil drilling in the Amazon threatens an incredible biodiversity hotspot, a critical carbon sink, and the traditional ways of life of hundreds of Indigenous groups.²⁰

In the case of Andes Petroleum, for example, the exploration concessions it holds for Blocks 79 and 83 overlap with about half of Sapara titled territory. This region, deep in the Amazon rainforest and located near the Peruvian border, is home to the headwaters of several Amazon River tributaries. Blocks 79 and 83 abut the southern

border of Yasuní National Park, widely considered to be the most biodiverse place on the planet, and they also overlap the nomadic territory of two indigenous groups living in voluntary isolation. The Sapara nation was included in the Representative List of the Intangible Cultural Heritage of Humanity by UNESCO in 2001,²¹ and has vehemently opposed the selling of concessions to drill or explore for oil on its land.

Coal

Widely recognized as a fuel with no place in the energy transition, coal continues to impact communities along its lifecycle: from the lasting contamination left by abandoned mines to the air pollution when it's burned. In West Virginia, the destructive practice of mountaintop removal (MTR) mining continues, where the tops of mountains are blasted off and dumped in nearby valleys.²² Toxic coal waste leaves communities riddled with contaminated water and health issues.²³ JPMorgan Chase committed in 2014 to reduce exposure to companies engaged in MTR,²⁴ but has not done significant reporting on performance against that commitment.

JPMorgan Chase boosted its financing for both coal mining and coal-fired power last year. Its coal mining financing in 2017 was a startling 21 times higher than the previous year — this while the company purports to have a policy to reduce its credit exposure to coal mining companies overall.²⁵ The bank's coal mining policy clearly has loopholes that the bank is exploiting as it continues to try and wring profit from a dying sector. Moreover, JPMorgan Chase is the top Western banker of coal power over the last three years,²⁶ and continues to fund companies with the biggest plans for new coal plants.²⁷

Extreme fossil fuels and climate change

On top of its substantial financing for tar sands and coal, JPMorgan Chase is also one of the biggest funders globally of Arctic oil, ultra-deepwater oil, and liquefied natural gas export. Overall, the bank is the number one Wall Street funder of extreme fossil fuels. And JPMorgan Chase shows no signs of changing — its extreme fossil fuel financing has been on the rise since 2015.

While JPMorgan Chase continues this level of financing for fossil fuel projects and companies, it is complicit in the increasing social, economic, and environmental impacts of climate change. 2017 was the costliest year for weather disasters in US history.²⁸ Much of this damage was wrought by Hurricane Harvey in Texas, whose torrential downpours and violent winds killed at least 68 people and displaced over a million.²⁹ This hurricane also exposed environmental justice communities to cancer-causing chemicals released by damaged petrochemical plants.³⁰ The connection is clear: financing from JPMorgan Chase that enables fossil fuel production worsens climate change, and with it the symptoms such as tropical storms and sea-level rise.

Indigenous Rights

JPMorgan Chase's environmental and social policy framework states that it "expect[s] its] clients to demonstrate alignment with the objectives and requirements of IFC

Performance Standard 7 on Indigenous Peoples, including with respect to circumstances requiring Free, Prior and Informed Consent.”³¹ But JPMorgan Chase finances projects and companies that serially fail to secure consent and abuse Indigenous rights, in our communities and in communities around the world. The bank evidently views this basic rights issue as unimportant for its investors, as this spring, JPMorgan Chase blocked a shareholder resolution to strengthen Indigenous rights policies.³²

Conclusion

Jamie Dimon opens his most recent shareholder letter by boasting that JPMorgan Chase has “helped communities large and small”³³. He omits mention of the other side of the balance sheet — the harm that his bank has done to communities like ours through its fossil fuel financing. In fact, Dimon has failed to mention climate change or Indigenous rights in any of his last ten shareholder letters.

JPMorgan Chase’s longest serving board member, and current lead independent director, Lee Raymond, is the former CEO of ExxonMobil. Exxon knowingly covered up its own research on the disastrous impacts of its business activities upon the global climate, and actively sought to prevent the world from dealing with global warming by funding campaigns of denial and disinformation.³⁴ Raymond personally worked to derail the Kyoto Protocol.³⁵ From 2000 to 2003, just three years of Raymond’s tenure as Chairman and CEO of ExxonMobil, the company gave \$8.7 million to climate denialist think tanks and organizations.³⁶ Lee Raymond’s leadership, like fossil fuels, is a legacy of the past.

We urge shareholders to engage with JPMorgan Chase to ensure that it aligns its policies and practices with a 1.5 degree world in which human rights are fully respected. Key questions for the bank include:

- Going forward, will you commit to rapidly phasing out financing for tar sands oil in general, including support for TransCanada, Enbridge, Kinder Morgan, and the Trans Mountain pipeline in particular?
- Will you end your support for Energy Transfer Partners?
- Will you commit to rapidly phasing out financing for liquefied natural gas export throughout North America, including in the Gulf Coast in particular?
- Will you end your support for GeoPark, Frontera, and the parent companies of Andes Petroleum?
- Will you comply with your coal mining policy in spirit as well as letter, including reporting on implementation of that policy? Will you strengthen that policy by expanding its scope to include all financing?
- Will you demonstrate the bank’s commitment to combating climate change by replacing Lee Raymond on the board of directors with someone with expertise in the clean energy transition?

The members of this delegation are available to discuss these issues with you, including the day of the shareholder meeting. Please contact Patrick McCully, climate program director of Rainforest Action Network, at patrick@ran.org to set up a meeting.

Sincerely,

Joye Braun (Cheyenne River Sioux)
Indigenous Environmental Network
South Dakota

Tara Houska (Couchiching First Nation)
Honor the Earth
Duluth, Minnesota

Cherri Foytlin
Louisiana Rise
Rayne, Louisiana

Cedar George-Parker (T'sleil Waututh)
Indigenous Youth Council
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Jessica Rangel
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Juan Mancias (Carrizo/Comecrudo
Tribe of Texas)
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Frankie Orona (Tongva & Chumash)
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Yolonda Bluehorse (Lakota)
Society of Native Nations
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Manari Ushigua (Sápara)
Ecuadorian Amazon

Cc:

Jamie Dimon, Chairman and Chief Executive Officer, JPMorgan Chase
Daniel Pinto, Co-President and Co-Chief Operating Officer, JPMorgan Chase
Gordon Smith, Co-President and Co-Chief Operating Officer, JPMorgan Chase
Marianne Lake, Chief Financial Officer, JPMorgan Chase
Peter Scher, Global Head of Corporate Responsibility, JPMorgan Chase
Matt Arnold, Global Head of Sustainable Finance, JPMorgan Chase
Andre Abadie, Global Head of Environmental and Social Risk Management, JPMorgan Chase

¹ [“Banking on Climate Change: Fossil Fuel Finance Report Card 2018,”](#) Rainforest Action Network, BankTrack, Honor the Earth, Indigenous Environmental Network, Oil Change International and Sierra Club, 28 March 2018, p. 6.

² All offshore developments located in waters off Greenland, the Canadian Arctic coast, or north of 66 degrees latitude.

³ [“Banking on Climate Change: Fossil Fuel Finance Report Card 2018,”](#) p. 6.

⁴ Ibid, p. 29.

⁵ Eric Roston, [“JPMorgan Facing Shareholder Backlash Over Oil Sands Financing,”](#) Bloomberg, 23 March 2018

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- ³³ Jamie Dimon, "[Chairman & CEO Letter to Shareholders](#)," JPMorgan Chase, April 2018, p. 2.
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