Resolved: Shareholders request the Board of Directors of JPMorgan Chase (JPM) issue a report disclosing whether and how the Company addresses the potential risks and opportunities related to the social impacts of JPM's transition finance efforts.

Supporting Statement:

Transition finance[1] — financial support that helps decarbonize high-emitting activities or enables the decarbonization of other economic activities, is an important aspect of JPM's business. JPM's Center for Carbon Transition "is a key business within J.P. Morgan's Corporate Advisory" and assists its Commercial and Investment Bank "on a wide variety of strategic sustainability-focused transactions."[2] JPM states that it has a $1 trillion Green objective, of which $242 billion has already been financed or facilitated.[3] Managing the human element of this massive climate transition appears as important as technical innovation or development of new physical infrastructure.

Stranded human capital and human rights abuses can generate public resistance to the transition; in contrast, investment in the retraining of people, and demonstrating respect and partnership with communities can ease and accelerate the transition. Whether coal miners losing their jobs in Appalachia or land use and pollution conflict in communities targeted for lithium mining, climate transition faces backlash where the human element is ignored.[4] A study of the Environmental Justice Atlas database found that one quarter of projects opposed by environmental defenders were stopped through protest, litigation and other forms of popular mobilization.[5]

According to the World Economic Forum (WEF)[6] "[t]he green transition… could concentrate job creation in already tight labour markets… deepen[ing] unemployment in some regions while causing labour shortages in others…" WEF notes that this "could fuel social and political upheaval."

Thus, part of the work of transition finance is to support finance, public policy or other provisions for worker transition such as job retraining and skill development, income support in job transitions, creating new green jobs, and actively planning for economic diversification in affected communities.

The rights of communities are also at stake, such as in regions where mining of minerals critical to the green transition threatens human rights and the environment. Transition strategies must respect human rights, public health and the environment, or they risk community resistance and supply chain disruption.

Unfortunately, there is precious little in JPM's disclosures on this topic. References to mitigating negative impacts appear in its 2023 Development Finance Institution Annual Report and Methodology, which apply to any type of emerging markets investments, but not specifically

[1] https://www.weforum.org/stories/2023/01/davos23-transition-finance-decarbonization/
[2] https://www.jpmorgan.com/investment-banking/center-for-carbon-transition
[3] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf
[4] https://www.sciencedirect.com/science/article/abs/pii/S0301421518302301
[5] https://www.sciencedirect.com/science/article/pii/S0959378020301424?via%3Dihub
[6] https://intelligence.weforum.org/topics/a1Gb0000000pTDXEA2/key-issues/a1Gb00000015QJKEA2

to transition finance. Otherwise, disclosure concerning the social risks and opportunities of transition finance is absent in JPM's financial and sustainability reports, in contrast to its peer banks.[7] This is doubly concerning as JPM's "Green Progress" financing and facilitation has declined from 2022 to 2023.[8] JPM's inadequate disclosure impairs investors' ability to understand how its transition finance plans safeguard shareholder returns.

[7] https://www.iccr.org/wp-content/uploads/2024/11/ICCR-The-Role-of-Major-US-Banks-in-a-Just-Transition-to-a-Net-Zero-Carbon-Economy-FINAL.pdf

[8] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf