Consumers' Research
established 1929

Will Hild
8300 Boone Boulevard Suite 500
Vienna, VA 22182
P: (202) 898 - 0542
info@consumersresearch.org

November 18, 2026

The Honorable Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, D.C. 20219
Jonathan.Gould@occ.treas.gov

Dear Comptroller Gould,

Four large U.S. banks—JPMorgan, Citi, Bank of America, and Morgan Stanley (the "Banks")—have committed to engage in unsafe or unsound practices and to deny fair access to customers by setting net-zero-emissions targets and climate-finance targets. The OCC should build on its groundbreaking supervisory review into banks' weaponization of finance by examining the Banks' targets to determine whether such targets conflict with fair access, threaten safety and soundness, and warrant higher capital requirements. Both net-zero and climate-finance targets are non-financial in nature, and create three types of harm. **First,** net-zero and climate-finance targets threaten bank safety and soundness, because they force banks to shift from financing profitable businesses to financing more risky startups. **Second,** net-zero targets deny fair access to customers, because they unfairly harm higher-emitting businesses by forcing those businesses to change their operations or lose critical financing based on non-financial criteria. **Third,** net-zero and climate-finance targets hurt consumers; increase financing to foreign companies, including Chinese companies; and conflict with President Trump's efforts to reduce cost of living, expand energy dominance, increase grid security, and protect national security.

The OCC and President Trump have taken important steps to address fair-access issues. In 2025, President Trump issued an executive order entitled "Guaranteeing Fair Banking for All Americans," aiming to remove "politicized or unlawful debanking."[1] The OCC then launched a supervisory review of the nine largest U.S. banks, seeking to end efforts to "weaponize finance."[2] The OCC recently released a report, "Debanked: Guaranteeing Fair Banking for All Americans," that concluded banks had denied fair access, and that "industry-specific" bank practices "restrict[] certain industry sectors' access to financial services for reasons unrelated to financial or operational concerns."[3]

The OCC should continue its work by evaluating the impact of the Banks' sweeping net-zero and climate-finance targets, which not only implicate fair-access principles, but also threaten safety and soundness. Rather than making decisions based on individualized, quantitative risk-

[1] https://www.whitehouse.gov/presidential-actions/2025/08/guaranteeing-fair-banking-for-all-americans/
[2] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123.html
[3] https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 12)

DEFENDING CONSUMERS

based analyses, these targets force the Banks' clients to embrace non-financial net-zero goals that increase costs and financing risks, because net-zero goals plainly conflict with profitability in sectors such as power generation, aviation, energy, and auto manufacturing. For example, net-zero goals require massive increases in the production of electric vehicles ("EVs"), but automakers have lost tens of billions of dollars on their EV investments. Similarly, energy companies have written off billions of dollars after pursuing low-emissions renewable-energy investments. The Banks' trillion-dollar climate-finance commitments increase financing to unproven companies that align with net-zero goals, such as renewable-energy startups. But because startups' valuations decline when interest rates rise, startups are more likely to simultaneously withdraw deposits, as occurred in the collapse of Silicon Valley Bank ("SVB"). Therefore, the Banks' emissions-based financing targets lead to increased risk. The OCC should take proactive action to increase capital requirements to avoid the Federal Reserve's mistake in ignoring warning signs at SVB, as described in the Board's recent report.

The Banks' net-zero and climate-finance commitments also have led the Banks to deny fair access to customers, as the Banks make financing and facilitation decisions based on companies' emissions levels or alignment with net-zero, rather than on financial factors. The Banks' net-zero targets require the Banks to push higher-emitting companies to either make drastic and unprofitable changes to their business to reduce their emissions or to risk losing financing. This pressure will intensify with the United Nations' recent announcement that net-zero is not enough and that net-negative emissions are now needed.

The Banks' net-zero and climate-finance targets directly conflict with President Trump's agenda to reduce cost of living, expand energy dominance, increase grid security, and protect national security. For example, the Trump Administration is focused on "ramping up domestic supply, cutting dependence on overseas energy, and bolstering national security,"[4] but the Banks are moving the opposite direction, pushing reliable energy companies to reduce emissions or lose financing. The Administration also has emphasized the need for America's electric grid to "utilize all available power generation resources" in the face of "an unprecedented surge in electricity demand,"[5] yet the Banks have cut off or restricted financing to coal plants, and have established energy-sector targets in line with net-zero goals that would virtually eliminate coal and natural gas power. Bank net-zero and climate-finance targets also push the Banks to provide more financial services to Chinese companies, because China dominates renewable-energy supply chains. For example, JPMorgan, Bank of America, and Morgan Stanley recently helped Chinese battery-maker giant CATL raise billions of dollars, even though the U.S. federal government had designated CATL as a Chinese military company.[6]

[4] *See* https://www.whitehouse.gov/priorities/energy/
[5] https://www.whitehouse.gov/presidential-actions/2025/04/strengthening-the-reliability-and-security-of-the-united-states-electric-grid/
[6] https://files.constantcontact.com/f0eecb46901/f5bbaca0-fc7f-4c0b-81ed-d2c92d91bc35.pdf (p. 1)

DEFENDING CONSUMERS

Consumers' Research
established 1929

I. The OCC's charge includes assuring safety, soundness, and fair access

The Office of the Comptroller of the Currency ("OCC") is "charged with assuring the safety and soundness of, and compliance with laws and regulations, fair access to financial services, and fair treatment of customers by," national banks.[7] The OCC recently finalized a rule for purposes of the OCC's supervisory activities and enforcement that defines "unsafe or unsound" practices as those that are (1) "contrary to generally accepted standards of prudent operation" and (2) either materially harm the "financial condition of the institution," or are likely to do so if the practices continue.[8] The OCC emphasized that "generally accepted standards of prudent operation"[9] depend on a bank's "financial risk-related factors," and that when a bank's risks increase, "the agencies' expectations for that institution's prudent operations would also increase."[10] The OCC warned that it "reserve[s] the right to determine whether widespread practices are generally imprudent."[11] The OCC stressed that in terms of evaluating risks, "it is critical that examiners and institutions prioritize material financial risks over concerns related to ... nonfinancial risks."[12] The OCC also recently highlighted its concerns with "industry-specific" bank practices, which "restrict[] certain industry sectors' access to financial services for reasons unrelated to financial or operational concerns."[13]

The OCC has long emphasized the need for banks to make decisions based on an individualized, quantitative risk-based analysis. For example, in 2014, the Obama-appointed Comptroller of the Currency rejected the idea that "there are whole categories of businesses that are too risky to bank."[14] Instead, he reminded banks to "exercise some sound judgment, conduct your due diligence, and *evaluate customers individually*."[15] This was part of the OCC's effort to "ma[k]e clear ... that it expects the banks it supervises to objectively assess the particular risks posed by individual customers."[16]

The OCC states that "[e]nsuring fair access and equal treatment to national bank customers is a fundamental part of the OCC's mission."[17] Though "fair access" is not defined by statute, the concept of what is "unfair" has been defined by the Federal Trade Commission Act, which the OCC enforces against national banks.[18] Under the FTC Act, unfairness consists of an actual or

[7] 12 U.S.C. § 1; 12 C.F.R. § 4.2
[8] https://occ.gov/news-issuances/bulletins/2026/bulletin-2026-40.html (final rule effective November 2, 2026)
[9] https://occ.gov/news-issuances/news-releases/2026/nr-ia-2026-71a.pdf (p. 17)
[10] https://occ.gov/news-issuances/news-releases/2026/nr-ia-2026-71a.pdf (p. 17)
[11] https://occ.gov/news-issuances/news-releases/2026/nr-ia-2026-71a.pdf (p. 17)
[12] https://occ.gov/news-issuances/news-releases/2026/nr-ia-2026-71a.pdf (p. 2)
[13] https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 12)
[14] https://occ.gov/news-issuances/speeches/2014/pub-speech-2014-39.pdf (p. 4)
[15] https://occ.gov/news-issuances/speeches/2014/pub-speech-2014-39.pdf (p. 4) (emphasis added)
[16] https://www.occ.gov/publications-and-resources/publications/annual-report/files/2015-annual-report.pdf (p. 9)
[17] https://www.occ.gov/topics/consumers-and-communities/consumer-protection/index-consumer-protection.html; *see* 12 U.S.C. § 1
[18] *See, e.g.*, https://www.occ.gov/news-issuances/advisory-letters/advisory-letter-2002-3.pdf (p. 3); 15 U.S.C. § 45(n)

DEFENDING CONSUMERS

likely consumer injury that is substantial, not reasonably avoidable by consumers, and not outweighed by benefits to consumers or competition.[19] The OCC has cited to that FTC standard in the context of discussing unfair acts.[20]

Consistent with the OCC's statutory requirement to ensure fair access, President Trump issued an executive order entitled "Guaranteeing Fair Banking for All Americans," aiming to remove "politicized or unlawful debanking."[21] In turn, the OCC issued a rule stating that it would not require or encourage any action taken "solely on the basis of the person's or entity's involvement in politically disfavored but lawful business activities perceived to present reputation risk."[22] The OCC also launched a supervisory review of the nine largest U.S. banks, seeking to end efforts to "weaponize finance."[23] The OCC's preliminary findings showed that each of the reviewed banks "made inappropriate distinctions among customers in the provision of financial services on the basis of their lawful business activities by maintaining policies restricting access to banking services or requiring escalated reviews and approvals before providing certain customers access to financial services," including "restrictions on certain industry sectors," such as oil and gas exploration and coal mining,[24] that were not based on the "ability for the bank to extend financial services in a safe and sound manner."[25] The Comptroller expressed his intent to "halt these harmful and unfair practices."[26] In the OCC's recent report summarizing its review, "Debanked: Guaranteeing Fair Banking for All Americans," the OCC identified various bank acts and practices that conflicted with principles of fair access.[27]

To carry out its mission, the OCC has authority to examine national banks as often as it deems necessary.[28] The OCC also has authority to gather documents and information during the course of an examination, and to pursue enforcement action when warranted.[29] The OCC may require a bank to "hold an amount of regulatory capital greater than otherwise required" if the OCC determines that the bank's "capital requirements ... are not commensurate with" the bank's "credit, market, operational, or other risks."[30]

---

[19] *See* 15 U.S.C. § 45(n); *cf.* 12 U.S.C. § 5531 (Dodd-Frank provision for the CFPB, using the same test)
[20] *See, e.g.*, https://www.occ.gov/news-issuances/advisory-letters/advisory-letter-2002-3.pdf (p. 4–5)
[21] https://www.whitehouse.gov/presidential-actions/2025/08/guaranteeing-fair-banking-for-all-americans/
[22] https://www.federalregister.gov/documents/2026/04/10/2026-06947/prohibition-on-the-use-of-reputation-risk-by-regulators
[23] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123.html; *see* https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf ("Although the OCC's Debanking Review is nearing completion, the OCC's broader work to promote fair access to financial services and advance objective and risk-based banking decisions remains ongoing.")
[24] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123.html
[25] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123a.pdf (p. 2)
[26] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123.html
[27] https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf
[28] 12 U.S.C. § 481; 12 C.F.R. § 4.6
[29] *See* 12 U.S.C. § 1813(q)(1); 12 U.S.C. § 1818; https://www.occ.gov/news-issuances/news-releases/2026/ppm-5310-3.pdf
[30] 12 C.F.R. § 3.1(d)(1)

DEFENDING CONSUMERS

Consumers' Research
established 1929

II. The Banks have net-zero and climate-finance targets that do not use individualized, quantitative risk-based analyses, and instead decrease the Banks' safety and soundness.

The Banks have net-zero and climate-finance targets that require the Banks to consider customers' economic sectors and emissions levels when making financing decisions. These targets push the Banks away from an individualized, quantitative risk-based analysis, and towards denying customers based on broad categories and emissions. The Banks' targets lead to reduced safety and soundness in three primary ways: (1) the Banks make decisions that are not based on an individualized, quantitative risk-based analysis; (2) the Banks push their customers to reduce their profitability, thus increasing repayment risk; and (3) the Banks' financing portfolio shifts towards startups with lower emissions and unpredictable cash flows. When interest rates are high, startups simultaneously withdraw their deposits, which helped bring down Silicon Valley Bank and could threaten the safety and soundness of the Banks as well.

a. The Banks have net-zero and climate-finance targets that do not use an individualized, quantitative risk-based analysis.

The Banks have net-zero and climate-finance targets that directly affect the Banks' financing decisions, but these targets do not use an individualized, quantitative risk-based analysis. The Banks' targets limit the number of emissions, or the intensity of emissions, from specific economic sectors. These targets were originally created pursuant to the Banks' commitment to the Net-Zero Banking Alliance ("NZBA") to align their financing with the Paris Agreement's 1.5°C goal and set emissions-reduction targets for "priority GHG-intensive and GHG-emitting sectors."[31] Although the Banks left the NZBA, they maintained their sector-specific targets, perhaps in part because the Banks' original decision to set the targets was largely based on "significant external pressure" from other sources such as activist groups and investors.[32] Recent screenshots from the Banks' websites show these targets and related statements, and have been attached as Appendix A. To achieve their targets, Banks must factor client emissions into their decisions, and push their customers to reduce their emissions or risk losing access to financing. This allows the Banks to claim that their portfolios are aligned with the Banks' commitments to achieve net-zero emissions.

JPMorgan has "net zero-aligned targets for eight sectors — Oil & Gas, Electric Power, Auto Manufacturing, Aviation, Shipping, Iron & Steel, Cement and Aluminum."[33] These are not

[31] https://web.archive.org/web/20241117044736/https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf (p. 1)

[32] *See* https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 28) ("One bank adopted restrictions on Arctic oil and gas exploration, development, and production in part because it would address 'stakeholders' who had 'identified the Arctic as a priority area of concern in part because of actions by the US Congress,' including 'a key [bank] investor' who had 'increased pressure' on it to adopt a public prohibition.")

[33] *See* https://web.archive.org/web/20250701002609/https://www.jpmorganchase.com/impact/environmental-sustainability/es-initiatives; https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 24). JPMorgan still maintains those targets but has removed the "net zero" terminology. https://www.jpmorganchase.com/impact/environmental-sustainability/es-initiatives

DEFENDING CONSUMERS

just aspirational targets, as JPMorgan tracks its progress for each sector. JPMorgan has stated it is working "to *align our lending and underwriting decisions* in our chosen sectors to work towards achieving our portfolio targets."[34] JPMorgan uses a Carbon Assessment Framework score based on each client's emissions.[35] JPMorgan's bankers must consider how each new transaction "may impact a portfolio's carbon intensity,"[36] or risk being held "*[a]ccountab[le]*" for their lack of progress.[37]

Citi has targets to reduce its financed emissions or emissions intensity for ten sectors, in line with its "commitment to reach net zero greenhouse gas emissions by 2050."[38] Citi uses a "Climate Risk Assessment[] & Scorecard" for its customers, which includes client emissions data.[39]

Bank of America maintains targets for seven sectors as part of its Paris-aligned goal to have net-zero emissions in its financing activities by 2050.[40] Bank of America achieves its sector targets in part through a "shift in our client portfolio mix"—in other words, the bank obtains new clients or discards old ones to improve its numbers.[41] Bank of America assigns its clients climate scores,[42] and expects its bankers "to run 'what-if' scenarios" showing the emissions "impact of adding or removing clients from our portfolio."[43]

Similarly, Morgan Stanley proclaims that it "remain[s] steadfast in [its] commitment to net-zero and will continue to engage with clients on climate transition strategies to help move the world to net-zero emissions by 2050."[44] Morgan Stanley initially set net-zero targets for three sectors (auto manufacturing, energy, and power), and said those targets would "drive consideration

[34] https://www.jpmorganchase.com/content/dam/jpm/cib/complex/content/investment-banking/carbon-compass/Carbon_Compass_Final.pdf (p. 8) (emphasis added)
[35] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf (p. 11)
[36] *See* https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 9)
[37] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf (p. 11) (emphasis added) ("Accountability for progress toward the targets has been assigned to senior leaders with the relevant banking teams .... as a monitoring mechanism to help senior management oversee progress ....")
[38] https://www.citigroup.com/global/our-impact/sustainability/net-zero; https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 35)
[39] https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 28)
[40] *See* https://about.bankofamerica.com/en/making-an-impact/environmental-sustainability; https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 34–35)
[41] https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 34–35)
[42] https://about.bankofamerica.com/content/dam/about/report-center/esg/2023/2023_TCFD_Report.pdf (p. 42)
[43] https://about.bankofamerica.com/content/dam/about/report-center/esg/2024/Sustainability_at_Bank_of_America_2024_Report.pdf (p. 29)
[44] https://www.morganstanley.com/about-us/sustainability-at-morgan-stanley/net-zero-financed-emissions; https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_2024_Net-Zero_Methodology_Report_10.pdf (p. 5)

of climate impact in our financing decisions," and "guide ... how the firm allocates capital going forward."[45] Morgan Stanley later expanded its targets to also cover the aviation, chemicals, and mining sectors.[46]

None of these net-zero targets are tied to bank safety or soundness, or to individualized, quantitative risks. Instead, they are driven by the Banks' ongoing net-zero goals.[47]

The Banks have not only promised to restrict financing to high-emitting sectors in line with net-zero, they also have pledged to push *trillions* of dollars towards financing projects in line with climate initiatives. JPMorgan has committed to "finance and/or facilitate $1 trillion over 10 years – from 2021 through the end of 2030 – to help advance climate initiatives,"[48] as part of a broader commitment to finance or facilitate $2.5 trillion "to advance long-term solutions that address climate change and contribute to sustainable development."[49] Bank of America has pledged to "deploy and mobilize $1 trillion by 2030 to accelerate the transition to a low-carbon, sustainable economy, as part of a broader $1.5 trillion sustainable finance goal."[50] Citi touts its "$1 trillion Sustainable Finance Goal" that "aim[s] to support the transition to a sustainable, low-carbon economy."[51] And Morgan Stanley maintains a "sustainable finance target of mobilizing $1 trillion for sustainable solutions by 2030."[52]

These climate-finance goals also are not based on ensuring bank safety or soundness. Instead, they are the flip side of the net-zero goals—the Banks are aiming to *increase* levels of financing for businesses based on emissions, pushing trillions of dollars towards certain categories of clients rather than engaging in individualized analyses on financial risks and returns. These climate-finance targets ignore the possibility that policy changes, consumer preferences, or higher interest rates could cut against climate-driven financing, even though all of those events have

[45] https://www.morganstanley.com/content/dam/msdotcom/about-us/netzero/Morgan-Stanley-Net-Zero-Target-Methodology.pdf (p. 3, 11). The targets were pulled directly from the International Energy Agency's net-zero scenario. *Id.* (p. 3, n.1–3).
[46] https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_2024_Net-Zero_Methodology_Report_10.pdf (p. 5)
[47] *See, e.g.*, https://www.jpmorgan.com/investment-banking/sustainability-at-jp-morgan (under the "Center for Carbon Transition" heading, referring to "J.P. Morgan's strategy to align, over time, its financing portfolio with net zero emissions by 2050"); https://about.bankofamerica.com/en/making-an-impact/environmental-sustainability ("we have a goal to achieve net zero greenhouse gas (GHG) emissions in our financing activities, operations and supply chain before 2050"); https://www.citigroup.com/global/our-impact/sustainability/net-zero (referring to Citi's "commitment to reach net zero greenhouse gas emissions by 2050"); https://www.morganstanley.com/about-us/climate-change-goals-net-zero-progress (Morgan Stanley "aim[s] to reach net-zero financed emissions by 2050, with 2030 interim targets")
[48] https://www.jpmorganchase.com/impact/environmental-sustainability
[49] https://www.businesswire.com/news/home/20210415005487/en/JPMorgan-Chase-Targets-More-Than-%242.5-Trillion-over-10-Years-to-Advance-Climate-Action-and-Sustainable-Development
[50] https://about.bankofamerica.com/en/making-an-impact/environmental-sustainability
[51] https://www.citigroup.com/global/our-impact/sustainability/our-commitment
[52] https://www.morganstanley.com/about-us/sustainability-at-morgan-stanley

transpired and resulted in massive financial losses for companies pursuing climate initiatives.[53]

b. The Banks' net-zero targets harm the targeted companies, thereby reducing the safety and soundness of the Banks' lending.

The net-zero sector targets described above result in the Banks pressuring companies in each sector to embrace non-financial net-zero goals to obtain financing. This hurts companies' profitability and increases Banks' financing risks, as shown in the examples below. As the OCC recently observed, the Banks' "industry-specific restrictions" have had "real-world consequences,"[54] and additional consequences are listed below.

Power Generation: The OCC flagged categorical restrictions related to coal power as problematic in its supervisory review,[55] and the Banks' net-zero targets add another level of restrictions. Net-zero scenarios call for coal and natural gas power plants to be almost completely phased out,[56] yet the Banks call for coal-power generators to align with net-zero. For example, Citi has emphasized that it expects coal-plant clients to "transition in alignment with the Paris Agreement,"[57] and boasted that it declined 11 coal transactions in 2020 based on its policies.[58] Citi's policies require coal-plant companies to either stop being coal-plant companies or lose access to financial services. Citi's demands have no connection to financial interests, but align with Citi's net-zero targets, which call for Citi's power-sector emissions to drop *63%* between 2020 and 2030.[59] Reducing reliance on coal and natural gas will harm power companies—the U.S. Department of Energy has projected that early coal and gas power-plant retirements and increased electricity demand will "increase risk of power outages by ***100x*** in 2030."[60]

These targets also increase risk to the Banks. Over 100 solar companies have gone bankrupt in the U.S. alone since 2023,[61] and the S&P clean-energy transition index is down nearly 50% from January 2021,[62] the year the Banks joined the Net-Zero Banking Alliance.[63] Meanwhile, the

[53] *See, e.g.*, https://bpi.com/climate-transition-risk-cuts-both-ways/
[54] https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 29, 31)
[55] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123a.pdf (p. 2); https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 27)
[56] *See, e.g.*, https://iea.blob.core.windows.net/assets/8ad619b9-17aa-473d-8a2f-4b90846f5c19/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf (p. 197)
[57] https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/ar22p.pdf (p. 126)
[58] https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Global-ESG-Report-2020.pdf (p. 42)
[59] https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 35)
[60] https://www.energy.gov/sites/default/files/2025-07/DOE%20Final%20EO%20Report%20%28FINAL%20JULY%207%29_0.pdf (p. 1) (emphasis altered)
[61] https://bpi.com/climate-transition-risk-cuts-both-ways/; *see* https://www.hbs.edu/bigs/why-solar-companies-are-going-bankrupt
[62] https://www.spglobal.com/spdji/en/indices/sustainability/sp-global-clean-energy-transition-index/#overview (Jan. 8, 2021: $2,113.52; Sep. 24, 2026: $1,079.10)
[63] https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/GFANZ-Launch-press-release.pdf; https://www.bloomberg.com/news/articles/2021-10-08/jpmorgan-joins-net-zero-banking-alliance-with-emissions-pledge

DEFENDING CONSUMERS

Consumers' Research
established 1929

Dow Jones U.S. Coal Total Stock Market Index is up nearly 400% over the same period,[64] demonstrating the dramatically increased risk to the Banks from financing companies based on net-zero alignment rather than financial risk.

Aviation: Net-zero goals call for curtailing air travel, including by banning short flights, and demand that airlines switch to sustainable aviation fuel,[65] which typically costs twice as much as regular jet fuel.[66] Fuel accounts for up to 40% of the cost of operating an airline, so doubling that cost would have a material effect on airline profitability and consumer prices.[67] Yet the Banks nonetheless demand that airline clients reduce their emissions intensity in line with net-zero goals. For example, JPMorgan's 2030 target demands a 36% reduction in aviation emissions intensity, and the bank reported in 2024 that it already had achieved a 20% reduction.[68] Targeted airlines must choose between paying more for financing, or accepting financing that requires them to pay more for jet fuel. Neither option helps airline profitability.

Energy: The OCC flagged categorical restrictions related to oil and gas as problematic in its supervisory review,[69] and the Banks' net-zero targets add another level of restrictions here as well. Net-zero scenarios call for coal, natural gas, and oil use to drop precipitously, from a combined 66% share of energy in 2022, to 44% in 2030, and only 18% in 2050.[70] Yet the Banks demand that fossil-fuel companies align with net-zero goals. For example, Citi targets a 29% reduction in Scope 1 through 3 emissions from its financed energy companies.[71] Energy company emissions are primarily Scope 3 (customer emissions), so to meet Citi's demands, energy companies must either sell less of their product or discover a way to massively reduce customer emissions. If they cannot do either, Citi can cut its financed emissions by cutting off energy clients, and it appears Citi may have already done so—the bank reported in 2024 that it already had slashed financed emissions in the energy sector by *46%*, well ahead of its target.[72] Reduced borrowing

[64] https://www.marketwatch.com/investing/index/dwccoa?countrycode=xx (Jan. 18, 2021: $130.40; Sep. 24, 2026: $565.94)
[65] https://www.climateaction100.org/wp-content/uploads/2022/07/CA100_Aviation_Sector_Strategy_Final_March2022.pdf (p. 5, 9)
[66] https://about.bnef.com/insights/clean-energy/sustainable-aviation-fuel-price-outlook-leveling-off/ (comparing prices in Northwest Europe, the "largest SAF consumption hub"); *cf.* https://www.ft.com/content/42099d27-3095-4e10-ba94-a3d33f9ff35a (former Boeing CEO stating that SAF likely will always be more expensive than regular jet fuel)
[67] *See, e.g.*, https://www.sciencedirect.com/science/article/pii/S0969699725000869 (study noting that "[j]et fuel can account for over 40% of total operating expenses when fuel prices are high")
[68] https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 24)
[69] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123a.pdf (p. 2); https://occ.gov/news-issuances/news-releases/2026/nr-occ-2026-90a.pdf (p. 27)
[70] *See, e.g.*, https://iea.blob.core.windows.net/assets/8ad619b9-17aa-473d-8a2f-4b90846f5c19/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf (p. 195)
[71] https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 35)
[72] https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 35)

capacity for energy producers limits production and raises gasoline prices.[73]

Auto Manufacturing: Net-zero scenarios call for vastly increased production of electric vehicles so that the share of EV/hybrid sales can leap from 13% in 2022 to *70%* in 2030,[74] and the Banks seek to drive auto manufacturers towards this goal. For example, Bank of America's auto targets call for an emissions-intensity reduction of *48%* from 2019 to 2030,[75] which is impossible to achieve without financing far more EV production.[76] However, automaker efforts to prioritize emissions reduction over financial returns have been disastrous. Automakers including Stellantis, Ford, and GM have collectively written off $70 billion from EV-related initiatives as high consumer demand never materialized,[77] and the Bank Policy Institute estimates the total losses at *$140 billion*.[78] To put these numbers in perspective, Ford's entire market capitalization is roughly $50 billion.[79]

c. The Banks' net-zero and climate-finance targets are contrary to prudent operation and materially harm the Banks' financial condition, particularly in a high interest-rate environment.

The Banks' net-zero and climate-finance targets inevitably result not only in moving money away from established, cash-flow-positive companies solely because of their emissions, but also in directing much more financing to unproven companies or technologies—often startups and/or companies from less stable sectors—with lower or negative cash flow.[80] Shifting a bank's portfolio based on climate goals rather than financial interests conflicts with standards of prudent operation (such as individualized, quantitative risk-based analysis) and can materially harm the bank's financial condition. When interest rates go up, unproven companies lose value, struggle to raise additional funding, and simultaneously withdraw money from banks, heightening stability

[73] *See, e.g.*, https://insideclimatenews.org/news/13042023/banks-say-theyre-acting-on-climate-but-continue-to-finance-fossil-fuel-expansion/ (noting that if banks cut off lending to energy companies, gas prices will increase)
[74] https://iea.blob.core.windows.net/assets/8ad619b9-17aa-473d-8a2f-4b90846f5c19/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf (p. 93)
[75] https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 34)
[76] *See, e.g.*, https://www.nationalacademies.org/read/26092/chapter/6#52 (2021 report concluding that internal combustion engine efficiency could increase by 10% by 2035, but any further increase would likely require hybridization)
[77] https://money.usnews.com/investing/news/articles/2026-02-06/explainer-global-carmakers-book-55-billion-hit-from-ev-rollback
[78] https://bpi.com/climate-transition-risk-cuts-both-ways/
[79] https://finance.yahoo.com/quote/F/
[80] *Cf.* https://theconversation.com/why-banks-consider-renewable-energy-to-be-a-riskier-investment-than-fossil-fuels-229782 (banks estimate low-carbon investments to be roughly twice as risky as high-carbon investments); https://www.c2es.org/wp-content/uploads/2025/05/Navigating-the%E2%80%93Finance%E2%80%93Sector%E2%80%93Net-Zero-Transition-Levers-for-Decarbonizing-in-a-Complex-Landscape.pdf (p. 37) (by implementing net-zero transition plans, banks can "seize growth opportunities in renewable energy, sustainable agriculture, and other green sectors")

DEFENDING CONSUMERS

concerns.[81]

To the extent that the Banks' targets are based on transition risks, those assumptions have proven to be wrong. The Banks have created additional risk by adopting net-zero scenarios without an adequate "derisk[ing]" process that "account[s] for realistic assessments of how quickly a sector or large counterparties will decarbonize."[82] For example, net-zero advocates have incorrectly predicted for years that there would be a sharp decline in fossil-fuel use.[83] In 2021, the International Energy Agency ("IEA") declared that oil demand had peaked in 2019,[84] and the IEA's executive director proclaimed that to reach net zero, the world did not "need any more investments in new oil, gas and coal projects."[85] Even at the time, though, the IEA admitted that the net-zero pathway was "narrow."[86] The IEA now acknowledges that fossil-fuel demand and use have increased and will continue to increase for the foreseeable future, based on current governmental policies.[87] Net-zero advocates also have claimed that it was "inevitable" that governments would sharply restrict emissions,[88] which may have led Morgan Stanley to its decision in 2021 to simulate "the sudden implementation of a carbon tax" to show supposed "potential risks" in the bank's energy portfolio.[89] However, governments largely have not created net-zero laws or taxes, and some have retreated from existing targets and laws.[90] Another form of transition risk suggested by net-zero advocates is a sudden shift in consumer demand, which may have led Morgan Stanley to a 2021 simulation of a "rapid expansion of electric vehicles in a three-year time horizon," with the share of EV sales suddenly jumping to 20%.[91] This simulation did not give Morgan Stanley a realistic view of the risks of lending to automakers, as the share of

[81] *See, e.g.*, https://www.law.uw.edu/news-events/news/2023/svb-collapse
[82] *See* https://www.mckinsey.com/industries/financial-services/our-insights/managing-financed-emissions-how-banks-can-support-the-net-zero-transition#/
[83] *See, e.g.*, https://www.iea.org/reports/world-energy-outlook-2021/overview (projecting a 2025 fossil-fuel peak under the announced policies scenario);
[84] https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf (p. 29)
[85] https://www.reuters.com/business/environment/radical-change-needed-reach-net-zero-emissions-iea-2021-05-18/
[86] https://www.iea.org/reports/world-energy-outlook-2021/overview
[87] https://www.iea.org/reports/world-energy-outlook-2025 (PDF p. 141, 151) (current policies scenario); *see id.* p. 17 (noting that the world is "thirsty for energy" and that fossil-fuel consumption continues to reach record highs)
[88] https://web.archive.org/web/20200411123530/https://www.unpri.org/news-and-press/un-supported-investor-group-finds-large-gap-between-stock-market-winners-and-losers-from-inevitable-policy-response-to-climate-change/5212.article (projecting "winners and losers" from an "inevitable policy response")
[89] https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_CDP_Response.pdf (p. 19)
[90] *See, e.g.*, https://zerotracker.net/ (over 80% of countries, including the three biggest emitters (China, India, and the United States), do not have a net-zero target "in law"); https://empirereportnewyork.com/climate-action-and-affordability-can-and-must-go-hand-in-hand/ (NY Governor recommends giving up on the state's "costly," "unattainable," and "impossible" climate targets)
[91] https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_CDP_Response.pdf (p. 19)

fully electric vehicles in the U.S. has never reached 10%.[92]

The Banks' targets also should not be based on retracted estimates of physical risks from climate change. Two of the leading estimates of physical risk have recently been retracted. First, scientists retracted a 2024 *Nature* study that predicted catastrophic economic losses from climate change, after serious errors in the study were discovered.[93] The Representative Concentration Pathway 8.5 scenario ("RCP 8.5") also predicted devastating losses, but that scenario has now been retired and deemed "implausible."[94] Yet RCP 8.5 is the scenario that JPMorgan has long used as its "stress" scenario in determining climate risks.[95]

The 2023 collapse of Silicon Valley Bank ("SVB") is a prime example of the risks of targets requiring heavy reliance on startups, which are vulnerable to rising interest rates. SVB made a $5 billion climate-finance commitment, which pushed its financing toward renewable-energy startups.[96] This focus on serving renewable-energy and other startups[97] contributed to SVB's March 2023 collapse,[98] because SVB's billions in deposits were "mostly linked to businesses financed through venture capital."[99] As interest rates rose in Q2 2022 and beyond, startups had trouble obtaining venture funding and began to steadily pull their deposits out of SVB.[100] On March 9, 2023, "SVB experienced a bank run as withdrawals of uninsured deposits rapidly accelerated," which led to regulators closing the bank the following day.[101]

SVB's collapse might have been avoided if federal regulators had addressed the issues

---

[92] *See* https://www.coxautoinc.com/insights/q4-2025-ev-sales-report-commentary/
[93] https://www.nature.com/articles/s41586-024-07219-0
[94] https://gmd.copernicus.org/articles/19/2627/2026/. Scientists had been pointing out the implausibility of RCP 8.5 for years. *See, e.g.*, https://www.sciencedirect.com/science/article/abs/pii/S0360544217314597 (2017 article noting RCP 8.5's "implausibility"); https://issues.org/climate-change-scenarios-lost-touch-reality-pielke-ritchie/ (2021 article stating that RCP 8.5 was a significant failure of scientific integrity)
[95] *See, e.g.*, https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 26)
[96] *See* https://web.archive.org/web/20230605070816/http://svb.com/news/company-news/silicon-valley-bank-commits-to-$5-billion-in-sustainable-finance-and-carbon-neutral-operations-to-support-a-healthier-planet; https://www.cnbc.com/2023/03/15/what-the-silicon-valley-bank-collapse-means-for-climate-tech.html ("Silicon Valley Bank's early support and commitment to supporting climate tech startups certainly helped catalyze the enormous migration of capital that you're now seeing deployed into the sector"; SVB "was a climate bank pioneer")
[97] https://www.cnbc.com/2023/03/15/what-the-silicon-valley-bank-collapse-means-for-climate-tech.html
[98] *See, e.g.*, https://oig.federalreserve.gov/reports/board-material-loss-review-silicon-valley-bank-sep2023.htm (SVB "was vulnerable to the business cycles of its customer base—concentrated in science and tech—with a high share of uninsured deposits and large, irregular cash flows"); https://www.federalreserve.gov/publications/2023-April-SVB-Evolution-of-Silicon-Valley-Bank.htm (SVB's "rapid failure can be linked directly to its concentration in uninsured deposit funding from the cyclical technology and VC sector" and the "failure of [SVB's] board and management to manage the liquidity and interest-rate risk that was assumed by [SVB]")
[99] https://www.fdic.gov/news/speeches/2023/spmar2723.html
[100] https://21211564.hs-sites.com/hubfs/Probative Inquiry/SVB Probative Inquiry - Preliminary Report (21.Sept.26) - (Public Exposure Draft) - Final.pdf (PDF p. 262, 265-66)
[101] https://www.federalreserve.gov/publications/2023-April-SVB-Executive-Summary.htm

created by SVB's climate-finance commitment and focus on venture-capital-funded companies, including renewable-energy startups. A recent federally commissioned report blamed the Fed for not addressing SVB's warning signs.[102] The independent analysis found that federal "supervisors knew that SVB's concentrated deposits could be volatile" in 2018, *years* before the collapse.[103] The report also found that nine months before the collapse, the Fed's staff had specifically identified SVB's vulnerabilities,[104] but failed to take "prompt and decisive action to encourage or require SVB to reduce its interest rate risk or concentration of vulnerabilities."[105] The analysis directly criticized the Federal Reserve staff for a "long-standing culture of risk aversion," in which "[s]taff believed it was personally safer to take no action unless they were certain the action was exactly right."[106] The Report also noted that even though the SVB issue finally reached the Board of Governors in February 2023, a month before the collapse, the Board took no action.[107] The OCC recently cited SVB's collapse as an example of the "need for the [federal] agencies to allocate supervisory resources with a focus on material financial risks."[108]

By investigating and taking action to address the Banks' net-zero and climate-finance goals, the OCC can avoid making the same mistake that the Fed made with SVB. The Banks' climate-finance commitments are collectively in the *trillions* of dollars, collectively around 1,000 times larger than SVB's $5 billion climate-finance commitment. Based on their targets, the Banks appear to be forgoing individualized, quantitative risk-based analysis to instead shift money from high-emission established businesses into lower-emission startup companies, dramatically increasing their interest-rate risk. These risks have become even more prominent since the Federal Reserve increased interest rates, and the 10-year treasury bond "reached a nearly two-decade high."[109] At least one more rate increase is expected this year.[110]

The Banks' greater reliance on climate financing also is paired with less reliance on established businesses with higher emissions, resulting in a skewed financing portfolio. For example, JPMorgan stated that for every dollar it used in 2024 to finance "High-Carbon energy

[102] https://www.federalreserve.gov/newsevents/speech/bowman20260918b.htm
[103] https://21211564.hs-sites.com/hubfs/Probative Inquiry/SVB Probative Inquiry - Preliminary Report (21.Sept.26) - (Public Exposure Draft) - Final.pdf (PDF p. 228)
[104] https://21211564.hs-sites.com/hubfs/Probative Inquiry/SVB Probative Inquiry - Preliminary Report (21.Sept.26) - (Public Exposure Draft) - Final.pdf (PDF p. 228)
[105] https://www.federalreserve.gov/newsevents/speech/bowman20260918b.htm; *see* https://21211564.hs-sites.com/hubfs/Probative Inquiry/SVB Probative Inquiry - Preliminary Report (21.Sept.26) - (Public Exposure Draft) - Final.pdf (PDF p. 11)
[106] https://www.federalreserve.gov/newsevents/speech/bowman20260918b.htm
[107] https://21211564.hs-sites.com/hubfs/Probative Inquiry/SVB Probative Inquiry - Preliminary Report (21.Sept.26) - (Public Exposure Draft) - Final.pdf (PDF p. 226–27)
[108] https://occ.gov/news-issuances/news-releases/2026/nr-ia-2026-71a.pdf (p. 10, n.13)
[109] https://www.nytimes.com/2026/09/15/business/bond-yields-oil-price-iran.html
[110] https://finance.yahoo.com/economy/policy/article/fed-officials-forecasts-project-one-more-rate-hike-to-come-in-2026-183856618.html; *see also* https://www.cnbc.com/2026/08/10/fed-rate-hike-prospects-higher-interest-rates.html

DEFENDING CONSUMERS

supply," it devoted even more ($1.13) to financing "Low-Carbon energy supply."[111]

Because the Banks have made similar and simultaneous net-zero and climate-finance commitments, the risk of contagion is high. The Banks' net-zero targets originally were created pursuant to the Banks' membership in the NZBA, under which the Banks committed to align their financing with a goal of keeping warming to 1.5°C.[112] Even though the Banks ultimately left the NZBA, they kept their targets, and three of the Banks publicly continued working with the Glasgow Financial Alliance for Net Zero, which is the NZBA's parent organization.[113] If one of the Banks suffers from reduced stability due to net-zero goals and overreliance on climate financing, the other Banks will likely suffer similar effects. Indeed, shortly after SVB closed, two other banks failed, with contagion being cited as one of the causes.[114]

One step that the OCC could take to help ensure safety and soundness would be increasing capital requirements for banks with nonfinancial net-zero and climate-finance goals. After SVB's collapse, a Federal Reserve post-mortem report noted that "Higher capital ... requirements can serve as an important safeguard until risk controls improve, and they can focus management's attention on the most critical issues."[115] If the Banks maintain net-zero and climate-finance targets, they should be required to keep more capital on hand to protect against the foreseeable consequence of adding risk to the financial system.[116] The OCC could investigate whether the Banks' "capital requirements ... are not commensurate with" the "credit, market, operational, or other risks" created by the Banks' targets.[117]

III. The Banks' net-zero and climate-finance targets require denying fair access to customers.

The Banks' net-zero and climate-finance targets require denying customers fair access by restricting financial services to companies solely because of those companies' level of emissions or net-zero alignment. These policies harm customers in a way that is not reasonably avoidable and is not outweighed by benefits to consumers or to competition.

---

[111] https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 23)
[112] https://web.archive.org/web/20241117044736/https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf (p. 1)
[113] https://www.bankingdive.com/news/jpmorgan-chase-exits-net-zero-banking-alliance-nzba-gfanz-bofa-citi-wells-goldman-morgan-stanley/736696/ (JPMorgan, Citi, and Bank of America reported they would still work with GFANZ); *cf.* https://www.esgtoday.com/morgan-stanley-joins-peers-in-leaving-climate-group-maintains-commitment-to-net-zero (Morgan Stanley emphasizing that its net-zero commitment is "unchanged," and that it would continue to report on its progress towards its 2030 targets)
[114] https://www.fdic.gov/news/press-releases/2023/pr23073.html; https://www.coindesk.com/policy/2023/04/28/signature-bank-failed-because-of-mismanagement-contagion-fdic-report-says
[115] https://www.federalreserve.gov/publications/files/svb-review-20230428.pdf (p. 3)
[116] *See* 12 C.F.R. § 3.1(d)(1)
[117] 12 C.F.R. § 3.1(d)(1)

DEFENDING CONSUMERS

a. The Banks' net-zero and climate-finance targets require denying fair access by basing financing decisions on emissions and net-zero alignment rather than individualized, quantitative risk-based analyses.

The Banks' net-zero and climate-finance targets require the Banks to deny their customers fair access. As discussed above, these targets require excluding customers, imposing heightened review, or requiring customers to change practices. These actions are not based on individualized, quantitative risk-based analyses, but instead are based on whether the companies' emissions align with the Banks' net-zero goals.

Net-zero emissions-reduction targets already have caused the Banks to categorically drop or refuse customers from some industries altogether, as the OCC has noted in its supervisory review.[118] For example, JPMorgan has refused to finance companies whose revenues mostly come from coal, and also refused to finance coal plants or Arctic energy development.[119] Citi has committed to phase out any financing for thermal coal mining,[120] and will not provide services to customers who intend to expand coal-power generation.[121] Bank of America previously refused to finance thermal coal mines, and promised to phase out financing for thermal coal producers who did not commit to align with the Paris Agreement.[122]

The Banks have also required some companies in higher-emitting sectors to navigate additional procedures and scrutiny before those companies will even be considered for financing. Bank of America now supposedly allows financing to thermal coal mining companies, but only after an "escalation process" that considers the "heightened risk" from these companies.[123] This process apparently has the same effect as the bank's previous ban, because Bank of America has also stated that it "do[es] not have exposure to thermal coal mining."[124] Similarly, JPMorgan subjects clients to "enhanced review" based on various categories, including "[u]nsustainable agricultural practices."[125]

---

[118] https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-123a.pdf (p. 2)

[119] https://www.jpmorganchase.com/newsroom/press-releases/2020/jpmorgan-chase-expands-commitment-to-low-carbon-economy-and-clean-energy; *see* https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 31) (reiterating the ban on coal companies). *But see* https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 61) (stating that these banned categories are now subject to "enhanced review," and not an outright ban)

[120] https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/ar22p.pdf (p. 126); *see* https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf (p. 16)

[121] https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf (p. 16). After 2030, Citi plans to restrict services even further, refusing to provide financing for power plant operators if their share of coal generation is more than 5%. *Id.* (p. 17)

[122] https://web.archive.org/web/20220324035025/https://about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-framework-report.pdf (p. 6–7, 11)

[123] https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 59)

[124] https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 8, n.2)

[125] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-

DEFENDING CONSUMERS

Imposing limitations that make it harder for companies in certain industries to obtain financing is unfair under the FTC Act's definition.[126] Targeted companies must either change to meet the Banks' demands or try to find other sources of financing, often at a greater expense. The Banks then move financing to lower-emitting companies that will help the Banks meet their net-zero and climate-finance goals. These practices substantially harm higher-emitting companies by denying them access to necessary financing, or increasing the costs for that financing without justification. That harm is not reasonably avoidable, especially since the Banks jointly developed targets based on similar net-zero scenarios, and it does not produce countervailing benefits for consumers or for competition. Indeed, as discussed below, consumers are harmed by these targets.

The Banks' own statements confirm that their actions are driven by non-financial goals. JPMorgan classified its coal bans as a way of "Facilitating the Transition to a Low-Carbon Economy."[127] When announcing Citi's intent to set targets, Citi's CEO stated that climate change demanded "collective action," that net-zero meant "rethinking our business and helping our clients rethink theirs," and that major banks had the "responsibility" to "play a leading role in helping drive the transition to a net zero global economy and make good on the promise of the Paris Agreement."[128] Bank of America's CEO said its targets went "hand in hand" with its work with clients to "help ensure a just, stable transition to the sustainable future we all want."[129] Morgan Stanley's CEO referred to "our shared responsibility to drive change,"[130] and a Morgan Stanley executive declared that the bank has "an important role to play in facilitating the transition to a low carbon future."[131]

b. The Banks' denial of fair access may worsen as 1.5°C-alignment is redefined to require net-*negative* emissions.

The denial of fair access required by the Banks' net-zero targets will become even more extreme as the Banks shift from net-zero to the new "net-negative" standard to meet the Banks' commitments to limit the total global temperature increase to 1.5°C.

The Banks' targets for their customers to align with pathways to 1.5°C[132] cannot be

2023.pdf (p. 83)

[126] *See* 15 U.S.C. § 45(n)

[127] https://www.jpmorganchase.com/newsroom/press-releases/2020/jpmorgan-chase-expands-commitment-to-low-carbon-economy-and-clean-energy

[128] https://www.marketsmedia.com/jane-fraser-citi-commits-to-net-zero-by-2050. Citi's CEO also has claimed that the "health of our business is inextricably linked with the health of our planet," and that "sense of responsibility continues to shape our decisions." https://www.citigroup.com/global/news/press-release/2022/citi-releases-2021-environmental-social-and-governance-esg-report

[129] https://newsroom.bankofamerica.com/content/newsroom/press-releases/2022/04/bank-of-america-announces-2030-financing-activity-targets-as-par.html

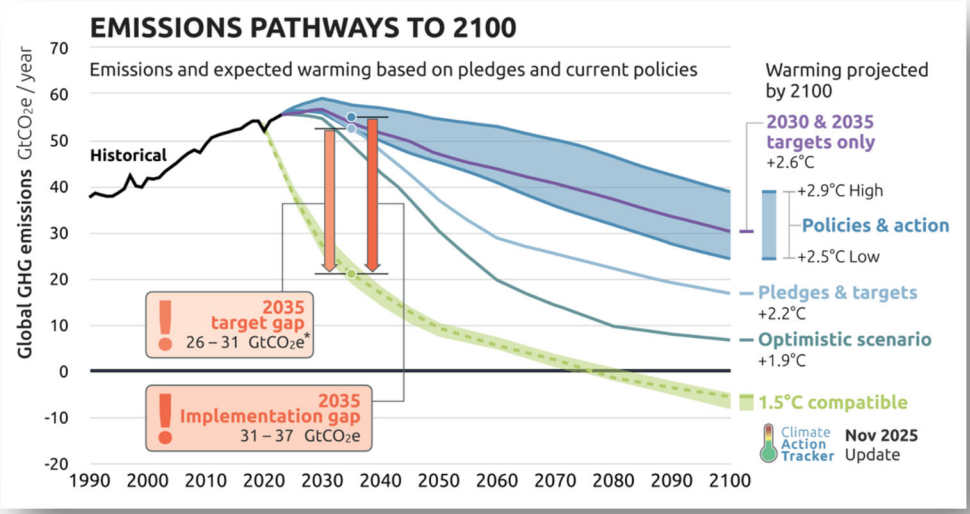
[130] https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_Climate_Report.pdf (p. 3)

[131] https://www.climateaction.org/news/morgan-stanley-commits-to-reach-net-zero-financed-emissions-by-2050

[132] *See, e.g.*, https://web.archive.org/web/20241117044736/https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf (p. 1) (stating commitment to limit financing

DEFENDING CONSUMERS

justified by either countries' existing policies or countries' emissions-reduction pledges, as demonstrated by this graph:



133

As the graph demonstrates, the pathway to 1.5°C (the green line) required severe emissions cuts beginning in 2020.[134] Those cuts did not occur, as demonstrated by the black line representing actual emissions through 2025. Even the light blue "Pledges and Targets" line, representing countries' aspirations, sharply diverges from the net-zero requirements that the Banks are asking of their customers. This is because the Banks' goal of 1.5°C exceeds the Paris Agreement's "well below 2°C" target[135] and requires "much deeper and faster decarbonization, especially between now and 2030," than even the Paris Agreement demanded.[136] The lines for 1.5°C and countries' actual policies diverge even more. The Banks' efforts to force their customers to align with the extreme goal of 1.5°C flies in the face of reality and demands severe cuts that will hurt customers and decrease the Banks' safety and soundness.

In addition, the Banks' pledges are even more harmful than this graph represents. In the past, climate activists claimed that net-zero emissions would result in the 1.5°C outcome, as shown by

in line with the goal of "a maximum temperature rise of 1.5°C");
https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf (p. 24) (noting that JPM had set more aggressive targets to align with scenario to achieve 1.5°C goal);

[133] https://climateactiontracker.org/global/emissions-pathways/

[134] https://climateactiontracker.org/global/emissions-pathways/

[135] https://unfccc.int/process-and-meetings/the-paris-agreement (noting that 2°C is the goal but that the parties agreed to pursue efforts to limit the rise to 1.5°C)

[136] https://www.mckinsey.com/industries/financial-services/our-insights/managing-financed-emissions-how-banks-can-support-the-net-zero-transition#/

the green line in the graph. But the United Nations now says net-*negative* emissions are needed, because net-zero emissions will not be enough to achieve 1.5°C.[137] To stay aligned with their existing commitments to 1.5°C, the Banks will need to take even more extreme actions that will further increase risk and deny fair access.

IV. The Banks' net-zero and climate-finance targets directly conflict with the Trump Administration's agenda.

When the Banks make financing decisions based on non-financial net-zero and climate-finance targets, they pressure companies to adopt costly changes or risk losing financing. This undermines the Trump Administration's efforts to expand energy dominance, increase grid security, reduce cost of living, and protect national security.

a. Energy dominance

Since taking office in January 2025, President Trump has pursued an "energy dominance" agenda aimed at "ramping up domestic supply, cutting dependence on overseas energy, and bolstering national security."[138] President Trump recognizes that "America is blessed with an abundance of energy and natural resources that have historically powered our Nation's economic prosperity" and that "burdensome and ideologically motivated regulations have impeded the development of these resources, limited the generation of reliable and affordable electricity, reduced job creation, and inflicted high energy costs upon our citizens."[139] Because of the harms that politically driven energy restrictions have done to our nation's energy production, President Trump declared a "National Energy Emergency," declaring that the "integrity and expansion of our Nation's energy infrastructure—from coast to coast—is an immediate and pressing priority for the protection of the United States' national and economic security."[140]

Despite these national objectives, the Banks' targets pressure energy clients to reduce emissions from energy production, or lose access to financing. European energy producers lost billions of dollars while trying to reduce emissions and increase investments away from producing oil and gas. In 2019, Shell responded to activist pressure by setting emissions targets,[141] and BP announced in 2020 that it was committed to net zero and there was "no turning back."[142] In the time since both companies made those announcements, their stocks have substantially

[137] https://www.unep.org/news-and-stories/story/overshoot-explained-5-things-understand-about-world-beyond-15degc
[138] *See* https://www.whitehouse.gov/priorities/energy/
[139] https://www.federalregister.gov/documents/2025/01/29/2025-01956/unleashing-american-energy
[140] https://www.federalregister.gov/documents/2025/01/29/2025-02003/declaring-a-national-energy-emergency; *see also* https://www.federalregister.gov/documents/2026/01/14/2026-00732/continuation-of-the-national-emergency-with-respect-to-energy
[141] https://www.ft.com/content/31899332-593b-11e9-9dde-7aedca0a081a; *see* https://www.ft.com/content/de658f94-f616-11e8-af46-2022a0b02a6c
[142] https://www.theguardian.com/business/2020/feb/12/bp-sets-net-zero-carbon-target-for-2050; *see* https://www.renewableenergyhub.co.uk/blog/is-bp-s-new-ambition-to-become-a-net-zero-company-by-2050-just-a-pr-exercise

DEFENDING CONSUMERS

underperformed their American competitors,[143] and now both companies have returned to focusing on traditional energy production. BP has written down around $10 billion on its renewable-energy investments in the past year,[144] and Shell recently sold off all of its renewable-energy assets in Europe.[145]

b. Grid security

The Administration also has emphasized the need for the U.S. electric grid to "utilize all available power generation resources" to meet increased demand,[146] yet the Banks have cut off or restricted financing to coal plants, and have established energy-sector targets in line with net-zero goals to virtually eliminate coal and natural gas power. As noted above, the U.S. Department of Energy has projected that early coal and gas power-plant retirements and increased electricity demand will "increase risk of power outages by ***100x*** in 2030."[147] The U.S. will need about 115 gigawatts (GW) of *additional* peak-hour supply by 2030, yet about 100 GW of firm capacity is set to be retired by that same year.[148] The North American Electric Reliability Corporation increased its ten-year summer peak demand estimate by *69% in just a year*, and now projects that by 2035, summer peak demand will rise nearly 225 GW and winter peak demand will grow by 245 GW.[149] Meanwhile, the Banks are pushing to eliminate financing for coal power, even as coal's share of electricity generation is increasing and utilities and data-center companies are engaging in bidding wars to secure power from coal plants.[150] Utilities are struggling to ensure there will be enough electricity, as demonstrated by the recent PJM auction, where, for the first time, the entire regional transmission organization failed to procure enough electric capacity to meet future reliability

[143] *See* https://stockanalysis.com/stocks/compare/xom-vs-cop-vs-cvx-vs-shel-vs-bp/ (click and drag to set specific timeframe: starting chart at April 2019 (Shell's announcement) shows that Shell has underperformed vs. American oil majors since then; starting chart at February 2020 (BP's announcement) shows that BP has underperformed vs. American oil majors since then)

[144] https://www.wsj.com/business/earnings/bp-warns-of-weak-oil-trading-flags-up-to-5-billion-impairment-in-low-carbon-division-0d643997; https://financialpost.com/pmn/business-pmn/bp-flags-1-billion-writedown-from-low-carbon-business; https://www.wsj.com/business/c-suite/bp-plans-strategy-update-as-balance-sheet-strengthens-83431b17

[145] *See, e.g.*, https://www.reuters.com/video/watch/idRW284903082026RP1/

[146] https://www.whitehouse.gov/presidential-actions/2025/04/strengthening-the-reliability-and-security-of-the-united-states-electric-grid/

[147] https://www.energy.gov/sites/default/files/2025-07/DOE%20Final%20EO%20Report%20%28FINAL%20JULY%207%29_0.pdf (p. 1) (emphasis altered)

[148] https://www.energy.gov/sites/default/files/2025-07/DOE%20Final%20EO%20Report%20%28FINAL%20JULY%207%29_0.pdf (p. 1, 18). The report notes that although over 200 GW of new generation is set to come online by 2030, "only 22 GW would come from firm baseload generation sources." *Id.* at 1

[149] https://www.nerc.com/globalassets/our-work/assessments/nerc_ltra_2025.pdf (p. 9) ("Over the 10-year period, aggregated assessment area summer peak demand is forecast to rise by over 224 GW. This is 69% higher than last year's 10-year growth projection of 132 GW.")

[150] https://www.ft.com/content/babf4c89-1a6f-447f-a17e-7e3e48f359b8

DEFENDING CONSUMERS

requirements, even when paying record-high prices.[151] Power-plant builders and operators cannot respond appropriately to market signals like these when they cannot obtain the financing needed to build and operate coal and natural-gas plants.

c. Cost of living

The Banks' net-zero and climate-finance targets contribute to cost-of-living increases by forcing companies to either implement costly net-zero mandates or reduce production due to lack of financing. Either way, consumer prices increase:

- *Energy:* Restricting finance for energy producers leads to gas price increases,[152] as well as increases in transportation costs and goods throughout the economy.[153]
- *Power Generation:* Restricting finance for coal and gas plants restricts the supply and drives up the cost of electricity,[154] which also increases prices in other sectors.[155]
- *Aviation:* The average cost of domestic plane flights has also jumped over 10% in the past year,[156] perhaps in part because airlines continue to increase their usage of sustainable aviation fuel each year.[157] As noted above, such fuel is vital to the Banks' net-zero aviation targets, but costs twice as much as regular jet fuel.
- *Auto Manufacturing:* The price of new cars in U.S. cities has risen over 20% since 2021, after rising less than 4% total between 2001 and 2021.[158] EVs in particular require a significant premium—for example, the average EV pickup truck costs nearly $20,000 more than its gasoline

[151] https://insidelines.pjm.com/pjm-auction-procures-134479-mw-of-generation-resources/; *see also* https://www.reuters.com/business/energy/us-consumers-face-rising-electricity-prices-despite-clean-power-savings--reeii-2026-04-28/ ("forward capacity market prices soared in recent power auctions")

[152] *See, e.g.*, https://insideclimatenews.org/news/13042023/banks-say-theyre-acting-on-climate-but-continue-to-finance-fossil-fuel-expansion/ (noting that if banks cut off lending to energy companies, gas prices could increase); https://www.ief.org/news/deepening-underinvestment-in-hydrocarbons-raises-spectre-of-continued-price-shocks-and-volatility (noting that one reason for underinvestment in production despite increasing demand is that "non-standardized ESG criteria that are driving up investment hurdles and hiking the cost of capital for long-cycle projects," contributing to higher gas prices)

[153] https://www.cnbc.com/2026/09/17/diesel-gas-prices-oil-us-economy.html (expert calling diesel fuel the U.S. "economy's single most universal tangible input")

[154] *See, e.g.*, https://www.reuters.com/business/energy/us-consumers-face-rising-electricity-prices-despite-clean-power-savings--reeii-2026-04-28/ (noting that electricity prices are predicted to rise by over 5% in 2026)

[155] *See, e.g.*, https://www.nber.org/system/files/working_papers/w22281/w22281.pdf (p. 2) (finding that for several studies industries "70 percent of energy price-driven changes in input costs get passed through to consumers in the short- to medium-run")

[156] https://www.bts.gov/content/annual-us-domestic-average-itinerary-fare-current-and-constant-dollars

[157] *See, e.g.*, https://www.delta.com/us/en/about-delta/sustainability ("Delta continues to increase SAF usage year over year, procuring over 23 million gallons in 2025 — over 80% more than in 2024."); https://www.neste.com/news/neste-and-united-airlines-extended-agreements-for-sustainable-aviation-fuel-saf-supply-in-the-us-and-the-netherlands ("In 2025, United used over 83,000 metric tons (roughly 27.7 million gallons) of SAF, a 104% increase over the prior year ....")

[158] https://fred.stlouisfed.org/series/CUUR0000SETA01 (Jan. 2021: 149.4; Aug. 2026: 179.7; Jan. 2001: 143.7)

DEFENDING CONSUMERS

counterpart.[159] Yet the Banks push automakers towards EV goals that have already resulted in billions of dollars in losses.

d. National security

Not only will the Banks' net-zero and climate-finance targets harm American producers and consumers, the targets will also disproportionately fund foreign firms, including the Chinese companies that dominate the supply chain for wind, solar, and batteries.[160] For example, Citi recently reported that it has reached around $650 billion of its $1 trillion climate-finance goal and that **over half** of that financing has gone outside of North America.[161]

The Banks are pursuing their targets regardless of the effect on national security. For example, JPMorgan and Bank of America were the lead underwriters for Chinese battery-maker giant CATL's $4.6 billion capital raise, even after the federal government designated CATL a Chinese military company.[162] Despite this designation, CATL's batteries count toward emissions reductions and help the Banks achieve their non-financial targets.[163] To make matters worse, even after a Congressional investigation had begun, JPMorgan, Bank of America, and Morgan Stanley participated in a *second* financing effort to raise around $5 billion more for CATL.[164] Financing CATL fulfills net-zero and climate-finance commitments that the Banks have made. By contrast, helping GM build a plant to make more gas-powered Tahoes for use by American consumers and law enforcement would conflict with the Banks' net-zero commitments.

DEFENDING CONSUMERS

[159] *See* https://www.energy.gov/sites/default/files/2025-01/2025.01.13_DOE_Incremental_Cost_Report_for_publication.pdf (p. 3) ($18,800 premium for battery electric pickup truck, as compared to a gas-powered truck)
[160] *See, e.g.*, https://iea.blob.core.windows.net/assets/8483779b-e472-435b-b173-2156f92b8a33/EnergyTechnologyPerspectives2026.pdf (p. 18–19) (each renewable supply chain has at least one step "where less than one-quarter of demand outside of China could be met with supply outside of China")
[161] https://www.bankingdive.com/news/citi-sustainable-finance-progress-report-sets-new-2030-goals-esg/828615
[162] https://files.constantcontact.com/f0eecb46901/f5bbaca0-fc7f-4c0b-81ed-d2c92d91bc35.pdf (p. 1); *see* https://apnews.com/article/catl-ev-batteries-listed-hong-kong-1e87c749f080779e70b4b00b3516a635
[163] *See, e.g.*, https://www.reuters.com/world/china/chinese-battery-maker-catl-launches-5-billion-hong-kong-shares-offering-term-2026-04-27/ (share sale will be used "developing zero-carbon business")
[164] https://files.constantcontact.com/f0eecb46901/f5bbaca0-fc7f-4c0b-81ed-d2c92d91bc35.pdf (p. 1); *see* https://www.reuters.com/world/china/chinese-battery-maker-catl-launches-5-billion-hong-kong-shares-offering-term-2026-04-27/

Consumers' Research
established 1929

V. Conclusion

The Banks have committed to engage in unsafe or unsound practices and to deny fair access to customers by setting net-zero-emissions targets and climate-finance targets. The OCC should scrutinize these targets as part of its ongoing supervisory review into banks weaponizing finance, and determine whether such targets warrant higher capital requirements.

Sincerely,

Will Hild

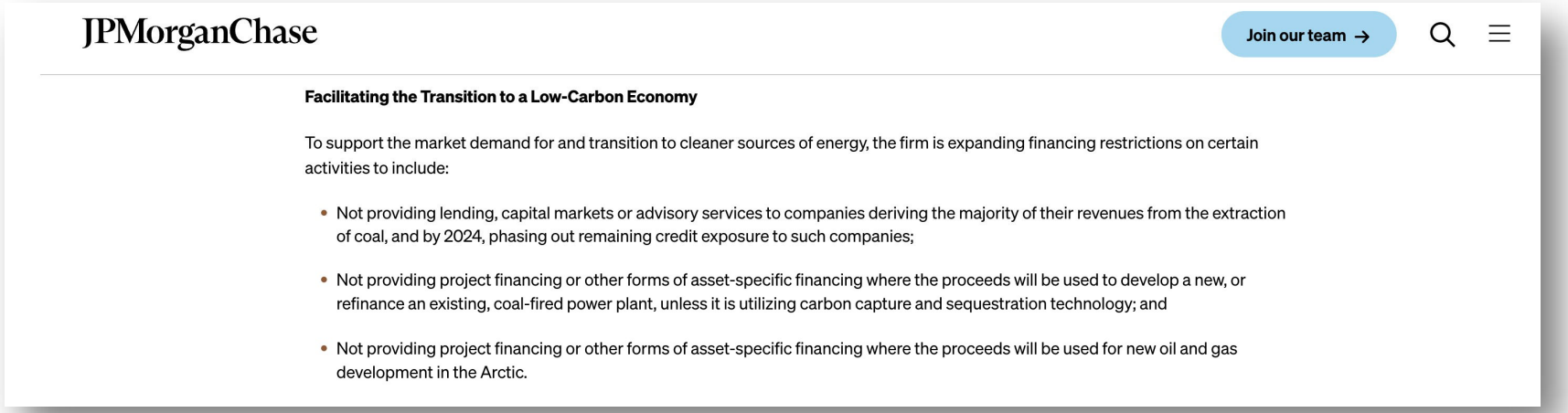
Will Hild
Executive Director
Consumers' Research

DEFENDING CONSUMERS

Consumers' Research
established 1929

Appendix A: Screenshots Reflecting the Banks' Net-Zero Targets

JPMorgan



https://www.jpmorganchase.com/newsroom/press-releases/2020/jpmorgan-chase-expands-commitment-to-low-carbon-economy-and-clean-energy

Consumers' Research
established 1929

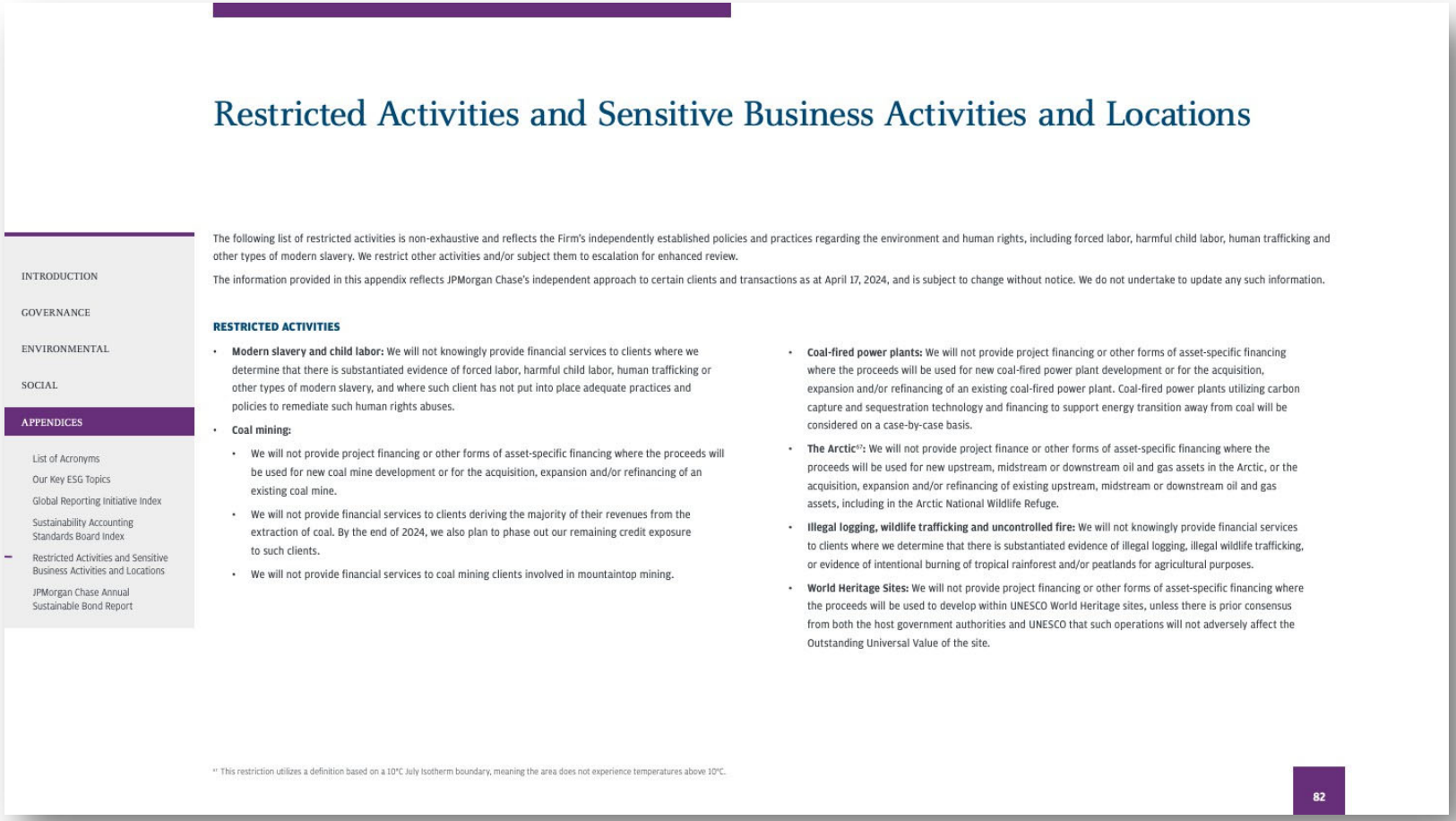


Managing Nature and Social Risks

We have frameworks in place to identify certain client business models with high concentrations of particular nature and social ("N&S") risk that have the highest potential reputational impact to the Firm. These frameworks also include restricted activities related to the environment and human rights. For example, we will not provide financial services to clients deriving the majority of their revenues from the extraction of coal. For more information on our framework for managing N&S risks, including the Firm's other restricted activities and sensitive business activities and locations, please refer to pages 82 and 83 of our 2023 ESG Report.

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 31)

Consumers' Research
established 1929



Restricted Activities and Sensitive Business Activities and Locations

INTRODUCTION

GOVERNANCE

ENVIRONMENTAL

SOCIAL

APPENDICES

List of Acronyms

Our Key ESG Topics

Global Reporting Initiative Index

Sustainability Accounting Standards Board Index

Restricted Activities and Sensitive Business Activities and Locations

JPMorgan Chase Annual Sustainable Bond Report

The following list of restricted activities is non-exhaustive and reflects the Firm's independently established policies and practices regarding the environment and human rights, including forced labor, harmful child labor, human trafficking and other types of modern slavery. We restrict other activities and/or subject them to escalation for enhanced review.

The information provided in this appendix reflects JPMorgan Chase's independent approach to certain clients and transactions as at April 17, 2024, and is subject to change without notice. We do not undertake to update any such information.

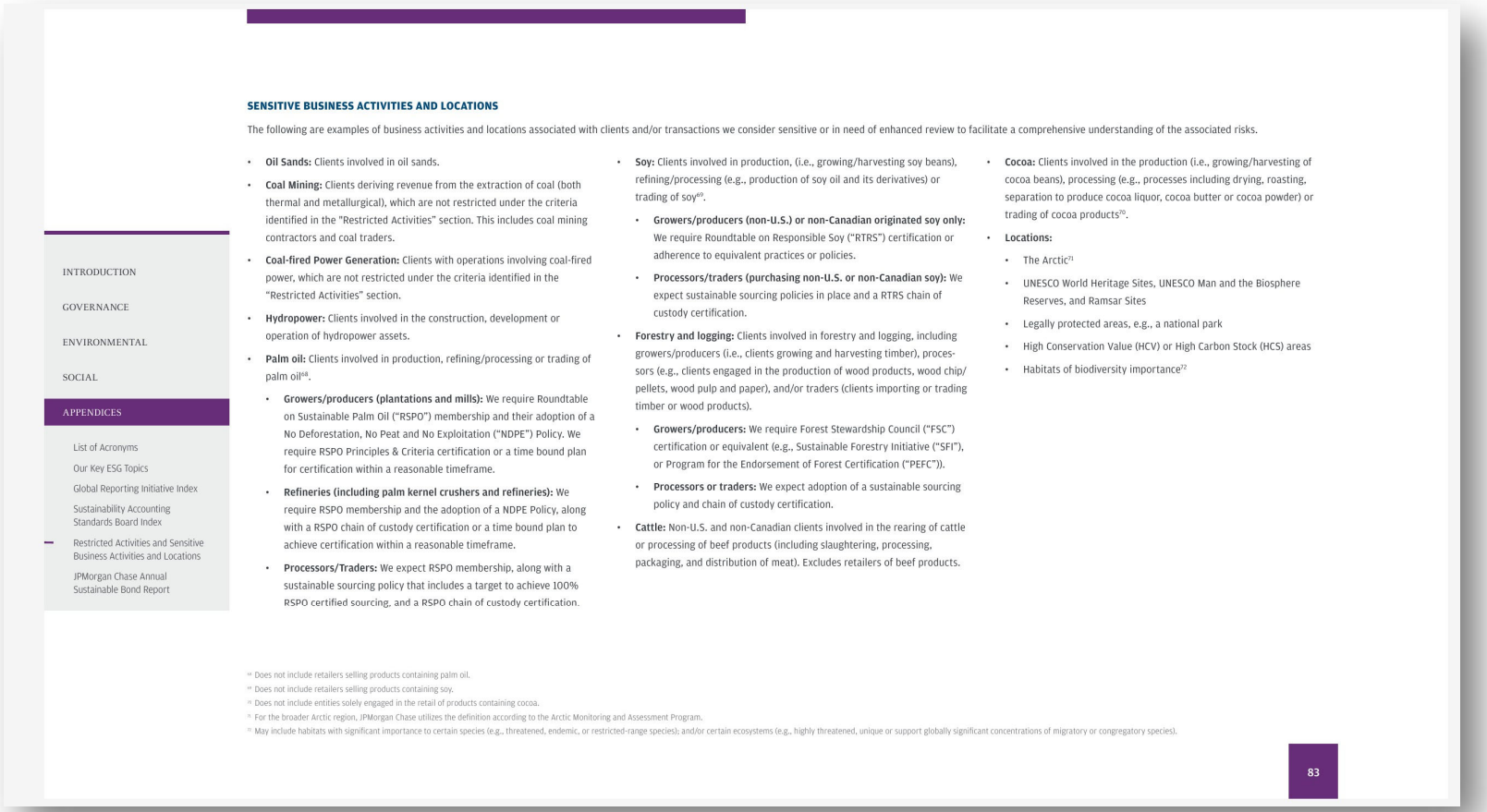
RESTRICTED ACTIVITIES

- **Modern slavery and child labor:** We will not knowingly provide financial services to clients where we determine that there is substantiated evidence of forced labor, harmful child labor, human trafficking or other types of modern slavery, and where such client has not put into place adequate practices and policies to remediate such human rights abuses.
- **Coal mining:**
  - We will not provide project financing or other forms of asset-specific financing where the proceeds will be used for new coal mine development or for the acquisition, expansion and/or refinancing of an existing coal mine.
  - We will not provide financial services to clients deriving the majority of their revenues from the extraction of coal. By the end of 2024, we also plan to phase out our remaining credit exposure to such clients.
  - We will not provide financial services to coal mining clients involved in mountaintop mining.
- **Coal-fired power plants:** We will not provide project financing or other forms of asset-specific financing where the proceeds will be used for new coal-fired power plant development or for the acquisition, expansion and/or refinancing of an existing coal-fired power plant. Coal-fired power plants utilizing carbon capture and sequestration technology and financing to support energy transition away from coal will be considered on a case-by-case basis.
- **The Arctic**[67]**:** We will not provide project finance or other forms of asset-specific financing where the proceeds will be used for new upstream, midstream or downstream oil and gas assets in the Arctic, or the acquisition, expansion and/or refinancing of existing upstream, midstream or downstream oil and gas assets, including in the Arctic National Wildlife Refuge.
- **Illegal logging, wildlife trafficking and uncontrolled fire:** We will not knowingly provide financial services to clients where we determine that there is substantiated evidence of illegal logging, illegal wildlife trafficking, or evidence of intentional burning of tropical rainforest and/or peatlands for agricultural purposes.
- **World Heritage Sites:** We will not provide project financing or other forms of asset-specific financing where the proceeds will be used to develop within UNESCO World Heritage sites, unless there is prior consensus from both the host government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site.

[67] This restriction utilizes a definition based on a 10°C July isotherm boundary, meaning the area does not experience temperatures above 10°C.

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2023.pdf (p. 82)

Consumers' Research
established 1929



INTRODUCTION
GOVERNANCE
ENVIRONMENTAL
SOCIAL
APPENDICES
List of Acronyms
Our Key ESG Topics
Global Reporting Initiative Index
Sustainability Accounting Standards Board Index
Restricted Activities and Sensitive Business Activities and Locations
JPMorgan Chase Annual Sustainable Bond Report

SENSITIVE BUSINESS ACTIVITIES AND LOCATIONS

The following are examples of business activities and locations associated with clients and/or transactions we consider sensitive or in need of enhanced review to facilitate a comprehensive understanding of the associated risks.

- **Oil Sands:** Clients involved in oil sands.
- **Coal Mining:** Clients deriving revenue from the extraction of coal (both thermal and metallurgical), which are not restricted under the criteria identified in the "Restricted Activities" section. This includes coal mining contractors and coal traders.
- **Coal-fired Power Generation:** Clients with operations involving coal-fired power, which are not restricted under the criteria identified in the "Restricted Activities" section.
- **Hydropower:** Clients involved in the construction, development or operation of hydropower assets.
- **Palm oil:** Clients involved in production, refining/processing or trading of palm oil[68].
  - **Growers/producers (plantations and mills):** We require Roundtable on Sustainable Palm Oil ("RSPO") membership and their adoption of a No Deforestation, No Peat and No Exploitation ("NDPE") Policy. We require RSPO Principles & Criteria certification or a time bound plan for certification within a reasonable timeframe.
  - **Refineries (including palm kernel crushers and refineries):** We require RSPO membership and the adoption of a NDPE Policy, along with a RSPO chain of custody certification or a time bound plan to achieve certification within a reasonable timeframe.
  - **Processors/Traders:** We expect RSPO membership, along with a sustainable sourcing policy that includes a target to achieve 100% RSPO certified sourcing, and a RSPO chain of custody certification.
- **Soy:** Clients involved in production, (i.e., growing/harvesting soy beans), refining/processing (e.g., production of soy oil and its derivatives) or trading of soy[69].
  - **Growers/producers (non-U.S.) or non-Canadian originated soy only:** We require Roundtable on Responsible Soy ("RTRS") certification or adherence to equivalent practices or policies.
  - **Processors/traders (purchasing non-U.S. or non-Canadian soy):** We expect sustainable sourcing policies in place and a RTRS chain of custody certification.
- **Forestry and logging:** Clients involved in forestry and logging, including growers/producers (i.e., clients growing and harvesting timber), processors (e.g., clients engaged in the production of wood products, wood chip/pellets, wood pulp and paper), and/or traders (clients importing or trading timber or wood products).
  - **Growers/producers:** We require Forest Stewardship Council ("FSC") certification or equivalent (e.g., Sustainable Forestry Initiative ("SFI"), or Program for the Endorsement of Forest Certification ("PEFC")).
  - **Processors or traders:** We expect adoption of a sustainable sourcing policy and chain of custody certification.
- **Cattle:** Non-U.S. and non-Canadian clients involved in the rearing of cattle or processing of beef products (including slaughtering, processing, packaging, and distribution of meat). Excludes retailers of beef products.
- **Cocoa:** Clients involved in the production (i.e., growing/harvesting of cocoa beans), processing (e.g., processes including drying, roasting, separation to produce cocoa liquor, cocoa butter or cocoa powder) or trading of cocoa products[70].
- **Locations:**
  - The Arctic[71]
  - UNESCO World Heritage Sites, UNESCO Man and the Biosphere Reserves, and Ramsar Sites
  - Legally protected areas, e.g., a national park
  - High Conservation Value (HCV) or High Carbon Stock (HCS) areas
  - Habitats of biodiversity importance[72]

[68] Does not include retailers selling products containing palm oil.
[69] Does not include retailers selling products containing soy.
[70] Does not include entities solely engaged in the retail of products containing cocoa.
[71] For the broader Arctic region, JPMorgan Chase utilizes the definition according to the Arctic Monitoring and Assessment Program.
[72] May include habitats with significant importance to certain species (e.g., threatened, endemic, or restricted-range species); and/or certain ecosystems (e.g., highly threatened, unique or support globally significant concentrations of migratory or congregatory species).

83

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2023.pdf (p. 83)

Consumers' Research
established 1929

Restricted activities, and client activities and locations subject to enhanced review

The framework described on page 57 of the report details how the Firm makes risk-informed decisions that seek to promote our commercial interests, protect our brand and advance the interests of our shareholders. It is the Firm's policy that it will not knowingly provide financial services to clients where it determines that there is substantiated evidence of human rights violations and where such client has not put into place adequate practices and policies to remediate such human rights abuses.

The information provided in this appendix reflects JPMorganChase independent approach to certain clients and transactions. Decisions are made on an individualized basis. This information reflects the Firm's approach as at October 15, 2025, and is subject to change without notice. We do not undertake to update any such information.

Restricted activities – assessed on a case-by-case basis

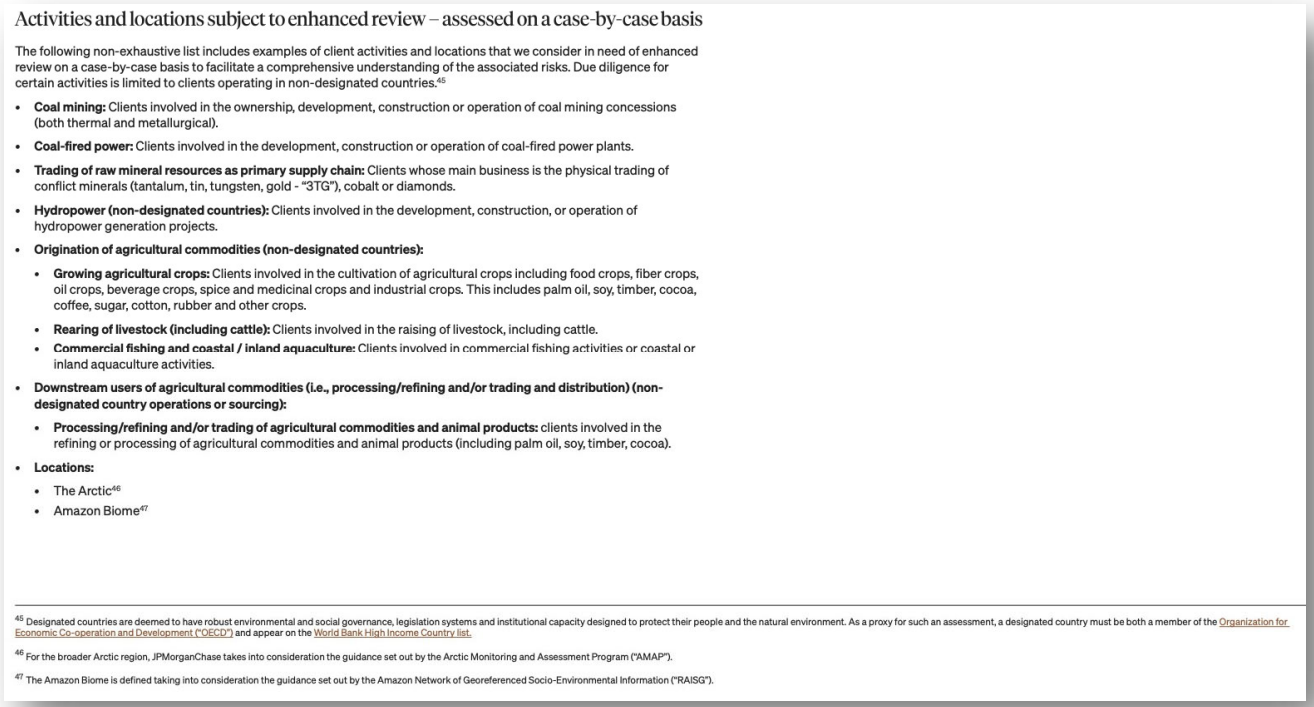
The following non-exhaustive list includes examples of restricted client activities and transactions that the Firm independently determines to generally present higher N&S risks, for which the Firm considers on a case-by-case basis in line with its risk appetite and commercial interests.

- **Coal mining:**
  - Clients deriving the majority of their revenues from the extraction of coal.
  - Clients involved in mountaintop mining or practices widely recognized to permanently harm the physical environment or biodiversity.
- **Unsustainable agricultural practices:** Clients whose operations involve practices that adversely impact the long-term availability of a natural resource or where harvesting or refining practices cause destruction of biodiversity or otherwise harm the physical environment or communities, and who have not put in place measures to mitigate or redress the impacts, including clients without membership or certification in, where applicable:
  - Roundtable on Sustainable Palm Oil (RSPO) or equivalent policies/practices
  - Roundtable on Responsible Soy (RTRS) or equivalent policies/practices
  - Forestry Stewardship Council (FSC) or equivalent (e.g., Sustainable Forestry Initiative (SFI), Program for the Endorsement of Forest Certification (PEFC)).
- **Impacts on Biodiversity and Ecosystems:** Clients where we determine that there is substantiated evidence of illegal logging, illegal wildlife trafficking or evidence of intentional burning of tropical rainforest and/or peatlands for agricultural purposes, and where we determine that such client has not put into place adequate practices and policies to remediate such activities.
- **Asset-specific transactions:**
  - Project financing or other forms of asset-specific transactions related to the following Restricted Assets defined below:
    - New coal mine development or the acquisition, expansion and/or refinancing of an existing coal mine.
    - New coal-fired power plant development or for the acquisition, expansion and/or refinancing of an existing coal-fired power plant.
    - Development within United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites unless there is prior consensus from both the host government authorities and UNESCO that such operations do not adversely affect the Outstanding Universal Value of the Site.
  - New upstream, midstream or downstream oil and gas assets in the Arctic Restricted Area (ARA)[44], or the acquisition, expansion and/or refinancing of existing upstream, midstream or downstream oil and gas assets including the entire area within the Arctic National Wildlife Refuge.

[44] The ARA is defined based on the 10° Celsius July Isotherm boundary, meaning the area does not experience temperatures above 10°C and for which the yearly average temperature is approximately 0°Celsius.

https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 61)

Consumers' Research
established 1929



Activities and locations subject to enhanced review – assessed on a case-by-case basis

The following non-exhaustive list includes examples of client activities and locations that we consider in need of enhanced review on a case-by-case basis to facilitate a comprehensive understanding of the associated risks. Due diligence for certain activities is limited to clients operating in non-designated countries.[45]

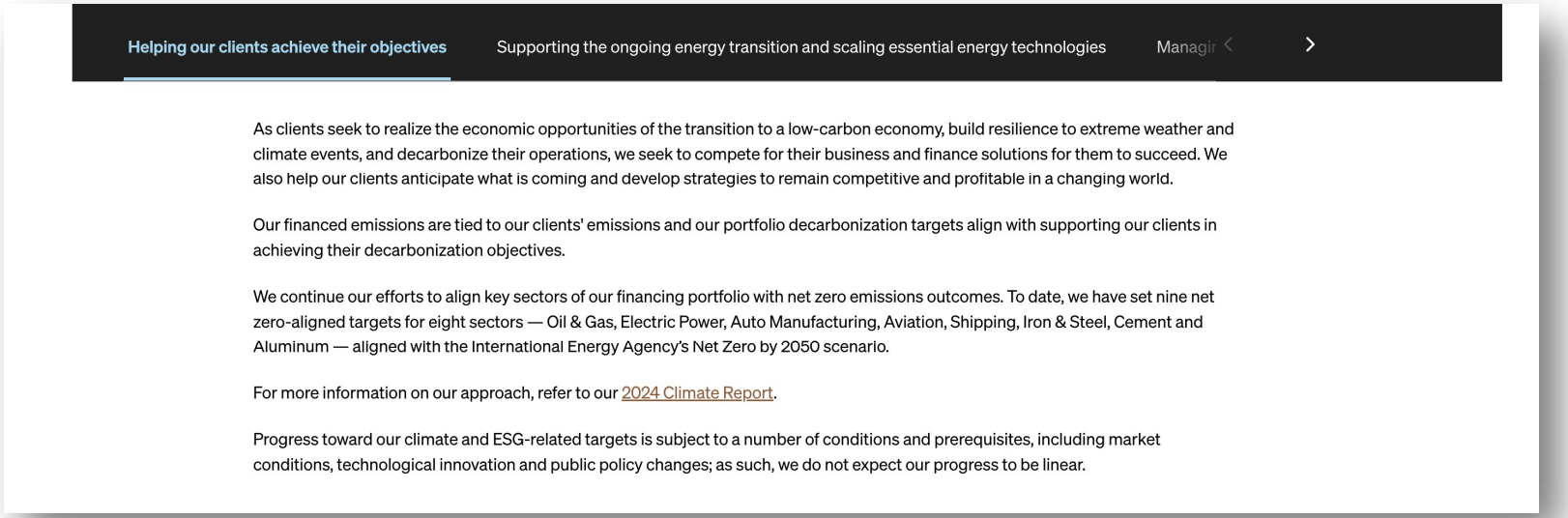
- **Coal mining:** Clients involved in the ownership, development, construction or operation of coal mining concessions (both thermal and metallurgical).
- **Coal-fired power:** Clients involved in the development, construction or operation of coal-fired power plants.
- **Trading of raw mineral resources as primary supply chain:** Clients whose main business is the physical trading of conflict minerals (tantalum, tin, tungsten, gold - "3TG"), cobalt or diamonds.
- **Hydropower (non-designated countries):** Clients involved in the development, construction, or operation of hydropower generation projects.
- **Origination of agricultural commodities (non-designated countries):**
  - **Growing agricultural crops:** Clients involved in the cultivation of agricultural crops including food crops, fiber crops, oil crops, beverage crops, spice and medicinal crops and industrial crops. This includes palm oil, soy, timber, cocoa, coffee, sugar, cotton, rubber and other crops.
  - **Rearing of livestock (including cattle):** Clients involved in the raising of livestock, including cattle.
  - **Commercial fishing and coastal / inland aquaculture:** Clients involved in commercial fishing activities or coastal or inland aquaculture activities.
- **Downstream users of agricultural commodities (i.e., processing/refining and/or trading and distribution) (non-designated country operations or sourcing):**
  - **Processing/refining and/or trading of agricultural commodities and animal products:** clients involved in the refining or processing of agricultural commodities and animal products (including palm oil, soy, timber, cocoa).
- **Locations:**
  - The Arctic[46]
  - Amazon Biome[47]

[45] Designated countries are deemed to have robust environmental and social governance, legislation systems and institutional capacity designed to protect their people and the natural environment. As a proxy for such an assessment, a designated country must be both a member of the Organization for Economic Co-operation and Development ("OECD") and appear on the World Bank High Income Country list.

[46] For the broader Arctic region, JPMorganChase takes into consideration the guidance set out by the Arctic Monitoring and Assessment Program ("AMAP").

[47] The Amazon Biome is defined taking into consideration the guidance set out by the Amazon Network of Georeferenced Socio-Environmental Information ("RAISG").

https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 62)



https://web.archive.org/web/20250701002609/https:/www.jpmorganchase.com/impact/environmental-sustainability/es-initiatives

Consumers' Research
established 1929



1.4. How We Will Use Our Targets

Going forward, we intend to align our lending and underwriting decisions in our chosen sectors to work towards achieving our portfolio targets. That means we will increasingly support those companies that are helping to advance the goals of the Paris Agreement, such as by expanding their investment in low- and zero-carbon energy sources and technologies and reducing their GHG emissions.

Significant amounts of capital and strategic advice will be needed to support companies in their low-carbon transition efforts, including help to decarbonize their operations and products and develop new technologies and solutions to address the critical challenges climate change presents. As a global financial services company, and one of the largest financiers to many sectors that will be significantly impacted by climate change and the energy transition, we are well-positioned to use our capital and expertise to encourage and help our clients to make the transition.

With our sector-specific and global portfolio-level commitment design, we are positioned to understand the unique challenges that each sector – and each company – faces in the low-carbon transition and to provide targeted support. We will continually look for opportunities to engage with new clients and to bank new sectors and technologies that focus on sustainability and low-carbon transition. We also recognize that – for both our clients and our own portfolios – the pathway of forward-looking targets is unlikely to be linear, as the trajectory of transition for most companies will be driven by factors such as major technological breakthroughs.

We will also take into account emissions performance metrics and stated targets in how we evaluate and make decisions about financing clients in our chosen sectors. This includes evaluating several key factors, including our clients' own forward-looking transition-related commitments, business strategies and capital planning. We believe our biggest impact comes from engaging with clients in these industries to inform their strategic and financial decisions. Our preference will always be to help companies transition; however, if needed, we will also consider reallocating capital so that our global sector portfolios in our chosen sectors are aligned with the goals of the Paris Agreement.

https://www.jpmorganchase.com/content/dam/jpm/cib/complex/content/investment-banking/carbon-compass/Carbon_Compass_Final.pdf (p. 8)

Consumers' Research
established 1929

Our Carbon Assessment Framework

We developed our Carbon Assessment Framework ("CAF") with the aim of providing a consistent, comprehensive and data-driven approach to assess our clients' emissions and decarbonization plans. For each new proposed in-scope transaction, our CAF provides decision-makers at the Firm with insights into how the transaction may impact a portfolio's carbon intensity.

The framework relies on two key scores that are assessed for each client: a quantitative score and a qualitative score (collectively known as the CAF scores).

The quantitative score for each client comprises three pillars:

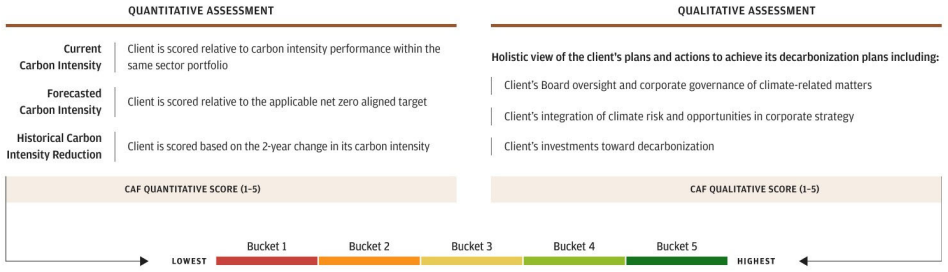
i. **Current Carbon Intensity:** we compare each client's most recently available carbon intensity to that of other clients within the same sector, which allows us to benchmark their performance within each respective sector portfolio.

ii. **Forecasted Carbon Intensity:** we use our clients' decarbonization targets to forecast their carbon intensity for our target year (2030). This gives us insight into each client's decarbonization goals and pathway.

iii. **Historical Carbon Intensity Reduction:** we measure the change in each client's carbon intensity to gauge their progress and continued focus on reducing carbon intensity over time.

The qualitative score, which considers a variety of factors, enables us to take a holistic view – beyond just carbon intensity – of how each client plans to advance their decarbonization strategy. Some of the factors we consider include governance and oversight of climate matters, climate risk integration into corporate strategy, investments (e.g., mergers and acquisitions, joint ventures, venture funding) to support transition and climate objectives, and supplier sustainability programs. Where applicable, we also consider specific factors; for example, in the Oil & Gas sector, we evaluate client's flaring and fugitive methane emissions management plans.

Key Aspects of Our Carbon Assessment Framework



HOW WE ARE USING CAF

We aim to align our capabilities and efforts to make progress toward our net zero-aligned targets. Our goal is to develop our knowledge and understanding of the complexities of navigating the low-carbon transition to support our clients in thinking through and acting on their decarbonization plans, while also aiming to achieve emissions reductions across our financing portfolio.

Decision-making and Portfolio Management: We consider the CAF as one element of our decision-making for new in-scope transactions in our targeted sectors. The CAF process, and corresponding governance, have been integrated into the various deal execution processes for each sector across credit and capital markets financing for all in-scope transactions. While all transactions are assessed on an individual basis with a holistic view of many factors, the CAF allows us to assess how each new transaction may impact our portfolio carbon intensity. Our CAF facilitates visibility and monitoring of progress toward targets by senior leaders of relevant banking teams at regional- and sector-specific levels.

Client Engagement: Assessing our clients' decarbonization plans through our CAF creates an opportunity for us to engage with our clients, understand their views, plans and constraints, as well as their capital needs. The CCT, together with other banking teams, works closely with clients to offer financial solutions to advance clients' decarbonization initiatives and goals.

We recognize that different factors beyond both our and our clients' control – such as technology development and scalability – will pose challenges in the low-carbon journey. The table on the following page gives a few examples of areas where we are engaging with our clients to provide additional support by delivering strategic advice, as well as providing capital and structured financing solutions to help them in achieving their decarbonization goals. We see these as levers that may help advance decarbonization of the different sectors where our clients operate and contribute to our progress toward our net zero-aligned targets.

Risk Management: We also consider CAF scores in our risk assessments. The quantitative and qualitative CAF scores are used in our Wholesale Credit Risk stress framework along with other climate-related factors, such as transition scenario outputs, to estimate the impact of different transition pathways on client financials and credit ratings. For more information on how we use CAF in our risk assessments, please refer to page 29.

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 9)

Consumers' Research
established 1929

PORTFOLIO	DETAILS		BASELINE[i]		2030 TARGET	JPMORGANCHASE PROGRESS	
	Scope(s) included	Unit of measurement	Baseline year	Portfolio carbon intensity baseline		Portfolio carbon intensity as of December 31, 2024	Change in portfolio carbon intensity from baseline[ii]
Energy Mix[iii]	Scope 3 (end use)	gCO_2 / MJ	2019	45.9	**29.5** -36% from baseline	30.6	-33.2%
Oil & Gas Operational	Scopes 1 and 2	gCO_2e / MJ	2019	4.9	**-45.0%** from baseline	4.0	-17.2%
Electric Power	Scope 1	$kgCO_2$ / MWh	2019	342.6	**105.3** -69% from baseline	248.4	-27.5%
Auto Manufacturing	Scopes 1, 2 and 3 (tank-to-wheel)	gCO_2e / km	2019	164.8	**86.1** -48% from baseline	131.3	-20.3%
Aviation	Scope 1 (tank-to-wake)	gCO_2 / RTK	2021	972.6	**625.0** -36% from baseline	777.3	-20.1%
Shipping	Scope 1 (tank-to-wake)	gCO_2 / t-nm	2021	10.9 (revised[iv])	**8.4** -23% from revised baseline	11.5	5.7%
Iron & Steel	Scopes 1 and 2	tCO_2e / t crude steel	2020	1.412	**0.981** -30% from baseline	1.291	-8.6%
Cement	Scopes 1 and 2	$kgCO_2e$ / t cementitious product	2020	639.3	**460.0** -28% from baseline	619.6	-3.1%
Aluminum	Scopes 1 and 2	tCO_2e / t aluminum	2021	8.6	**6.5** -24% from baseline	9.5	10.4%

https://www.jpmorganchase.com/content/dam/jpmorganchase/documents/about/jpmc-sustainability-report-2024.pdf (p. 24)

Consumers' Research
established 1929

Balancing Environmental, Social and Economic Needs

Our Net Zero Aligned Targets

To date, we have set net zero aligned targets for eight sectors – Oil & Gas, Electric Power, Auto Manufacturing, Iron & Steel, Cement, Aviation, and – new for 2023 – Shipping and Aluminum. Our net zero aligned targets are currently constructed for 2030 as portfolio-level targets by sector, using an emissions intensity reduction metric.

Below we provide updates to our targets, an updated approach to address Oil & Gas Scope 3 emissions, details of our new targets for Shipping and Aluminum, and performance to date toward our existing targets. In this report, we also disclose our financed emissions on an absolute basis (i.e., absolute financed emissions) for the eight sectors above, and discuss how we are managing data challenges we face in constructing baselines and monitoring progress toward our targets.

UPDATING OUR TARGETS

We aim for our climate strategy to be science-based, reliant on data-driven insights, and designed to adapt as data quality and availability progress. In 2021, we set 2030 interim emissions intensity reduction targets for three sectors – Oil & Gas, Electric Power and Auto Manufacturing. As the first large U.S. bank to do so, we aligned these targets with the then available IEA SDS scenario. Since the publication of the IEA NZE scenario, which aims to limit temperature rise to 1.5 degrees Celsius and achieve net zero emissions by 2050, we have aimed to align all new targets – Iron & Steel, Cement and Aviation in 2022, as well as Shipping and Aluminum for 2023 – with this scenario. To maintain this consistent approach across all of our targets, we are now updating our targets for the Oil & Gas, Electric Power and Auto Manufacturing sectors to align to the more ambitious IEA NZE scenario. Details on updates for each of the targets are provided in the following sections.

OIL & GAS OPERATIONAL

We have increased our Oil & Gas Operational target from 35% to 45% to align with the IEA NZE scenario. While the overall emissions reduction framework and decarbonization levers remain unchanged, we aim to continue our engagement with our clients on key impact areas such as fugitive and vented methane emissions and CO_2 from flaring.

ELECTRIC POWER

In updating our Electric Power target to align with the IEA NZE scenario, we have also revised our target to take into account our financing activities to companies in countries outside of the Organization for Economic Co-operation and Development ("OECD"). Projections for the OECD region assume more stringent (i.e., lower) carbon intensities than those for non-OECD countries, reflecting the expectation that OECD countries will transition more aggressively in the near term. Considering that the current distribution of companies in our Electric Power portfolio has a smaller share of non-OECD representation than the world overall, we have calibrated our target to take into account the split of clients in our portfolio between OECD and non-OECD member countries.

AUTO MANUFACTURING

When we first derived our portfolio baseline and 2030 target, we relied on scenarios and inputs that used the New European Driving Cycle ("NEDC") testing procedure for measuring fuel economy and CO_2 emissions. Since then, a new global standard – Worldwide Harmonized Light Vehicle Test Procedure ("WLTP") – that more closely simulates real-world driving conditions to estimate emissions was adopted. We have adjusted our target from NEDC test cycle to WLTP and aligned with the IEA NZE scenario; this has changed our emissions intensity reduction target from 92.3 g CO_2/km to 86.1 g CO_2/km.

We recognize that progress toward our targets is contingent on changes in energy demand and the real economy, as well as many other factors that will impact the speed of the transition. We will continue to review and reassess our targets as the global transition progresses.

Our Carbon Compass℠ methodology provides additional details on our approach, including key sectoral considerations, decarbonization pathways and data and metrics used for our targets.

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf (p. 24)

Consumers' Research
established 1929

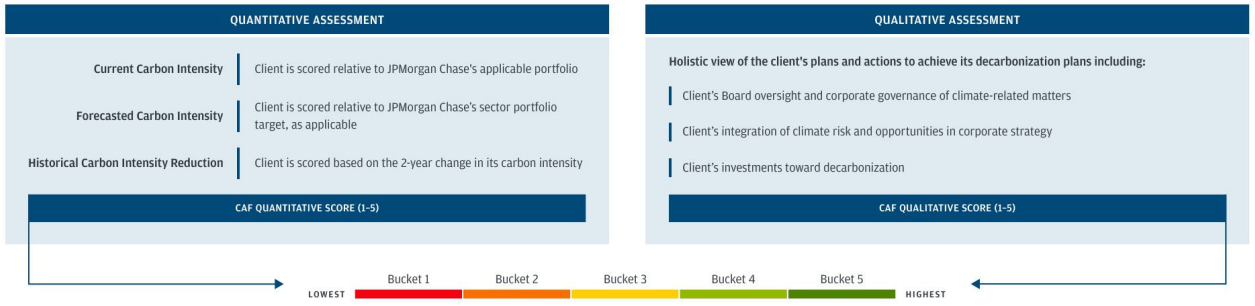
OUR CARBON ASSESSMENT FRAMEWORK

To bring a climate lens to the way we make financing decisions, we have developed an assessment methodology, the Carbon Assessment Framework ("CAF"). Our CAF aims to provide a consistent, comprehensive, and data-driven approach to assess our client's emissions and decarbonization plans. We use the CAF to assess how new in-scope transactions may affect progress toward our net zero aligned targets. Within the framework, we assess two key scores for each client: a CAF quantitative score and a CAF qualitative score (collectively known as the CAF scores).

The quantitative score for each client is comprised of three pillars: (i) their historical emissions reductions; (ii) their current carbon intensity; and (iii) their projected carbon intensity based on their decarbonization targets. The qualitative score considers a variety of factors, including corporate structures for governance and oversight, which enable us to take a holistic view of how the client plans to advance their decarbonization goals.

The client-level CAF quantitative and qualitative scores are sourced from our Climate Risk infrastructure. Our Risk teams also use these client-level scores for internal risk analysis purposes, described further on page 20.

Key Aspects of Our Carbon Assessment Framework



HOW WE ARE USING CAF

As we continue to expand our sector-specific emissions intensity reduction targets, we are also focused on aligning our capabilities and efforts to make progress toward them. Our goal is to use our knowledge and expertise to support clients in navigating the low-carbon transition – helping them think through and act on their decarbonization plans – while also aiming to achieve emissions reductions across our financing portfolio.

Decision-making and Portfolio Management: We consider the CAF as one element of our decision-making for new in-scope transactions in our targeted sectors. The CAF process, and governance around the same, have been integrated into the various deal execution processes for each sector across credit and capital markets financing for all in-scope transactions. While all transactions are assessed on an individual basis with a holistic view of many factors, the CAF allows us to assess how each new transaction may affect progress toward our emissions intensity reduction targets. Accountability for progress toward the targets has been assigned to senior leaders with the relevant banking teams at a regional- and sector-specific level. This senior-level accountability – coupled with the CAF – is designed to serve as a monitoring mechanism to help senior management oversee progress toward achieving our sector-specific portfolio level targets.

Client Engagement: Assessing our clients' decarbonization plans through our CAF creates an opportunity for us to engage with our clients, understand their views, plans and constraints, as well as their capital needs. The CCT, together with other banking teams, works closely with clients to help advance clients' decarbonization initiatives.

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2023.pdf (p. 11)

Consumers' Research
established 1929

Our Carbon Assessment Framework

We developed our Carbon Assessment Framework ("CAF") with the aim of providing a consistent, comprehensive and data-driven approach to assess our clients' emissions and decarbonization plans. For each new proposed in-scope transaction, our CAF provides decision-makers at the Firm with insights into how the transaction may impact a portfolio's carbon intensity.

The framework relies on two key scores that are assessed for each client: a quantitative score and a qualitative score (collectively known as the CAF scores).

The quantitative score for each client comprises three pillars:

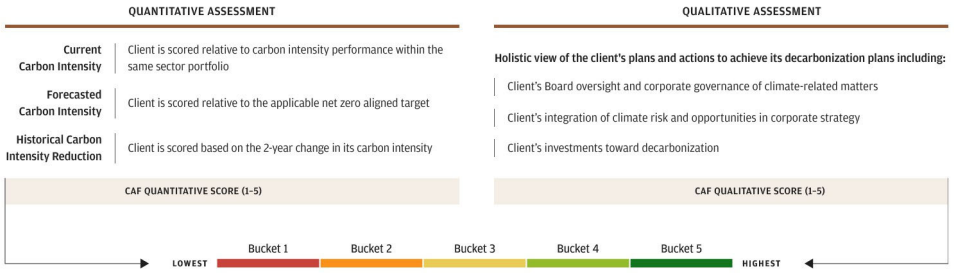
i. **Current Carbon Intensity:** we compare each client's most recently available carbon intensity to that of other clients within the same sector, which allows us to benchmark their performance within each respective sector portfolio.

ii. **Forecasted Carbon Intensity:** we use our clients' decarbonization targets to forecast their carbon intensity for our target year (2030). This gives us insight into each client's decarbonization goals and pathway.

iii. **Historical Carbon Intensity Reduction:** we measure the change in each client's carbon intensity to gauge their progress and continued focus on reducing carbon intensity over time.

The qualitative score, which considers a variety of factors, enables us to take a holistic view – beyond just carbon intensity – of how each client plans to advance their decarbonization strategy. Some of the factors we consider include governance and oversight of climate matters, climate risk integration into corporate strategy, investments (e.g., mergers and acquisitions, joint ventures, venture funding) to support transition and climate objectives, and supplier sustainability programs. Where applicable, we also consider specific factors; for example, in the Oil & Gas sector, we evaluate client's flaring and fugitive methane emissions management plans.

Key Aspects of Our Carbon Assessment Framework



HOW WE ARE USING CAF

We aim to align our capabilities and efforts to make progress toward our net zero-aligned targets. Our goal is to develop our knowledge and understanding of the complexities of navigating the low-carbon transition to support our clients in thinking through and acting on their decarbonization plans, while also aiming to achieve emissions reductions across our financing portfolio.

Decision-making and Portfolio Management: We consider the CAF as one element of our decision-making for new in-scope transactions in our targeted sectors. The CAF process, and corresponding governance, have been integrated into the various deal execution processes for each sector across credit and capital markets financing for all in-scope transactions. While all transactions are assessed on an individual basis with a holistic view of many factors, the CAF allows us to assess how each new transaction may impact our portfolio carbon intensity. Our CAF facilitates visibility and monitoring of progress toward targets by senior leaders of relevant banking teams at regional- and sector-specific levels.

Client Engagement: Assessing our clients' decarbonization plans through our CAF creates an opportunity for us to engage with our clients, understand their views, plans and constraints, as well as their capital needs. The CCT, together with other banking teams, works closely with clients to offer financial solutions to advance clients' decarbonization initiatives and goals.

We recognize that different factors beyond both our and our clients' control – such as technology development and scalability – will pose challenges in the low-carbon journey. The table on the following page gives a few examples of areas where we are engaging with our clients to provide additional support by delivering strategic advice, as well as providing capital and structured financing solutions to help them in achieving their decarbonization goals. We see these as levers that may help advance decarbonization of the different sectors where our clients operate and contribute to our progress toward our net zero-aligned targets.

Risk Management: We also consider CAF scores in our risk assessments. The quantitative and qualitative CAF scores are used in our Wholesale Credit Risk stress framework along with other climate-related factors, such as transition scenario outputs, to estimate the impact of different transition pathways on client financials and credit ratings. For more information on how we use CAF in our risk assessments, please refer to page 29.

9

https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf (p. 9)

Consumers' Research
established 1929

Citi

- Environmental and Social Risk Management:
  Citi has a long-standing Environmental and Social Risk Management (ESRM) Policy, which has added in recent years specific sector approaches, including for thermal coal mining and coal-fired power. Notably, in 2020 and 2021, we updated our ESRM sector approaches to establish phase out targets for financing of thermal coal mining companies by 2025 and 2030; we updated our coal-fired power approach to set expectations that our coal-fired power clients transition in alignment with the Paris Agreement; and set project-related financing prohibitions for new thermal coal mines, new coal-fired power plants, and Arctic oil and gas exploration and development. The Energy sector, however, must continue to provide access to energy while transitioning to zero and low-carbon emissions. Citi's approach to the decarbonization of its Energy loan portfolio is focused on helping clients accelerate this transition.

https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/ar22p.pdf (p. 126)

Consumers' Research
established 1929

Coal Mining

Citi will not provide project-related financing for new thermal coal mines or significant expansion of existing mines. For companies deriving ≥25% of their revenue from thermal coal mining:

- Citi will no longer facilitate capital markets transactions or mergers and acquisition advisory and financing for these companies;
- By the end of 2030, Citi's credit exposure to these companies will be reduced to zero.

Approval for any transaction for a coal mining company requires escalation for review of the company's transition away from coal.

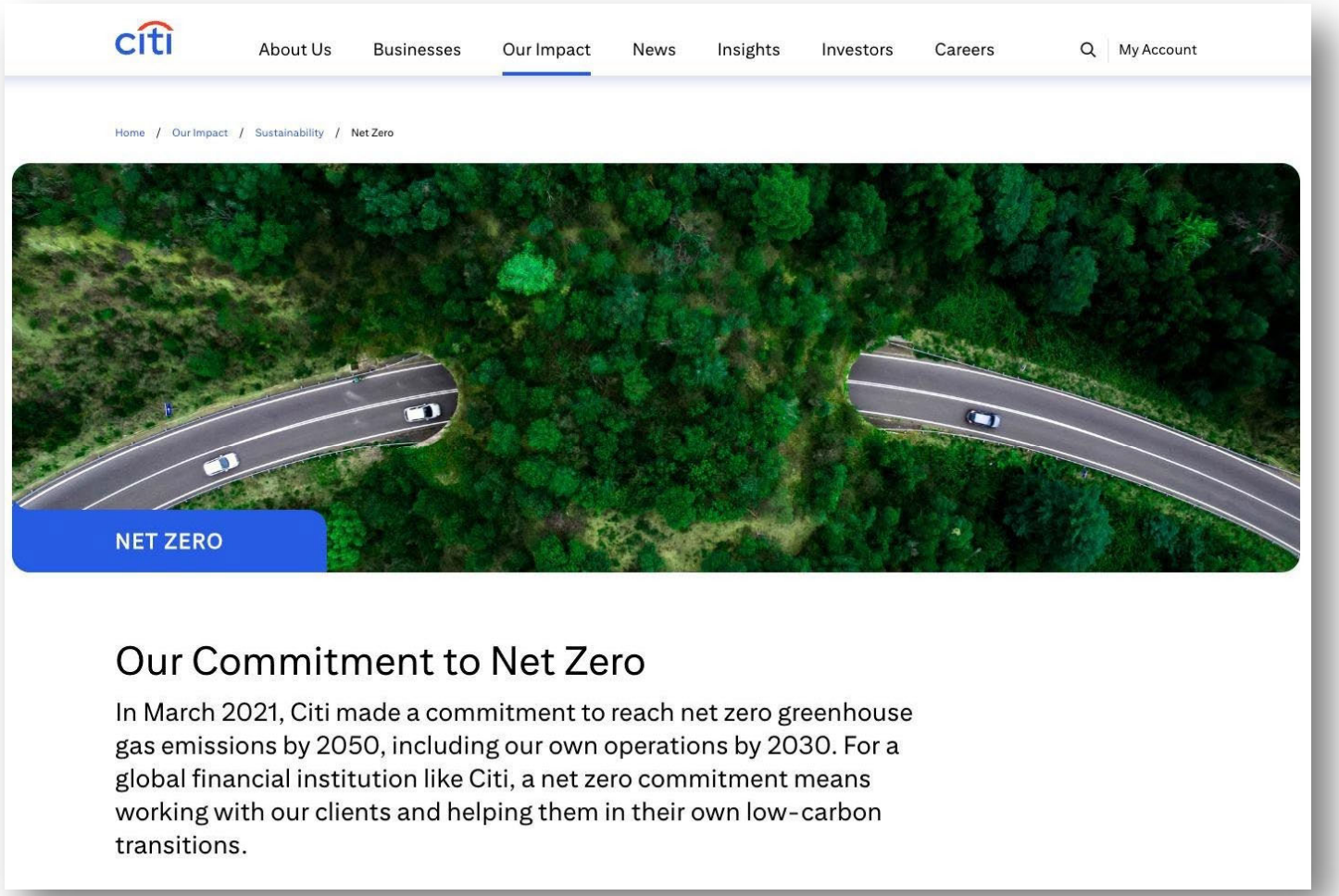
Coal-fired Power Generation

Citi is committed to helping our Power clients transition to a low-carbon future. Globally, Citi commits to:

- Not provide project-related financial services for transactions supporting the construction or expansion of coal-fired power plants, including refinancing recently constructed plants. This includes transactions supporting the supply of all components, equipment, materials and services directly required for the construction of such plants;
- Not provide acquisition financing or acquisition advisory services related to coal-fired power plants. Exceptions may be considered if the proposed transaction is being pursued in the context of a low-carbon transition strategy or managed phaseout;
- Not onboard any new clients with ≥20% of power generation from coal-fired power plants unless such client is pursuing a low-carbon transition strategy;
- Not onboard any new clients that have plans to expand coal-fired power generation;
- In addition, as part of our net zero approach, Citi has set an interim target to reduce the carbon intensity of our Power portfolio by 63% by 2030 from a 2020 baseline. As part of this commitment, Citi calculates the financed emissions and physical intensity of the portfolio, engages with and assesses clients' low-carbon transition plans, and partners with our clients on transition opportunities.

16 | Environmental and Social Policy Framework

https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Environmental-and-Social-Policy-Framework.pdf (p. 16)



https://www.citigroup.com/global/our-impact/sustainability/net-zero

Consumers' Research
established 1929

The identification and assessment of climate risk is part of day-to-day risk management and occurs at different levels — from transaction/event to portfolio to enterprise levels. To identify and assess climate-related risks, we leverage established processes, such as the Climate Risk Assessments & Scorecard (CRAS) in wholesale credit underwriting, and Environmental and Social Risk Management (ESRM) transaction reviews.

Climate Risk Assessments & Scorecard (CRAS)

CRAS is a tool which is embedded in credit reviews to help evaluate certain corporate clients' material climate-related exposures and their plans for adaptation and mitigation.

CRAS leverages quantitative and qualitative inputs from client disclosures, transition risk credit analysis and internal climate risk metrics. The assessment focuses on key components such as climate scenario-based inputs and emissions data, transition and physical risk drivers, financial capacity, climate targets and plans, and overall governance and disclosures.

Through the evaluation of these diverse data points, CRAS generates an overall climate risk score offering valuable insights into climate vulnerabilities and the robustness of mitigation and adaptation efforts. This integrated approach ensures that climate risks are systematically assessed in client-level credit reviews for applicable sectors.

https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 28)

Consumers' Research
established 1929

2030 Interim Emissions Reduction Targets and Progress

See the Strategy section for graphical representation of our 2030 interim emissions reductions targets.

Sector	Emissions Scopes	Scenario	Unit	Baseline Year	Baseline	2030 Interim Target	2024 Progress	% Change from Baseline
Aluminum	Scopes 1-3	MPP STS & IAI 1.5	SAFF Climate Alignment Score	2023	1.8%	0	3.6%	+1.8†
Auto Manufacturing*	Scopes 1-3	IEA NZE 2050	g CO_2e/km	2021	154	106	211	+37%
Aviation	Scopes 1 & 3 (WTW)	MPP PRU	g CO_2e/RTK	2023	901	772.6	897	-0.4%
Cement	Scopes 1-2	IEA NZE 2050	tCO_2e/ t cementitious product	2023	0.68	0.46	0.65	-4%
Commercial Real Estate**	Scopes 1-2	CRREM 1.5	kg CO_2e/m^2	2021	61	36	36.6	-40%
Energy*	Scopes 1-3	IEA NZE 2050	M mt CO_2e	2020	168	119.3	91.1	-46%
Power*	Scope 1	IEA SDS OECD	kg CO_2e/MWh	2020	313.5	115	246.5	-21%
Shipping	Scopes 1-2	IMO 2023 GHG Strategy - "Striving For"	PP Climate Alignment Score	2023	24.6%	0	20.4%	-4.2†
Steel	Scopes 1-3	IEA NZE 2050	SSP Climate Alignment Score	2022	0.02	0	0.4	+0.38†
Thermal Coal Mining	Scopes 1-3	IEA SDS OECD	M mt CO_2e	2021	7.9	0.79	0.97	-88%

* Metrics include financed and facilitated emissions.
** Intensity figures are reflective of asset types benchmarked and included in CRREM decarbonization pathways, such as multifamily, industrial, retail, office, and healthcare. Additional asset types new to CRE portfolio, such as data centers, will be reviewed against updated pathways.
† Represents the absolute change between alignment scores. Alignment scores are representative of the portfolio delta to a sector-specific climate scenario for a given year. For these sectors, intensity may remain constant yet result in a worsened annual alignment score due to deviation from the scenario over time.

https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 35)

Consumers' Research
established 1929



Citi's Commitment to Reduce Financing Coal

Citi has been increasingly focused on reducing the environmental impacts and portfolio risk related to thermal coal mining and coal-fired power generation.

Thermal Coal Mining

Our ESRM Policy commitments related to coal mining started in 2009 with our first coal mining sector standard requiring enhanced due diligence for companies using mountaintop removal coal mining and were updated in 2015 with a commitment to reduce our credit exposure to the coal mining industry (focused on companies deriving 50% or more of their revenue from coal). In 2020, we strengthened this credit exposure reduction commitment by lowering the threshold to cover mining companies with revenues of 25% or more from thermal coal mining, and we set the targets listed below. We also added a policy prohibition on project-related financing of new thermal coal mines and significant expansions.

Following are the targets we established in 2020 to reduce our exposure to companies that derive 25% or more of their revenue from thermal coal mining:

- By the end of 2025, we will reduce our credit exposure to these companies by 50% from a 2020 baseline (2020 baseline: $1.141 billion).
- After 2025, we will no longer facilitate capital markets transactions or mergers and acquisition advisory and financing for these companies.
- By the end of 2030, all remaining exposure to these companies will be reduced to zero.

Coal-Fired Power Generation

In early 2021, we also expanded our commitment related to coal-fired power. The following commitments and expectations increase over time as we aim to help our clients transition to a future aligned with the Paris Agreement.

By the end of 2021, Citi will expect clients with coal-fired power generation to:

- Publicly report GHG emissions annually, consistent with the GHG Protocol
- Engage with Citi on their low-carbon transition strategy to diversify away from coal-fired power generation and align with the Paris Agreement

After 2021, Citi commits to:

- Not provide acquisition financing or advisory services related to coal-fired power plants*
- Not onboard new clients with ≥20% of power generation from coal-fired power plants unless such clients meet the "by end of 2021" criteria; not onboard new clients that have plans to expand coal-fired power generation

After 2025, Citi commits to:

- No longer extend capital/provide financial services to clients without low-carbon transition strategies to diversify away from coal-fired power and align with Paris Agreement decarbonization pathways by 2030 (in Organisation for Economic Cooperation and Development (OECD) countries) or 2040 (non-OECD countries)*
- Not onboard new clients with ≥5% of coal-fired power generation

After 2030, Citi commits to:

- No longer provide capital/financial services for clients in OECD countries with ≥5% of coal-fired power generation
- No longer extend capital/provide financial services for clients in non-OECD countries unless such clients have a low-carbon transition strategy designed to reduce the share of power generation from coal-fired power plants to less than 5% by 2040

During 2020, we declined 11 transaction opportunities related to coal power or coal mining during the early stages of engagement as a result of our 2020 policy commitment related to thermal coal mining and in anticipation of our new coal-fired power policy update.

* Exceptions may be considered if the proposed transaction is being pursued in the context of a low-carbon transition strategy.

https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/Global-ESG-Report-2020.pdf (p. 42)

Consumers' Research
established 1929

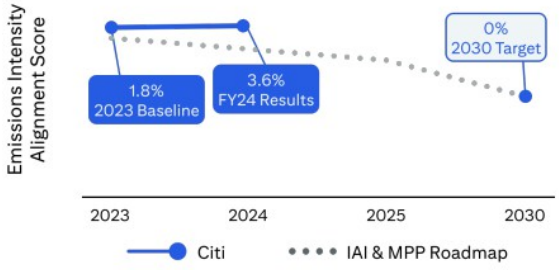
2024 Results: Financed and Facilitated Emissions Reduction Targets and Progress

Under the net zero approach, we have completed setting our 2030 interim emission reduction targets for the lending portfolios of Aluminum, Aviation, Auto Manufacturing, Cement, Commercial Real Estate, Energy, Power, Shipping, Steel and Thermal Coal Mining.

The graphs below visualize the progress made by Citi in FY2024 toward the 2030 interim emissions reduction targets and the relevant decarbonization pathways across ten sectors. We note that certain hard-to-abate sectors face significant dependencies that our clients rely on to achieve their business objectives. We provide portfolio drivers and the relevant sector-specific decarbonization levers for each sector pathway.

Metrics for each sector can be found in the Metrics & Targets section and information on scenarios used to set targets are further detailed in our Net Zero Metrics Methodology.

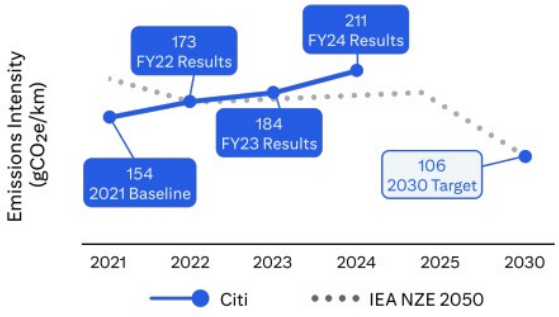
Aluminum



Portfolio Drivers of Change: While portfolio intensity remained constant, it did not keep pace with target pathways, resulting in an increase in alignment score.

Sector Decarbonization Levers: Technological efficiencies and uptake of recycled aluminum production in the market.

Auto Manufacturing*



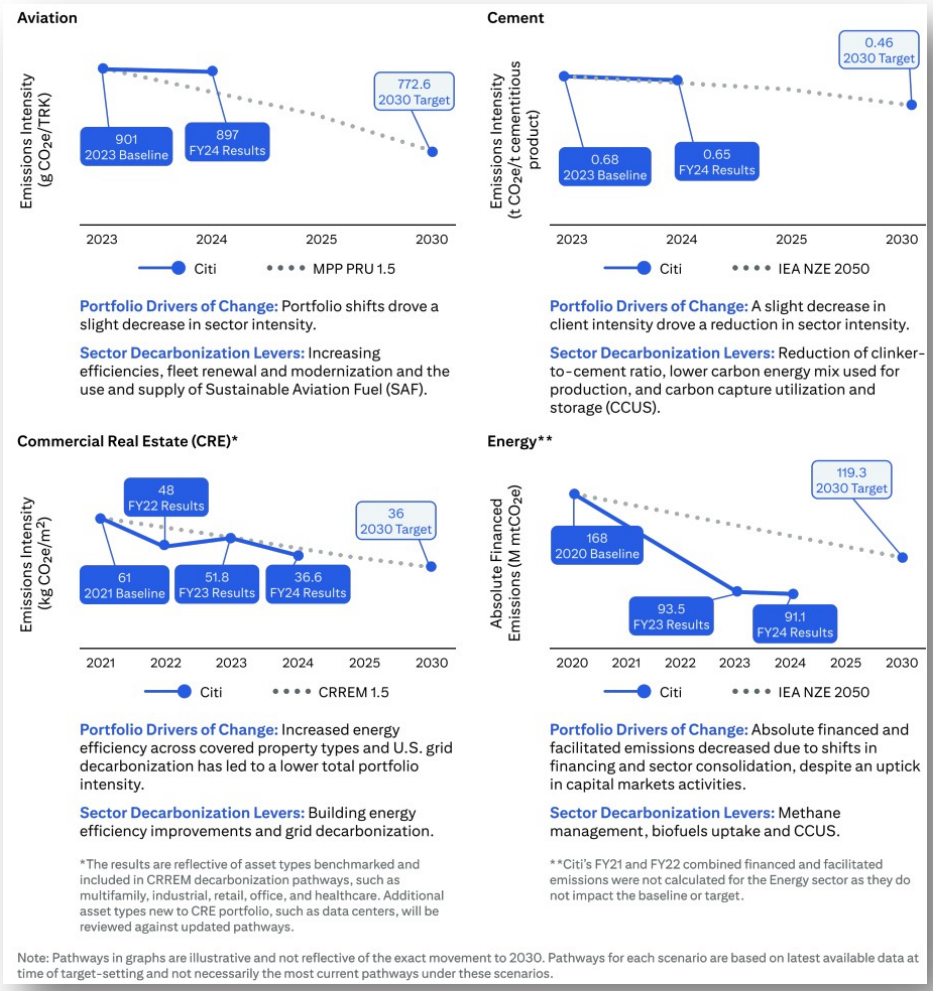
Portfolio Drivers of Change: Shifts in portfolio exposure caused an increase in intensity.

Sector Decarbonization Levers: Electric and hybrid vehicle uptake.

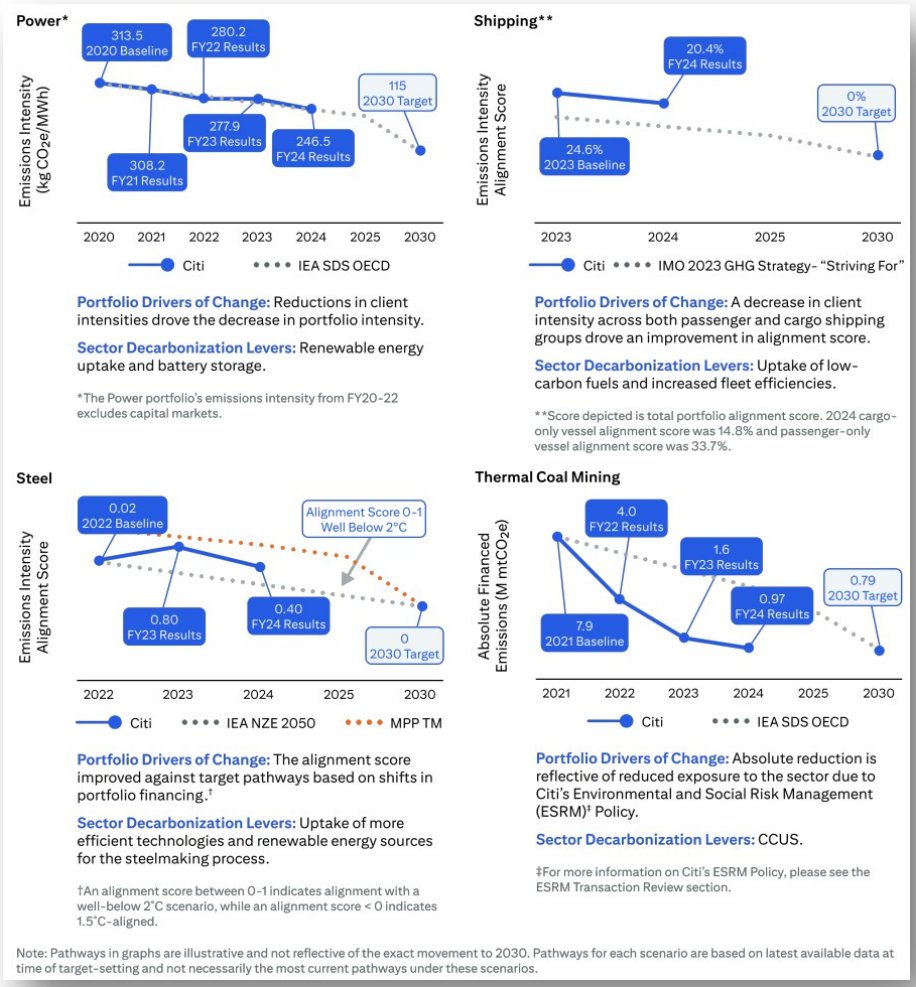
*The Auto Manufacturing portfolio's emissions intensity from FY21–22 excludes capital markets.

Note: Pathways in graphs are illustrative and not reflective of the exact movement to 2030. Pathways for each scenario are based on latest available data at time of target-setting and not necessarily the most current pathways under these scenarios.

https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 14)



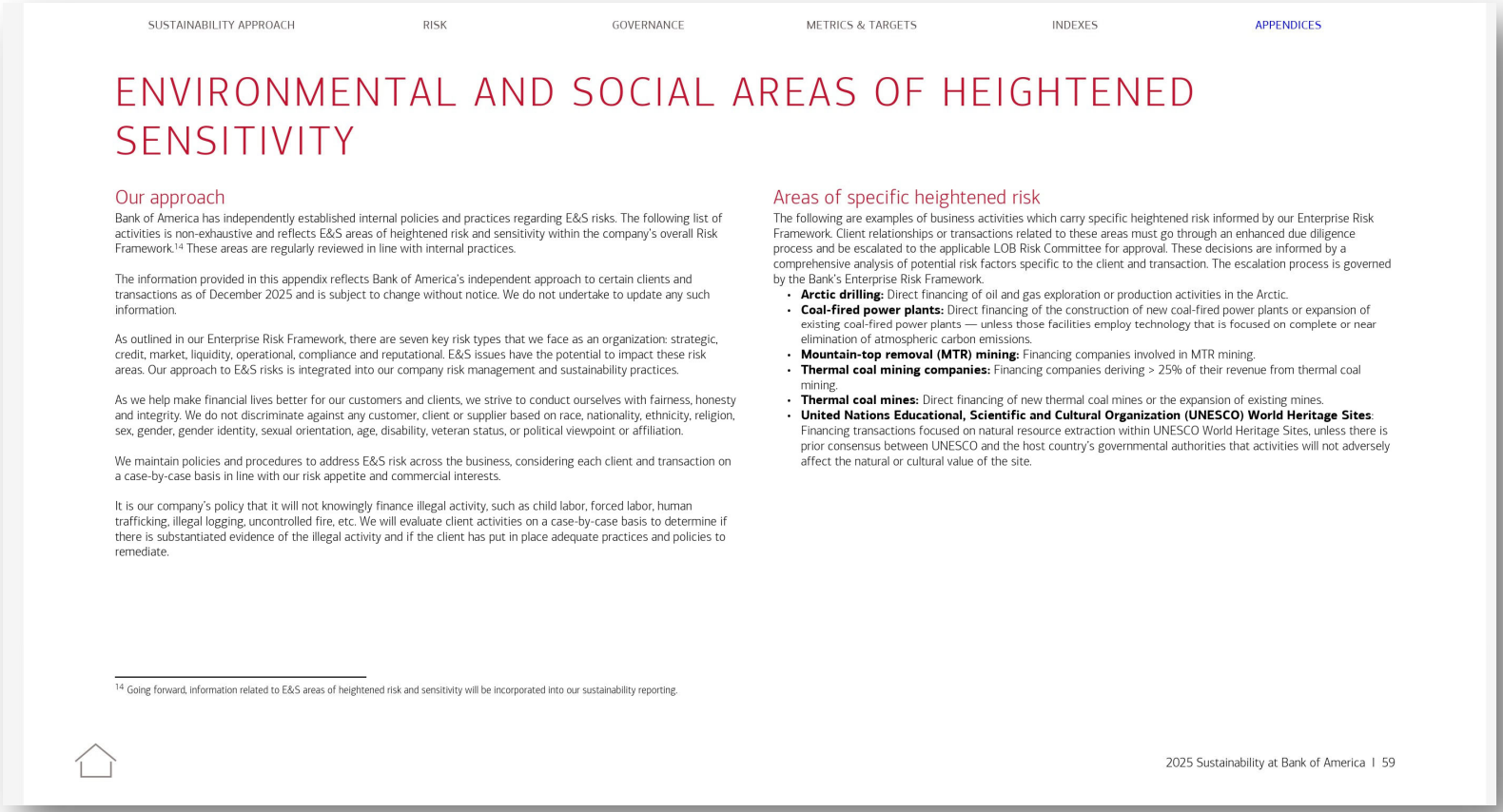
https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 15)



https://www.citigroup.com/rcs/citigpa/storage/public/2024-citi-climate-report.pdf (p. 16)

Consumers' Research
established 1929

Bank of America



ENVIRONMENTAL AND SOCIAL AREAS OF HEIGHTENED SENSITIVITY

Our approach

Bank of America has independently established internal policies and practices regarding E&S risks. The following list of activities is non-exhaustive and reflects E&S areas of heightened risk and sensitivity within the company's overall Risk Framework.[14] These areas are regularly reviewed in line with internal practices.

The information provided in this appendix reflects Bank of America's independent approach to certain clients and transactions as of December 2025 and is subject to change without notice. We do not undertake to update any such information.

As outlined in our Enterprise Risk Framework, there are seven key risk types that we face as an organization: strategic, credit, market, liquidity, operational, compliance and reputational. E&S issues have the potential to impact these risk areas. Our approach to E&S risks is integrated into our company risk management and sustainability practices.

As we help make financial lives better for our customers and clients, we strive to conduct ourselves with fairness, honesty and integrity. We do not discriminate against any customer, client or supplier based on race, nationality, ethnicity, religion, sex, gender, gender identity, sexual orientation, age, disability, veteran status, or political viewpoint or affiliation.

We maintain policies and procedures to address E&S risk across the business, considering each client and transaction on a case-by-case basis in line with our risk appetite and commercial interests.

It is our company's policy that it will not knowingly finance illegal activity, such as child labor, forced labor, human trafficking, illegal logging, uncontrolled fire, etc. We will evaluate client activities on a case-by-case basis to determine if there is substantiated evidence of the illegal activity and if the client has put in place adequate practices and policies to remediate.

Areas of specific heightened risk

The following are examples of business activities which carry specific heightened risk informed by our Enterprise Risk Framework. Client relationships or transactions related to these areas must go through an enhanced due diligence process and be escalated to the applicable LOB Risk Committee for approval. These decisions are informed by a comprehensive analysis of potential risk factors specific to the client and transaction. The escalation process is governed by the Bank's Enterprise Risk Framework.

- **Arctic drilling:** Direct financing of oil and gas exploration or production activities in the Arctic.
- **Coal-fired power plants:** Direct financing of the construction of new coal-fired power plants or expansion of existing coal-fired power plants — unless those facilities employ technology that is focused on complete or near elimination of atmospheric carbon emissions.
- **Mountain-top removal (MTR) mining:** Financing companies involved in MTR mining.
- **Thermal coal mining companies:** Financing companies deriving > 25% of their revenue from thermal coal mining.
- **Thermal coal mines:** Direct financing of new thermal coal mines or the expansion of existing mines.
- **United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites**: Financing transactions focused on natural resource extraction within UNESCO World Heritage Sites, unless there is prior consensus between UNESCO and the host country's governmental authorities that activities will not adversely affect the natural or cultural value of the site.

[14] Going forward, information related to E&S areas of heightened risk and sensitivity will be incorporated into our sustainability reporting.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 59)

OUR NET ZERO GOALS

The role of our operations

For more than two decades, we have measured and reported our company's environmental impacts, establishing our first Scopes 1 and 2 GHG reduction goals in 2005. Our disclosure journey continued through the expansion of our reporting in 2010, when we began disclosing significant categories of Scope 3 GHG emissions. We have set and achieved three generations of operational goals, and our fourth generation of goals was established in 2021 (see below). These goals were developed to help manage and reduce costs and environmental impacts of our activities.

The role of our supply chain

As part of our long-standing focus on transparency and accountability since 2016, we have maintained public goals to address supply chain emissions, focused on supplier engagement. See below for these supply chain goals and the Metrics and Targets section for corresponding performance data. We do not discriminate against any supplier based on race, nationality, ethnicity, religion, sex, gender, gender identity, sexual orientation, age, disability, veteran status or political viewpoint or affiliation.

The role of our financing activity

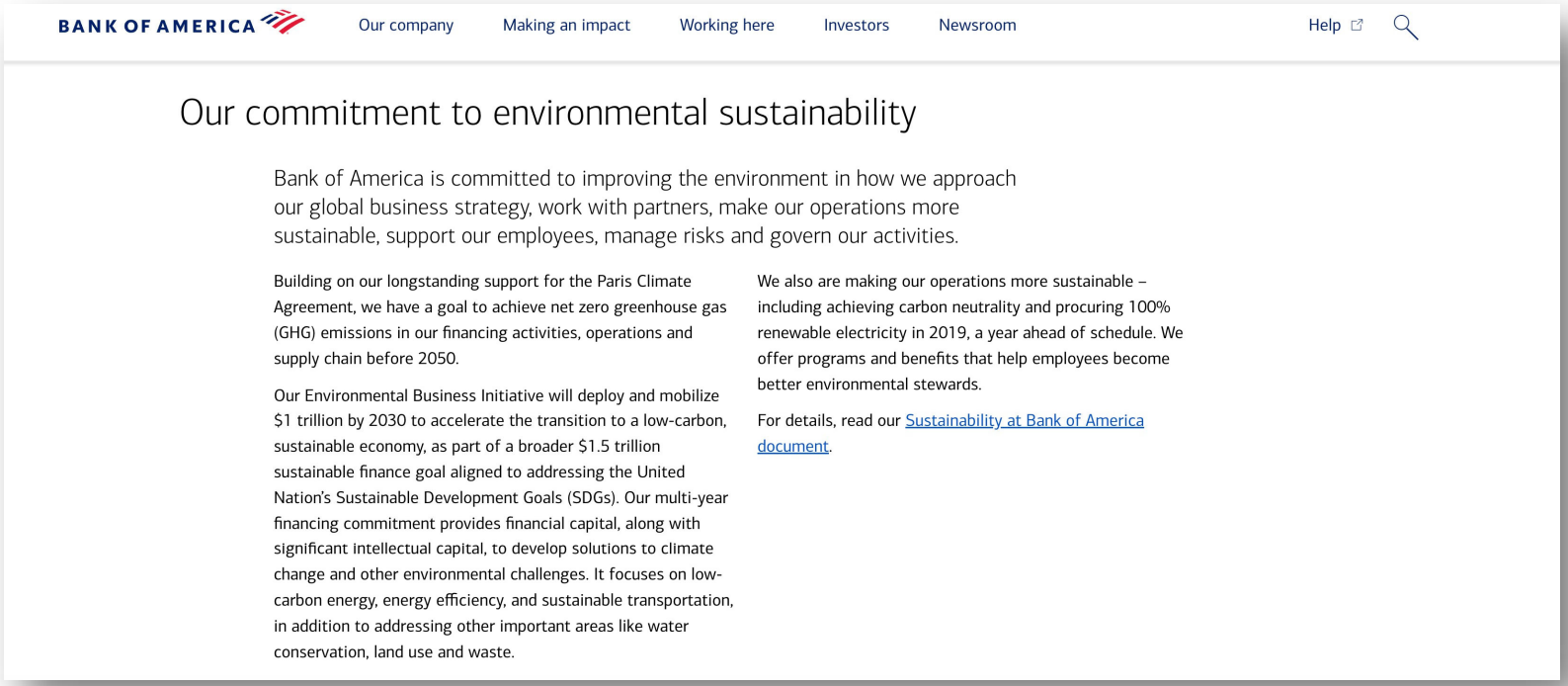
One of the ways we measure and monitor progress on supporting client and sector transition is through our 2030 Financing Activity targets. We have set 2030 targets (aligned with our Net Zero Goal) for seven sectors - auto manufacturing, aviation, cement, energy, power generation, iron and steel and maritime shipping - that track emissions intensity of clients in these sectors. These sectors are prioritized due to their role in the clean energy transition and importance to our lending portfolio. The targets below are not intended to restrict financing to individual clients or key sectors of the economy. Previous disclosures detail our approach to target setting, including the relevant decarbonization pathways, key sectoral considerations and the metrics and data used, all of which we build upon in this report.

For calculations on data for the 2024 timeframe, we included project finance (including tax equity) in our metrics and targets to better reflect the breadth of our financing activities. We currently do not plan to set targets for other sectors for a variety of reasons, including immaterial exposure, lack of established climate scenarios and methodologies and data quality challenges.[2] Moving forward, we will continue to assess financing inclusions and scoping decisions related to this work and improve data quality across our portfolio.

Operations	Supply chain	Financing activity
• Maintain carbon neutrality (Scopes 1 and 2) and purchase 100% zero carbon electricity. • Reduce GHG emissions by 75% by 2030 (Scopes 1 and 2, location-based) from 2010 baseline. • Reduce energy use by 55% from 2010 baseline. • Reduce potable water use by 55% from 2010 baseline. • Achieve LEED® certification (or comparable) for 40% of building space. • Responsibly manage waste to reduce amount sent to landfill. • Divert 75% of construction and demolition (C&D) waste from landfill. • Dispose 100% of electronic waste using certified responsible suppliers.	• Encourage 70% of global suppliers, by spend, to set GHG emissions reduction or renewable energy targets. • Assess 90% of global suppliers, by spend, for risks as outlined by our Supplier Expectations. • Purchase 100% of paper from certified sources. • Utilize sustainable aviation fuel (SAF) for at least 20% of the company's total annual corporate and commercial jet fuel usage, equivalent to 100% of corporate jet fuel and a significant percentage of fuel associated with employee travel on commercial airlines.	Auto manufacturing • Reduce intensity by 48% by 2030 (gCO_2e/km Scopes 1, 2 and 3 end use) from 2019 baseline. Aviation • Reduce intensity by 37% by 2030 (gCO_2e/RTK Scope 1) from 2021 baseline. Cement • Reduce intensity by 32% by 2030 (tCO_2e/tCP Scopes 1 and 2) from 2021 baseline. Energy • Reduce intensity by 45% by 2030 (gCO_2e/MJ Scopes 1 and 2) from 2019 baseline. • Reduce intensity by 29% by 2030 (gCO_2/MJ Scope 3 end use) from 2019 baseline. Iron and steel • Reduce intensity 27% by 2030 (tCO_2e/t Scopes1 and 2) from 2021 baseline. Maritime shipping • Keep intensity in alignment or below the decarbonization trajectory derived from the Poseidon Principles. Power generation • Reduce intensity by 40% by 2030 ($kgCO_2$/MWh Scope 1) from 2022 baseline.

[2] We do not have exposure to thermal coal mining.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 8)



https://about.bankofamerica.com/en/making-an-impact/environmental-sustainability

Table 2: Physical intensity, intensity targets and portfolio alignment score

Our 2030 targets are portfolio-level targets for each sector, using an emissions intensity reduction or alignment metric, each of which are outlined in the table and narrative below.

Sector					Target			Physical intensity	
Sector	Subsector boundaries included	Emission scope(s) included	Reference scenario	Unit of measurement	Baseline	2030 target (as % of baseline reduction)	2030 target (calculated emissions)	2023	2024
Auto manufacturing	Light-duty passenger car and truck manufacturers	1, 2 and 3.11	IEA NZE2050	gCO_2e/km	182.8 (2019)	48.0%	94.9	186.2	184.5
Aviation	Commercial aviation	1	MPP PRU	gCO_2e/RTK	1007.8 (2021)	37.0%	639.0	864.5	832.6
Cement	Cement manufacturing	1 and 2	IEA NZE2050	tCO_2e/tCP	0.683 (2021)	32.0%	0.467	0.648	0.660
Energy	Upstream oil and gas producers, refiners and integrated companies	1 and 2	IEA NZE2050	gCO_2e/MJ	7.5 (2019)	45.0%	4.1	6.4	5.8
		3.11			60.6 (2019)	29.0%	43.1	59.7	59.5
Iron and steel	Crude steel production	1 and 2	IEA NZE2050	tCO_2e/t crude steel	1.75 (2021)	27.0%	1.28	1.39	1.45
Power generation	Power generation	1	IEA NZE2050	$kgCO_2/MWh$	168.9 (2022)	40.0%	100.9	160.4	181.6

Sector				Portfolio alignment score (minimum/striving)*	
Sector	Subsector boundaries included	Emission scope(s) included	Reference scenario	2023	2024
Maritime shipping	Vessel-level commercial shipping	Scope 1 CO_2	Poseidon Principles via 2023 IMO GHG Strategy	19% / 24%	14% / 21%

*A striving and minimum trajectory represent 30% and 20% GHG reductions by 2030 and 80% and 70% by 2040, respectively, relative to 2008 levels. See Sector performance below for more information. Source: Poseidon Principles.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 34)

Sector performance

The results in the physical intensity table above and discussed below can be attributed to macroeconomic factors, changes in client intensities driven by client actions and industry developments, improvement in data quality and client reporting, along with a shift in our client portfolio mix within sectors. This is not an exhaustive list and there are other drivers impacting physical intensity performance. In some sectors, the portfolio exposure is heavily concentrated on a small number of clients, and therefore the sector's performance is highly dependent on their results. Overall, our sector portfolio physical intensities are trending downward, although the rate of decrease varies across sectors. Additionally, many of our clients have strong climate commitments and are taking steps to decarbonize their businesses; even higher intensity clients have commitments that take time to implement and see results.

Auto manufacturing

Both the 2023 and 2024 physical intensity of our auto manufacturing portfolio increased slightly compared to the 2019 baseline. Physical intensity improved for many of our clients, but some clients saw an increase in their physical intensity. Vehicle electrification is a critical decarbonization lever for auto manufacturing clients. EV sales continue to grow globally due to increased affordability and technological advancements but this growth varies regionally with some markets seeing a slowing of demand and varying regulatory environments.

Aviation

The 2023 physical intensity of our aviation portfolio compared to the 2021 baseline decreased by 14% due to all clients having improved their physical intensity. The 2024 physical intensity of our aviation portfolio compared to the 2021 baseline decreased by 17% due to an increase in financing to lower intensity clients and a decrease in financing to higher intensity clients. This decrease in intensity is reflective of the sector globally as COVID-19 recovery continues to bring passenger travel back to pre-COVID levels due to the improvement in utilization and plane efficiency (i.e., a full plane is most efficient). SAF is a key decarbonization lever in this industry and we continue to support our clients through large-scale SAF collaborations, such as the Minnesota SAF Hub.

Cement

The 2023 physical intensity of our cement portfolio decreased 5% compared to the 2021 baseline, largely due to changes in client performance. Cement is one of the sectors where our exposure is most concentrated on a few large clients and those clients have reduced their intensity over time. To a lesser extent, changes in exposure also reduced our 2023 intensity compared to 2021. 2024 intensity was not significantly different than 2023.

Emissions in the cement sector result from both combustion of fuel in cement kilns and from process emissions caused by the chemical decomposition of limestone. Our clients' decarbonization focus areas in this sector include alternative production processes, clinker substitution, energy efficiency, renewable fuels and carbon capture.

Energy

For Scopes 1 and 2, the 2023 physical intensity of our energy portfolio decreased 15% compared to our 2019 baseline. We saw a further 8% decrease compared to baseline in 2024. Much of this decrease is due to client performance.

Industry efforts in recent years have been focused on implementing energy efficiency measures, introducing renewable energy at facilities, such as gas compressors, and reducing emissions from methane release and flaring. Some of the changes are also due to shifts in portfolio composition. Lastly, we have enhanced our data quality and methodology, allowing for the carbon capture, biofuels and renewables developed by clients to reduce their (and our) overall intensity.

For Scope 3, 2023 and 2024 show only modest decreases in emissions intensity compared to our 2019 baseline. While many oil and gas clients are producing clean energy of one type or another, the scale is not yet sufficient to substantially reduce our overall portfolio intensity. End use decarbonization strategies in the energy sector have largely bifurcated into two main approaches: 1) the "clean electrons" approach, which focuses on transitioning from traditional emission-intensive fuels to clean electricity, and 2) the "clean molecules" approach, which focuses on the generation of alternatives to petroleum products (biofuels, hydrogen and carbon capture). The clean electrons approach has historically predominated, while the clean molecules approach has gained momentum as technology has improved.

Iron and steel

The 2023 physical intensity of our steel portfolio decreased 21% compared to the 2021 baseline, largely due to changes in client performance. Steel is another sector where our exposure is most concentrated on a few large clients, and our biggest clients have reduced their intensity over time. One notable high-intensity client also exited the portfolio in this timeframe. In 2024, changes in exposure resulted in a modest increase in our portfolio intensity compared to 2023. Emissions from iron and steel manufacturing largely come from the combustion of fuel. Our clients' decarbonization focus areas in this sector include replacement of blast furnaces with electric arc furnaces, alternative methods of iron ore reduction and carbon capture initiatives.

Maritime shipping

The 2024 portfolio weighted average alignment score for maritime shipping against the minimum IMO trajectory decreased five percentage points from 19% in 2023. The 2024 portfolio weighted average alignment score against the striving IMO trajectory decreased by three percentage points from 24% in 2023. Alignment improvements were the result of improved annual efficiency ratios (AERs) of multiple ships within our portfolio.

Power generation

Due to the integration of a new asset class, project finance (including tax equity), we have updated the baseline for the power portfolio to 2022. The 2023 physical intensity decreased 5% compared to the 2022 baseline due in part to increased investment in renewable energy projects. The 2024 physical intensity increased 8% compared to the 2022 baseline due in part to increased share of financing to clients with higher emitting power generation. The power sector is already facing headwinds, with global electricity demand expected to rise in the near-term, on average by 3.94% annually through 2027, according to the IEA[10]. Power sector decarbonization also has key interdependencies with other sectors. For instance, with electrification of the auto sector, demand for power will increase. Power sector decarbonization strategies are among the most economically viable, deployable and highest impact solutions that are currently available across any economic sector. There has already been significant progress and investment in clean energy continues to grow. Our investment in renewable energy projects has driven our power portfolio intensity down compared to past reporting years as a result of including project finance.

[10] Source: IEA Electricity 2025 report.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2025/SustainabilityatBofA2025_WCAG2.2_121625.pdf (p. 35)

This includes a dashboard for our front-line bankers and senior management that provides portfolio- and client-level financed emissions metrics. This tool provides insight into a client's emissions profile and their impact on the overall portfolio, helping us to understand the relative significance and weighting of each client, as well as comparison to the portfolio's and other clients' calculated intensities. Through this dashboard, bankers can see all relevant financed emissions metrics, year-over-year comparisons and relative significance within the portfolio.

Additionally, we are building the capability to understand how a potential transaction would impact our portfolio. This is expected to allow bankers to run "what-if" scenarios incorporating exposure changes, emissions intensity and the impact of adding or removing clients from our portfolio. These analytical capabilities are critical to developing a more holistic view of our clients and understanding how the Company can support their transitions.

Client Engagement

Among the most important assets we have at the bank are the relationships and trust we have developed with our clients. All of our activities are oriented around serving our clients. Therefore, one of the best tools we have to understand our clients is the day-to-day interactions of our bankers which provide us with valuable insight into their strategy, priorities and areas of focus. We learn more from this engagement than anything we could glean from a public filing or third-party rating. The issues facing our clients vary widely depending on the region, industry and regulatory framework in which they operate – not to mention the bespoke challenges and opportunities each individual client encounters based on their own specific circumstances - our bankers' understanding of this is critical to contextualizing all of this. As noted above, we provide our bankers with a plethora of data and training to give them the foundation to understand the work their clients are doing, but nothing can replace the in-depth insights that comes from the frequent interaction our bankers have with their clients. For example, supporting an auto manufacturing client on a battery manufacturing mergers and acquisitions assignment signals their intent to vertically integrate their supply chain in their transition goals. The intelligence we gather helps us to understand their plans and provide the right advice and solutions to help them advance their goals.

Data Capture Framework

Emissions Data	Absolute emissions and emissions intensity PCAF data quality score Contribution to portfolio financed emissions metrics (based on sectoral targets)
Relationship Metrics	Revenues, returns or historical client relationship Future business opportunities
Output from Climate and Environmental Risk Assessment	Overall composite CERA score Awareness disclosure score Physical risk score Transition risk score Strategy and mitigation score
Decarbonization Strategy	Net Zero transition plan or strategies Absolute emissions to emissions intensity targets or commitments Progress toward targets or commitments Governance and strategic importance Investment in carbon reduction projects and decarbonization efforts CapEx allocated to the transition
Other Considerations	Regional considerations Regulatory considerations Macroeconomic factors

Client Transition Plan Reviews

The process to review our clients' transition plans leverages work done in training bankers, collecting and analyzing data, and engaging with clients. As discussed earlier, this is just one tool we use to understand clients' risks and opportunities — each review is bespoke and individualized to capture the nuanced and unique circumstances of our clients. We have established a Target Management Forum, consisting of senior leaders across the business, that is directly responsible for reviewing our clients' transition plans based on the qualitative and quantitative factors noted in the Data Capture Framework section. The Target Management Forum directs client engagement and provides guidance on the products, services and advice most relevant for the client.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2024/Sustainability_at_Bank_of_America_2024_Report.pdf (pg. 29)

Consumers' Research
established 1929

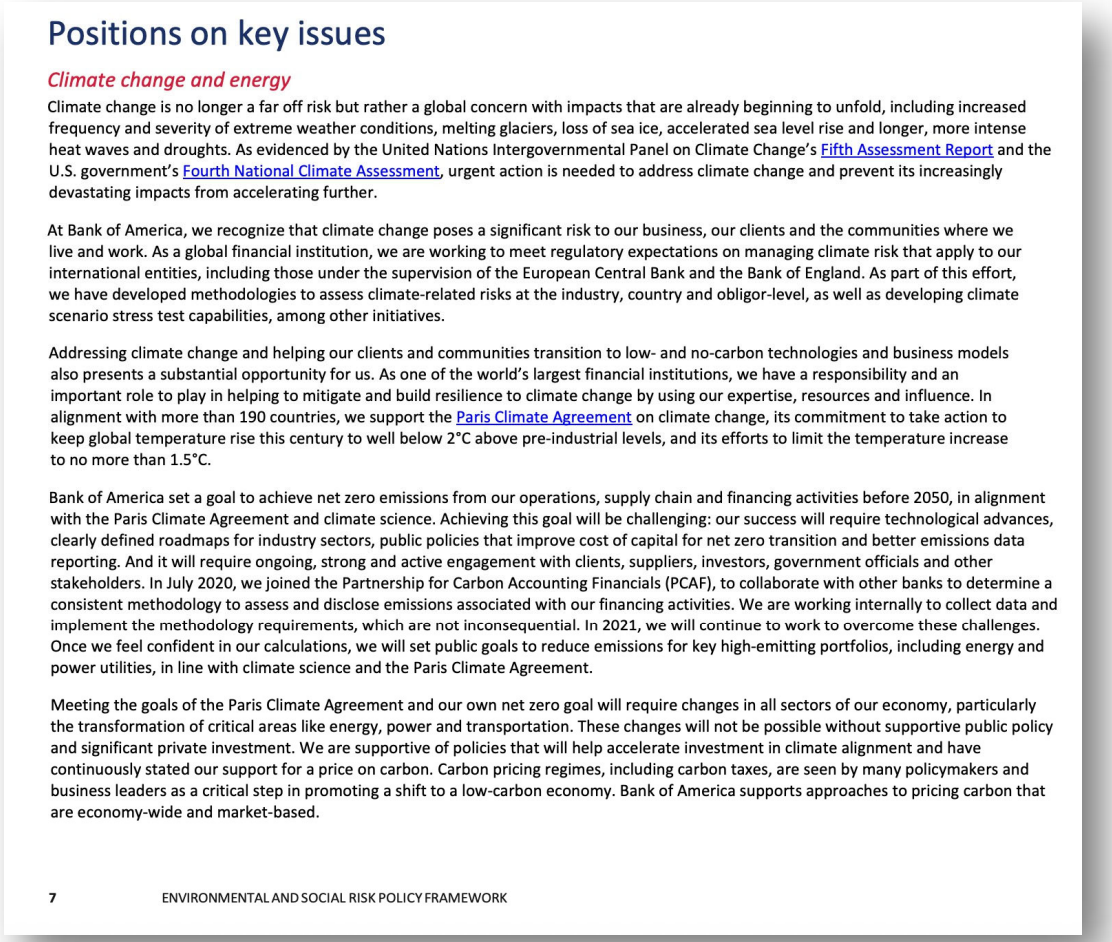
There are certain business activities which have increased investor, client, employee, and regulator scrutiny. These transactions are evaluated through our Risk Framework, as are all transaction and client decisions, in the ordinary course of business. This process is client-specific, deal-specific, and subject to rigorous governance review. This process considers portfolio-level credit, operational, reputational, and other risks, including climate and concentration risk. As part of that operating model, we have determined that we are currently unable to engage in the following activities based on the appropriate application of our Risk Framework and enhanced due diligence standards:

- Providing payday lending services directly to our consumer clients or providing credit to business clients with significant payday lending activities
- Financing the manufacture of military-style firearms for non-law enforcement, non-military use
- Financing private prisons and detention centers – including companies that provide prisoner and immigrant detention services for U.S. federal and state governments
- Direct financing of petroleum exploration or production activities in the Arctic
- Direct financing of the construction of new coal-fired power plants or expansion of existing – unless those facilities employ technology that is focused on complete or near elimination of atmospheric carbon emissions

- Direct financing of new thermal coal mines or the expansion of existing mines

https://web.archive.org/web/20220324035025/https:/about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-framework-report.pdf (p. 6–7)

Consumers' Research
established 1929



Positions on key issues

Climate change and energy

Climate change is no longer a far off risk but rather a global concern with impacts that are already beginning to unfold, including increased frequency and severity of extreme weather conditions, melting glaciers, loss of sea ice, accelerated sea level rise and longer, more intense heat waves and droughts. As evidenced by the United Nations Intergovernmental Panel on Climate Change's Fifth Assessment Report and the U.S. government's Fourth National Climate Assessment, urgent action is needed to address climate change and prevent its increasingly devastating impacts from accelerating further.

At Bank of America, we recognize that climate change poses a significant risk to our business, our clients and the communities where we live and work. As a global financial institution, we are working to meet regulatory expectations on managing climate risk that apply to our international entities, including those under the supervision of the European Central Bank and the Bank of England. As part of this effort, we have developed methodologies to assess climate-related risks at the industry, country and obligor-level, as well as developing climate scenario stress test capabilities, among other initiatives.

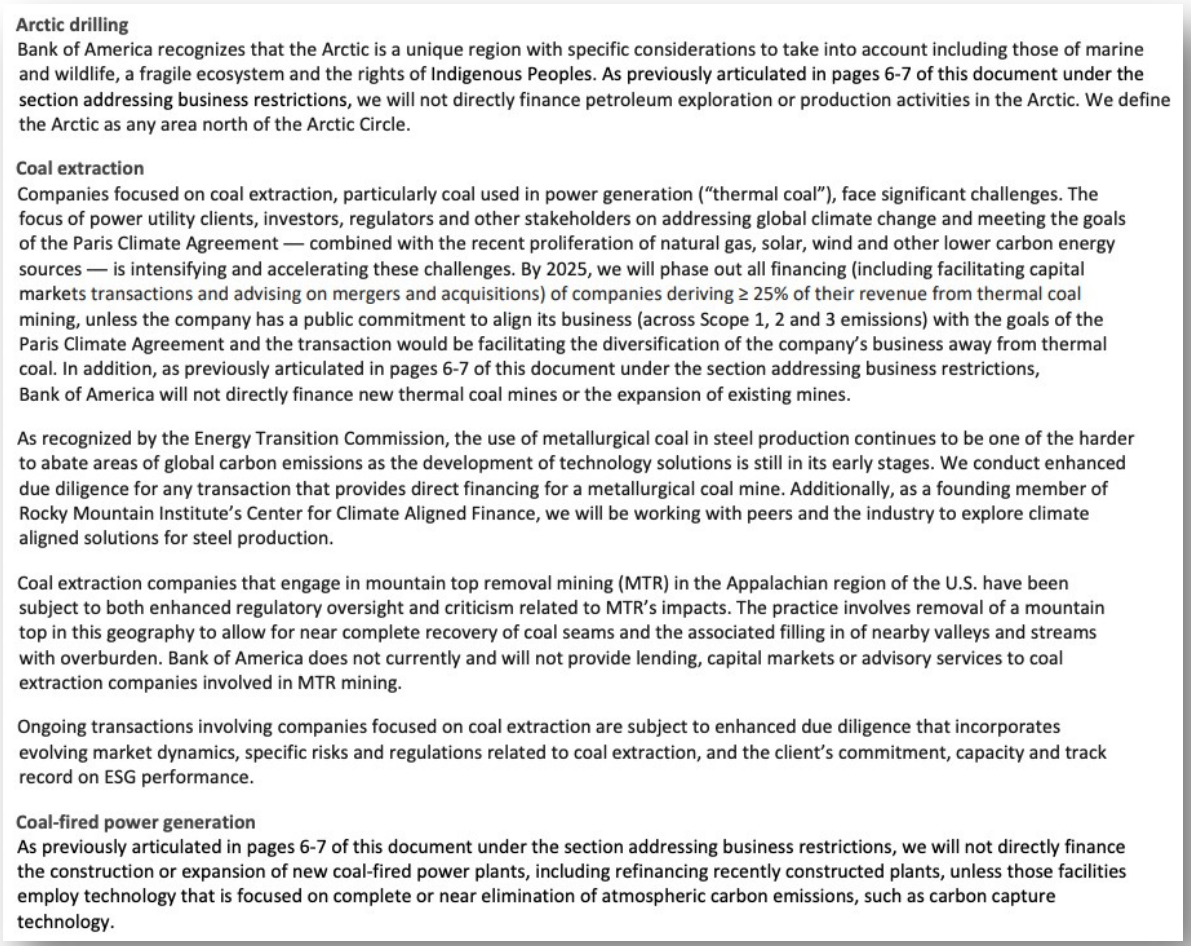
Addressing climate change and helping our clients and communities transition to low- and no-carbon technologies and business models also presents a substantial opportunity for us. As one of the world's largest financial institutions, we have a responsibility and an important role to play in helping to mitigate and build resilience to climate change by using our expertise, resources and influence. In alignment with more than 190 countries, we support the Paris Climate Agreement on climate change, its commitment to take action to keep global temperature rise this century to well below 2°C above pre-industrial levels, and its efforts to limit the temperature increase to no more than 1.5°C.

Bank of America set a goal to achieve net zero emissions from our operations, supply chain and financing activities before 2050, in alignment with the Paris Climate Agreement and climate science. Achieving this goal will be challenging: our success will require technological advances, clearly defined roadmaps for industry sectors, public policies that improve cost of capital for net zero transition and better emissions data reporting. And it will require ongoing, strong and active engagement with clients, suppliers, investors, government officials and other stakeholders. In July 2020, we joined the Partnership for Carbon Accounting Financials (PCAF), to collaborate with other banks to determine a consistent methodology to assess and disclose emissions associated with our financing activities. We are working internally to collect data and implement the methodology requirements, which are not inconsequential. In 2021, we will continue to work to overcome these challenges. Once we feel confident in our calculations, we will set public goals to reduce emissions for key high-emitting portfolios, including energy and power utilities, in line with climate science and the Paris Climate Agreement.

Meeting the goals of the Paris Climate Agreement and our own net zero goal will require changes in all sectors of our economy, particularly the transformation of critical areas like energy, power and transportation. These changes will not be possible without supportive public policy and significant private investment. We are supportive of policies that will help accelerate investment in climate alignment and have continuously stated our support for a price on carbon. Carbon pricing regimes, including carbon taxes, are seen by many policymakers and business leaders as a critical step in promoting a shift to a low-carbon economy. Bank of America supports approaches to pricing carbon that are economy-wide and market-based.

7 ENVIRONMENTAL AND SOCIAL RISK POLICY FRAMEWORK

https://web.archive.org/web/20220324035025/https:/about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-framework-report.pdf (p. 7)



Arctic drilling

Bank of America recognizes that the Arctic is a unique region with specific considerations to take into account including those of marine and wildlife, a fragile ecosystem and the rights of Indigenous Peoples. As previously articulated in pages 6-7 of this document under the section addressing business restrictions, we will not directly finance petroleum exploration or production activities in the Arctic. We define the Arctic as any area north of the Arctic Circle.

Coal extraction

Companies focused on coal extraction, particularly coal used in power generation ("thermal coal"), face significant challenges. The focus of power utility clients, investors, regulators and other stakeholders on addressing global climate change and meeting the goals of the Paris Climate Agreement — combined with the recent proliferation of natural gas, solar, wind and other lower carbon energy sources — is intensifying and accelerating these challenges. By 2025, we will phase out all financing (including facilitating capital markets transactions and advising on mergers and acquisitions) of companies deriving ≥ 25% of their revenue from thermal coal mining, unless the company has a public commitment to align its business (across Scope 1, 2 and 3 emissions) with the goals of the Paris Climate Agreement and the transaction would be facilitating the diversification of the company's business away from thermal coal. In addition, as previously articulated in pages 6-7 of this document under the section addressing business restrictions, Bank of America will not directly finance new thermal coal mines or the expansion of existing mines.

As recognized by the Energy Transition Commission, the use of metallurgical coal in steel production continues to be one of the harder to abate areas of global carbon emissions as the development of technology solutions is still in its early stages. We conduct enhanced due diligence for any transaction that provides direct financing for a metallurgical coal mine. Additionally, as a founding member of Rocky Mountain Institute's Center for Climate Aligned Finance, we will be working with peers and the industry to explore climate aligned solutions for steel production.

Coal extraction companies that engage in mountain top removal mining (MTR) in the Appalachian region of the U.S. have been subject to both enhanced regulatory oversight and criticism related to MTR's impacts. The practice involves removal of a mountain top in this geography to allow for near complete recovery of coal seams and the associated filling in of nearby valleys and streams with overburden. Bank of America does not currently and will not provide lending, capital markets or advisory services to coal extraction companies involved in MTR mining.

Ongoing transactions involving companies focused on coal extraction are subject to enhanced due diligence that incorporates evolving market dynamics, specific risks and regulations related to coal extraction, and the client's commitment, capacity and track record on ESG performance.

Coal-fired power generation

As previously articulated in pages 6-7 of this document under the section addressing business restrictions, we will not directly finance the construction or expansion of new coal-fired power plants, including refinancing recently constructed plants, unless those facilities employ technology that is focused on complete or near elimination of atmospheric carbon emissions, such as carbon capture technology.

https://web.archive.org/web/20220324035025/https:/about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-framework-report.pdf (p. 11)

Consumers' Research
established 1929

Setting 2030 targets for financing activities

To develop emission reduction targets related to its financing activity, Bank of America drew from its understanding of climate science and the guidance provided by industry collaborations in which the company participates including the Net-Zero Banking Alliance and the Sustainable Markets Initiative.

Bank of America's targets initially cover emissions related to its committed credit exposure to clients in auto manufacturing, energy and power generation. For each of these sectors, the company has set targets based on emissions intensity, calculated on a weighted average for each portfolio of clients:

- Auto manufacturing 2030 targets:
  Reduce intensity 44% gCO_2e/km (Scope 1, Scope 2 and end use Scope 3 carbon emissions)
- Energy 2030 targets:
  Reduce intensity 42% gCO_2e/MJ (Scope 1 and Scope 2 emissions)
  Reduce intensity 29% gCO_2/MJ (End use Scope 3 carbon emissions)
- Power generation 2030 target:
  Reduce intensity 70% kgCO2/MWh (Scope 1 carbon emissions)

Full details on the targets can be found in the company's Approach to Zero™.

https://newsroom.bankofamerica.com/content/newsroom/press-releases/2022/04/bank-of-america-announces-2030-financing-activity-targets-as-par.html

Consumers' Research
established 1929

Country Risk

In addition to the industry risk ratings, the Enterprise Credit Risk team uses a framework to assess climate-related risks to all countries in our coverage universe. Based on a proprietary methodology and expert judgment, and using a range of third-party indicators covering physical, transition and overall climate risk, countries are rated using the five categories previously mentioned for industry ratings (Very Low, Low, Moderate, High, Very High). Assigning climate scores to countries is relevant for understanding the potential physical (e.g., vulnerability to increased severity and frequency of extreme weather events) and transition (i.e., resulting from the process of adjustment toward a lower-carbon economy) risks faced by countries from climate change.

Climate and Environmental Risk Assessments

Given the complexities of assessing climate-related risk at a borrower level, we have created a Center of Excellence to steer the ongoing implementation of borrow-level climate and environmental risk assessments (CERAs). The Center of Excellence conducts CERAs as per our internal policies governing applicability and scope, which are based on factors such as the degree of sector/subsector climate risk, the amount of committed credit exposure and the LOB managing the relationship among other considerations. The CERA considers both industry physical and transition risk ratings and country climate risk classifications, where relevant, and provides additional insight into a borrower's response to climate and environmental risks, including the incorporation of mitigating factors such as insurance and management plans and expertise. The following assessment factors are leveraged to generate a CERA score at the borrower level:

A. Management awareness of climate risk and company disclosures

B. Physical risk vulnerabilities

C. Transition risk vulnerabilities

D. Risk mitigation and strategy

The CERA score is then integrated into the underwriting and credit risk lifecycle. Additionally, as mentioned previously, CERA scores for borrowers in scope of our 2030 Financing Activity Targets are integrated into our target management framework.

Consumer and Small Business

Consumer and Small Business have developed a plan to identify, measure and monitor physical and transition-related climate risk. For example, we are leveraging physical risk data to develop models to support improved portfolio and geographic monitoring and scenario exercises. Current efforts are focused on identifying and quantifying key risks for Home Loans and Consumer Vehicle Lending businesses, and in target state, relevant metrics will be embedded in ongoing business monitoring routines across all products.

Market and Liquidity Risk

Climate-related impacts to Market and Liquidity Risk continue to be measured and monitored at the issuer and portfolio level. Market risk sensitivities and price impacts are aggregated by sector and geographies across various asset classes including commodities, fixed income and equities, to identify and monitor climate-sensitive concentrations. This leverages both industry and country climate risk classifications described in the Credit Risk section above. Where applicable, country climate risk classifications are used to aggregate risk sensitivities for rates, foreign exchange and sovereign trading instruments into climate-sensitive exposures.

Risk assessments are conducted to analyze client behavior before, during and immediately following physical climate events. These assessments provide benchmarks for sensitivity and scenario analysis, help to identify the transmission channel mechanisms by which climate risk drivers affect liquidity, and identify the specific capabilities needed to better analyze how the Company's liquidity risk profile changes in a climate stress event.

Compliance and Operational Risk

The Company regularly assesses the operational and compliance risks of climate change across the enterprise. A dedicated Climate Change coverage team executes this assessment by reviewing inherent risk, the control environment and residual risk based on independent coverage activities including monitoring, tracking of issue trends and operational loss analysis.

The climate regulatory landscape continues to evolve. Globally, regulators have published prudential guidelines for managing climate-related risks as well as requirements for disclosing climate risk data and information on how this risk is being managed. Applicability of the guidance and requirements to the Company and its subsidiaries varies across jurisdictions. Our compliance teams source new and changed laws, rules, regulations and regulatory guidance through multiple channels and assess the applicability and impact of those changes to the Company. Teams across the Company conduct gap assessments and create implementation plans, as needed, to drive compliance in the required time frames.

The Company considers the risks posed by physical climate events and the chronic impacts of climate change in business continuity and resilience planning. The operational risk team monitors business continuity controls in countries identified as having high climate risk.

Reputational and Strategic Risk

Bank of America proactively identifies and monitors reputational risk arising from climate and broader sustainability risks through regional and LOB reputational risk committees. Additionally, LOBs and CFs leverage the Company's Environmental and Social Risk Policy Framework, which provides clarity and transparency around how we manage environmental and social risks, to assess potential climate-related environmental risks associated with transactions and business decisions more likely to result in reputational risk.

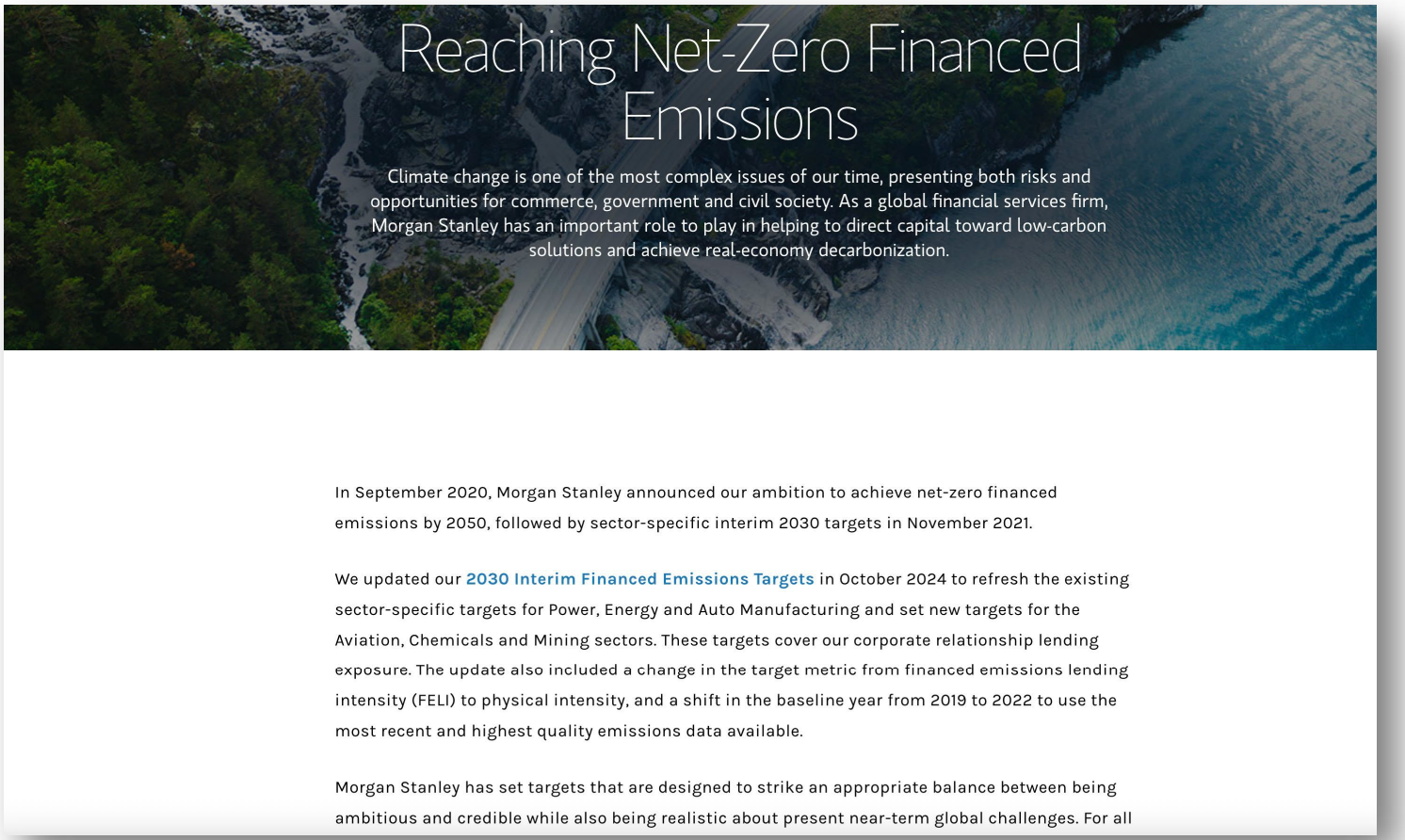
The Company's Strategic Plan, which is aligned with the capital, liquidity and financial planning processes, includes climate-related risks and opportunities identified by each LOB or CF. Through strategic risk governance routines, we continuously evaluate changes to the internal and external environment by assessing our strengths, weaknesses, opportunities and threats related to climate risk, which includes leveraging the perspective of external experts.

Information about these risks is included in regular Risk Management updates to our Board and senior management.

https://about.bankofamerica.com/content/dam/about/report-center/esg/2023/2023_TCFD_Report.pdf (p. 42)

Consumers' Research
established 1929

Morgan Stanley



Reaching Net-Zero Financed Emissions

Climate change is one of the most complex issues of our time, presenting both risks and opportunities for commerce, government and civil society. As a global financial services firm, Morgan Stanley has an important role to play in helping to direct capital toward low-carbon solutions and achieve real-economy decarbonization.

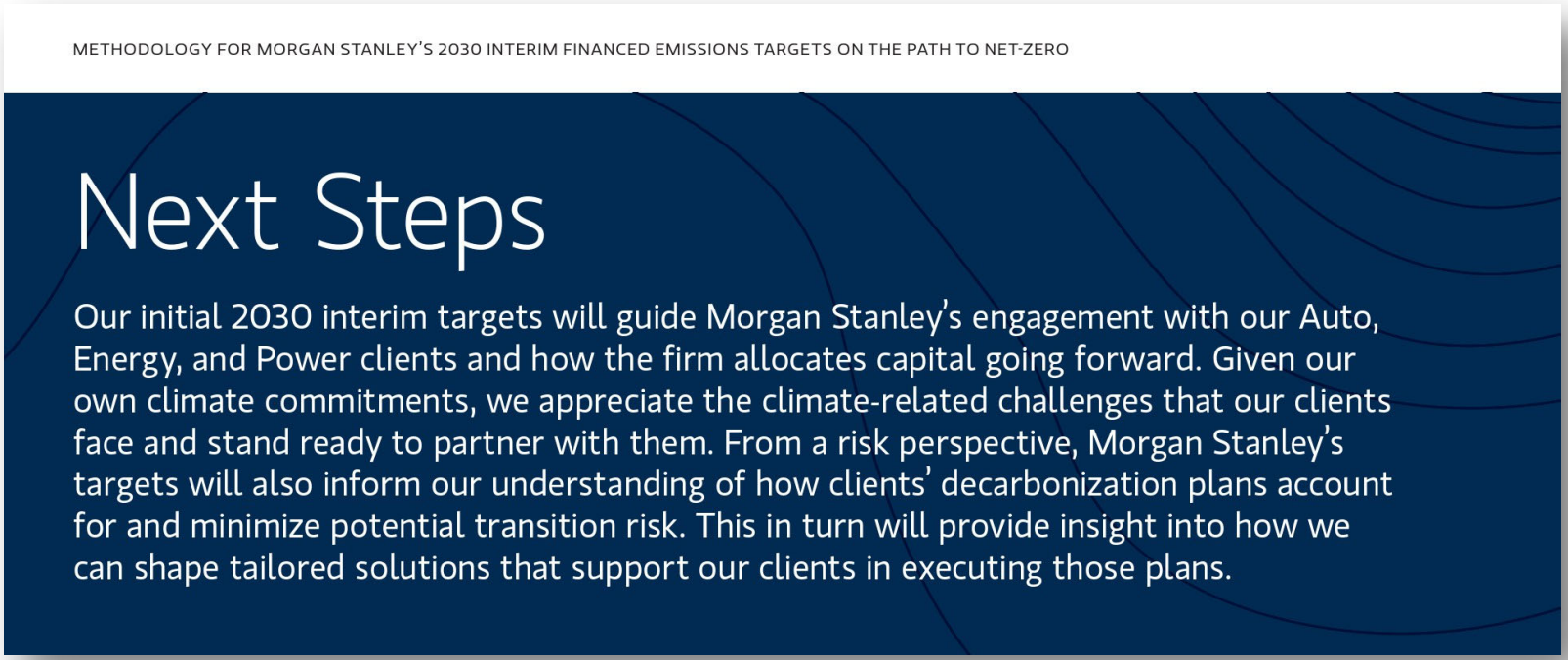
In September 2020, Morgan Stanley announced our ambition to achieve net-zero financed emissions by 2050, followed by sector-specific interim 2030 targets in November 2021.

We updated our **2030 Interim Financed Emissions Targets** in October 2024 to refresh the existing sector-specific targets for Power, Energy and Auto Manufacturing and set new targets for the Aviation, Chemicals and Mining sectors. These targets cover our corporate relationship lending exposure. The update also included a change in the target metric from financed emissions lending intensity (FELI) to physical intensity, and a shift in the baseline year from 2019 to 2022 to use the most recent and highest quality emissions data available.

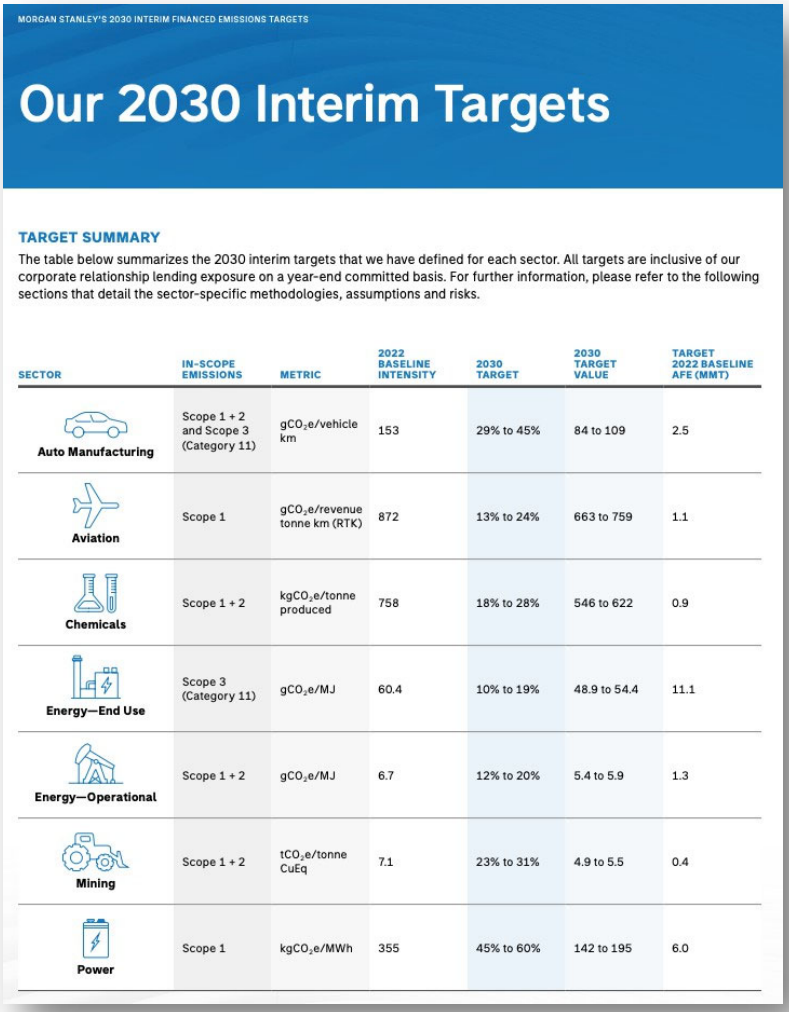
Morgan Stanley has set targets that are designed to strike an appropriate balance between being ambitious and credible while also being realistic about present near-term global challenges. For all

https://www.morganstanley.com/about-us/sustainability-at-morgan-stanley/net-zero-financed-emissions

Consumers' Research
established 1929



https://www.morganstanley.com/content/dam/msdotcom/about-us/netzero/Morgan-Stanley-Net-Zero-Target-Methodology.pdf (p. 11)



MORGAN STANLEY'S 2030 INTERIM FINANCED EMISSIONS TARGETS

Our 2030 Interim Targets

TARGET SUMMARY

The table below summarizes the 2030 interim targets that we have defined for each sector. All targets are inclusive of our corporate relationship lending exposure on a year-end committed basis. For further information, please refer to the following sections that detail the sector-specific methodologies, assumptions and risks.

SECTOR	IN-SCOPE EMISSIONS	METRIC	2022 BASELINE INTENSITY	2030 TARGET	2030 TARGET VALUE	TARGET 2022 BASELINE AFE (MMT)
Auto Manufacturing	Scope 1 + 2 and Scope 3 (Category 11)	gCO_2e/vehicle km	153	29% to 45%	84 to 109	2.5
Aviation	Scope 1	gCO_2e/revenue tonne km (RTK)	872	13% to 24%	663 to 759	1.1
Chemicals	Scope 1 + 2	$kgCO_2e$/tonne produced	758	18% to 28%	546 to 622	0.9
Energy—End Use	Scope 3 (Category 11)	gCO_2e/MJ	60.4	10% to 19%	48.9 to 54.4	11.1
Energy—Operational	Scope 1 + 2	gCO_2e/MJ	6.7	12% to 20%	5.4 to 5.9	1.3
Mining	Scope 1 + 2	tCO_2e/tonne CuEq	7.1	23% to 31%	4.9 to 5.5	0.4
Power	Scope 1	$kgCO_2e$/MWh	355	45% to 60%	142 to 195	6.0

https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_2024_Net-Zero_Methodology_Report_10.pdf (p. 5)



Introduction

Climate change is one of the most complex issues of our time, presenting both risks and opportunities for commerce, government and civil society. As a global financial services firm, Morgan Stanley has an important role to play in helping to direct capital toward low-carbon solutions and achieve real-economy decarbonization.

For over a decade, we have considered climate change in our business, operations and risk management activities. Our guiding principles for the climate transition, as published in our 2023 ESG Report, will continue to be thoughtful, independent and pragmatic, with the best interests of our clients, shareholders and other stakeholders in mind.

In September 2020, we announced an ambition to achieve net-zero financed emissions by 2050, followed by sector-specific interim targets in November 2021. We are now refreshing our existing targets (for Power, Energy and Auto Manufacturing) and setting new targets for three additional sectors (Aviation, Chemicals and Mining).[1]

Our revised and new targets cover our corporate relationship lending exposure. Over time, we will assess our facilitated emissions and also include capital markets and event lending activities in our targets, updating our methodology as appropriate.[2]

This report summarizes the methodology we apply to creating and implementing our 2030 interim targets. It also outlines how we will work pragmatically toward reducing our financed emissions, in partnership with our clients.

Since we set our net-zero targets in September 2020, the collective efforts of the public and private sectors have worked to address the impacts of climate change. Billions of dollars in capital have been directed toward the development and deployment of climate solutions; the cost of many decarbonization technologies continues to decrease; and new laws have been passed that should help bend the global greenhouse gas emissions curve downward over time.

However, current government policies, technology adoption and consumption habits are not yet aligned with the Paris Agreement's ambition to limit the global temperature increase to 1.5°C above pre-industrial levels. Without sufficient change in the aforementioned factors in the coming years, our clients, and our firm, may not meet net-zero-aligned targets.

That said, we remain steadfast in our commitment to net-zero and will continue to engage with clients on climate transition strategies to help move the world to net-zero emissions by 2050. We strive to make progress toward our 2030 interim financed emissions targets and contribute to real-economy decarbonization by providing our clients with the advice and capital required to transform business models and reduce carbon intensity.

Our current 2030 goals reflect our best efforts at this point in time. However, we must acknowledge the limitations and challenges faced given the constantly evolving nature of data. These challenges can encompass company-reported data (such as low disclosure rates, changing methodologies and prior period restatements); availability of science-based decarbonization pathways; subjectivity of third-party vendor estimates and adjustments; and time lags in the release of relevant data. As climate-related data continues to develop and climate science evolves, we may reassess and update our methodologies and targets, as appropriate.

For more information on our firmwide approach to climate change, including governance, strategy and operational goals, please see our latest ESG Report here.

[1] Although the disclosures in this report, including the interim targets, may be considered significant or material based on disclosure recommendations and broader definitions of "materiality" used by certain voluntary frameworks and reporting guidelines or those in non-U.S. jurisdictions, this should not be read as equating to materiality as that concept is used in Morgan Stanley's periodic filings with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Please refer to the Disclaimers section of this report for more information.

[2] Our original FELI targets included corporate relationship and event lending, whereas our new targets will include relationship lending only. The short term nature of event lending makes it more aligned with capital markets activities and thus will be incorporated into future facilitated emissions targets.

MORGAN STANLEY 3

https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_2024_Net-Zero_Methodology_Report_10.pdf (p. 3)