

1. While fossil fuel companies are often assigned the bulk of the blame for driving and profiting from climate change, they share that responsibility with the world's big banks. Banks make money by leveraging or "borrowing" money from their depositors to make loans to both individual and corporate borrowers. Many of the largest borrowers from big banks include fossil fuel companies which use their bank financing to sustain and expand their high-carbon emitting operations.
2. The world's [60 largest banks have poured \\$3.8T into new and existing fossil fuel projects since 2015](#) when world leaders signed the Paris Agreement committing all countries to cutting their fossil fuel emissions in half by 2030. As fossil fuel combustion accounted for [74% alone of total U.S. emissions in 2019](#), the country and world cannot achieve this goal without decreasing the volume of fossil fuels it develops and deploys. Yet banks are doing the opposite of what is necessary, logging record increases in the total sums they invest, lend and use to underwrite new and existing fossil fuel projects since 2015. In fact, banks allocated 39% of their \$3.8T in fossil fuel financing to the world's 100 least sustainable fossil fuel companies that are pursuing the biggest plans to expand their fossil fuel production. In May, 2021, The International Energy Agency (IEA) said that [reaching net-zero by 2050 requires there can be "no investment in new fossil fuel supply projects"](#).
3. Sustainable finance commitments are important; however, they don't offset/counteract fossil fuel financing. If a bank is committed to sustainable finance, their contribution is undermined by the money they're pouring into fossil fuels
 - a. For example: JPMC's \$55B in green financing last year (not all climate related) was more than neutralized by the \$51B they poured into fossil fuel infrastructure and expansion
 - b. Several banks tout their sustainable finance commitments; however, most commitments are widely viewed as greenwashing as the core of these commitments lack concrete actions to minimize climate change on a Paris-aligned timeline, which science requires.
4. Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products, investments, and overall footprint are more environmentally sound than they are. Activists refer to business initiatives that reduce reputational risks more than climate change as "greenwashing".
 - a. "Many of those banks are making 2050 commitments to align with the Paris Agreement when they need to act now on fossil fuels. Any bank that makes a 'net zero by 2050' policy commitment and then treats it as a license to continue with business as usual is guilty of greenwashing." - Ginger Cassady, the executive director of Rainforest Action Network.
5. Across the world, governments and companies, specifically banks, have pledged to conserve and plant a massive number of trees as a solution to mitigate climate change as plants absorb CO2 from the atmosphere. The fact is, [offsetting carbon using trees is not a solution](#) as there isn't enough real estate in the world to offset our current carbon emissions, and there never will be. While banks' focus on carbon capture technologies is

important, it is not a solution or replacement for science-informed efforts to halve emissions by 2030.

6. Some clients may choose to specify that their personal dollars cannot be used to invest or otherwise finance fossil fuel – or other unsustainable – companies. However, until the majority of institutional as well as individual clients direct banks not to allocate their funds to high-carbon emitting companies, the impact of these limits is minimal. On average, \$1 of every \$10 you deposit with the largest US banks goes towards fossil fuel financing (JPMorgan Chase, Citibank, Wells Fargo, Bank of America, Morgan Stanley, and Goldman Sachs).
7. According to a report published by CDP, [Banks Produce 700 Times More Emissions From Loans Than Offices](#) and direct emissions through investing, lending, and underwriting activities. Bank's operational emissions (the sum of their Scope 1 and 2 emissions) amount to only a fraction of their Scope 3, or financed emissions, yet many banks tout their "operational sustainability" as a way of greenwashing their environmental and climate profiles and obscuring the total emissions for which they bear responsibility.
8. There are 5 main industry standard frameworks that banks can commit to – GFANZ, PCAF, PACTA, TCFD, and UN PRB
 - a. While making commitments to GFANZ, PCAF, TCFD, and UN PRB are important for consistency and accountability, they are still highly insufficient in aligning with the Paris Agreement's 1.5-degree pathway and are often a way for banks to check the box and tout their "commitment" to sustainability while continuing to fund new and existing fossil fuel projects.

WHERE WE WERE Global Climate Action Commitments As of January 2020								
Bank	Global Ranking (1st being the biggest offender)	Total Fossil Fuel Financing Since 2015	Task Force on Climate-Related Financial Disclosures (TCFD)	Glasgow Financial Alliance for Net Zero (GFANZ)	Partnership for Carbon Accounting Financials (PCAF)	Paris Agreement Capital Transition Assessment (PACTA)	UN Principles for Responsible Banking (UNPRB)	Commitment to Net-Zero Emissions by 2050
JPMorgan Chase	1	\$317B	☒	☐	☐	☐	☐	☐
Citibank	2	\$237B	☒	☐	☐	☐	☐	☐
Wells Fargo	3	\$223B	☒	☐	☐	☐	☐	☐
Bank of America	4	\$198B	☒	☐	☐	☐	☐	☐
Morgan Stanley	12	\$111B	☒	☐	☐	☐	☐	☐
Goldman Sachs	15	\$101B	☒	☐	☐	☐	☐	☐
Credit Suisse	19	\$82B	☒	☐	☐	☐	☐	☐

WHERE WE ARE Global Climate Action Commitments As of November 2021								
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Wells Fargo	3	\$223B	☒	☒	☐	☐	☐	☒
Bank of America	4	\$198B	☒	☒	☒	☐	☐	☒
Morgan Stanley	12	\$111B	☒	☒	☒	☒	☐	☒
Goldman Sachs	15	\$101B	☒	☒	☐	☐	☒	☒
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			WHERE WE NEED TO BE Global Climate Action Commitments As of November 2021					
			Commitment to Immediately End Fossil Fuel Expansion* <i>*Financing for all new FF projects</i>	Commitment to Net-Zero Emissions by 2040	Commitment to Halve Absolute Emissions by 2030	Commitment to Phase Out All Fossil Fuel Financing (Old + New) on a Paris 1.5-Degree-Aligned Timeline	Commitment to Align with the Paris Agreement's 1.5-Degree Pathway	Commitment to Integrate the findings of the IEA Net Zero scenario into climate strategies
JPMorgan Chase	1	\$317B	☐	☐	☐	☐	☐	☐
Citibank	2	\$237B	☐	☐	☐	☐	☐	☐
Wells Fargo	3	\$223B	☐	☐	☐	☐	☐	☐
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9. Climate Risk IS Financial Risk which IS the domain of banks: Fossil fuel assets could be the new carbon bubble similar to the subprime mortgage bubble.

a. Stranded Assets

- i. There are enough fossil fuel reserves in the world to take us past 4°C of warming, far surpassing the 1.5° threshold needed to avoid the most catastrophic effects of climate change. This “unburnable carbon” is at high risk of regulation that will restrict its access, heightening the risk that carbon assets become stranded assets for the companies and banks that bet on them.

b. Carbon Bubble

- i. A [report](#) from the Rousseau Institute studied 11 of the largest banks in the Eurozone and found that if fossil fuel assets were to lose 80% of their value in the event of a rapid green transition (similar to the subprime mortgage crisis), it would nearly exhaust the equity of some banks, like Duetsche, and that other banks, like Crédit Agricole, would not have sufficient equity to cover their losses.

10. Getting energy from wind and solar is now cheaper than getting energy from existing coal and gas plants.

a. Wind power was 71% cheaper in 2020 than 2009.*

b. Cost of solar energy has dropped by 90%.*

*Source: <https://environmentamerica.org/blogs/environment-america-blog/ame/it%E2%80%99s-2021-and-clean-energy-cheaper-ever>
[Investors demand returns four times higher from coal than renewable energy](#)

- c. Investors demand a return of 40% on coal investments vs 10-11% on wind and solar energy projects - based on the risk they'll become stranded assets, according to a [study done by University of Oxford](#).