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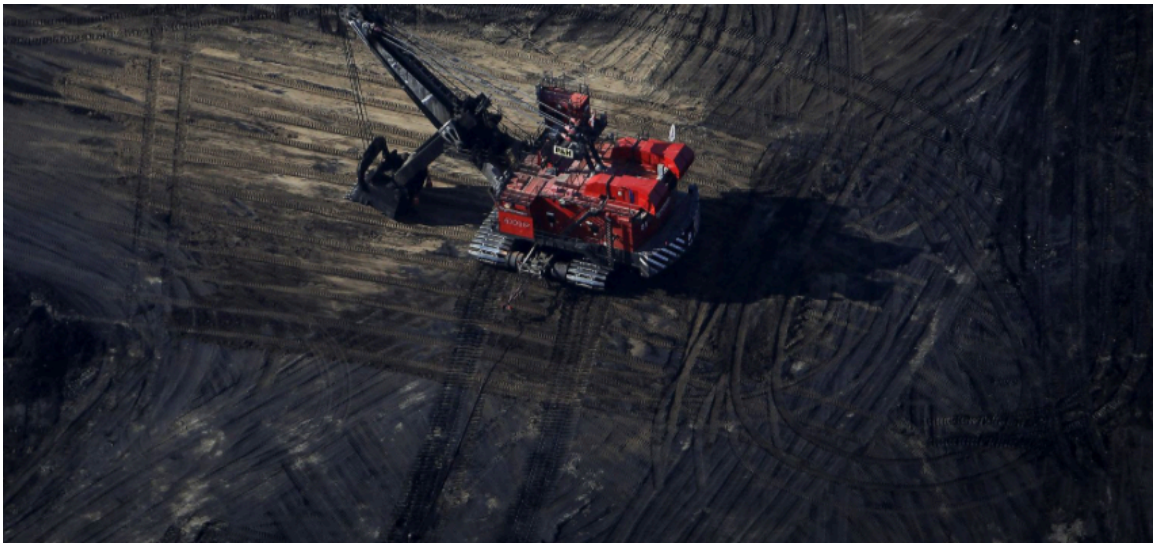

Climate Changed

JPMorgan Facing Shareholder Backlash Over Oil Sands Financing

Eric Roston
March 23, 2018, 12:29 PM PDT

- Bank seeks SEC approval to drop request for oil-sands review
- Shareholder groups cite other banks' financing restrictions

JPMorgan Chase & Co. considers itself a leader among banks fighting climate change. Chief Executive Officer Jamie Dimon lauded the 2015 global Paris accord, and the bank has committed to buying and financing clean energy, as well as reducing its coal-industry work.

Yet the bank is the top U.S. lender and financier to oil-sands producers and pipeline companies, according to some shareholders who want the company to disclose the risks.

Among the most carbon-heavy forms of petroleum, oil-sands production has also disrupted indigenous communities and leveled forests. That's why shareholder groups in December proposed a resolution that would prod the

company to tell the world about financial risks it may face from these investments.

Financing by JPMorgan to oil-sands producers and pipeline companies totaled $8.4 billion from 2014 through the third-quarter of 2017, according to the proposed resolution, which asks the bank to prepare a report on the losses it might face if oil isn't produced, whether the financing is consistent with the 2015 Paris climate change accord and the bank's policy on indigenous people's rights and if adopting a policy similar to other banks would reduce its risk.

The bank has resisted putting the resolution to a vote of shareholders. It was not listed in JPMorgan's preliminary proxy, which was released this week, and the bank sought informal assurance from the Securities and Exchange Commission that it wouldn't fault the bank if it drops the proposal. The resolution amounts to micromanagement, would interfere with "ordinary business operations," and be therefore inappropriate according to SEC rules, the bank argues in a Jan. 12 letter.

The shareholders said that they are not requesting a company policy to limit or ban oil-sands financing, only an assessment of the oil-sands work -- both on its merits and relative to larger societal debates. The request is consistent with increasing attention given to climate change in the financial sector, they wrote.

Michael Passoff, chief executive officer of Proxy Impact, which is the lead group working with shareholders, said that in his experience companies tend to include a disputed resolution in their preliminary proxies when the SEC has not weighed in. In a first for him, JPMorgan has not included it.

JPMorgan and the SEC both declined to comment.