United States Senate
WASHINGTON, DC 20510

May 19, 2025

Brian Moynihan
Chief Executive Officer
Bank of America
100 North Tryon Street,
Charlotte, NC 28255

Dear Mr. Moynihan:

We write regarding our concerns over Bank of America's decision to backtrack on its climate risk management strategy in response to political pressure from Republicans organized by the fossil fuel industry. Bank of America has long claimed to support the Paris Climate Agreement and pledged to contribute net zero greenhouse gas emissions in its financing, operation, and supply chain by 2050.[1] In 2021, the Bank pledged to stop financing new coal mines, coal-fired power plants, and Arctic oil and gas drilling projects, as well as to achieve net zero greenhouse gas emissions in its financing activities, operations, and supply chain before 2050.[2]

Recently, however, Bank of America reversed key climate risk management initiatives, including its commitments to cease financing coal mines, coal-fired power plants, and oil and gas drilling in the Arctic. It also suspended its participation in two international climate and sustainability organizations: the Equator Principles and the Net-Zero Banking Alliance (NZBA). In 2024, stopped listing itself as a signatory of the Equator Principles,[3] Finally, in January 2025, Bank of America pulled out of the NZBA.[4] Accordingly, we seek information and documents to help us understand why Bank of America appears to have abandoned its climate risk management strategy.

The Equator Principles, which Bank of America adopted in 2004, are commonsense environmental and human rights standards for fossil fuel financing; currently 129 institutions are signatories of the Principles.[5]

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[1] "Environmental Sustainability," Bank of America, accessed March 14, 2025, https://about.bankofamerica.com/en/making-an-impact/environmental-sustainability

[2] Bank of America, *supra* note 2.

[3] *Bank of America Corporation Environmental and Social Risk Policy (ESRP) Framework,* Bank of America (Dec. 2023) https://about.bankofamerica.com/content/dam/about/pdfs/environmental-and-social-risk-policy-december-2023.pdf/; Simon Jessop, Isla Binnie & Ross Kerber, "Leading U.S. banks leave ESG project finance group," *Reuters* (Mar. 6, 2024), https://www.reuters.com/business/finance/jpmorgan-citi-wells-boa-are-no-longer-signatories-equator-principles-website-2024-03-05/

[4] Zoya Mirza, "Bank of America, Citigroup, Morgan Stanley latest to exit Net-Zero Banking Alliance," *ESG Dive* (Jan. 3, 2025), https.www.esgdive.com/news/bank-of-america-citigroup-morgan-stanley-exit-nzba/736455/.

[5] Financial institutions that incorporate the Equator Principles agree to assess human rights and climate change risks, report their carbon pollution, engage impacted Indigenous Peoples and other stakeholders, and establish grievance mechanisms for potential damage. Andrew Hardenbrook, "The Equator Principles: The Private Financial Sector's Attempt at Environmental Responsibility," Vanderbilt Law Review 40, no. 1 (2021): 197, accessed March 13, 2025, https://scholarship.law.vanderbilt.edu/vjtl/vol40/iss1/4; https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf.

The NZBA is an industry association that encourages banks to account for the long-term costs of funding fossil fuels.[6] When joining the NZBA, banks commit to "transition all operational and attributable GHG emissions from [their] lending and investment portfolios to align with pathways to net-zero by mid-century, or sooner." [7] Membership in NZBA has now reached 134 banks in 44 countries, representing $54 trillion in total assets.[8] A 2023 Federal Reserve Bank of New York staff report found that U.S. banks that had joined NZBA, compared to non-signatory banks, reduced their climate-related risk exposures by decreasing lending to carbon intensive industries that are likely to be adversely affected by the energy transition.[9]

Bank of America's retreat from its climate risk management strategy poses risks to the U.S. financial system and broader economy given Bank of America's designation as a systemically important financial institution (SIFI) and the increasing likelihood that climate change poses systemic risks to the economy.

First, there is the matter of immediate economic losses associated with climate-related natural disasters including more intense hurricanes, flooding, and wildfires. It is estimated that the devastating wildfires in Los Angeles could result in up to $275 billion in damages[10] and the total economic costs from Hurricanes Helene and Milton could exceed $400 billion.[11] Studies have also shown that climate change and major natural disasters increase the likelihood of a bank to default.[12]

Second, extreme weather events such as worsening wildfires in California and more intense hurricanes are already affecting insurance markets.[13] In 2023 and 2024, the Senate Budget Committee—led by then-Chairman Whitehouse—requested national, county-level non-renewal data from more than 40 insurance companies. The data obtained by the Committee showed that the counties in the highest quintiles for climate risk also had the highest non-renewal rates, an early warning sign of market destabilization. One thing is certain: unless the United

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[6] Saijel Kishan and Alastair Marsh, "Wall Street Banks Keep Quitting Major Climate Alliance," Bloomberg, January 4, 2025, accessed March 13, 2025, https://www.bloomberg.com/news/articles/2025-01-04/wall-street-banks-keep-quitting-major-climate-alliance.; *Net-Zero Banking Alliance*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/.

[7] Net-Zero Banking Alliance: Principles for Responsible Banking Commitment Statement, United Nations Environment Programme Finance Initiative, March 2023, accessed March 13, 2025, https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/10-NZBA-PRB-Commitment-statement-D3.pdf.

[8] *Net-Zero Banking Alliance Members*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/members/.

[9] *"Climate Change and Financial Stability,"* Federal Reserve Bank of New York Staff Reports, no. 1058, September 2023, accessed March 13, 2025, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1058.pdf.

[10] *"AccuWeather Estimates More Than $250 Billion in Damages and Economic Loss from LA Wildfires,"* AccuWeather, January 13, 2025, accessed March 13, 2025, https://www.accuweather.com/en/weather-news/accuweather-estimates-more-than-250-billion-in-damages-and-economic-loss-from-la-wildfires/1733821.

[11] *"Helene and Milton Damage Is Just the Start of the Climate Tab," Bloomberg*, October 28, 2024, accessed March 13, 2025, https://www.bloomberg.com/opinion/articles/2024-10-28/helene-and-milton-damage-is-just-the-start-of-climate-change-costs.

[12] Yuna Heo, *Climate Change and Bank Default*, February 11, 2024, accessed March 13, 2025, SSRN, http://dx.doi.org/10.2139/ssrn.4722776; Jeroen Klomp, "Financial Fragility and Natural Disasters: An Empirical Analysis," *Journal of Financial Stability* 13 (2014): 180–192, accessed March 13, 2025, https://doi.org/10.1016/j.jfs.2014.06.001.

[13] *"Tampa-Based Slide to Obtain Scores of Farmers Insurance Policies," Axios Tampa Bay*, October 17, 2023, accessed March 13, 2025, https://www.axios.com/local/tampa-bay/2023/10/17/slide-farmers-insurance-policies; *"Louisiana Assignment of Benefits Ban a Win for Insureds & Carriers," CRC Group*, October 23, 2023, accessed March 13, 2025, https://www.crcgroup.com/Tools-Intel/post/louisiana-assignment-of-benefits-ban-a-win-for-insureds-carriers; *"Insurance in California Is Changing. Here's How It May Affect You," KQED*, accessed March 13, 2025, https://www.kqed.org/science/1985175/insurance-in-california-is-changing-heres-how-it-may-affect-you.

States and the world rapidly transition to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever-higher premiums. If insurance becomes impossible to find or prohibitively expensive, property values likely will plunge, and more homes and businesses likely will default on their loans and mortgages, risking a full-scale financial crisis similar to what occurred during the 2007-2008 mortgage meltdown and ensuing global financial crisis.[14] Indeed, Fed Chair Jerome Powell recently testified to the Senate Banking Committee that insurers are "pulling out of coastal areas, areas where there are a lot of fires." He predicted that in "10 or 15 years there are going to be regions of the country where you can't get a mortgage."[15]

Third, climate change-driven extreme weather events can lead to disruptions in supply chains, falling crop yields, and adverse health effects that can put an indirect damper on economic activity and amplify financial risks.[16] Bank of America's analysts already recognize these risks, noting that "[w]ithout a sharp reduction in carbon emissions, temperatures could rise by over 3 degrees Celsius above preindustrial levels by the end of this century, which could in turn decrease global GDP by an estimated 25%."[17] A report by Ceres found that indirect risks constitute two-thirds of banks' physical risk.[18] Damages to infrastructure, agriculture, property, and human health already cost the world $143 billion per year between 2010 to 2019—that is $16.3 million per hour—and could cost the world between $1.7-3.1 trillion per year by 2050.[19] Research from *The Economist* estimates that losses to the global asset management industry from the direct and indirect physical risks of climate change will be between $4.2 trillion and $13.8 trillion by 2100.[20]

Fourth, an over-dependence on fossil fuels also creates transition risks, especially for fossil fuel investments. While major economies around the world are transitioning to clean energy, the U.S. is instead investing in fossil fuels, whose prices are propped up by global cartels and exclude negative externalities such as damages to properties, supply chains, infrastructure, and public health.[21] As the world decarbonizes and technological innovations make a green

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[14] Indeed, the former chief economist for Freddie Mac has written with respect to a climate change-driven decline in coastal property values that "[t]he economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession."; *"Life's a Beach: The Impact of Sea Level Rise on Coastal Housing,"* Freddie Mac, April 26, 2016, accessed March 13, 2025, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach; Christopher Flavelle, *"Climate Risk in the Housing Market Has Echoes of the Subprime Crisis, Study Finds," The New York Times*, September 27, 2019, accessed March 13, 2025, https://www.nytimes.com/2019/09/27/climate/mortgage-climate-risk.html; *"Climate Change and Financial Stability,"* Board of Governors of the Federal Reserve System, March 19, 2021, accessed March 13, 2025, https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html.

[15] Claire Boston, "Powell predicts a time when mortgages will be impossible to get in parts of US" Yahoo Finance, Feb. 15, 2025, accessed March 14, 2025, https://finance.yahoo.com/news/powell-predicts-a-time-when-mortgages-will-be-impossible-to-get-in-parts-of-us-190820841.html

[16] *"The Consequences of Physical Climate Risk for Banks,"* Ceres, accessed March 13, 2025, https://www.ceres.org/resources/reports/consequences-physical-climate-risk-banks.

[17] *"Climate Change and Financial Risks,"* Bank of America Private Bank, accessed March 13, 2025, https://www.privatebank.bankofamerica.com/articles/climate-change-financial-risks.html.

[18] *"The Consequences of Physical Climate Risk for Banks,"* Ceres, accessed March 13, 2025, https://www.ceres.org/resources/reports/consequences-physical-climate-risk-banks.

[19] *"Climate Loss and Damage Cost $16 Million per Hour," World Economic Forum*, October 2023, accessed March 13, 2025, https://www.weforum.org/stories/2023/10/climate-loss-and-damage-cost-16-million-per-hour/.

[20] *"The Cost of Inaction," The Economist Impact*, accessed March 13, 2025, https://impact.economist.com/perspectives/sites/default/files/The%20cost%20of%20inaction_0.pdf.

[21] *"The Long Arm of OPEC," Duke Stories*, accessed March 13, 2025, https://stories.duke.edu/the-long-arm-of-opec.

transition more financially attractive, fossil fuel assets could lose value.[22] Such a devaluation could prompt low-cost oil and gas producers to flood the global market, causing fossil fuel prices to collapse, endangering local and global economies, and creating financial instability.[23] This repricing can happen suddenly, and investors in fossil fuel assets will be the ones to suffer. In particular, the decarbonization of the European Union and East Asia could wipe out $1.4 trillion of value from fossil fuel assets.[24] Averting this carbon bubble requires a transition away from fossil fuels.

Concerningly, Bank of America's retreat from a sensible climate risk management strategy appears to be informed not by sound analysis of the risk climate change poses to its business, but rather by bad-faith attacks from the Republican Party and its fossil fuel allies.[25] It cannot be overstated the extent to which Republican attacks on climate risk management practices – frequently referred to as ESG by critics – were part of a campaign funded and orchestrated by the fossil fuel industry. Non-partisan watchdog organizations even uncovered proof that fossil fuel interests drafted and promoted state legislation targeting corporate ESG policies.[26] Public reporting also reveals the extent to which Republicans' anti-ESG campaign has been driven by the fossil fuel industry and its allies.[27]

Despite the highly suspect provenance of the anti-ESG campaign, multiple large financial institutions have referenced it as a reason for their retreat from managing climate risks.[28] For instance, as rationale for leaving Climate Action 100+, JP Morgan cited the organization's approach to proxy voting, a consistent target of Republican legislation aiming to change the industry's risk management practices.[29] Similarly, BlackRock stated in a client letter that it was leaving the Net Zero Asset Managers Initiative because, "our memberships in some of these organizations have caused confusion regarding BlackRock's practices and subjected us to legal inquiries from various public officials."[30]

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[22] *"Climate Change Threatens the Stability of the Financial System," Center for American Progress*, accessed March 13, 2025, https://www.americanprogress.org/article/climate-change-threatens-stability-financial-system/.
[23] *"Net Zero by 2050: A Roadmap for the Global Energy Sector," International Energy Agency*, accessed March 13, 2025, https://www.iea.org/reports/net-zero-by-2050.
[24] Ricke, Katharine, et al. *"Country-Level Social Cost of Carbon." Nature Climate Change* 12, no. 1 (2022): 1–6. Accessed March 13, 2025. https://www.nature.com/articles/s41558-022-01356-y.
[25] *"Morgan Stanley, Citi, Bank of America Join Others in Exiting Net-Zero Banking Alliance," ESG News*, accessed March 13, 2025, https://esgnews.com/morgan-stanley-citi-bank-of-america-join-others-in-exiting-net-zero-banking-alliance/; *"Big Banks on Climate Change as Investment Risk," Investopedia*, accessed March 13, 2025, https://www.investopedia.com/big-banks-on-climate-change-as-investment-risk-8774398; Eshe Nelson, *"Big Banks Quit Climate Change Groups Ahead of Trump's Term," The New York Times*, January 20, 2025, accessed March 13, 2025, https://www.nytimes.com/2025/01/20/business/trump-climate-action-banks.html; *"Big Banks Abandoned a Voluntary Climate Alliance—Now Critics Are Calling for New Laws," Wired*, accessed March 13, 2025, https://www.wired.com/story/big-banks-abandoned-a-voluntary-climate-alliance-now-critics-are-calling-for-new-laws/.
[26] *Anti-ESG and the Fossil Fuel Sector*, InfluenceMap, accessed March 14, 2025, https://influencemap.org/EN/report/Anti-ESG-and-the-Fossil-Fuel-Sector-21873
[27] David Gelles, "How Republicans Are 'Weaponizing' Public Office Against Climate Action," *The New York Times*, Aug. 5, 2022, accessed March 14, 2025 https://www.nytimes.com/2022/08/05/climate/republican-treasurers-climate-change.html
[28] *See supra* note 25.
[29] *"Banks Backpedal on Climate Amid Federal Scrutiny and Anti-ESG Pressure," The Hill*, accessed March 13, 2025, https://thehill.com/policy/equilibrium-sustainability/4481462-banks-backpedal-climate-federal-scrutiny-anti-esg-pressure/.
[30] *"ESG Investing Faces Republican Backlash as BlackRock, JPMorgan Come Under Fire," MSNBC - The ReidOut Blog*, accessed March 13, 2025, https://www.msnbc.com/the-reidout/reidout-blog/esg-investing-blackrock-jpmorgan-republicans-rcna187181.

Bank of America's seeming retreat from prudent climate risk management strategy presents substantial risks to the U.S. financial system, with significant consequences for families and businesses nationwide. The economic and financial risks posed by climate change are clear and growing, and implicate fiduciary obligations. No industry-funded, fact-free, partisan attacks on responsible corporate practices can justify such a retreat. We therefore urge Bank of America to reassess its recent decisions related to climate risk management.

Accordingly, to assist us in our investigation into much of the financial sector's—including Bank of America's—apparent abandonment of its climate risk management strategy, please provide the following information and documents by June 2, 2025:

1. All emails, memoranda, or other communications discussing or mentioning Bank of America's decision to leave the Net Zero Banking Alliance, the Equator Principles, and/or Climate Action 100+, dating from January 1, 2023 to present;

2. All emails, memoranda, or other communications mentioning economic or financial risks related to climate change or extreme weather events, dating from January 1, 2023 to present;

3. All emails, memoranda, or other communications related to increasing insurance premiums (home, auto, commercial), decreasing insurance availability (home, auto, commercial), the effect of increasing insurance premiums and decreasing insurance availability on mortgage markets, home values, and municipal bond markets, and Bank of America's potential exposure to losses in any of these markets. Please provide the Committees with any documents or responses you may have provided or be providing to any financial regulators asking questions about the effects of declining insurance availability and increasing insurance premiums on mortgage, real estate, and municipal bond markets.

Thank you for your attention to this matter.

Sincerely,

Sheldon Whitehouse
United States Senator
Ranking Member, Senate
Committee on Environment
& Public Works

Elizabeth Warren
United States Senator
Ranking Member, Senate
Committee on Banking,
Housing, & Urban Affairs

United States Senate

WASHINGTON, DC 20510

May 19, 2025

Jane Fraser
Chief Executive Officer
Citigroup
388 Greenwich Street
New York, NY 10013

Dear Ms. Fraser:

We write regarding our concerns over Citi's decision to backtrack on its climate risk management strategy in response to political pressure from Republicans organized by the fossil fuel industry. Citi has long claimed to support the Paris Climate Agreement.[1] In 2021, Citi pledged a 29% absolute reduction in financed emissions from the energy sector and 63% reduction in portfolio emissions intensity by 2030, and net zero financed emissions by 2050.[2] Two years later, Citi added additional targets: to reduce emissions intensity from auto manufacturing financing by 31% and commercial real estate financing by 41%, as well absolute emissions from thermal coal mining by 90%, all by 2030.

Recently, however, Citi reversed key climate-risk management initiatives, including suspending its participation in two international climate and sustainability organizations: the Equator Principles and the Net-Zero Banking Alliance (NZBA). In 2024, Citi stopped listing itself as a signatory of the Equator Principles.[3] Finally, in January 2025, Citi pulled out of the NZBA.[4] Accordingly, we seek information and documents to help us understand why Citi appears to have abandoned its climate risk management strategy.

The Equator Principles, which Citi adopted in 2004, are commonsense environmental and human rights standards for fossil fuel financing; currently 129 institutions are signatories of the Principles.[5]

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[1] "Citi pledges to cut emissions for more sectors including coal," *Reuters* (March 2, 2023), https://www.reuters.com/business/sustainable-business/citi-pledges-cut-emissions-more-sectors-including-coal-mining-2023-03-02/#:~:text=Citi's%20targets%20contain%20a%20pledge,in%20North%20America%20by%2041%25; Dan Ennis, "Citi pledges to stop thermal coal-mining financing by 2030 to aid shift from fossil fuels," *Utility Dive* (Apr. 22, 2020), https://www.utilitydive.com/news/Citi-pledge-stop-thermal-coal-mining-financing/576511/.

[2] *Our Approach to Net Zero,* Jane Fraser, Citi, accessed March 14, 2025 https://www.citigroup.com/global/news/perspective/2022/our-approach-to-net-zero-by-2050; *Taskforce on Climate-Related Financial Disclosures Report 2021: Citi's Approach to Climate Change and Net Zero*, Citi, accessed March 14, 2025 https://www.citigroup.com/rcs/citigpa/storage/public/taskforce-on-climate-related-financial-disclosures-report-2021.pdf.

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6 Saijel Kishan and Alastair Marsh, "Wall Street Banks Keep Quitting Major Climate Alliance," Bloomberg, January 4, 2025, accessed March 13, 2025, https://www.bloomberg.com/news/articles/2025-01-04/wall-street-banks-keep-quitting-major-climate-alliance.; *Net-Zero Banking Alliance*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/.

7 Net-Zero Banking Alliance: Principles for Responsible Banking Commitment Statement, United Nations Environment Programme Finance Initiative, March 2023, accessed March 13, 2025, https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/10-NZBA-PRB-Commitment-statement-D3.pdf.

8 *Net-Zero Banking Alliance Members*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/members/.

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12 Yuna Heo, *Climate Change and Bank Default*, February 11, 2024, accessed March 13, 2025, SSRN, http://dx.doi.org/10.2139/ssrn.4722776; Jeroen Klomp, "Financial Fragility and Natural Disasters: An Empirical Analysis," *Journal of Financial Stability* 13 (2014): 180–192, accessed March 13, 2025, https://doi.org/10.1016/j.jfs.2014.06.001.

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[17] *"Climate Change and Financial Risks,"* Bank of America Private Bank, accessed March 13, 2025, https://www.privatebank.bankofamerica.com/articles/climate-change-financial-risks.html.

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[19] *"Climate Loss and Damage Cost $16 Million per Hour," World Economic Forum*, October 2023, accessed March 13, 2025, https://www.weforum.org/stories/2023/10/climate-loss-and-damage-cost-16-million-per-hour/.

[20] *"The Cost of Inaction," The Economist Impact*, accessed March 13, 2025, https://impact.economist.com/perspectives/sites/default/files/The%20cost%20of%20inaction_0.pdf.

and exclude negative externalities such as damages to properties, supply chains, infrastructure, and public health.[21] As the world decarbonizes and technological innovations make a green transition more financially attractive, fossil fuel assets could lose value.[22] Such a devaluation could prompt low-cost oil and gas producers to flood the global market, causing fossil fuel prices to collapse, endangering local and global economies, and creating financial instability.[23] This repricing can happen suddenly, and investors in fossil fuel assets will be the ones to suffer. In particular, the decarbonization of the European Union and East Asia could wipe out $1.4 trillion of value from fossil fuel assets.[24] Averting this carbon bubble requires a transition away from fossil fuels.

Concerningly, Citi's retreat from a sensible climate risk management strategy appears to be informed not by sound analysis of the risk climate change poses to its business, but rather by bad-faith attacks from the Republican Party and its fossil fuel allies.[25] It cannot be overstated the extent to which Republican attacks on climate risk management practices—frequently referred to as ESG by critics—were part of a campaign funded and orchestrated by the fossil fuel industry. Non-partisan watchdog organizations even uncovered proof that fossil fuel interests drafted and promoted state legislation targeting corporate ESG policies.[26] Public reporting also reveals the extent to which Republicans' anti-ESG campaign has been driven by the fossil fuel industry and its allies.[27]

Despite the highly suspect provenance of the anti-ESG campaign, multiple large financial institutions have referenced it as a reason for their retreat from managing climate risks.[28] For instance, as rationale for leaving Climate Action 100+, JP Morgan cited the organization's approach to proxy voting, a consistent target of Republican legislation aiming to change the industry's risk management practices.[29] Similarly, BlackRock stated in a client letter that it was leaving the Net Zero Asset Managers Initiative because, "our memberships in some of these

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[21] *"The Long Arm of OPEC," Duke Stories*, accessed March 13, 2025, https://stories.duke.edu/the-long-arm-of-opec.
[22] *"Climate Change Threatens the Stability of the Financial System," Center for American Progress*, accessed March 13, 2025, https://www.americanprogress.org/article/climate-change-threatens-stability-financial-system/.
[23] *"Net Zero by 2050: A Roadmap for the Global Energy Sector," International Energy Agency*, accessed March 13, 2025, https://www.iea.org/reports/net-zero-by-2050.
[24] Ricke, Katharine, et al. *"Country-Level Social Cost of Carbon." Nature Climate Change* 12, no. 1 (2022): 1–6. Accessed March 13, 2025. https://www.nature.com/articles/s41558-022-01356-y.
[25] *"Morgan Stanley, Citi, Bank of America Join Others in Exiting Net-Zero Banking Alliance," ESG News*, accessed March 13, 2025, https://esgnews.com/morgan-stanley-citi-bank-of-america-join-others-in-exiting-net-zero-banking-alliance/; *"Big Banks on Climate Change as Investment Risk," Investopedia*, accessed March 13, 2025, https://www.investopedia.com/big-banks-on-climate-change-as-investment-risk-8774398; Eshe Nelson, *"Big Banks Quit Climate Change Groups Ahead of Trump's Term," The New York Times*, January 20, 2025, accessed March 13, 2025, https://www.nytimes.com/2025/01/20/business/trump-climate-action-banks.html; *"Big Banks Abandoned a Voluntary Climate Alliance—Now Critics Are Calling for New Laws," Wired*, accessed March 13, 2025, https://www.wired.com/story/big-banks-abandoned-a-voluntary-climate-alliance-now-critics-are-calling-for-new-laws/.
[26] *Anti-ESG and the Fossil Fuel Sector*, InfluenceMap, accessed March 14, 2025, https://influencemap.org/EN/report/Anti-ESG-and-the-Fossil-Fuel-Sector-21873
[27] David Gelles, "How Republicans Are 'Weaponizing' Public Office Against Climate Action," *The New York Times*, Aug. 5, 2022, accessed March 14, 2025 https://www.nytimes.com/2022/08/05/climate/republican-treasurers-climate-change.html
[28] *See supra* note 25.
[29] *"Banks Backpedal on Climate Amid Federal Scrutiny and Anti-ESG Pressure," The Hill*, accessed March 13, 2025, https://thehill.com/policy/equilibrium-sustainability/4481462-banks-backpedal-climate-federal-scrutiny-anti-esg-pressure/.

organizations have caused confusion regarding BlackRock's practices and subjected us to legal inquiries from various public officials."[30]

Citi's seeming retreat from prudent climate risk management strategy presents substantial risks to the U.S. financial system, with significant consequences for families and businesses nationwide. The economic and financial risks posed by climate change are clear and growing, and implicate fiduciary obligations. No industry-funded, fact-free, partisan attacks on responsible corporate practices can justify such a retreat. We therefore urge Citi to reassess its recent decisions related to climate risk management.

Accordingly, to assist us in our investigation into much of the financial sector's—including Citi's—apparent abandonment of its climate risk management strategy, please provide the following information and documents by June 2, 2025:

1. All emails, memoranda, or other communications discussing or mentioning Citi's decision to leave the Net Zero Banking Alliance, the Equator Principles, and/or Climate Action 100+, dating from January 1, 2023 to present;

2. All emails, memoranda, or other communications mentioning economic or financial risks related to climate change or extreme weather events, dating from January 1, 2023 to present;

3. All emails, memoranda, or other communications related to increasing insurance premiums (home, auto, commercial), decreasing insurance availability (home, auto, commercial), the effect of increasing insurance premiums and decreasing insurance availability on mortgage markets, home values, and municipal bond markets, and Citi's potential exposure to losses in any of these markets. Please provide the Committees with any documents or responses you may have provided or be providing to any financial regulators asking questions about the effects of declining insurance availability and increasing insurance premiums on mortgage, real estate, and municipal bond markets.

Thank you for your attention to this matter.

Sincerely,

Sheldon Whitehouse
United States Senator
Ranking Member, Senate
Committee on Environment
& Public Works

Elizabeth Warren
United States Senator
Ranking Member, Senate
Committee on Banking,
Housing, & Urban Affairs

[30] *"ESG Investing Faces Republican Backlash as BlackRock, JPMorgan Come Under Fire," MSNBC - The ReidOut Blog*, accessed March 13, 2025, https://www.msnbc.com/the-reidout/reidout-blog/esg-investing-blackrock-jpmorgan-republicans-rcna187181.

United States Senate

WASHINGTON, DC 20510

May 19, 2025

Jamie Dimon
Chief Executive Officer
JPMorgan Chase
270 Park Avenue,
New York, NY

Dear Mr. Dimon:

We write with concern regarding JPMorgan's decision to backtrack on its climate risk management strategy in response to a political pressure from Republicans organized by the fossil fuel industry. JPMorgan has long claimed to support the Paris Climate Agreement, and has set nine net zero-aligned targets for eight sectors—oil and gas, electric power, auto manufacturing, aviation, shipping, iron and steel, cement and aluminum—aligned with the International Energy Agency's Net Zero by 2050 scenario.[1] In 2024, JPMorgan reported progress towards its 2030 sector-specific targets, including a reduction in portfolio carbon intensity of 24.1% for energy end use emissions, 4% for oil and gas operations, 21.5% for electric power operations, and 23.3% for auto manufacturing compared to 2019 levels.[2]

Recently, however, JPMorgan reversed key climate risk management initiatives, including suspending its participation in three international climate and sustainability organizations: the Equator Principles, Climate Action 100+, and the Net-Zero Banking Alliance (NZBA). In 2024, JPMorgan stopped listing itself as a signatory of the Equator Principles and left Climate Action 100+.[3] In January 2025, JPMorgan pulled out of the NZBA.[4] Accordingly, we seek information and documents to help us understand why JPMorgan appears to have abandoned its climate risk management strategy.

The Equator Principles, which JPMorgan adopted in 2006, are commonsense environmental and human rights standards for fossil fuel financing; currently 129 institutions are signatories of the Principles.[5] Climate Action 100+, which JPMorgan Asset Management joined

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[1] *Environmental Sustainability Initiatives,* JPMorgan Chase & Co., accessed March 13, 2025, https://www.jpmorganchase.com/impact/environmental-sustainability/es-initiatives.

[2] *Environmental Sustainability Initiatives*, JPMorgan Chase & Co., accessed March 13, 2025, https://www.jpmorganchase.com/impact/environmental-sustainability/es-initiatives.

[3] Tatiana Bautzer and Ross Kerber, "JPMorgan, Citi, Wells, BofA Are No Longer Signatories of Equator Principles - Website," *Reuters*, March 5, 2024, accessed March 13, 2025, https://www.reuters.com/business/finance/jpmorgan-citi-wells-boa-are-no-longer-signatories-equator-principles-website-2024-03-05/; Simon Jessop and Ross Kerber, "JPMorgan Fund Arm Quits Climate Action 100+ Investor Group," *Reuters*, February 15, 2024, accessed March 13, 2025, https://www.reuters.com/sustainability/sustainable-finance-reporting/jpmorgan-fund-arm-quits-climate-action-100-investor-group-2024-02-15/.

[4] Saijel Kishan and Alastair Marsh, "Wall Street Banks Keep Quitting Major Climate Alliance," *Bloomberg*, January 4, 2025, accessed March 13, 2025, https://www.bloomberg.com/news/articles/2025-01-04/wall-street-banks-keep-quitting-major-climate-alliance.

[5] Financial institutions that incorporate the Equator Principles agree to assess human rights and climate change risks, report their carbon pollution, engage impacted Indigenous Peoples and other stakeholders, and establish grievance mechanisms for potential damage. Andrew Hardenbrook, "The Equator Principles: The Private Financial Sector's Attempt at Environmental Responsibility," Vanderbilt Law Review 40, no. 1 (2021): 197, accessed March 13, 2025,

in 2020, is an investor-led initiative that tracks corporate climate risk management strategy, and encourages firms to improve climate governance, cut emissions, and improve climate-related financial disclosures.[6]

The NZBA is an industry association that encourages banks to account for the long-term costs of funding fossil fuels.[7] When joining the NZBA, banks commit to "transition all operational and attributable GHG emissions from [their] lending and investment portfolios to align with pathways to net-zero by mid-century, or sooner."[8] Membership in NZBA has now reached 134 banks in 44 countries, representing $54 trillion in total assets.[9] A 2023 Federal Reserve Bank of New York staff report found that U.S. banks that had joined NZBA, compared to non-signatory banks, reduced their climate-related risk exposures by decreasing lending to carbon intensive industries that are likely to be adversely affected by the energy transition.[10]

JPMorgan's retreat from its climate risk management strategy poses risks to the U.S. financial system and broader economy given JPMorgan's designation as a systemically important financial institution (SIFI) and the increasing likelihood that climate change poses systemic risks to the economy.

First, there is the matter of immediate economic losses associated with climate-related natural disasters including more intense hurricanes, flooding, and wildfires. It is estimated that the devastating wildfires in Los Angeles could result in up to $275 billion in damages[11] and the total economic costs from Hurricanes Helene and Milton could exceed $400 billion.[12] Studies have also shown that climate change and major natural disasters increase the likelihood of a bank to default.[13]

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https://scholarship.law.vanderbilt.edu/vjtl/vol40/iss1/4; https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf.

[6] *About Climate Action 100+,* Climate Action 100+, accessed March 18, 2025, https://www.climateaction100.org/about/; JPMorgan Chase Expands Commitment to Low-Carbon Economy and *Clean Energy Transition to Advance Sustainable Development Goals,* JPMorgan Chase (Feb. 25, 2020) accessed Mar 18, 2025, https://www.jpmorganchase.com/newsroom/press-releases/2020/jpmorgan-chase-expands-commitment-to-low-carbon-economy-and-clean-energy.

[7] Saijel Kishan and Alastair Marsh, "Wall Street Banks Keep Quitting Major Climate Alliance," Bloomberg, January 4, 2025, accessed March 13, 2025, https://www.bloomberg.com/news/articles/2025-01-04/wall-street-banks-keep-quitting-major-climate-alliance.; *Net-Zero Banking Alliance*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/.

[8] Net-Zero Banking Alliance: Principles for Responsible Banking Commitment Statement, United Nations Environment Programme Finance Initiative, March 2023, accessed March 13, 2025, https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/10-NZBA-PRB-Commitment-statement-D3.pdf.

[9] *Net-Zero Banking Alliance Members*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/members/.

[10] *"Climate Change and Financial Stability,"* Federal Reserve Bank of New York Staff Reports, no. 1058, September 2023, accessed March 13, 2025, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1058.pdf.

[11] *"AccuWeather Estimates More Than $250 Billion in Damages and Economic Loss from LA Wildfires,"* AccuWeather, January 13, 2025, accessed March 13, 2025, https://www.accuweather.com/en/weather-news/accuweather-estimates-more-than-250-billion-in-damages-and-economic-loss-from-la-wildfires/1733821.

[12] *"Helene and Milton Damage Is Just the Start of the Climate Tab," Bloomberg*, October 28, 2024, accessed March 13, 2025, https://www.bloomberg.com/opinion/articles/2024-10-28/helene-and-milton-damage-is-just-the-start-of-climate-change-costs.

[13] Yuna Heo, *Climate Change and Bank Default*, February 11, 2024, accessed March 13, 2025, SSRN, http://dx.doi.org/10.2139/ssrn.4722776; Jeroen Klomp, "Financial Fragility and Natural Disasters: An Empirical Analysis," *Journal of Financial Stability* 13 (2014): 180–192, accessed March 13, 2025, https://doi.org/10.1016/j.jfs.2014.06.001.

Second, extreme weather events such as worsening wildfires in California and more intense hurricanes are already affecting insurance markets.[14] In 2023 and 2024, the Senate Budget Committee—led by then-Chairman Whitehouse—requested national, county-level non-renewal data from more than 40 insurance companies. The data obtained by the Committee showed that the counties in the highest quintiles for climate risk also had the highest non-renewal rates, an early warning sign of market destabilization. One thing is certain: unless the United States and the world rapidly transition to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever-higher premiums. If insurance becomes impossible to find or prohibitively expensive, property values likely will plunge, and more homes and businesses likely will default on their loans and mortgages, risking a full-scale financial crisis similar to what occurred during the 2007-2008 mortgage meltdown and ensuing global financial crisis.[15] Indeed, Fed Chair Jerome Powell recently testified to the Senate Banking Committee that insurers are "pulling out of coastal areas, areas where there are a lot of fires." He predicted that in "10 or 15 years there are going to be regions of the country where you can't get a mortgage."[16]

Third, climate change-driven extreme weather events can lead to disruptions in supply chains, falling crop yields, and adverse health effects that can put an indirect damper on economic activity and amplify financial risks.[17] Bank of America's analysts already recognize these risks, noting that "[w]ithout a sharp reduction in carbon emissions, temperatures could rise by over 3 degrees Celsius above preindustrial levels by the end of this century, which could in turn decrease global GDP by an estimated 25%."[18] A report by Ceres found that indirect risks constitute two-thirds of banks' physical risk.[19] Damages to infrastructure, agriculture, property, and human health already cost the world $143 billion per year between 2010 to 2019—that is $16.3 million per hour—and could cost the world between $1.7-3.1 trillion per year by 2050.[20] Research from *The Economist* estimates that losses to the global asset management industry from

[14] *"Tampa-Based Slide to Obtain Scores of Farmers Insurance Policies," Axios Tampa Bay*, October 17, 2023, accessed March 13, 2025, https://www.axios.com/local/tampa-bay/2023/10/17/slide-farmers-insurance-policies; *"Louisiana Assignment of Benefits Ban a Win for Insureds & Carriers," CRC Group*, October 23, 2023, accessed March 13, 2025, https://www.crcgroup.com/Tools-Intel/post/louisiana-assignment-of-benefits-ban-a-win-for-insureds-carriers; *"Insurance in California Is Changing. Here's How It May Affect You," KQED*, accessed March 13, 2025, https://www.kqed.org/science/1985175/insurance-in-california-is-changing-heres-how-it-may-affect-you.

[15] Indeed, the former chief economist for Freddie Mac has written with respect to a climate change-driven decline in coastal property values that "[t]he economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession."; *"Life's a Beach: The Impact of Sea Level Rise on Coastal Housing,"* Freddie Mac, April 26, 2016, accessed March 13, 2025, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach; Christopher Flavelle, *"Climate Risk in the Housing Market Has Echoes of the Subprime Crisis, Study Finds," The New York Times*, September 27, 2019, accessed March 13, 2025, https://www.nytimes.com/2019/09/27/climate/mortgage-climate-risk.html; *"Climate Change and Financial Stability,"* Board of Governors of the Federal Reserve System, March 19, 2021, accessed March 13, 2025, https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html.

[16] Claire Boston, "Powell predicts a time when mortgages will be impossible to get in parts of US" Yahoo Finance, Feb. 15, 2025, accessed March 14, 2025, https://finance.yahoo.com/news/powell-predicts-a-time-when-mortgages-will-be-impossible-to-get-in-parts-of-us-190820841.html

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the direct and indirect physical risks of climate change will be between $4.2 trillion and $13.8 trillion by 2100.[21]

Fourth, an over-dependence on fossil fuels also creates transition risks, especially for fossil fuel investments. While major economies around the world are transitioning to clean energy, the U.S. is instead investing in fossil fuels, whose prices are propped up by global cartels and exclude negative externalities such as damages to properties, supply chains, infrastructure, and public health.[22] As the world decarbonizes and technological innovations make a green transition more financially attractive, fossil fuel assets could lose value.[23] Such a devaluation could prompt low-cost oil and gas producers to flood the global market, causing fossil fuel prices to collapse, endangering local and global economies, and creating financial instability.[24] This repricing can happen suddenly, and investors in fossil fuel assets will be the ones to suffer. In particular, the decarbonization of the European Union and East Asia could wipe out $1.4 trillion of value from fossil fuel assets.[25] Averting this carbon bubble requires a transition away from fossil fuels.

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Despite the highly suspect provenance of the anti-ESG campaign, multiple large financial institutions have referenced it as a reason for their retreat from managing climate risks.[29] For

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[22] *"The Long Arm of OPEC," Duke Stories*, accessed March 13, 2025, https://stories.duke.edu/the-long-arm-of-opec.

[23] *"Climate Change Threatens the Stability of the Financial System," Center for American Progress*, accessed March 13, 2025, https://www.americanprogress.org/article/climate-change-threatens-stability-financial-system/.

[24] *"Net Zero by 2050: A Roadmap for the Global Energy Sector," International Energy Agency*, accessed March 13, 2025, https://www.iea.org/reports/net-zero-by-2050.

[25] Ricke, Katharine, et al. *"Country-Level Social Cost of Carbon." Nature Climate Change* 12, no. 1 (2022): 1–6. Accessed March 13, 2025. https://www.nature.com/articles/s41558-022-01356-y.

[26] *"Morgan Stanley, Citi, Bank of America Join Others in Exiting Net-Zero Banking Alliance," ESG News*, accessed March 13, 2025, https://esgnews.com/morgan-stanley-citi-bank-of-america-join-others-in-exiting-net-zero-banking-alliance/; *"Big Banks on Climate Change as Investment Risk," Investopedia*, accessed March 13, 2025, https://www.investopedia.com/big-banks-on-climate-change-as-investment-risk-8774398; Eshe Nelson, *"Big Banks Quit Climate Change Groups Ahead of Trump's Term," The New York Times*, January 20, 2025, accessed March 13, 2025, https://www.nytimes.com/2025/01/20/business/trump-climate-action-banks.html; *"Big Banks Abandoned a Voluntary Climate Alliance—Now Critics Are Calling for New Laws," Wired*, accessed March 13, 2025, https://www.wired.com/story/big-banks-abandoned-a-voluntary-climate-alliance-now-critics-are-calling-for-new-laws/.

[27] *Anti-ESG and the Fossil Fuel Sector*, InfluenceMap, accessed March 14, 2025, https://influencemap.org/EN/report/Anti-ESG-and-the-Fossil-Fuel-Sector-21873

[28] David Gelles, "How Republicans Are 'Weaponizing' Public Office Against Climate Action," *The New York Times*, Aug. 5, 2022, accessed March 14, 2025 https://www.nytimes.com/2022/08/05/climate/republican-treasurers-climate-change.html

[29] *See supra* note 25.

instance, as rationale for leaving Climate Action 100+, JPMorgan cited the organization's approach to proxy voting, a consistent target of Republican legislation aiming to change the industry's risk management practices.[30] Similarly, BlackRock stated in a client letter that it was leaving the Net Zero Asset Managers Initiative because, "our memberships in some of these organizations have caused confusion regarding BlackRock's practices and subjected us to legal inquiries from various public officials."[31]

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Accordingly, to assist us in our investigation into much of the financial sector's—including JP Morgan's—apparent abandonment of its climate risk management strategy, please provide the following information and documents by June 2, 2025:

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Thank you for your attention to this matter.

Sincerely,

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[31] *"ESG Investing Faces Republican Backlash as BlackRock, JPMorgan Come Under Fire," MSNBC - The ReidOut Blog*, accessed March 13, 2025, https://www.msnbc.com/the-reidout/reidout-blog/esg-investing-blackrock-jpmorgan-republicans-rcna187181.

Sheldon Whitehouse
United States Senator
Ranking Member, Senate
Committee on Environment
& Public Works

Elizabeth Warren
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Committee on Banking,
Housing, & Urban Affairs

May 19, 2025

Charles W. Scharf
Chief Executive Officer
Wells Fargo
420 Montgomery St
San Francisco, CA 94104

Dear Mr. Scharf:

We write regarding our concerns over Wells Fargo's decision to backtrack on its climate risk management strategy in response to political pressure from Republicans organized by the fossil fuel industry. Wells Fargo has long claimed to support the Paris Climate Agreement and pledged to achieve net zero financed emissions by 2050, and sector-specific 2030 interim financed emissions targets for the oil and gas, power, auto, steel, and aviation sectors.[1] In 2024, Wells Fargo reported progress towards its 2030 sector-specific targets, including a 5.3% absolute reduction in emissions from oil and gas sector financing; a physical emissions intensity reduction of 4.5% from power sector financing and 7.6% from aviation financing over 2019 levels; and a physical emissions intensity reduction of .5% from automotive sector financing and 2.8% from steel sector financing over 2021 levels.[2]

Recently, however, Wells Fargo reversed these and other key climate-risk management initiatives, including suspending its participation in two international climate and sustainability organizations: the Equator Principles and the Net-Zero Banking Alliance (NZBA), the latter of which it was a founding member. In 2024, Wells Fargo stopped listing itself as a signatory of the Equator Principles.[3] Finally, in January 2025, Wells Fargo pulled out of the NZBA.[4] Accordingly, we seek information and documents to help us understand why Wells Fargo appears to have abandoned its climate risk strategy.

The Equator Principles, which Wells Fargo adopted in 2005, are commonsense environmental and human rights standards for fossil fuel financing; currently 129 institutions are signatories of the Principles.[5]

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[1] "Citi pledges to cut emissions for more sectors including coal," *Reuters* (March 2, 2023), https://www.reuters.com/business/sustainable-business/citi-pledges-cut-emissions-more-sectors-including-coal-mining-2023-03-02/#:~:text=Citi's%20targets%20contain%20a%20pledge,in%20North%20America%20by%2041%25; Dan Ennis, "Citi pledges to stop thermal coal-mining financing by 2030 to aid shift from fossil fuels," *Utility Dive* (Apr. 22, 2020), https://www.utilitydive.com/news/Citi-pledge-stop-thermal-coal-mining-financing/576511/.

[2] *Climate Report,* Wells Fargo (Aug. 2024), https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/climate-disclosure.pdf

[3] Simon Jessop, Isla Binnie & Ross Kerber, "Leading U.S. banks leave ESG project finance group," *Reuters* (Mar. 6, 2024), https://www.reuters.com/business/finance/jpmorgan-citi-wells-boa-are-no-longer-signatories-equator-principles-website-2024-03-05/

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The NZBA is an industry association that encourages banks to account for the long-term costs of funding fossil fuels.[6] When joining the NZBA, banks commit to "transition all operational and attributable GHG emissions from [their] lending and investment portfolios to align with pathways to net-zero by mid-century, or sooner."[7] Membership in NZBA has now reached 134 banks in 44 countries, representing $54 trillion in total assets.[8] A 2023 Federal Reserve Bank of New York staff report found that U.S. banks that had joined NZBA, compared to non-signatory banks, reduced their climate-related risk exposures by decreasing lending to carbon intensive industries that are likely to be adversely affected by the energy transition.[9]

Wells Fargo's retreat from its climate risk management strategy poses risks to the U.S. financial system and broader economy given Wells Fargo's designation as a systemically important financial institution (SIFI) and the increasing likelihood that climate change poses systemic risks to the economy.

First, there is the matter of immediate economic losses associated with climate-related natural disasters including more intense hurricanes, flooding, and wildfires. It is estimated that the devastating wildfires in Los Angeles could result in up to $275 billion in damages[10] and the total economic costs from Hurricanes Helene and Milton could exceed $400 billion.[11] Studies have also shown that climate change and major natural disasters increase the likelihood of a bank to default.[12]

Second, extreme weather events such as worsening wildfires in California and more intense hurricanes are already affecting insurance markets.[13] In 2023 and 2024, the Senate

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damage. *See* Andrew Hardenbrook, "The Equator Principles: The Private Financial Sector's Attempt at Environmental Responsibility," Vanderbilt Law Review 40, no. 1 (2021): 197, accessed March 13, 2025, https://scholarship.law.vanderbilt.edu/vjtl/vol40/iss1/4; *Equator Principles: EP4,* Equator Principles (July 2024), https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf.

[6] Saijel Kishan and Alastair Marsh, "Wall Street Banks Keep Quitting Major Climate Alliance," Bloomberg, January 4, 2025, accessed March 13, 2025, https://www.bloomberg.com/news/articles/2025-01-04/wall-street-banks-keep-quitting-major-climate-alliance.; *Net-Zero Banking Alliance*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/.

[7] Net-Zero Banking Alliance: Principles for Responsible Banking Commitment Statement, United Nations Environment Programme Finance Initiative, March 2023, accessed March 13, 2025, https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/10-NZBA-PRB-Commitment-statement-D3.pdf.

[8] *Net-Zero Banking Alliance Members*, United Nations Environment Programme Finance Initiative, accessed March 13, 2025, https://www.unepfi.org/net-zero-banking/members/.

[9] *"Climate Change and Financial Stability,"* Federal Reserve Bank of New York Staff Reports, no. 1058, September 2023, accessed March 13, 2025, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1058.pdf.

[10] *"AccuWeather Estimates More Than $250 Billion in Damages and Economic Loss from LA Wildfires,"* AccuWeather, January 13, 2025, accessed March 13, 2025, https://www.accuweather.com/en/weather-news/accuweather-estimates-more-than-250-billion-in-damages-and-economic-loss-from-la-wildfires/1733821.

[11] *"Helene and Milton Damage Is Just the Start of the Climate Tab," Bloomberg*, October 28, 2024, accessed March 13, 2025, https://www.bloomberg.com/opinion/articles/2024-10-28/helene-and-milton-damage-is-just-the-start-of-climate-change-costs.

[12] Yuna Heo, *Climate Change and Bank Default*, February 11, 2024, accessed March 13, 2025, SSRN, http://dx.doi.org/10.2139/ssrn.4722776; Jeroen Klomp, "Financial Fragility and Natural Disasters: An Empirical Analysis," *Journal of Financial Stability* 13 (2014): 180–192, accessed March 13, 2025, https://doi.org/10.1016/j.jfs.2014.06.001.

[13] *"Tampa-Based Slide to Obtain Scores of Farmers Insurance Policies," Axios Tampa Bay*, October 17, 2023, accessed March 13, 2025, https://www.axios.com/local/tampa-bay/2023/10/17/slide-farmers-insurance-policies; *"Louisiana Assignment of Benefits Ban a Win for Insureds & Carriers," CRC Group*, October 23, 2023, accessed March 13, 2025, https://www.crcgroup.com/Tools-Intel/post/louisiana-assignment-of-benefits-ban-a-win-for-insureds-carriers; *"Insurance in California Is Changing. Here's How It May Affect You," KQED*, accessed March 13, 2025, https://www.kqed.org/science/1985175/insurance-in-california-is-changing-heres-how-it-may-affect-you.

Budget Committee—led by then-Chairman Whitehouse—requested national, county-level non-renewal data from more than 40 insurance companies. The data obtained by the Committee showed that the counties in the highest quintiles for climate risk also had the highest non-renewal rates, an early warning sign of market destabilization. One thing is certain: unless the United States and the world rapidly transition to clean energy, climate-related extreme weather events will become both more frequent and more violent, resulting in ever-scarcer insurance and ever-higher premiums. If insurance becomes impossible to find or prohibitively expensive, property values likely will plunge, and more homes and businesses likely will default on their loans and mortgages, risking a full-scale financial crisis similar to what occurred during the 2007-2008 mortgage meltdown and ensuing global financial crisis.[14] Indeed, Fed Chair Jerome Powell recently testified to the Senate Banking Committee that insurers are "pulling out of coastal areas, areas where there are a lot of fires." He predicted that in "10 or 15 years there are going to be regions of the country where you can't get a mortgage."[15]

Third, climate change-driven extreme weather events can lead to disruptions in supply chains, falling crop yields, and adverse health effects that can put an indirect damper on economic activity and amplify financial risks.[16] Bank of America's analysts already recognize these risks, noting that "[w]ithout a sharp reduction in carbon emissions, temperatures could rise by over 3 degrees Celsius above preindustrial levels by the end of this century, which could in turn decrease global GDP by an estimated 25%."[17] A report by Ceres found that indirect risks constitute two-thirds of banks' physical risk.[18] Damages to infrastructure, agriculture, property, and human health already cost the world $143 billion per year between 2010 to 2019—that is $16.3 million per hour—and could cost the world between $1.7-3.1 trillion per year by 2050.[19] Research from *The Economist* estimates that losses to the global asset management industry from the direct and indirect physical risks of climate change will be between $4.2 trillion and $13.8 trillion by 2100.[20]

Fourth, an over-dependence on fossil fuels also creates transition risks, especially for fossil fuel investments. While major economies around the world are transitioning to clean

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[14] Indeed, the former chief economist for Freddie Mac has written with respect to a climate change-driven decline in coastal property values that "[t]he economic losses and social disruption may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession."; *"Life's a Beach: The Impact of Sea Level Rise on Coastal Housing,"* Freddie Mac, April 26, 2016, accessed March 13, 2025, https://www.freddiemac.com/research/insight/20160426-lifes-a-beach; Christopher Flavelle, *"Climate Risk in the Housing Market Has Echoes of the Subprime Crisis, Study Finds," The New York Times*, September 27, 2019, accessed March 13, 2025, https://www.nytimes.com/2019/09/27/climate/mortgage-climate-risk.html; *"Climate Change and Financial Stability,"* Board of Governors of the Federal Reserve System, March 19, 2021, accessed March 13, 2025, https://www.federalreserve.gov/econres/notes/feds-notes/climate-change-and-financial-stability-20210319.html.

[15] Claire Boston, "Powell predicts a time when mortgages will be impossible to get in parts of US" Yahoo Finance, Feb. 15, 2025, accessed March 14, 2025, https://finance.yahoo.com/news/powell-predicts-a-time-when-mortgages-will-be-impossible-to-get-in-parts-of-us-190820841.html

[16] *"The Consequences of Physical Climate Risk for Banks,"* Ceres, accessed March 13, 2025, https://www.ceres.org/resources/reports/consequences-physical-climate-risk-banks.

[17] *"Climate Change and Financial Risks,"* Bank of America Private Bank, accessed March 13, 2025, https://www.privatebank.bankofamerica.com/articles/climate-change-financial-risks.html.

[18] *"The Consequences of Physical Climate Risk for Banks,"* Ceres, accessed March 13, 2025, https://www.ceres.org/resources/reports/consequences-physical-climate-risk-banks.

[19] *"Climate Loss and Damage Cost $16 Million per Hour," World Economic Forum*, October 2023, accessed March 13, 2025, https://www.weforum.org/stories/2023/10/climate-loss-and-damage-cost-16-million-per-hour/.

[20] *"The Cost of Inaction," The Economist Impact*, accessed March 13, 2025, https://impact.economist.com/perspectives/sites/default/files/The%20cost%20of%20inaction_0.pdf.

energy, the U.S. is instead investing in fossil fuels, whose prices are propped up by global cartels and exclude negative externalities such as damages to properties, supply chains, infrastructure, and public health.[21] As the world decarbonizes and technological innovations make a green transition more financially attractive, fossil fuel assets could lose value.[22] Such a devaluation could prompt low-cost oil and gas producers to flood the global market, causing fossil fuel prices to collapse, endangering local and global economies, and creating financial instability.[23] This repricing can happen suddenly, and investors in fossil fuel assets will be the ones to suffer. In particular, the decarbonization of the European Union and East Asia could wipe out $1.4 trillion of value from fossil fuel assets.[24] Averting this carbon bubble requires a transition away from fossil fuels.

Concerningly, Wells Fargo's retreat from a sensible climate risk management strategy appears to be informed not by sound analysis of the risk climate change poses to its business, but rather by bad-faith attacks from the Republican Party and its fossil fuel allies.[25] It cannot be overstated the extent to which Republican attacks on climate risk management practices – frequently referred to as ESG by critics – were part of a campaign funded and orchestrated by the fossil fuel industry. Non-partisan watchdog organizations even uncovered proof that fossil fuel interests drafted and promoted state legislation targeting corporate ESG policies.[26] Public reporting also reveals the extent to which Republicans' anti-ESG campaign has been driven by the fossil fuel industry and its allies.[27]

Despite the highly suspect provenance of the anti-ESG campaign, multiple large financial institutions have referenced it as a reason for their retreat from managing climate risks.[28] For instance, as rationale for leaving Climate Action 100+, JP Morgan cited the organization's approach to proxy voting, a consistent target of Republican legislation aiming to change the industry's risk management practices.[29] Similarly, BlackRock stated in a client letter that it was leaving the Net Zero Asset Managers Initiative because, "our memberships in some of these

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[21] *"The Long Arm of OPEC," Duke Stories*, accessed March 13, 2025, https://stories.duke.edu/the-long-arm-of-opec.
[22] *"Climate Change Threatens the Stability of the Financial System," Center for American Progress*, accessed March 13, 2025, https://www.americanprogress.org/article/climate-change-threatens-stability-financial-system/.
[23] *"Net Zero by 2050: A Roadmap for the Global Energy Sector," International Energy Agency*, accessed March 13, 2025, https://www.iea.org/reports/net-zero-by-2050.
[24] Ricke, Katharine, et al. *"Country-Level Social Cost of Carbon." Nature Climate Change* 12, no. 1 (2022): 1–6. Accessed March 13, 2025. https://www.nature.com/articles/s41558-022-01356-y.
[25] *"Morgan Stanley, Citi, Bank of America Join Others in Exiting Net-Zero Banking Alliance," ESG News*, accessed March 13, 2025, https://esgnews.com/morgan-stanley-citi-bank-of-america-join-others-in-exiting-net-zero-banking-alliance/; *"Big Banks on Climate Change as Investment Risk," Investopedia*, accessed March 13, 2025, https://www.investopedia.com/big-banks-on-climate-change-as-investment-risk-8774398; Eshe Nelson, *"Big Banks Quit Climate Change Groups Ahead of Trump's Term," The New York Times*, January 20, 2025, accessed March 13, 2025, https://www.nytimes.com/2025/01/20/business/trump-climate-action-banks.html; *"Big Banks Abandoned a Voluntary Climate Alliance—Now Critics Are Calling for New Laws," Wired*, accessed March 13, 2025, https://www.wired.com/story/big-banks-abandoned-a-voluntary-climate-alliance-now-critics-are-calling-for-new-laws/.
[26] *Anti-ESG and the Fossil Fuel Sector*, InfluenceMap, accessed March 14, 2025, https://influencemap.org/EN/report/Anti-ESG-and-the-Fossil-Fuel-Sector-21873
[27] David Gelles, "How Republicans Are 'Weaponizing' Public Office Against Climate Action," *The New York Times*, Aug. 5, 2022, accessed March 14, 2025 https://www.nytimes.com/2022/08/05/climate/republican-treasurers-climate-change.html
[28] *See supra* note 25.
[29] *"Banks Backpedal on Climate Amid Federal Scrutiny and Anti-ESG Pressure," The Hill*, accessed March 13, 2025, https://thehill.com/policy/equilibrium-sustainability/4481462-banks-backpedal-climate-federal-scrutiny-anti-esg-pressure/.

organizations have caused confusion regarding BlackRock's practices and subjected us to legal inquiries from various public officials."[30]

Wells Fargo's seeming retreat from prudent climate risk management strategy presents substantial risks to the U.S. financial system, with significant consequences for families and businesses nationwide. The economic and financial risks posed by climate change are clear and growing, and implicate fiduciary obligations. No industry-funded, fact-free, partisan attacks on responsible corporate practices can justify such a retreat. We therefore urge Wells Fargo to reassess its recent decisions related to climate risk management.

Accordingly, to assist us in our investigation into much of the financial sector's—including Wells Fargo's—apparent abandonment of its climate risk management strategy, please provide the following information and documents by June 2, 2025:

1. All emails, memoranda, or other communications discussing or mentioning Wells Fargo's decision to leave the Net Zero Banking Alliance, the Equator Principles, and/or Climate Action 100+, dating from January 1, 2023 to present;

2. All emails, memoranda, or other communications mentioning economic or financial risks related to climate change or extreme weather events, dating from January 1, 2023 to present;

3. All emails, memoranda, or other communications related to increasing insurance premiums (home, auto, commercial), decreasing insurance availability (home, auto, commercial), the effect of increasing insurance premiums and decreasing insurance availability on mortgage markets, home values, and municipal bond markets, and Wells Fargo's potential exposure to losses in any of these markets. Please provide the Committees with any documents or responses you may have provided or be providing to any financial regulators asking questions about the effects of declining insurance availability and increasing insurance premiums on mortgage, real estate, and municipal bond markets.

Thank you for your attention to this matter.

Sincerely,

Sheldon Whitehouse
United States Senator
Ranking Member, Senate
Committee on Environment
& Public Works

Elizabeth Warren
United States Senator
Ranking Member, Senate
Committee on Banking,
Housing, & Urban Affairs

[30] *"ESG Investing Faces Republican Backlash as BlackRock, JPMorgan Come Under Fire," MSNBC - The ReidOut Blog*, accessed March 13, 2025, https://www.msnbc.com/the-reidout/reidout-blog/esg-investing-blackrock-jpmorgan-republicans-rcna187181.