
Navigating the sustainability transition



December 2021

Center for Carbon Transition

J.P.Morgan

COP26: Meaningful progress but challenges persist



Net Zero Emissions: Stronger country-level commitments but short of 1.5 C scenario



Climate Financing: Renewed push to mobilize financing towards climate change mitigation and net zero emissions



Disclosures: Greater focus on sustainability disclosures following the formation of the International Sustainability Standards Board



Energy Transition: Decarbonization through increased reliance on renewables



Carbon Markets: Positioned for rapid growth after approval of Article 6



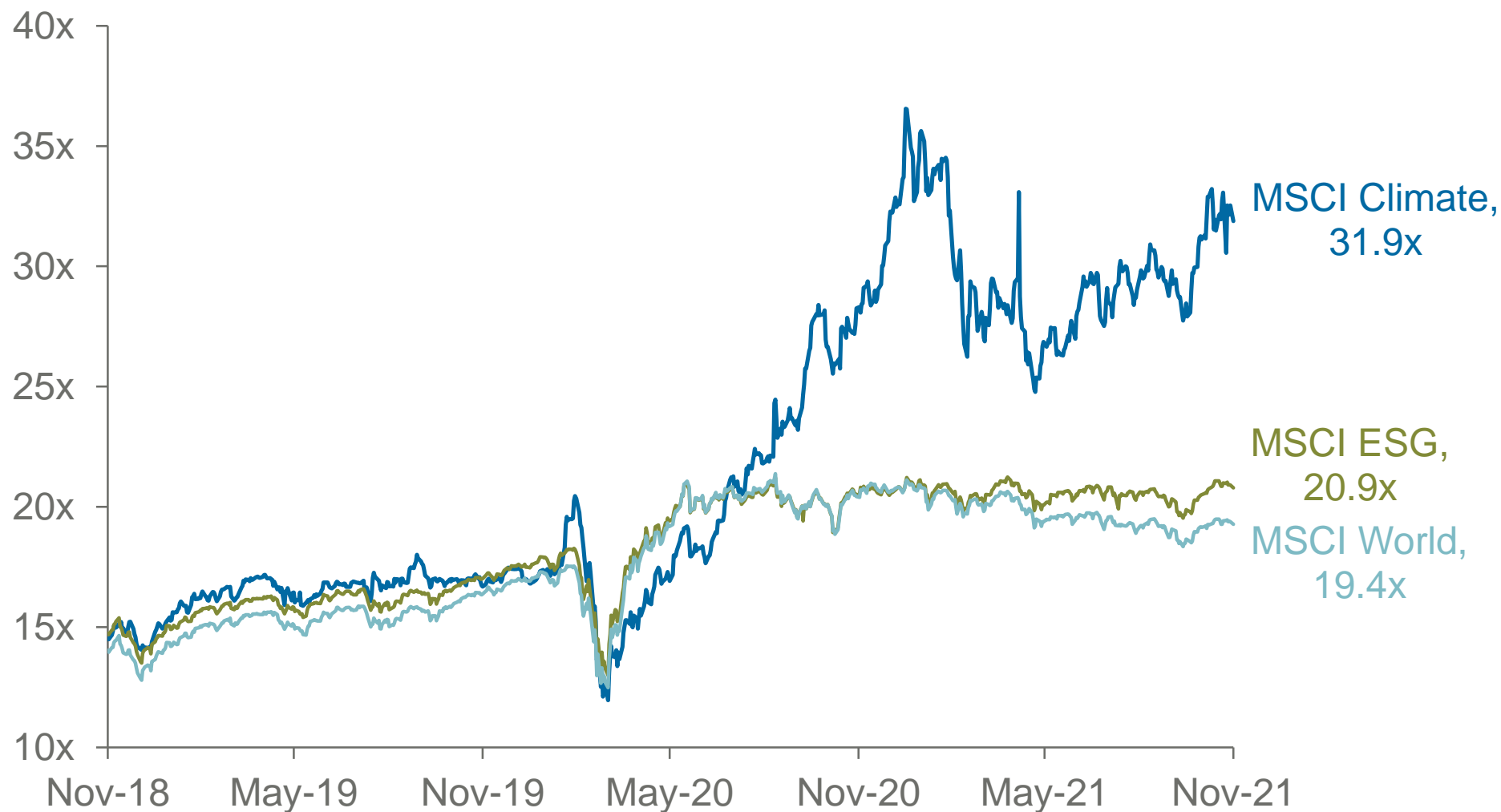
Methane: 100+ countries pledged to cut methane emissions by ~30% by 2030



Deforestation: 120+ countries agreed to halt and reverse deforestation by 2030

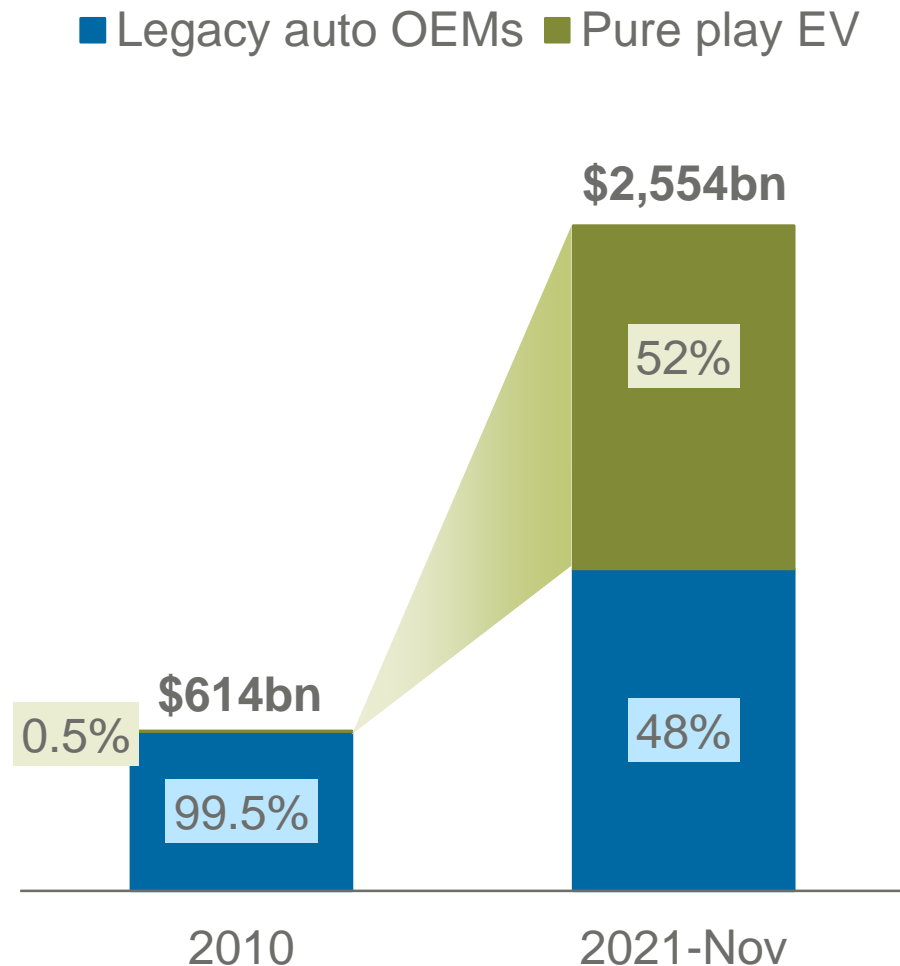
“ESG”, especially climate strategies, have outperformed the market

NTM P/E

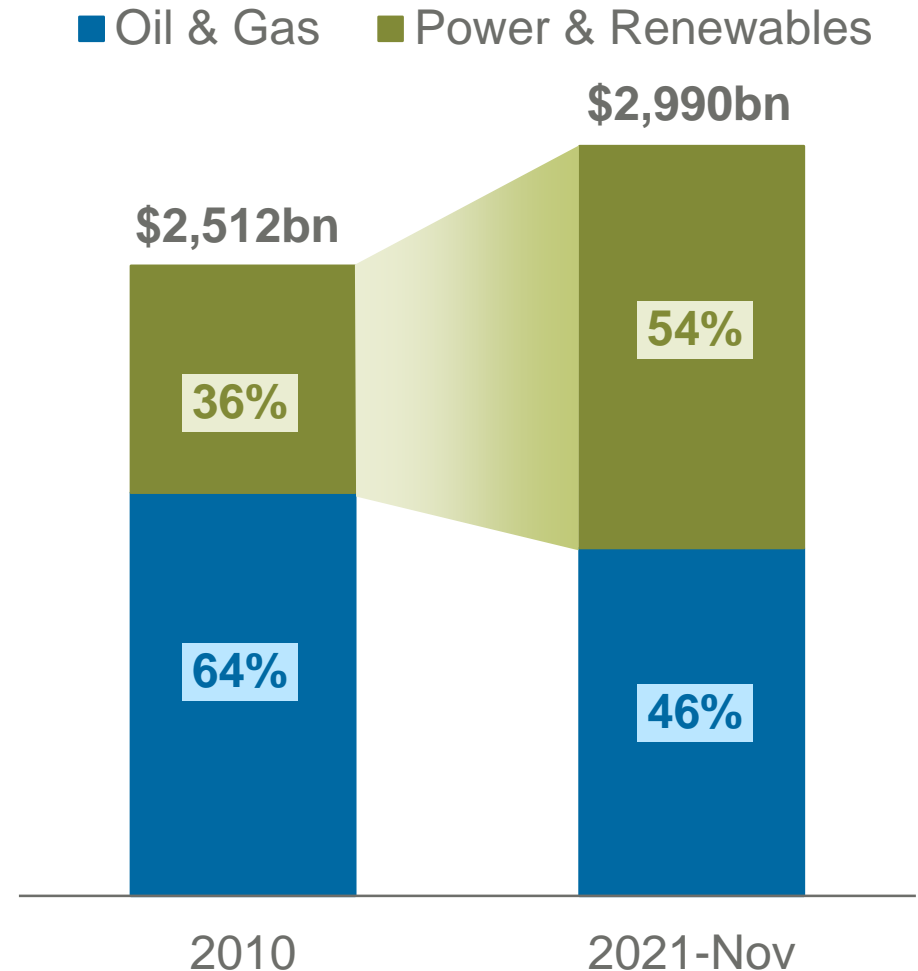


Outperformance strongest in sectors directly impacted

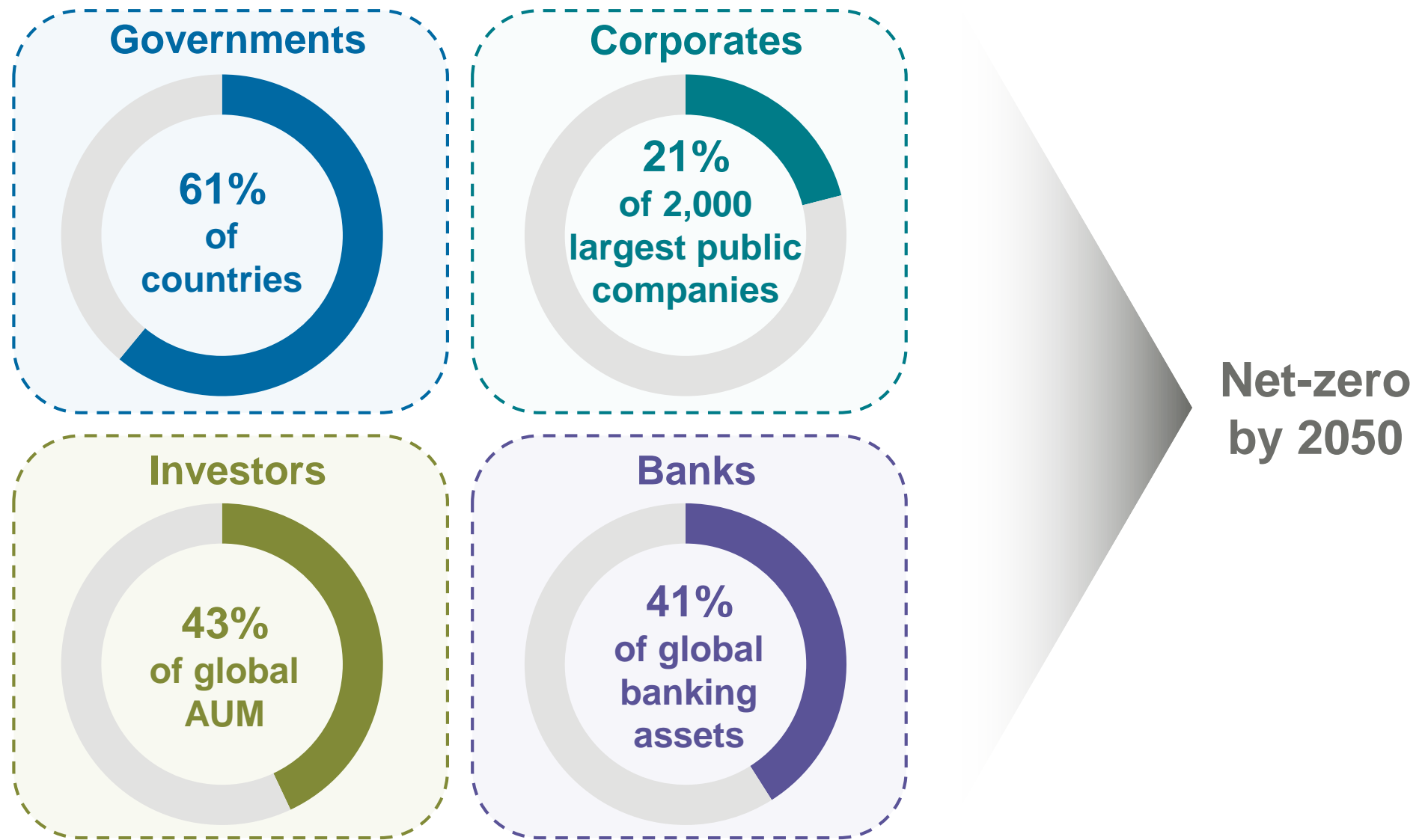
Market caps of Auto manufacturers



Market caps of Energy firms

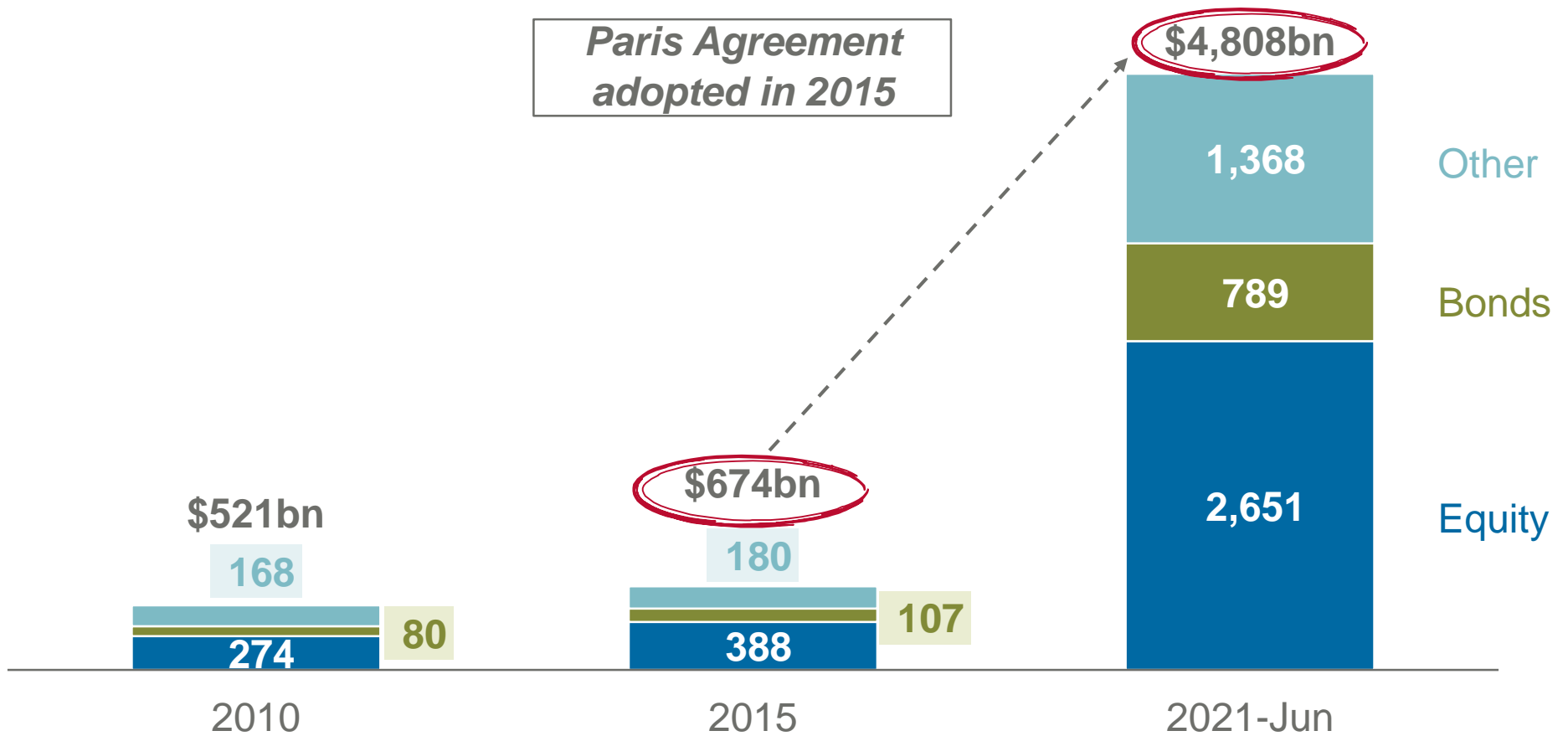


Key stakeholders targeting net-zero additions by 2050



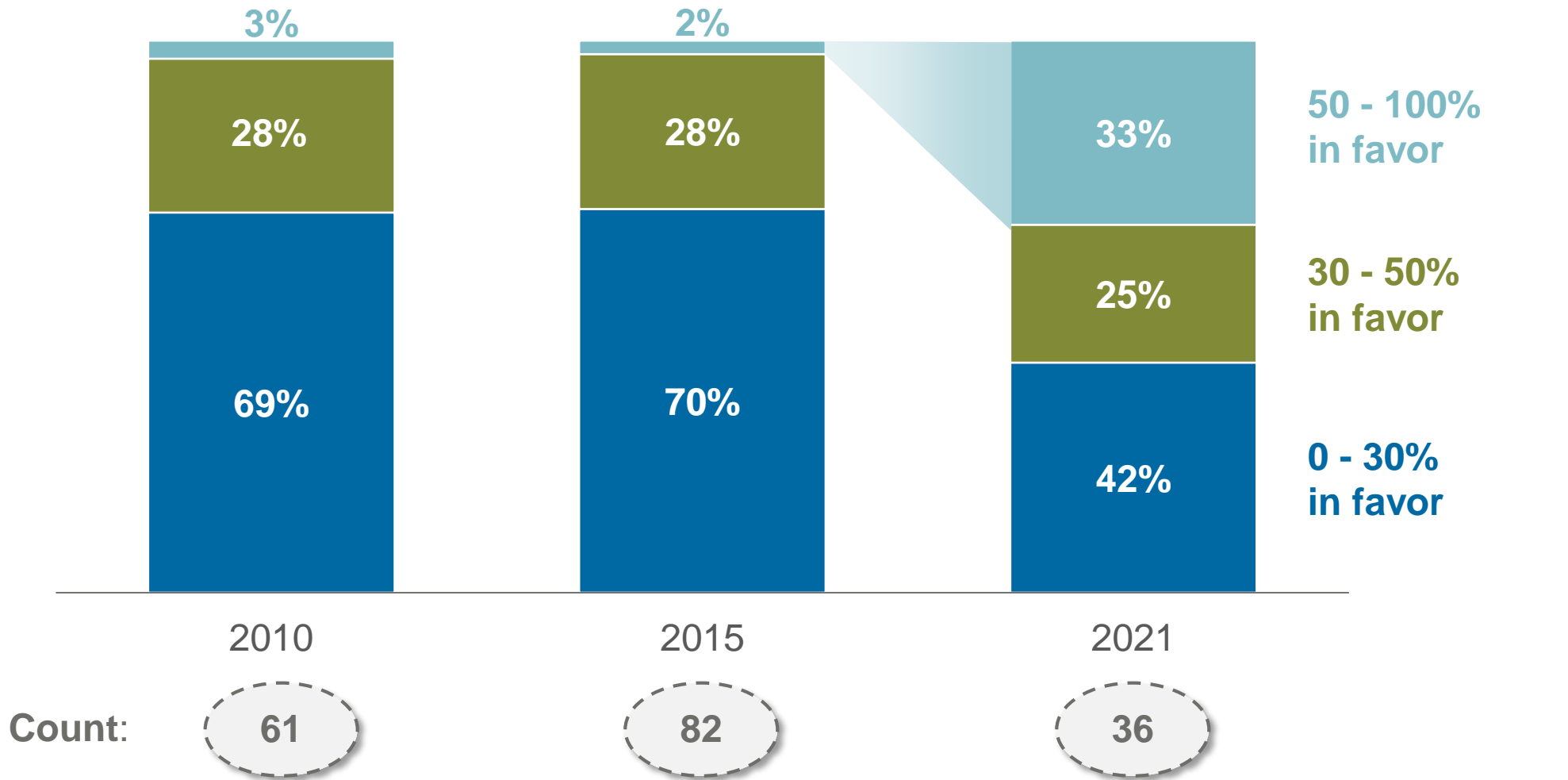
The shift towards sustainable assets is accelerating

“ESG” fund assets under management (\$bn)



Climate-related activism is gaining momentum

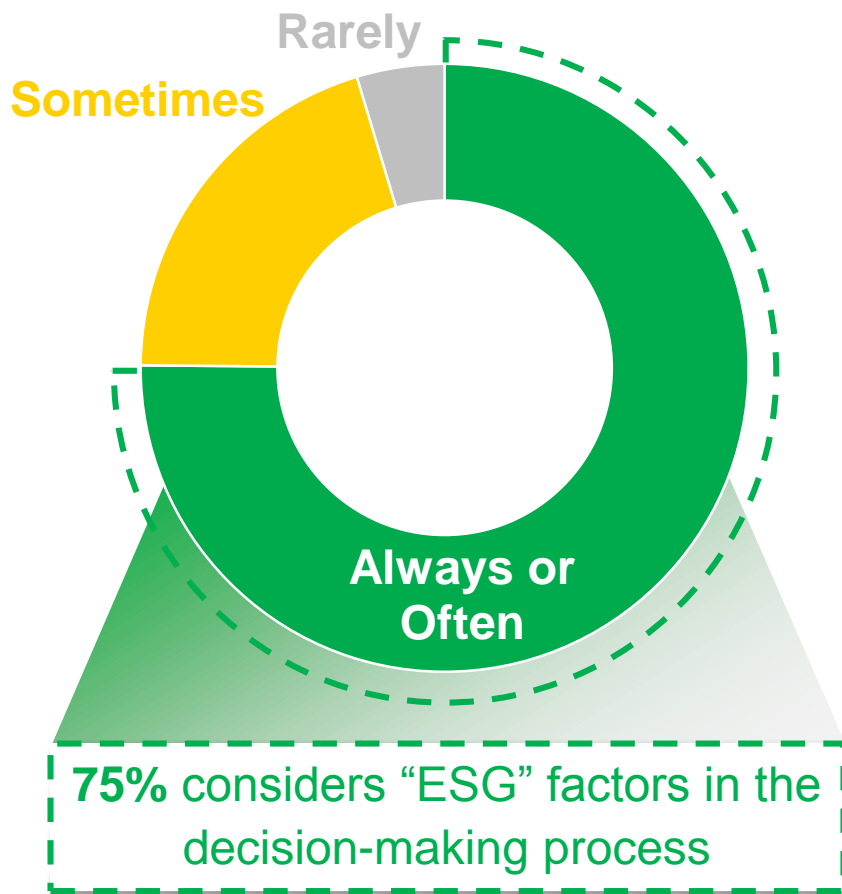
% votes in favor of climate-related U.S. shareholder proposals



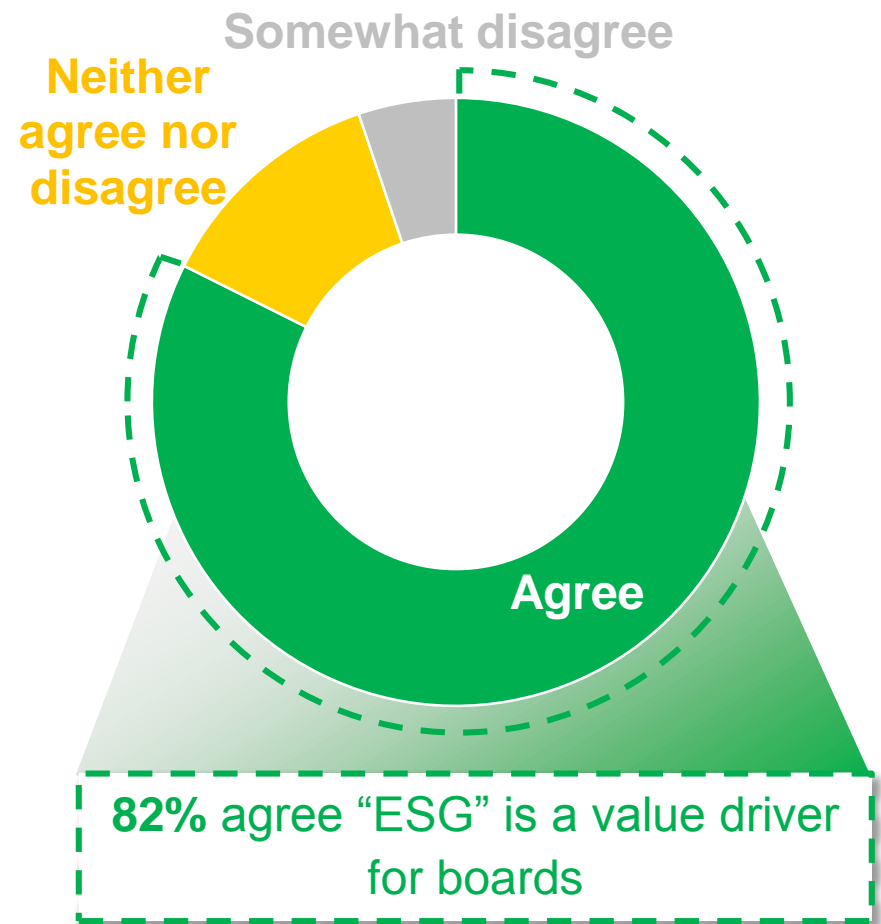
“ESG” is central to Board decision making

J.P. Morgan Director Survey Results

How often are “ESG” factors given consideration in a board’s decision-making process?



Do boards consider “ESG” to be a value driver?



J.P. Morgan is leading the sustainability transition...



Sustainable Development Target of \$2.5 trillion over 10 years



Part of the Net-Zero Banking Alliance Commitment



Aligning our financing portfolio with the Paris Agreement



Selective Financing Restrictions



Operational Carbon Neutrality



Expanded Client Resources

- Established Center for Carbon Transition (CCT)
- Industry leading strategic advice on emerging technologies for decarbonization

...and is helping clients navigate a rapidly evolving landscape



Tailored offerings based on transition lifecycle

Early-stage transition

- Formulate strategy and allocate capital
- Engage stakeholders
- Activism defense

Mid-stage transition

- Green and sustainability-focused products
- M&A and strategic separations

Green company

- Match with appropriate pools of capital
- Strategic advice on corporate finance policy
- Organic and inorganic growth opportunities

Footnotes and references

Page 2. Source: Bloomberg as of 11/22/2021, MSCI ESG represents MSCI World ESG leaders index, MSCI Climate represents MSCI Global Alternative Energy index

Page 3. Left hand-side chart. Source: Dealogic, Bloomberg, FactSet as of 11/22/2021; Note: Market cap as of 12/31 of each year. “Legacy auto OEMs” includes: BMW, BYD, Cummins, Ferrari NV, Stellantis, Peugeot (pre-merger), Ford Motor, Geely, General Motors, Great Wall, Honda, Hyundai, Maruti Suzuki, Nissan, Paccar, SAIC, Subaru, Toyota, and Voldo
“Pure play EV” include: Arcimoto, Ayro, Canoo, ElectraMeccanica, Fisker, Hylion, Kandi Technologies, Li Auto, Lordstown, Nikola, Nio, Tesla, Workhorse Group, and Xpeng

Page 3. Right hand-side chart. Source: Bloomberg, FactSet as of 11/22/2021; List of companies includes GICS Level I Energy and Utilities companies in the S&P 500 and STOXX 600; Excludes oilfield services, midstream, refining & marketing, water utilities, and electrical equipment companies

Page 4. Note: As of October 2021; *Taking Stock: A global assessment of net zero targets, 2021*, UN Race to Zero, Energy & Climate Intelligence Unit (ECIU) and Oxford Net Zero; Based on ~\$100 trillion in global assets under management; Global banking assets from the UNEP Finance Initiative – *FSB Global Monitoring Report 2020*, url: <https://www.unepfi.org/net-zero-banking/members/>, accessed on 10/27/2021

Page 5. Source: Lipper; YTD as of June 2021

Page 6. Source: FactSet as of July 2021; Note: Climate-related includes environmental issues and sustainability report shareholder proposals

Page 7. Source: Survey conducted at J.P. Morgan’s 2021 Board Summit for public and private directors

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