



Rainforest Action Network Written Testimony to the NYC Banking Commission

1. Introduction

Rainforest Action Network (RAN) is an international non-profit organization that preserves forests, protects the climate and upholds human rights by challenging corporate power and systemic injustice through frontline partnerships and strategic campaigns. We actively engage with the top US banks to improve their climate and deforestation policies and procedures and reduce their financing of fossil fuels. We have active supporters and staff who live and work in New York City (NYC).

We are writing to urge the NYC Banking Commission to establish clear and robust climate risk abatement requirements of any bank designated to do business with the city. At minimum, **we strongly recommend that the Commission vote to adopt a threshold standard that any bank seeking to partner with the city must adhere to formal foundational commitments to achieve net zero emissions by 2050 and must have 2030 emission reduction targets in place for its oil and gas sectors.**

By adopting this threshold, the Commission will ensure that the banks approved for conducting business with the City are, at least, minimally aligned with NYC's own near-term and net zero climate targets. Whereas, the certification of any bank that does not meet this standard risks undermining the NYC government's own climate mitigation plans (including its OneNYC 2050 Climate Action Plan¹) and its concerted efforts to safeguard its taxpayer funds and combat the inequitable impacts of climate change.

Furthermore, by adopting this threshold, the Commission will establish a screen to identify and rule out particularly reckless financial decision making that would put New Yorkers' money at significant risk. **Notably, Wells Fargo currently fails to meet the proposed threshold standard after becoming the first, and to date only, major U.S. bank to drop its 2030 and 2050 climate targets for its financed and facilitated emissions,² in one of the most egregious instances of banks rolling back their climate commitments.**

¹ <https://climate.cityofnewyork.us/reports/onenyc-2050/>

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<https://www.bloomberg.com/news/articles/2025-02-28/wells-fargo-abandons-net-zero-targets-amid-wall-street-retreat?srd=undefined>

The Commission should note that Wells Fargo's poor climate risk management is part of a wider pattern of mismanagement and scandalous behavior outlined in a later section of this document that make the bank unfit to conduct the City's banking business.

We further note that many of the banks applying for certification have climate risk profiles the commission should be mindful of. While Wells Fargo's dereliction of even basic fiduciary responsibilities to rein in its financed emissions and climate financial risk make it the Wall Street bank with the weakest climate policies on the books, none of the Wall Street banks have aligned its financing activities to be compatible with a 1.5°C trajectory, all of them have exited the Net Zero Banking Alliance,³ and all are still funding fossil fuels by billions each year.

Together, JPMorgan Chase, Citibank, Wells Fargo, Bank of America, and TD Bank have committed financing to companies conducting fossil fuel business to the tune of \$1.6 trillion since the Paris Agreement,⁴ compromising the integrity of their own net zero commitments and exposing the city to mounting levels of climate risk. Not only do these institutions expose NYC's funds to direct financial risk by continuing to finance risky companies and projects, but they would be using the city's money to further expand the fossil fuel economy, exacerbating climate risks that will have devastating impacts on coastal cities like NYC.

As a city that understands the importance of reducing emissions and fighting climate change, The New York Public Banking Commission should send a clear message that banks that continue to finance the expansion of fossil fuels are not welcome in the city. We urge the Commission to strengthen its bank selection criteria by adding a requirement that only banks demonstrating minimal or higher levels of climate governance with **formal policies in place to reach net zero emissions by 2050 and 2030 targets to reduce emissions from oil and gas lending can be ruled as eligible for receiving designation status. We also urge the Commission to reject Wells Fargo's bid to be recertified as an approved banking partner for the City of New York.**

2. Climate Risk as a Material Concern for NYC Banks

In 2024 alone, natural disasters caused \$417 billion⁵ in economic losses. Climate-related impacts on the real economy could reduce global economic output between 11 and 14 percent by 2050.⁶ Climate change will deplete stocks of social, environmental, institutional, and economic capital through extreme events such as tropical cyclones and increased risk of civil conflict. New York City is significantly vulnerable to global heating. According to the New York City Panel on Climate Change, global heating is already significantly increasing the frequency and intensity of flooding, heatwaves and other extreme weather events experienced by New Yorkers.⁷ These impacts are felt most intensely by New York's low-income communities and

³ <https://www.theguardian.com/business/2025/jan/08/us-banks-quit-net-zero-alliance-before-trump-inauguration>

⁴ <https://www.bankingonclimatechaos.org/>

⁵ <https://www.wsj.com/articles/natural-disasters-cost-417-billion-worldwide-in-2024-1bf513f3>

⁶ <https://www.nytimes.com/2021/04/22/climate/climate-change-economy.html>

⁷ <https://nyaspubs.onlinelibrary.wiley.com/doi/10.1111/nyas.14006>

communities of color.⁸

As the impacts of climate change are increasingly felt, global institutions are strengthening their efforts to mitigate these effects. Yet despite efforts toward climate action, private banks are currently lagging behind action that is necessary to shield themselves and their investors from climate-related risks.

Research on the climate impact of cash deposits estimates that every \$1 billion in cash that a bank deploys generates the emissions equivalent of 63,793 gas-powered vehicles' annual emissions.⁹ By continuing to inject capital into fossil fuel development, the major banks holding the City of New York's taxpayer dollars are increasingly exposed to material risks associated with climate change. This risk comes in a number of forms, the confluence of which make this issue a salient one for the NYC Banking Commission to consider in making its determinations:

- **Systemic Climate Risk** - A disorderly energy transition threatens financial losses across balance sheets due to the acute and chronic risks associated with climate change. An energy transition that proceeds too slowly leaves NYC and the world vulnerable to substantial economic loss and financial disruption.
- **Credit and Liquidity Risk** - Fossil fuel assets are at increasing risk of becoming stranded, decreasing issuers' creditworthiness and ability to repay debts.
- **Reputational Risk** - Banks are increasingly linked with controversial fossil fuel projects and are being targeted by advocacy campaigns. A growing gap between banks' stated commitments and their tangible climate actions creates vulnerability to public criticism.
- **Litigation Risk** - Banks are vulnerable to climate-related litigation, and in fact some are already being sued for climate inaction. More lawsuits are likely in the near future.
- **Regulatory Risk** - Regulators' eyes have increasingly turned towards banks, with European and U.S. regulators financial regulators developing climate scenario testing that could open banks up to scrutiny and regulatory costs.
- **Greenwashing Risk** - Growing scrutiny about the veracity of banks' green claims has already led to litigation, federal investigation, and fines at major banks. Misalignment between a bank's actions and its environmental commitments poses heightened reputational, legal, and regulatory risks to banks, which could in turn be transferred to NYC as a major depositor.

New York City can mitigate these risks by moving its money out of the most fossil-fuel-exposed banks.

3. Information on Certified Banks' Climate Risk Exposure

RAN and partner organizations produce an annual report that details the flow of financing from the world's 60 largest banks by asset size to the fossil fuel industry. Banks themselves do not,

⁸ <https://climate.cityofnewyork.us/ejnyc-report/the-state-of-environmental-justice-in-nyc/exposure-to-climate-change/>

⁹ <https://static1.squarespace.com/static/651da9cd0ad7706a768d14db/t/66024d827623d72ef543b545/1711426949213/The+Carbon+Bankroll+2.0+-+From+Awareness+to+Action+%28final%29.pdf>

except in rare instances, self-report the extent of their lending to the fossil fuel industry, despite the associated risks to clients, investors, and the public. Instead, banks run large-scale marketing campaigns about their climate pledges, which are riddled with loopholes, weak ambition, and a troubling misalignment with Paris Agreement goals.

JPMorgan Chase, Citibank, Wells Fargo, Bank of America, and TD Bank — five of the banks that the NYC Banking Commission is considering for designation — together financed over **\$1.6 trillion** to the fossil fuel industry since 2016 and **\$155 billion** in 2023 alone. The latest version of our organization’s *Banking on Climate Chaos: Fossil Fuel Finance Report*,¹⁰ released in May 2024, finds that these banks are among the top financiers of fossil fuel expansion and each of them lacks adequate policies to ensure the decarbonization of their oil and gas portfolios is in line with mainstream climate scenarios that would limit global warming to 1.5°C.

Bank	Financing to Fossil Fuel Industry 2016-2023 (million USD)	Global Rank 2016-2023	Financing to Fossil Fuel Industry 2023 (million USD)	Global Rank 2023
JPMorgan Chase	430,930	1	40,875	1
Citi	396,330	2	30,268	6
Bank of America	333,160	3	33,682	3
Wells Fargo	296,250	5	30,378	5
TD Bank	178,440	16	20,358	11
TOTAL	1,635,110	-	155,561	-

Source: *Banking on Climate Chaos*

Of particular concern to the NYC Banking Commission should be that these banks make no meaningful restrictions on financing to companies doing the most to expand the development of new fossil fuel projects. Mainstream climate models declare that new fossil fuel expansion is flatly incompatible with net zero pathways to limit global warming to 1.5° C.

Depositing the city’s money into any of these fossil fuel banks undercuts other actions by the city targeting financed emissions, including the recent commitment by three of the city’s pension

¹⁰ <https://www.bankingonclimatechaos.org/>

funds to evaluate the climate plans of major asset managers or risk losing their business,¹¹ and the pension funds' completion of \$3 billion in divestment from risky fossil fuel assets.¹²

4. Risk Profile on Wells Fargo

Wells Fargo's recent severe climate backsliding, long history of climate underperformance, and pattern of problematic conduct and risk mismanagement make it a particularly risky bank to entrust with NYC's banking business.

On Feb 28th, Wells Fargo became the only major US bank to drop its 2030 and 2050 climate targets, scrapping its sector-specific 2030 emissions reductions targets, including for the oil and gas sector, and its net zero by 2050 target.¹³ Wells Fargo now lags behind its peers as the Wall Street bank with the weakest climate policies.

Wells Fargo is a top five global financier of fossil fuels and fossil fuel expansion. Between 2016 and 2023, the last year we currently have data for, Wells Fargo funneled \$296.2 billion to the coal, oil, and gas companies driving the climate crisis, and nearly \$100 billion in financing for the fossil fuel corporations most rapidly expanding new oil, gas, and coal infrastructure.¹⁴ Wells Fargo financed over \$25 billion to five top upstream fossil clients (Pioneer Natural Resources, Diamondback Energy, Marathon Petroleum, Occidental Petroleum, and Civitas Resources) in the seven years following the Paris Agreement. Those five companies alone are currently developing four billion barrels of oil equivalent in hydrocarbon resources beyond what is compatible with the IEA's net zero pathway to limit warming to 1.5°C. In 2023 alone, the bank provided over \$30 billion to fossil fuels, \$11 billion of which went to companies actively involved in fossil fuel expansion.¹⁵

Wells Fargo is also the Wall Street bank with the slowest rate of reducing its funding for fossil fuels year on year and with the worst ratio of clean energy financing to fossil fuel financing.¹⁶ According to 2023 data, Wells Fargo financed nearly twice as much fossil fuel energy than clean

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<https://comptroller.nyc.gov/newsroom/as-trump-assaults-climate-progress-on-earth-day-comptroller-lander-pushes-for-ward-toward-net-zero/>

¹²

<https://comptroller.nyc.gov/newsroom/comptroller-stringer-and-trustees-announce-successful-3-billion-divestment-from-fossil-fuels/>

¹³

<https://www.bloomberg.com/news/articles/2025-02-28/wells-fargo-abandons-net-zero-targets-amid-wall-street-retreat?srnd=undefined>

¹⁴ <https://www.bankingonclimatechaos.org/?bank=Wells%20Fargo#fulldata-panel>

¹⁵ <https://www.bankingonclimatechaos.org/?bank=Wells%20Fargo#fulldata-panel>

¹⁶

<https://www.bloomberg.com/news/articles/2025-01-29/global-banks-make-little-headway-in-addressing-climate-change?embedded-checkout=true>

energy,¹⁷ causing BloombergNEF to denounce Wells Fargo for falling far short on supporting a clean energy transition.¹⁸

Wells Fargo has blocked efforts to compel the bank to disclose more information about its fossil fuel exposure and yearly progress to increase its financing for climate solutions. At its April 29th Annual General Meeting, the Wells Fargo Board advised shareholders to vote against a resolution introduced by the New York City Comptroller urging the bank to annually disclose its clean energy-to-fossil fuel energy ratio.¹⁹ By comparison, JPMorgan Chase and Citigroup have committed to annually disclose their clean energy-to-fossil fuel energy ratios.

Also at this year's AGM, the bank also advised its shareholders to vote against another resolution introduced by the Office of the New York State Comptroller which called for a report into workplace harassment issues that have been reported at Wells Fargo.²⁰ There are other troubling indications that Wells Fargo's corporate culture and workplace environment are at odds with labor values espoused by New York City. Wells Fargo's management is actively fighting a nascent but growing employee unionization effort²¹ called Wells Fargo Workers United.²² And in February of this year, Wells Fargo dropped its DEI hiring and programmatic policies.²³

The bank's corporate culture has a track record of tolerating or even fostering brazen, unethical, and reckless behavior. The bank is under heightened regulatory oversight and scrutiny, including for its role in the 2008 financial crisis,²⁴ inadequate controls on money laundering,²⁵ the bank's 2016 fake accounts scandal,²⁶ which triggered billions of dollars in fines, an asset cap, and lawsuits. The bank has been lobbying to get these constraints removed. In November 2024, Senator Elizabeth Warren urged the Federal Reserve not to lift the bank's asset cap, citing ongoing misbehavior.²⁷

The Trump administration poses a serious threat of dangerous de-regulation, which could remove many of the checks on the bank, exposing Wells Fargo's clients to further risks. Wells Fargo is still showing inclinations to take on controversial projects and deploy questionable means to advance them. In February, Wells Fargo also released a memo outlining political pathways to privatizing the post office.²⁸ Wells Fargo's plan for privatizing the post office would result in the auctioning off of USPS's most profitable parts, the raising prices, and the decimation of the unionized workforce. Citing "recent DOGE efforts on federal cost control," the

¹⁷ <https://about.bnef.com/blog/third-annual-energy-supply-investment-and-banking-ratios/>

¹⁸ <https://www.bloomberg.com/news/articles/2023-02-28/banks-need-even-bigger-low-carbon-pivot-to-avert-climate-crisis>

¹⁹ <https://www.wellsfargo.com/assets/pdf/about/investor-relations/annual-reports/2025-proxy-statement.pdf>

²⁰ <https://www.wellsfargo.com/assets/pdf/about/investor-relations/annual-reports/2025-proxy-statement.pdf>

²¹ <https://www.bankingdive.com/news/wells-fargo-faces-labor-board-complaint-over-union-vote/740093/>

²² <https://betterbanks.org/WFWU>

²³ <https://www.advisorhub.com/wells-fargo-scraps-diversity-policy-for-senior-level-recruitment/>

²⁴ <https://apnews.com/general-news-42e2b298531f4f5694fd9642b8631787>

²⁵ <https://www.bankingdive.com/news/occ-hits-wells-fargo-with-aml-enforcement-action/726890/>

²⁶ <https://www.reuters.com/legal/wells-fargo-is-sued-over-response-fake-accounts-scandal-2024-02-29/>

²⁷ <https://www.bankingdive.com/news/warren-wells-fargo-asset-cap-fed-powell-barr-letter/733625/>

²⁸ <https://usmailnotforsale.org/wp-content/uploads/2025/02/Wells-Fargo-USPS-Privatization-A-Framework.pdf>

Wells Fargo memo recommends that postal employees be given a “deferred buyout offer to leave or layoffs could ensue.” Due to the broad public affection for the USPS, the memo recommends a backdoor strategy of getting it done through the budget.

For all of these reasons, we **urge the Commission to vote against certifying Wells Fargo as NYC Designated Bank.**

5. Bank Policy Requirements to Address Climate Risk in NYC’s Banking

Recognizing that divesting NYC completely from fossil financing institutions is not a viable option for the city at this time, the Commission can take some immediate precautions to mitigate and abate the city’s exposure to climate related risk.

Establishing a baseline requirement that banks seeking designated status must maintain a net zero by 2050 commitment and interim 2030 emission reduction targets for their most polluting sectors is an accessible and immediate safeguard the Commission can adopt.

If the Commission is willing to consider more robust climate risk abatement standards, the Commission should condition recertification of its designated banks on banks’ demonstrable progress implementing or enhancing policies and procedures that would:

- Phase out financing (both loans and underwriting) at the corporate and project level for firms developing new fossil fuel expansion projects, which, according to the consensus among mainstream climate models, are by definition not aligned with 1.5 degree Celsius warming pathways.
- Set absolute emissions targets to credibly implement Net Zero commitments that would align bank financing with 1.5°C warming pathways.
- Implement robust client criteria to ensure that fossil fuel clients have credible transition plans that do not rely on technologies that have not been proven to work at scale, including carbon capture and storage.
- Ensure respect for Free Prior and Informed Consent (FPIC) of all Indigenous communities impacted by financed projects and client company operations.
- Implement robust Human Rights Due Diligence (HRDD) frameworks to protect against rights violations perpetrated against forest defenders, rights defenders and others impacted by client company operations.