02/11/2022

RE: JPMorgan Chase business operations in Russia

Dear Mr. Dimon,

We write to you as a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia’s war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between JPMorgan Chase & Co.’s (JPMorgan) stated policies on Russian aggression and human rights more broadly and the company’s ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

JPMorgan’s Human Rights Statement publicly declares that the company “supports the fundamental principles of human rights across all lines of business and in each region of the world” in which it operates.1 The Human Rights Statement is supported by the company’s Environmental and Social Policy Framework2 and the company’s commitments under the Equator Principles, which requires signatories to conduct human rights due diligence (HRDD) in line with the UNGPs.3 Furthermore, JPMorgan’s “respect for the protection and preservation of human rights is guided by the principles set forth in the United Nations Universal Declaration of Human Rights.”

It has been eight months since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including committing war crimes, crimes against humanity, and attacks on civilians and

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civilian infrastructure (e.g., mass executions, sexual violence, torture, and forcible transfer of civilians). More than 15,000 Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian disasters and refugee crises of modern times.

On September 21, President Vladimir Putin further escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation (Article 9 of Federal Law No. 31-FZ) mandates all organisations, including more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service. They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

This legislation entails new and significant legal risks for companies remaining in Russia, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence, holding corporations and their officers responsible for human rights abuses abroad. Companies may be exposed to financially material risks through operational restrictions, such as limitations on future government contracts.

In response to this unprovoked and unjustified war, many companies have left Russia. According to the respected Kyiv School of Economics Institute’s #LeaveRussia company tracker, JPMorgan

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7 The UN General Assembly condemned Russia’s “aggression against Ukraine” and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”
announced in March that it would be “actively unwinding Russian business” and would not pursue any new business in Russia." At the time of this statement, JPMorgan clarified that it only had 200 employees in Russia and its operations were limited to “helping global clients address and close out pre-existing obligations; managing their Russian-related risk; acting as a custodian to our clients; and taking care of our employees.” While we commend these statements, our research indicates that JPMorgan is not meeting its stated commitments.

In July of 2022, an economic adviser to Ukrainian President Volodymyr Zelensky accused JPMorgan of maintaining shares in sanctioned Russian entities, Gazprom and Rosneft, and providing financial services to Vitol, a Dutch company that continues to sell Russian oil. Further, in a House Committee on Financial Services hearing, Members of Congress questioned JPMorgan CEO Jamie Dimon about the company’s ongoing relationships with Gazprom, Vitol, and sanctioned Russian bank, Sberbank, as well as the continued inclusion of Russian securities in its ESG fund suite. Mr. Dimon’s responses led Members to conclude that JPMorgan had not sufficiently cut ties with those sanctioned entities. Relatedly, in May 2022, U.S. Congresswomen accused JPMorgan of facilitating the purchase of Russian debt and pushing clients to purchase debt in companies such as Lukoil and steel producers Novolipetsk Steel and Magnitogorsk Iron & Steel Works as “recovery play[s] … even as investors sought to divest themselves from Russia for risk, reputational, and moral reasons.”

As of June 30, 2022, the company disclosed that its exposure to Russia was approximately $600 million, supporting the contention that JPMorgan has failed to fully unwind its business in Russia as promised. By August 30, 2022, JPMorgan Russian Securities plc maintained more than $16 million worth of assets, including shares of sanctioned Russian entities such as Gazprom, Rosneft, Lukoil, and Sberbank.

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12 Ibid.
13 Ibid.
According to the Sunrise project’s Putin100 list, between January 2019 and November 2021 JPMorgan issued more than $3.5 billion in loans and underwriting to Russian coal, oil, and gas companies.17 Similarly, from 2016 through 2020, JPMorgan issued another $3.6 billion in financing to Russian-owned oil company Gazprom.18 In 2017, JPMorgan participated in the initial public offering of Russian metals conglomerate En+ Group, who’s subsidiary RUSAL, maintains contracts with various Russian state-owned military, defense, and weapons companies.19

These activities risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating JPMorgan’s Human Rights Policy and the company’s stated human rights commitments. It remains to be seen how directly JPMorgan will be impacted by the partial mobilisation and the heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.

We seek to understand how JPMorgan has conducted and continues to conduct heightened HRDD, per its stated policy and the UNGPs, and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

…the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

With the above points in mind and in consideration of B4Ukraine’s Declaration, we request an urgent dialogue with JPMorgan’s relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact Eleanor Nichol at enichol@businessforukraine.info to schedule a call. We kindly ask for your response by 5:00pm CET, 16th November 2022.

Please do not hesitate to get in touch if you require any further information.

Sincerely,

Eleanor Nichol
Executive Director

18 Ryan Brightwell, “Russia has become an overnight pariah. Banks should take rapid action to divest,” BankTrack, March 2, 2022, https://www.banktrack.org/blog/russia_has_become_an_overnight_pariah_banks_should_take_rapid_action_to_divest (accessed October 27, 2022).
The B4Ukraine Coalition