



January 29, 2024

Brian Moynihan
Bank of America Corporation
100 North Tryon Street
Charlotte, NC 28255

Jane Fraser
Citigroup Inc.
388 Greenwich Street
New York, NY 10013

David M. Solomon
The Goldman Sachs Group, Inc.
200 West Street
New York, NY 10282

Jamie Dimon
JPMorgan Chase & Co.
383 Madison Avenue
New York, NY 10170

Ted Pick
Morgan Stanley
1585 Broadway
New York, NY 10036

Charles W. Scharf
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Re: Impact of Net-Zero Banking Alliance on Agriculture & Food Security

Dear Mr. Moynihan, Ms. Fraser, Mr. Soloman, Mr. Dimon, Mr. Pick, & Mr. Scharf:

As the chief agriculture officers for our respective states, we hold serious concerns over commitments made by your bank as part of the Net-Zero Banking Alliance (“NZBA”), and the potential impacts on the agriculture sector; specifically, food availability and price increases on consumers, credit access for our farmers and agriculture product producers, and overall negative economic consequences. We remain committed to safeguarding the interests of consumers, American farmers, ranchers and agriculture producers in our states, as well as stewarding the lands and animals that ensure our nation’s food security.

In our roles, we “encourage, promote, and advance the interests of agriculture” in our respective states.¹ While our specific authority varies by state, we generally regulate animals, food, fuel, plants, soil, and pesticides produced or sold within our states, and have jurisdiction over matters affecting them. Our powers include promulgation of rules or emergency orders; initiation and prosecution of administrative, civil, or criminal actions; investigations; and licensing

¹ See Iowa Code Ann. § 159.2(1); Ga. Code Ann. § 2-2-7(1) (granting authority to address matters “relating to or affecting the welfare of farmers and consumers of the state”); La. Stat. Ann. § 3:2(A) (conferring power to exercise state functions “relating to the promotion, protection, and advancement of agriculture and forestry”); Va. Code Ann. § 3.2-102(A) (stating that the agriculture commissioner “shall promote, protect, and develop the [state’s] agricultural interests”); Ky. Rev. Stat. § 246.020 (mandating that the department’s efforts “shall be directed to the promotion of the interests of agriculture and horticulture”); see also Ky. Rev. Stat. § 246.070 (mandating that the Commissioner “promote and encourage, as far as practicable, the organization of agricultural organizations and associations”).

determinations.² In some cases, this authority extends to initiating investigations and bringing enforcement actions against actors outside the agriculture industry.³

Due to the potential impacts to agriculture, we are seeking more information regarding what appear to be troubling environmental commitments by your banks that target our farmers, ranchers, and agriculture producers, with grave consequences for consumers and that undermine the security of our food supply. More specifically, we understand that you have joined the NZBA,⁴ and committed to “transition[ing] all operational and attributable GHG emissions from [your] lending . . . portfolios to align with pathways to net-zero by mid-century, or sooner.”⁵ To accomplish this goal, NZBA banks must require their customers to measure and disclose GHG emissions in specific sectors, including agriculture.⁶

Implementing these commitments would have severe consequences for American farmers—including cutting America’s beef and livestock consumption in half,⁷ switching to inefficient electric farm equipment,⁸ and moving away from the nitrogen fertilizer necessary for American agriculture to thrive.⁹ We are deeply troubled that your banks have given the UN Environment Programme (“UNEP”) authority to “review” and “monitor” your banks’ climate

² See, e.g., Ga. Code Ann. §§ 2-2-7(1), 2-2-9, 2-2-13(b) (granting authority to “[e]xamine and investigate” matters affecting farmers and consumers, to enlist other state and local law enforcement officers to assist in investigations, and to “make all necessary rules and regulations for the purpose of carrying out the purposes of this title”); Iowa Code Ann. §§ 159.5(10) (conferring power to “[e]stablish . . . and enforce rules” relating to agriculture”); La. Stat. Ann. § 3:3(B) (authorizing the agriculture commissioner to “adopt all necessary rules and regulations for the purpose of implementing the laws relating to agriculture and forestry”); N.D. Cent. Code Ann. § 4.1-01-03 (authority to compel production of books and papers, and testimony under oath); Okla. Stat. Ann. tit. 2, § 2-4 (listing most of these powers and many more); Utah Code Ann. § 4-2-103(j); see also Ky. Rev. Stat. § 246.080 (requiring state and county officials to furnish “information within their power” as required “regard[ing] . . . matters connected to the department.”).

³ See, e.g., Ga. Code Ann. §§ 2-2-7(1) (“[e]xamine and investigate any matter relating to or affecting the welfare of farmers and consumers of the state”); see also *ExxonMobil Oil Corp. v. State*, 50 So. 3d 755, 757–58 (Fla. Dist. Ct. App. 2010) (describing Florida Department of Agriculture’s investigation into whether ExxonMobil had violated a price-gouging law); *Stephenson v. Dep’t of Agric. & Consumer Servs.*, 342 So. 2d 60, 61 (Fla. 1976) (holding that Department of Agriculture had legitimate authority to stop all vehicles—even those not carrying agricultural products—for inspection).

⁴ UNEP FI, *Net-Zero Banking Alliance, Our Members*, <https://www.unepfi.org/net-zero-banking/members/>.

⁵ UNEP FI, *Principles for Responsible Banking*, 2, *supra* note 4.

⁶ UNEP FI, *Guidelines for Climate Target Setting for Banks*, *supra* note 5, at 7. Some banks are already preparing to set agriculture sector targets—for example, Citibank recently committed to assess setting emission-reduction targets for its agriculture loan portfolio in 2023. See Citi, *2022 Environmental, Social, and Governance Report*, 27, 29, <https://www.citigroup.com/rcs/citigpa/storage/public/Global-ESG-Report-2022.pdf>.

⁷ Ceres, *The Investor Guide to Climate Transition Plans in the U.S. Food Sector*, 20 (May 2022), <https://www.ceres.org/resources/reports/investor-guide-climate-transition-plans-us-food-sector> (“[G]lobal per capita meat consumption must be reduced to around 1.5 burgers per person per week by 2050 to align with a 1.5°C scenario.”); Richard Waite et al., *6 Pressing Questions About Beef and Climate Change, Answered*, WORLD RES. INST. (Mar. 7, 2022), <https://www.wri.org/insights/6-pressing-questions-about-beef-and-climate-change-answered> (“1.5 burgers per person per week [is] about half of current U.S. levels”).

⁸ McKinsey & Co., *Agriculture and Climate Change*, 15 (2020), <https://www.mckinsey.com/~media/mckinsey/industries/agriculture/our%20insights/reducing%20agriculture%20emissions%20through%20improved%20farming%20practices/agriculture-and-climate-change.pdf>; see Eleanor McCrary, *Fact Check: False Claim that John Deere Is Rolling Out All-Electric Combines, Large Tractors*, USA TODAY (Sept. 29, 2022), <https://www.usatoday.com/story/news/factcheck/2022/09/29/fact-check-john-deere-does-not-plan-offer-all-electric-combines-large-tractors/8123931001/> (explaining infeasibility).

⁹ Climate Action 100+, *Global Sector Strategies: Recommended Investor Expectations for Food and Beverage 23*, 27–28 (2021), <https://www.climateaction100.org/wp-content/uploads/2021/08/Global-Sector-Strategies-Food-and-Beverage-Ceres-PRI-August-2021.pdf>.

targets for “consistency” with UN criteria,¹⁰ especially given the UNEP’s leading role in inciting Sri Lanka to adopt its disastrous fertilizer ban. The documents you have signed indicate that most of you will establish emissions targets for agriculture in 2024 or sooner.¹¹ With this deadline upon us, we request information and documents related to your commitments. Your response will enable us to evaluate their implications for the future of agriculture and food security in our states.

Achieving net-zero greenhouse gas emissions in agriculture requires a complete overhaul of on-farm infrastructure—one of the goals of the NZBA. This would have a catastrophic impact on our farmers. Proposed net-zero roadmaps describe dramatic, impractical, and costly changes to American farming and ranching operations such as switching to electric machinery and equipment;¹² installing on-site solar panels and wind turbines;¹³ moving to organic fertilizer;¹⁴ altering rice-field irrigation systems;¹⁵ and slashing U.S. ruminant meat consumption in half,¹⁶ costing millions of livestock jobs.¹⁷

To make matters worse, these changes will increase food costs and decrease food production at a time when global food demand is expected to rise dramatically.¹⁸ The “green premium” from low-emissions ammonia alone is predicted to increase fertilizer costs by up to 60% and food prices by up to 26%, even according to net zero *proponents* like the World Economic Forum.¹⁹ This is compounded by the fact that, the average American has been struggling to keep up with inflation during the tenure of the Biden Administration. The reality could be much worse. These effects will hit the poor the hardest. Some have estimated that the food and fertilizer price increases resulting from the war in Ukraine will lead to the death of hundreds of thousands, and the undernourishment of millions.²⁰ The magnitude of the fertilizer price increases expected by net zero proponents could have a similar effect, as demonstrated by Sri Lanka’s experience.

In 2019, with support from the UNEP, Sri Lanka spearheaded the Colombo Declaration on Sustainable Nitrogen Management.²¹ The declaration urged countries to adopt national regulations to work toward halving nitrogen waste by 2030.²² The UNEP touted that this would “lead to

¹⁰ UN Environment Programme Finance Initiative (“UNEP FI”), *Principles for Responsible Banking*, 2, <https://www.unepfi.org/wordpress/wp-content/uploads/2023/03/10-NZBA-PRB-Commitment-statement-D3.pdf>. (References throughout this document to UNEP include its units, divisions, or subgroups, such as UNEP FI).

¹¹ UNEP FI, *Guidelines for Climate Target Setting for Banks*, 7 (Apr. 2021), <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-Guidelines-for-Climate-Change-Target-Setting.pdf> (requiring targets for “the remaining carbon-intensive sectors,” which includes agriculture, “within 36 months of signing” onto the NZBA).

¹² McKinsey & Co., *supra* note 2, at 15; McCrary, *supra* note 2.

¹³ Climate Action 100+, *supra* note 3, at 24.

¹⁴ *See id.* at 23, 27–28.

¹⁵ *Id.* at 23, 27, 30.

¹⁶ Ceres, *supra* note 1, at 20; Richard Waite et al., *supra* note 1.

¹⁷ *See* McKinsey & Co., *supra* note 2, at 25.

¹⁸ World Resources Institute, *Creating A Sustainable Food Future*, iv (Jul. 2019), https://research.wri.org/sites/default/files/2019-07/WRR_Food_Full_Report_0.pdf.

¹⁹ World Economic Forum, *Net-Zero Industry Tracker 2022 Edition*, 69 (2022), https://www3.weforum.org/docs/WEF_NetZero_Industry_Tracker_2022_Edition.pdf.

²⁰ *See, e.g.*, Peter Alexander et al., *High Energy and Fertilizer Prices Are More Damaging than Food Export Curtailment from Ukraine and Russia for Food Prices, Health and the Environment*, 4 NATURE FOOD 84, 91–92 (2023), <https://www.nature.com/articles/s43016-022-00659-9.epdf>.

²¹ Press Release, UNEP, *Colombo Declaration Calls for Tackling Global Nitrogen Challenge* (Oct. 24, 2019), <https://www.unep.org/news-and-stories/press-release/colombo-declaration-calls-tackling-global-nitrogen-challenge>.

²² *Id.*

US\$100 billion in savings” and promote the “increase[d] use of organic fertilizers.”²³ However, instead of leading to savings, Sri Lanka’s 2021 ban on the import of chemical fertilizers “had a disastrous impact” on agricultural production, which was reduced by 50%.²⁴ This left millions of Sri Lankans food insecure and in need of humanitarian assistance, as food inflation for Sri Lankan residents reached an all-time high of 95%.²⁵ Sri Lanka then defaulted on its international debts and simultaneously experienced “an economic crisis, a political crisis, [and] a food crisis.”²⁶ Given this track record, your decision to join an organization led by the UNEP and involve them in your lending decisions is deeply concerning.

As members of the NZBA, you have committed to setting “net-zero” targets for your business using the UNEP Finance Initiative’s (“UNEP FI”) “Guidelines for Climate Target Setting for Banks.”²⁷ Further, you have agreed to let the UNEP review your climate targets, committing to “publish [them] annually and share them with UNEP FI for review, to monitor consistency with the UN Race to Zero criteria and evidence that action is being taken.”²⁸ The UNEP then assesses whether you are making “progress” against the NZBA required emissions targets.²⁹ The net-zero emissions reduction targets that the UNEP is promoting through the NZBA could severely and permanently damage American agriculture and endanger our country’s food security. American farmers should not be forced to put our food supply at risk.

On behalf of the consumers, farmers, ranchers, and producers in our states, we seek information regarding your NZBA commitments and their effects. Please respond to the following questions and provide any documents you reference or rely on in formulating your answers:

- Please explain if and how you plan to achieve net zero in your agriculture lending portfolio and other business activities related to agriculture and food production, including any pathways or roadmaps for reducing greenhouse gas emissions within agriculture that you have created or received from a third party.
- Please explain if and how you consider greenhouse gas emissions or other decarbonization-related risk criteria in making lending decisions related to agriculture.
- Are you still a member of the NZBA? If so, please detail your involvement with the NZBA, including why you joined, what commitments you have made, and what actions you have taken in relation to those commitments.

²³ Joyce Msuya, Deputy Executive Director, UNEP, *Launch of the UN Global Campaign on Sustainable Nitrogen Management* (Oct. 23, 2019), <https://www.unep.org/news-and-stories/speech/launch-un-global-campaign-sustainable-nitrogen-management>.

²⁴ See UN Office for the Coordination of Humanitarian Affairs (OCHA), *Sri Lanka Food Security Crisis – Humanitarian Needs and Priorities 2022*, 5 (June 9, 2022), <https://reliefweb.int/report/sri-lanka/sri-lanka-food-security-crisis-humanitarian-needs-and-priorities-2022-june-sept-2022-ensita>; Mujib Mashal & Skandha Gunasekara, *Sri Lanka Is Calm Again. That Doesn’t Mean Things Are Any Better.*, N.Y. TIMES (Feb. 2, 2023), <https://www.nytimes.com/2023/01/31/business/sri-lanka-economy.html>.

²⁵ See World Food Programme, *WFP Sri Lanka Country Brief, August 2023*, 1 (Sept. 27, 2023), <https://reliefweb.int/report/sri-lanka/wfp-sri-lanka-country-brief-august-2023>.

²⁶ Shikha Singh, *Sri Lanka Waking Up to Reality of Food Shortages After Failed Organic Farming Dream*, S&P GLOBAL COMMODITY INSIGHTS (Aug. 11, 2022), <https://www.spglobal.com/commodityinsights/en/market-insights/blogs/agriculture/081022-sri-lanka-crisis-food-organic-farming>.

²⁷ UNEP FI, *Principles for Responsible Banking 2*, *supra* note 4.

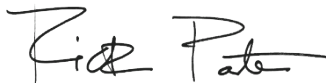
²⁸ *Id.*

²⁹ *Id.*

- Please explain if and how the UNEP and the UNEP FI have played a role in guiding and reviewing your climate targets for the agriculture sector.
- Have the UNEP, UNEP FI, NZBA, or any NZBA members given you any guidelines or recommendations relating to climate targets in the agriculture sector? If so, please provide a copy of all such documents and any communications from the UNEP, UNEP FI, NZBA, or NZBA members related to greenhouse gas emissions and agriculture.

Your reply is requested by Friday, February 16th, 2024.

Respectfully,



Rick Pate
Alabama Commissioner of Agriculture
and Industries



Andy Gipson
Mississippi Commissioner of Agriculture
and Commerce



Wilton Simpson
Florida Commissioner of Agriculture
and Consumer Services



Steve Troxler
North Carolina Commissioner of Agriculture



Tyler Harper
Georgia Commissioner of Agriculture



Doug Goehring
North Dakota Commissioner of Agriculture



Mike Naig
Iowa Secretary of Agriculture



Hugh Weathers
South Carolina Commissioner of Agriculture



Jonathan Shell
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Sid Miller
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Kent Leonhardt
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