# JP Morgan fund dumps “severe violator” petrol and defence stocks over environment fears

A
£1.4 billion JP Morgan fund has dumped shares in two giant American companies in the latest sign of the pressure investors are facing over climate change.

With Extinction Rebellion bringing chaos to London and other campaigners pushing for large firms to act on the environment, stock market funds are under increasing scrutiny.

Today the JP Morgan American Investment Trust said it has sold its holdings in Marathon Petroleum and Raytheon Technologies “substantially on poor ESG (environmental, social and governance) grounds”.

Marathon a $36 billion petrol refiner, and Raytheon, a $130 billion defence giant, are both on the United Nations Global Compact “severe violators” list.

The trust said in a stock market announcement it has switched the proceeds into ConocoPhillips and Bristol Myers Squibb which have “better ESG credentials”.

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The statement said: “The Board has noted with approval the increasing attention paid by the Manager to Environmental, Social and Governance (ESG) issues in their research process and stock selection decisions for the Company’s portfolio.”

The fund also noted that it has sold its stake in Tesla, generally regarded as an environmentally friendly stock to fund an investment in Facebook, which is not.

JP Morgan, the world’s biggest bank led by perhaps the most powerful banker, Jamie Dimon, says sustainable investing is “a growing concern for our clients”. It has $2.3 trillion in ESG assets.

The bank did not return calls seeking comment on the investment trust that bares its name.

The fund is listed in London and has seen the shares jump 20% this year. They rose 5p to 693p today. It is run by Timothy Parton and Jonathan Simon.

A report this year by Friends of the Earth showed that UK local government pension funds alone held £10 billion in fossil fuel shares.

Those funds, typically run by large City firms such as Schroders, have seen the value of those holdings tumble during the pandemic, perhaps strengthening the case to sell oil stocks and buy green shares.

While dividends from the likes of BP and Shell have been a vital income stream to pension funds for decades, payouts have been cut as the companies try to reshape their businesses.

ESG funds run by City firms have seen huge inflows in the last year as investors large and small move to embrace green principles.

Critics of the ESG industry argue that there is a clear difference between boycotting certain investments and actively campaigning for change.