JPMorgan Chase & Co.

2013

CONVERSATIONS WITH OUR PARTNERS

CORPORATE RESPONSIBILITY REPORT

GLOBAL STRENGTH LOCAL IMPACT





2013 HIGHLIGHTS

STRENGTHENING COMMUNITIES AND TACKLING UNEMPLOYMENT

PROVIDED APPROXIMATELY

$2.7B

in community development loans and investments to build or preserve 45,000 units of affordable housing, create 1,100 new jobs, enable 784,000 patient visits and serve 4,400 students in low- and moderate-income communities in the U.S.

$250M

Launched *New Skills at Work*, a $250 million, five-year workforce development initiative aimed at helping close the skills gap around the world.

Launched the *Global Cities Exchange*, a network of cities that will develop and implement regional strategies to boost global trade and investment, in partnership with the Brookings Institution.

HONORING U.S. MILITARY AND VETERANS

HIRED MORE THAN

6,300

veterans since 2011 and continued our leadership of the *100,000 Jobs Mission*, a coalition of employers that collectively hired 117,439 U.S. veterans by the end of 2013, prompting it to double its hiring goal to 200,000 veterans by 2020.

PROVIDED

$1M+

in grants to educational institutions focused on improving veteran performance and retention in higher education.

BUILDING FINANCIAL CAPABILITY

PROVIDED NEARLY

$7M

in grants to leading nonprofits to promote the financial capability of consumers in cities around the world.

1ST

Became the first financial institution to adopt The Pew Charitable Trusts' new model disclosure box for reloadable prepaid cards for Chase Liquid®.

$600K

provided over two years to *Mission Asset Fund* to replicate its Lending Circles program, in which individuals in a community borrow from and loan to one another via zero-fee, zero-interest credit-building social loans.

SUPPORTING SMALL BUSINESS DEVELOPMENT

PROVIDED

$19B

in new credit to American small businesses and, for the fourth fiscal year in a row, was the #1 U.S. Small Business Administration lender by units.

AWARDED

$3M

through our *Mission Main Street*SM *Grants* program to support small businesses around the U.S. that are making a positive impact in their communities.

PROMOTING SUSTAINABLE INVESTING

Worked with a group of peer investment banks to develop the *Green Bond Principles*, a set of voluntary guidelines designed to promote integrity and transparency in the growing market for Green Bonds, which are issued to finance environmentally beneficial projects.

$108M

Announced the *Global Health Investment Fund*, a $108 million, innovative social impact fund, and invested an additional $9 million in best-in-class funds addressing the needs of low-income populations around the world.

INCREASING TRANSPARENCY WITH STAKEHOLDERS

Convened regular sessions with experts from leading U.S. consumer policy groups to gain insight into the challenges facing low- and moderate-income consumers and understand how JPMorgan Chase can better serve them.

Top 10

Strengthened the firm's political disclosure and accountability policies, which led a leading nonprofit oversight organization to score JPMorgan Chase in the top 10 companies on the Center for Political Accountability–Zicklin Index of Corporate Political Accountability and Disclosure.

IN CONVERSATION WITH JAMIE DIMON

IMAGE: Walter Isaacson, President and CEO of the Aspen Institute (left) and Jamie Dimon, Chairman and CEO of JPMorgan Chase (right).

JAMIE DIMON

Jamie Dimon is Chairman and Chief Executive Officer of JPMorgan Chase. In early 2014, Jamie sat down with Walter Isaacson of the Aspen Institute to discuss corporate responsibility and strategies for expanding access to economic opportunity.

JPMorgan Chase is partnering with the Aspen Institute's Opportunity Youth Incentive Fund as part of *New Skills at Work*, a JPMorgan Chase workforce development initiative launched in 2013.

WALTER ISAACSON

Walter Isaacson is President and CEO of the Aspen Institute. He has been the Chairman and CEO of CNN and the editor of *TIME* magazine. Mr. Isaacson is Chair Emeritus of Teach for America, and was appointed by President Barack Obama and confirmed by the Senate to serve as the Chairman of the Broadcasting Board of Governors, a position he held until 2012. He is Vice Chair of Partners for a New Beginning and is on the Board of United Airlines, Tulane University and the Overseers of Harvard University. He also is the author of a number of books, including, most recently, *Steve Jobs* (2011).

THE CONVERSATION

WALTER ISAACSON: There is an increased focus on income inequality and lack of access to economic opportunity. To what extent are those issues of concern to JPMorgan Chase?

JAMIE DIMON: This is a moral issue and a significant concern for our company and the country. People need to recognize that it's the luck of the draw – had they been born in different circumstances, the same doors would not have been open to them. So we all have an obligation to create that opportunity for others. But it's an economic issue, too. There might be an Einstein or a Steve Jobs out there, and if we fail to give them a chance to realize their potential, it hurts our economy – and our society.

As a bank, the most powerful way we help create opportunities is by providing the capital that businesses, governments and nonprofits need in order to grow and create jobs. But job creation is only part of the equation. People need the skills and training to compete for those jobs. However, many of our clients tell us that they can't find workers with the necessary skills. Even with high unemployment rates, millions of jobs are open. That's bad for business, bad for communities and bad for individuals.

In 2013, we launched a $250 million initiative called *New Skills at Work*, which will identify the skills that employers need, get that information to people looking for jobs and fund programs to help potential workers get those skills. The solution is larger than a single initiative, but we think that our focus on this issue can help put a dent in the skills gap, shrink the income gap a bit and give our entire economy a boost.

WALTER ISAACSON: What would you like to see policymakers do to better encourage and expand access to opportunity?

JAMIE DIMON: Overall, we would like to see more collaboration between government and business. We're all talking about improving income inequality and expanding opportunity so let's focus on putting policies in place that get the job engine revving and the economy growing.

It's absolutely critical to fix our immigration system. It's the right thing to do, and there's an enormous economic benefit. Most economists think that if we enact the employment-based immigration reform that some have proposed, we could add more than two percentage points to real gross domestic product over the next 10 years – which would be tremendously powerful.

Education policy is another area that could make or break our economy – and it's also the foundation for expanding access to opportunity. We've been encouraged to see more emphasis on community colleges and technical training programs. The reality is that close to half of the jobs created over the next few years will be middle-skill jobs – meaning people need a high school education, but not necessarily a four-year degree. So we should recognize that there are alternate paths to a successful and rewarding career and invest our workforce development dollars with that thought in mind.

WALTER ISAACSON: JPMorgan Chase is investing enormous effort in rebuilding the trust and confidence of your stakeholders, and yet the company continues to face a steady stream of negative headlines. What's it going to take to turn the corner?

JAMIE DIMON: It was clearly a tough year with the settlements, and we're glad to have those behind us. Despite the challenges, we stayed focused on serving our clients and communities around the world. I am incredibly impressed with the resolve and resiliency of our people. Even under such intense attention, they kept a relentless focus on serving our clients.

One thing to keep in mind is that where we did make mistakes, we've acknowledged them and made significant progress toward fixing them. We're investing unprecedented resources to ensure that our compliance and control processes and culture meet the highest standards. And the changes we're putting in place are designed to make certain our controls will be robust and effective, day in and day out, over the long term.

We also fully appreciate that rebuilding trust requires more than talk. Our regulators and shareholders want to see progress and performance – and so do we. There is a lot of progress we can point to already, and, by the end of this year, I believe we will be able to demonstrate an enormous amount more – which I think will go a long way toward restoring confidence that JPMorgan Chase is the safest and strongest bank on the planet.

> “The solution is larger than a single initiative, but we think that our focus on this issue can help put a dent in the skills gap, shrink the income gap a bit and give our entire economy a boost.”
>
> **Jamie Dimon,** Chairman and Chief Executive Officer, JPMorgan Chase

WALTER ISAACSON: The Aspen Institute argues that excessive short-term pressures in today's capital markets are bad for business and society. What can be done to encourage and reward longer-term thinking by businesses?

JAMIE DIMON: The way to build a healthy and vibrant company is to recognize that profits reflect decisions and investments made over many years. So at JPMorgan Chase, we focus on quality profits, not quarterly profits. Quality to us means good clients; excellent products; constant innovation; state-of-the-art systems; and dedicated, capable, well-trained employees who care about the customers we serve. It means building consistently, not overreacting to short-term factors, and being trusted and respected by our clients in all of the communities where we do business.

In addition, part of the broader strategy employed to build successful, vibrant companies that stand the test of time may include more business leaders being willing to not only say that there's clear alignment between business and societal interests – but also be willing to put action behind it. That's what we're trying to do with the *Global Health Investment Fund*, which is designed to attract private capital to address global health challenges while providing a financial return for investors. We've also built a partnership with The Nature Conservancy to build a new initiative that will aim to attract and deploy private capital to projects that protect and restore critical ecosystems.

It's true we can't always express efforts to address broader societal challenges in terms the markets recognize and reward today, but that's not an excuse to do nothing. And if more companies step up, the markets will start to catch up.

WELCOME

This report is designed to provide our stakeholders with information about our company's corporate responsibility programs and progress in 2013.

For this year's report, we also asked some of our key partners and stakeholders to share their perspectives on four big societal challenges

– the solutions to which can help lift more people out of poverty, preserve our natural environment and create the fundamental conditions for widely shared prosperity. We asked these partners to participate in conversations with us to discuss the challenges, the most promising solutions, and ways our company can best use our resources and capabilities to help solve them.

We developed this report using the Global Reporting Initiative (GRI) G3.1 reporting framework, including the Financial Services Sector Supplement. We are self-declaring at a B application level. See page 40 for more information about this report.

CONTENTS

OUR APPROACH TO CORPORATE RESPONSIBILITY

Tremendous progress has been made in recent decades to address many of the world's most pressing social, economic and environmental problems.

But a host of challenges persist, and there is an urgent need to find solutions that create greater economic opportunity for more people.

Companies like JPMorgan Chase have a responsibility to be part of the solution, not only because it's the right thing to do but because our own long-term success depends on the success of our communities and the people, companies and institutions we serve.

In the past, most corporations found it sufficient to fulfill this responsibility by simply donating money to charities. But today, we recognize that spurring greater economic growth and employment requires much more than writing checks. At a time when public sector resources are increasingly constrained, there is a compelling need for the private sector to do even more – in our case, by putting our financial expertise in the service of broader community needs. We are at our best when our core business helps communities thrive.

To be sure, the financial resources that firms provide are critical, but they are only one of many assets we can bring to bear. We can help make a difference by leveraging the skills, technology, data and expertise we use to drive our own business and by applying these assets to meet the global challenges that impact our communities. When we do this, we think our company can make a truly meaningful contribution, but we know that we are only one part of the solution. The challenges are complex, and finding solutions requires tapping into the expertise of individuals and organizations with a range of different perspectives, skills and capabilities. Strong partnerships and robust engagement among the public, private and nonprofit sectors are increasingly essential.

At JPMorgan Chase, corporate responsibility always has been central to how we do business, starting with operating with integrity in all we do and extending to all the ways we help our clients and communities navigate a complex global economy. We strive to develop innovative programs that leverage the core strengths, capabilities and expertise of our business and our people – and those of our partners – to maximize our impact. We are very proud of what we accomplished in 2013.

2013 RESULTS

To help reduce unemployment and expand economic opportunity, we launched *New Skills at Work*, an unprecedented $250 million, five-year initiative aimed at helping close the skills gap around the world. The effort brings together our resources and capabilities with those of proven partners to help address the mismatch between the skills available in the workforce and those that employers need in order to grow their business.

Ongoing global health challenges presented another opportunity to work with great partners to launch a groundbreaking initiative. In partnership with the Bill & Melinda Gates Foundation, we created the *Global Health Investment Fund* to attract private capital into an investment vehicle with the potential to save millions of lives in low-income countries.

And there are many more examples of our work over the last year. JPMorgan Chase has collaborated with best-in-class partners to address the unique challenges military and veterans face in employment, education and housing; to help metro areas create global trade strategies through our *Global Cities Initiative* with the Brookings Institution; and to advance environmental stewardship and spur innovation across our business in partnership with our clients. And we roll up our sleeves to support these and other initiatives – last year, our employees provided more than 540,000 hours of volunteer service in local communities around the globe.

While there is much we were proud of during 2013, we know there is much more work to be done. The more we can break down the traditional barriers among the public, private and nonprofit sectors, the more we can achieve for our communities. It is a tall order, but JPMorgan Chase is profoundly optimistic about how much can be accomplished when people come together to do extraordinary things.

Peter Scher
Head of Corporate Responsibility

GROWING ECONOMIES AND TACKLING UNEMPLOYMENT

THE CHALLENGE

While the global economy is continuing to recover, the gains have been unevenly shared, resulting in a situation in which too many people still are struggling to make ends meet. Job growth has not kept pace with the recovery, and unemployment rates remain elevated in many communities and among certain populations around the world. At the same time, businesses are having difficulty finding workers with the skills their companies need in order to succeed in the increasingly competitive economy.

OUR RESPONSE

Core to our business is raising the capital and providing the credit that enable economic development. As vital as that role is, we view it as only one part of our responsibility. We are putting our scale, expertise and relationships to work to help our clients and communities navigate and succeed in a complex global economy. We are working with metropolitan leaders to help them extend the global reach of their economies, supporting small businesses with tools to help them grow and helping put the talent of America's military veterans to work. In 2013, JPMorgan Chase also expanded our commitment to supporting workforce development efforts, because ensuring that people have the skills and opportunities to compete for jobs is an essential part of creating more broadly shared prosperity.

RAISED CAPITAL AND PROVIDED CREDIT TOTALING MORE THAN

$2.1T

for our clients globally in 2013

SUPPORTED U.S. SMALL BUSINESSES THROUGH

$19B

in new credit in 2013

LAUNCHED A

$250M

workforce development initiative in 2013

HIRED MORE THAN

6,300

U.S. veterans since 2011

TACKLING UNEMPLOYMENT BY CLOSING THE SKILLS GAP

THE ISSUE

The numbers seem contradictory: Unemployment is high across the globe, yet recent data reveal that employers are having trouble finding workers who are trained for the jobs that are available, particularly in middle-skill jobs – those that require more than a high school but less than a four-year degree. This shortage of workers with the skills employers are demanding is due, in large part, to a lack of alignment between workforce training programs and the needs of local employers. The result is that economic growth is inhibited, and millions of productive people find themselves unable to compete for the jobs they need to support themselves and their family members. Around the world, employers, educators, policymakers, training organizations and others have recognized the critical importance of tackling this skills gap.

OUR CONTRIBUTION

JPMorgan Chase believes that addressing the skills gap can be one of our most powerful tools for reducing unemployment and expanding opportunity. In 2013, we launched *New Skills at Work*, the largest ever private sector effort seeking to address this issue. The $250 million, five-year initiative is aimed at helping inform and accelerate efforts to develop demand-driven skills training so that workers and industries have the skills to compete and prosper in the global economy. We know that helping people gain the skills they need is only one part of tackling unemployment, but it is an area where we can make a contribution today (see page 7 for more detail).

THE CONVERSATION

Below are excerpts from a conversation about strategies for closing the skills gap in Chicago and beyond with:

THE PEOPLE

MIKE BONDS, Executive Vice President of Human Resources and Labor Relations, United Airlines

CHAUNCY LENNON, Senior Program Director for Workforce Development, JPMorgan Chase

MARIE TRZUPEK LYNCH, President and CEO, Skills for Chicagoland's Future (SCF)

What is the skills gap, and how is it contributing to unemployment?

MIKE BONDS: Well, simply put, many companies have no problem finding 10, 20 or 100 applicants for every position. The challenge that any company faces – including United Airlines – is finding people with the right skills who are qualified for the positions that we have available.

MARIE TRZUPEK LYNCH: In terms of the challenge here in Chicago – which is similar in other locations – when you look at the number of unemployed people compared with the overall open positions, the totals are not terribly far off. But people are not ending up in those positions. A mismatch exists. So the question is why. From our perspective, it's a combination of needing to get unemployed people into positions in which they are interested, but are having difficulty accessing, and there's a skills gap that exists in many cases.

CHAUNCY LENNON: Listening to Marie and Mike, it strikes me that this is a testament to a market that is not working. On one hand, you have demand – a real need for a certain kind of skilled labor – and yet what should be in motion to produce the supply is not happening. I think we imagine that the market for labor is pretty straightforward, but it's highly complex and disaggregated and often is operating in the dark. We have people getting skills and not knowing where those skills will lead them in terms of a career path, and we have firms that can't get people to show up with the right skills.

Why is this an issue of importance to your company or organization?

MARIE TRZUPEK LYNCH: Chicago has one of the highest unemployment rates of any major U.S. city. We know unemployment takes a personal and financial toll, and the Great Recession opened our eyes to the harsh new circumstance in which many hard-working citizens, from every walk of life, have found themselves. And at the macro level, however you cut it, high unemployment is a giant cost to this economy. At SCF, one of the groups we are focused on is the long-term unemployed who face particular challenges getting hired because of the stigma they encounter. So our mission is to work with companies to get them to hire unemployed people for the positions that are open.

CHAUNCY LENNON: At JPMorgan Chase, we spend our days working with businesses, trying to address their capital and other needs. And in doing that, we hear over and over about the challenges these companies are having on the human capital front – they can't find the skilled workforce they need. So it became clear to us that we could contribute to solving an important challenge – while also helping to address unemployment and expand economic opportunity – by using our resources and reach to raise the profile of the skills gap, identify best practices and galvanize business engagement. And that's what we're trying to do with our *New Skills at Work* initiative.

> "You cannot discount the ... benefits that companies get from helping unemployed people be productive members of society. It's good for the company, it's good for the economy and it's good for the community. It's truly a win-win in anybody's book."
>
> **Mike Bonds,** Executive Vice President of Human Resources and Labor Relations, United Airlines

MIKE BONDS: You know, even in companies where hiring challenges are not as big an issue, you cannot discount the community support and public relations benefits that companies get from helping unemployed people be productive members of society. It's good for the company, it's good for the economy and it's good for the community. It's truly a win-win in anybody's book. At United Airlines, we view the community benefits of partnering with SCF to be as important as the economic ones.

So how are you working to address unemployment and close the skills gap?

MARIE TRZUPEK LYNCH: At SCF, we essentially are acting as a network for ZIP codes and individuals who don't have that network. We partner with companies to understand their hiring needs and help them find high-quality candidates who are unemployed and otherwise may have gotten screened out. At the end of the day, the candidates have to be able to stand on their own, but we help them get seen.

CHAUNCY LENNON: Through *New Skills at Work,* we are addressing these issues in a few ways. We are supporting the creation of skills gap reports that show which sectors are facing the most acute skills gaps in particular regions. Once you have more clarity on the problem, you can figure out how to solve it. We're also working with employers to get them to articulate what kinds of skills are needed. And we're letting education and training groups know where the demand is – as well as supporting the most effective programs. In addition, we're working with intermediary organizations such as SCF that play a key role in communicating between employers and training providers.

MARIE TRZUPEK LYNCH: And along with our direct placement efforts, another way we do that is through a "train and hire" model used with companies needing a specific type of training or credential that they aren't finding. We share the cost of training with the company, and, prior to any unemployed person sitting in a day of training, he or she has to be interviewed for the soft skills and cultural fit so the only thing left to do is get that certification or other skills required by the employer, and that person can be hired.

CONTINUED ...

THE CONVERSATION ... CONTINUED

What strategies are proving most successful in addressing the skills gap?

MIKE BONDS: From an employer perspective, what is so intriguing about SCF – and other public-private partnerships like it – is that it's really demand driven. Employers come with a specific business need, and then we are able to combine private resources with public resources and programs that try to reduce unemployment. It solves the business need and the public need, and it is a much more effective way to utilize resources.

MARIE TRZUPEK LYNCH: Exactly. It's all about being completely demand driven by recognizing what the employer is looking for and not spending a dime of any funding until we know what that company is hiring for.

CHAUNCY LENNON: And for job seekers, what we need is a system where people are investing in training based on where employment opportunity exists. It really goes back to signaling and having data that help people understand where demand is. Whether you're in high school, whether you're unemployed – you shouldn't have to just guess. Your choice should be informed by the opportunity that's out there, and you should have a reasonable expectation that if you make that investment, you'll be able to find a good job.

MIKE BONDS: Another thing that's absolutely vital is to have a core group of local businesses that come together and decide they are genuinely going to work to address this issue. I think there remains a challenge to help firms understand that they need to think about hiring and their labor supply the same way they think about their material or customer supply chain. They have to be strategic and invest in ensuring that there is the skilled workforce they need to be optimally competitive.

CHAUNCY LENNON: That's right. We currently spend about $4 billion of public money every year on training in the U.S., while the private sector spends north of $130 billion a year. So the private sector clearly needs to be a key part of the solution. At the end of the day, though, the skills gap really is a collective challenge, and solving it must be a collective enterprise. It requires the business community, the government and the nonprofit sector to come together and create the innovative solutions needed – and to have the commitment to sustain it.

INVESTING IN WORKFORCE DEVELOPMENT

Economic growth requires that businesses, governments and nonprofits have the capital necessary to grow and create jobs. It also requires that people have the skills they need to compete for those jobs.

One of the most common challenges we hear from business and community leaders is the need to develop a better educated, more skilled workforce – and to more effectively connect those individuals with employment opportunities.

That is why JPMorgan Chase invests in a broad range of workforce development and job training initiatives around the world.

LINKING SKILLS TRAINING TO EMPLOYER DEMAND

As communities around the world work to rebuild their economies, many face a paradox: persistent high levels of unemployment on the one hand and large numbers of unfilled jobs on the other. A key contributor to this gap is the lack of available data about employer demand to inform programs that prepare people for the workforce.

To help address this challenge, in 2013, we launched *New Skills at Work*, a $250 million, five-year initiative aimed at helping inform and accelerate efforts to build demand-driven skills training. We launched this program because we believe that helping people gain the skills they need to compete for jobs can transform lives – and strengthen economies.

> "The private sector is critical to job training. We need business owners working with educators and nonprofits to match growth sector needs with employee skills."
>
> **Melody Barnes,** Former Assistant to the President and Director of the White House Domestic Policy Council and Co-chair of the *New Skills at Work* Advisory Council

CLOSING THE SKILLS GAP WITH NEW SKILLS AT WORK

HIGH LEVELS OF UNEMPLOYMENT

Despite economic recovery, unemployment rates remain elevated around the world.

11.9%

unemployment rate in the Euro area – and the rate is nearly twice as high for young people under age 25.

6.7%

U.S. unemployment rate, with a rate of 14.5% for people aged 16 to 24.

FUELED BY THE SKILLS GAP

Having some job vacancies is natural in healthy, well-functioning economies, but the inability of employers to find workers with the right skills is a growing contributor to job vacancies and unemployment.

NEARLY 2M

jobs are sitting vacant in Europe, and there are more than 4 million unfilled jobs in the United States.

1/3

of the U.S. unemployment rate is due to the imbalance between workers' skills and open jobs.

ESTIMATED 85M

global shortage of high- and middle-skilled workers by 2020 – and 58% of global CEOs said they are concerned that a key skills gap could limit their company's growth prospects.

Our Response

NEW SKILLS AT WORK
JPMORGAN CHASE & CO.

$250M
over 5 years

OUR STRATEGY	HOW WE WILL IMPLEMENT IT
Build a Demand-Driven System **More opportunities for collaboration between employers and trainers will make the system more effective.**	*New Skills at Work* will bring together employers, training partners, policymakers, funders and others to share information, identify best practices from around the world and support sector partnerships. The aim is to encourage ongoing collaboration, support existing public and private efforts, develop shared plans in individual communities or regions and highlight innovative approaches that can be replicated. **National partners:** The Aspen Institute's Opportunity Youth Incentive Fund and the National Fund for Workforce Solutions in the U.S. and the Institute for Public Policy Research (IPPR) in the U.K.
Invest in the Best Training **The best community colleges and training organizations align their programs with employer needs.**	Guided by insights gained through *New Skills at Work* research, JPMorgan Chase will make targeted investments to build the capacity of proven, demand-driven training partners and help them scale their programs. Our goal is to help more young people and adults attain the credentials that position them to compete for skilled employment opportunities and that can put them on a career pathway. **National partners:** The National Academy Foundation, Year Up and YouthBuild in the U.S. and Participle in the U.K.
Rely on Data and Provide It **Better data on local skill supply and demand are essential.**	*New Skills at Work* will support data-driven analyses that inform training organizations, employers and policymakers as they develop effective workforce development programs. Workforce Readiness Gap Reports will examine the sectors within local markets that drive current and forecasted economic growth and will assess whether existing training programs are producing enough skilled candidates for available jobs. *New Skills at Work* also will support research on employment trends, skills development and innovations across Europe. **National partners:** Jobs for the Future and the National Skills Coalition in the U.S. and IPPR in the U.K.

See www.NewSkillsAtWork.com for more information and data sources.

Helping Young People Overcome the Odds and Compete in the Workforce

Finding ways to help young people from economically distressed communities build the skills, knowledge and experience they need to compete in the workforce is a smart investment, which is why we develop and support programs such as the following:

The Fellowship Initiative
Launched by JPMorgan Chase in 2009, *The Fellowship Initiative* (TFI) is an intensive academic, leadership training and professional skills development program focused on young men of color from low-income communities in New York City. Over the course of three years, the TFI Fellows were each paired with a dedicated JPMorgan Chase mentor and attended a tutoring session three times a month at our offices. Our investment of financial support and employee time yielded promising results: Of the 24 TFI Fellows who completed the program and graduated from high school on time, 100% gained admission to a four-year college, and they collectively received scholarships and grants totaling $8 million.

Social Mobility Foundation
In the United Kingdom, JPMorgan Chase has been working with the Social Mobility Foundation (SMF) to launch the *Residential Aspiring Professionals Program in Banking & Finance*. Each year, the program targets 50 high-achieving secondary students across the United Kingdom from low-income backgrounds. It includes a two-week residential work placement in J.P. Morgan's London offices, e-mentoring with our employees for a minimum of one year, and tailored university visits and skills workshops organized by SMF in collaboration with JPMorgan Chase Human Resources. Among the 2012 cohort of students, nearly 60% went on to attend high-ranking universities in the United Kingdom – compared with a national average of less than 20% for young people with similar backgrounds.

IMAGE: TFI Fellows celebrate their graduation from the program and enrollment in a four-year college.

PUTTING THE SKILLS OF U.S. MILITARY VETERANS TO WORK

Approximately 1 million servicemembers are projected to transition out of the U.S. military and into the workforce over the next few years.

Yet post-9/11 veteran unemployment has remained consistently higher than the national average.

JPMorgan Chase believes that our country owes our veterans more than gratitude. We owe them the opportunity for success in their post-military lives. We also believe that veterans represent an enormous pool of talent, whose skills and experience bring value to business and can help strengthen our economy.

CATALYZING ACTION

So we decided to take action. In 2011, we founded the *100,000 Jobs Mission* with 10 other companies and committed to hiring 100,000 veterans by 2020. Since inception, the coalition has grown to more than 130 companies that have collectively hired 117,439 veterans. Given its early momentum, the *100,000 Jobs Mission* has doubled its commitment to hiring 200,000 veterans by 2020.

JPMorgan Chase has hired more than 6,300 veterans since 2011. Our veteran employment initiatives focus on the full employment continuum – from recruiting and hiring to training and providing the support and resources needed to retain the individuals over the long term.

We have learned that a key to success is bridging the gap between military and civilian cultures. We established a dedicated Military Recruiting Team, of which many members have served in the military or continue to serve in the Guard or Reserve. We also developed an internal *Military 101* training program for hiring managers that provides information about the structure and culture of the U.S. military and the skills servicemembers bring to the table – which we also made available to other employers on www.JobsMission.com. Additionally, we have developed *Body Armor to Business Suits*, which introduces corporate culture to new employee veterans.

We have learned that collaboration with a broad range of external partners from both the public and private sectors is crucial to attaining success within our own company – and to catalyzing broader action on veteran employment.

THE FULL SCOPE OF JPMORGAN CHASE'S MILITARY AND VETERAN EFFORTS

Workforce development is just one part of JPMorgan Chase's efforts to serve our military and veteran communities. Through our Office of Military and Veterans Affairs, we work to implement a coordinated and strategic approach to meeting the unique needs of servicemembers, veterans and their family members. Below are some examples.

EMPLOYMENT & WORKFORCE DEVELOPMENT

Founded and provide ongoing coordination of the *100,000 Jobs Mission*

Established a dedicated team and programs focused on veteran recruitment and hiring

Instituted veteran-specific employee development programs such as the Consumer and Community Banking Veteran Branch Manager Program and the Corporate and Investment Bank Military Veterans Internship Program

EDUCATION

Co-founded Syracuse University's Institute for Veterans and Military Families (IVMF)

Through IVMF, launched and continue to fund the Veterans Career Transition Program, an online program that is tuition-free for post-9/11 veterans and military spouses

Committed grants totaling more than $1 million in 2013 to educational institutions focused on improving veteran performance and retention in higher education

> "In the face of the rising tide of transitioning servicemembers, JPMorgan Chase has dedicated significant resources to build out a comprehensive military and veteran program focused on employment, housing and education. We believe that it is our collective responsibility to ensure that these veterans - and their spouses - have the job and career opportunities they need."
>
> **Maureen Casey**, Director of Military and Veterans Affairs, JPMorgan Chase, in testimony to the U.S. House Committee on Veterans' Affairs in 2014

SUPPORTING SPOUSES AND FAMILIES

Joined the U.S. Department of Defense Military Spouse Employment Partnership

Helped form a Military Spouse Working Group within the *100,000 Jobs Mission* to expand employment and networking opportunities for military spouses

Established the Chase Military Survivor Program to offer debt forgiveness to surviving family members and beneficiaries of military customers

HOUSING

Committed to provide 1,000 mortgage-free homes to veterans between 2011–2016 (awarded more than 630 by the end of 2013 through our nonprofit partners)

Offer a Military Mortgage Program that provides benefits to servicemembers and reduces the effective mortgage interest rate for Servicemembers Civil Relief Act-eligible military members to 4% while on active duty and a year afterward – lower than the government's required rate of 6%

PRODUCTS AND SERVICES

Offer a range of products and services to meet the unique needs of servicemembers and their families, including a dedicated military services team and the Chase Military Banking Program

SUPPORTING ECONOMIC GROWTH

When we help our clients succeed, they, in turn, generate the jobs, small business growth and other economic activity upon which our economy depends.

In 2013, JPMorgan Chase raised capital and provided credit totaling more than $2.1 trillion for consumers, companies of all sizes, national and municipal governments, nonprofit organizations, multilateral agencies, international development organizations and more.

HELPING SMALL BUSINESSES

While we are committed to serving all of our business clients, we particularly are proud of the work we do to help small businesses acquire the capital, expertise and other resources they need in order to grow. Small businesses are the cornerstone of local communities, creating jobs and spurring innovation.

In 2013, we provided a total of $19 billion of credit to U.S. small businesses, and, for the fourth year in a row, we were the #1 U.S. Small Business Administration (SBA) lender, approving 4,104 SBA loans and lines of credit totaling $840.7 million during the SBA's fiscal year 2013. We also were once again the top SBA lender for women- and minority-owned businesses. JPMorgan Chase is a strong supporter of the SBA program, because we see it as a vital tool to help local economies.

Small Business Clusters

Small businesses are an engine of economic opportunity, but their development often is hindered by lack of access to capital, talent, networks, supply chains or facilities. JPMorgan Chase helps our small business customers address many of these challenges, but we want to do even more to support small business development.

That is why, in 2013, we provided seed grants to four small business clusters – geographic concentrations of sector-specific companies, suppliers, support services and academic institutions – across the United States. In Los Angeles, California, for example, we supported LA CleanTech, a nonprofit that works with the city's research organizations to help accelerate the commercialization of their clean technologies and those developed by independent entrepreneurs in the region. Our grant will help LA CleanTech expand its core entrepreneur education programs, increase participation in its workforce training programs and participate in the Leadership Council that oversees the development and growth of the cluster.

Mission Main Street℠ Grants

In 2013, we awarded $3 million through our *Mission Main Street℠ Grants* program to support small businesses around the United States that are making a positive impact in their communities. The 12 recipients, which were selected from nearly 35,000 entrants, each received a $250,000 grant and a trip to Google headquarters to attend an exclusive workshop to help them grow their business. The winners spanned sectors ranging from manufacturing and construction to health and wellness and food and hospitality (see www.missionmainstreetgrants.com for more information).

GROWING CITIES GLOBALLY

JPMorgan Chase has a long-standing commitment to investing in cities, working with local leaders to develop their economies and helping companies grow their businesses globally. In 2012, we expanded this commitment with the launch of the *Global Cities Initiative* (GCI), a five-year, $10 million collaboration between the Brookings Institution and JPMorgan Chase.

The initiative aims to equip metropolitan leaders with tools to expand the global reach of their local economies by providing an in-depth and data-driven look at the performance of their region on crucial economic measures, highlighting best policy and practice innovations from around the world, and creating an international network of leaders to trade, invest and grow together.

Launch of the Global Cities Exchange

Two years into the initiative, we are seeing concrete examples of how GCI is catalyzing action and forging new partnerships. For example, in 2013, GCI launched the *Global Cities Exchange*, a network of 20 metropolitan areas that have committed to develop and implement regional export plans that capitalize on their unique assets and expand global trade and investment. At a GCI forum in Mexico, Mexico City Mayor Miguel Ángel Mancera and Chicago Mayor Rahm Emanuel announced the first international partnership through the Exchange, signing an agreement to formalize and strengthen economic ties between their respective cities.

During 2013, GCI held additional forums in a number of cities that similarly stimulated action and brought together new partners to drive economic growth. A forum in Houston, Texas, for example, served as a catalytic event that led to the Greater Houston Partnership – a business organization whose 2,000 members collectively employ approximately 20% of the region's workforce – launching an effort to create a workforce development plan.

REVITALIZING COMMUNITIES

THE CHALLENGE

Effective community development requires meeting the needs of existing residents and preserving local character and, at the same time, attracting the new residents, businesses and services upon which revitalization depends. Achieving these aims simultaneously is complex and necessitates coordination among a broad range of public, private and community partners that can bring together the vision, local knowledge, and financing and development expertise.

OUR RESPONSE

JPMorgan Chase combines our investment and philanthropic capital, ability to provide credit, deep expertise in structuring innovative deals and partnerships, and strong relationships at the local level to help strengthen communities where we and our customers live and work. We take a holistic approach to helping low- and moderate-income communities build the infrastructure and provide the services they need to thrive.

PROVIDED

$2.7B

to low- and moderate-income individuals and communities through our community development lending and investments in 2013

DONATED

$210M

to nonprofits in 39 countries in 2013

JPMORGAN CHASE EMPLOYEES PROVIDED MORE THAN

540K

hours of volunteer service around the world in 2013

THE HARLEM REVITALIZATION STORY

THE ISSUE

Harlem is an iconic neighborhood in New York City that, by the 1920s, had emerged as an important center of culture, the arts and political consciousness for African-Americans. The Harlem Renaissance, as the period was known, helped lay the foundation for the Civil Rights Movement and has had an enduring legacy on culture and the arts in the United States.

By the 1980s, however, after decades of economic decline, Harlem was suffering: New York City owned 60% of the property in the community, and half of it was vacant. Harlem's population had declined by nearly 50% since its peak. Economic investment essentially was nonexistent.

OUR CONTRIBUTION

JPMorgan Chase has a more than 100-year history in Harlem. Working with a range of partners, we have provided financing for several seminal projects over the last two decades – including the community's first supermarket, condominiums and retail complex – that, in turn, helped catalyze the broader redevelopment that has made Harlem a model for community revitalization. In Harlem since 2009 alone, JPMorgan Chase has:

- Provided more than $300 million in loans and investments for community development projects.
- Provided more than $675 million in mortgage lending, of which 75% went to low- and moderate-income borrowers.
- Made more than 2,800 small business loans totaling over $38 million.
- Provided $22 million of New Markets Tax Credit equity investments, which supported over $50 million of financing to projects.
- Donated nearly $6 million to nonprofits based in the community.

THE CONVERSATION

Below are excerpts from a conversation about the Harlem redevelopment experience and lessons for community development elsewhere with:

THE PEOPLE

PRISCILLA ALMODOVAR, Head of Community Development Banking, JPMorgan Chase

VIRGINIA FIELDS, President and CEO, National Black Leadership Coalition on AIDS (NBLCA) and former two-term Manhattan Borough President

KEN HARON, President, Artimus Construction

How did your involvement in Harlem's redevelopment begin?

VIRGINIA FIELDS: I moved to Harlem around 1980 – a time when there was a great deal of abandonment and neglect in the community. The quality of life was not very good. My husband and I were asked, "Why are you moving in? Everybody else is moving out." But I had a vision. I felt that this community could rebound – it should rebound – and that with the right commitment, interest and resources, we could do it. And I carried that vision on into my political life.

KEN HARON: Artimus came into Harlem in 1998 – and most people thought we were out of our minds. But not Virginia. She had prepared a community board that understood the need to bring in new people with resources. I remember she said, "Our children have left Harlem, and we want them to come back. But they're not going to come back if you build tiny apartments." So we said, "Okay," and we built big apartments, and people did come back. And professionals came back.

PRISCILLA ALMODOVAR: Harlem is a neighborhood JPMorgan Chase is deeply committed to and where we have been doing business for decades. Plus New York City is where we are headquartered and where many of our customers are located. So we view it as our job to invest in communities like Harlem and help make them strong. And Harlem has shown us that these are smart investments.

What were the early factors that set Harlem's redevelopment in motion?

PRISCILLA ALMODOVAR: So much of the revitalization of any neighborhood – and Harlem is a great example of this – is that you need someone with a vision. You need someone who is local, who knows the magnitude of the problem, but also sees the solution. And that's what Virginia brings. And then she brings people like Artimus to the table, who then brings JPMorgan Chase to the table.

KEN HARON: To tell you the truth, in the beginning, many of the banks said, "We're not going to work with you because we don't see where this is going." The first bank that worked with me was JPMorgan Chase – and that was on the Rosa Parks project, the first condo development in Harlem. And everybody said, "You can't sell condos in Harlem for $200 or $300 a square foot." But we did.

VIRGINIA FIELDS: It was so important because until that time, the banks simply refused to look at Harlem. So having the commitment of a developer and a financial institution willing to come together and move forward broke the chain, so to speak.

PRISCILLA ALMODOVAR: It takes having all those different partners at the table who each play a separate role. JPMorgan Chase brings its capital. It also brings the ability to coordinate resources and to structure complex transactions to make a project work – so it's financial capital but also expertise. And when JPMorgan Chase puts its capital in a neighborhood, it stirs others to invest. And it becomes this great story: Instead of a downward spiral, you start seeing this upward spiral. But we need local partners directing us as to where the projects should be and what they should look like.

> "Developers and financial institutions that invest in a community should be just as interested in what is surrounding their development ... [People] need to feel safe, and they need good schools, places for recreation, access to health facilities and places to worship. All of this is what makes a livable community."
>
> **Virginia Fields,** President and CEO, NBLCA

What have been other keys to success in Harlem's development?

VIRGINIA FIELDS: Because so much of the property was city owned, we could require affordability for people with low and moderate incomes. It's really critical to address the needs in a community like this.

PRISCILLA ALMODOVAR: Yes, an important part of Harlem's success – of any neighborhood revitalization – is to have a mix of residents with different income levels. Harlem wasn't just about low income. It was middle income. It was working families. It was professionals. All wanted to live in – and were able to afford to live in – Harlem and to be proud of their neighborhood.

KEN HARON: I didn't realize it at first, but having market-rate housing is very, very important. But everybody told us it wouldn't work. They said, "You can't have somebody who bought an apartment for $3 million living in the same building with a person who bought one for $200,000." But you know what? It works. We have shown it time and time again. How does it work? It's the guy up there who is subsidizing the guy down there, and nobody even realizes it. Everybody is living well, and everybody is happy.

VIRGINIA FIELDS: It wasn't always easy to make the case for market rate because there was a fear that people who had lived here during the really difficult times would be pushed out. But Artimus was very sensitive to the community that was, rightfully, very concerned about gentrification.

How did you create that housing mix? And has affordability been maintained?

KEN HARON: The requirement that 20% of every new structure has to be set aside for low-income housing was very important and something we should never let go. If we lose that or other incentives for developers to have low-income units in even the most expensive buildings, it won't happen anymore.

PRISCILLA ALMODOVAR: For affordability to be possible and to be maintained, government needs to play a very important role, whether it's through the federal Low Income Housing Tax Credit that we invest in, local governments' tax abatements, regulatory agreements or other incentives. Keeping affordability of some portion of the housing stock is the number one challenge to continue the Harlem success story.

VIRGINIA FIELDS: That's right. I'd like to see more affordability for middle-income residents because they are being priced out now. This is a great issue for us to continue to work on together – the community, the developers, the financial institutions – to educate policymakers about the need to maintain some of those incentives to ensure affordability.

CONTINUED ...

THE CONVERSATION ... CONTINUED

What lessons have you learned in Harlem that can be applied in other communities?

KEN HARON: If you want a community to develop, you have to work with the institutions that already exist there – the churches, the schools, the nonprofits. You can't just develop one project – those institutions need to develop with you. That was the most important part of the model, and it really helped us succeed. It was Virginia who taught us that.

VIRGINIA FIELDS: I've always thought that developers and financial institutions that invest in a community should be just as interested in what is surrounding their development. If you want people to live there, they need to feel safe, and they need good schools, places for recreation, access to health facilities and places to worship. All of this is what makes a livable community.

PRISCILLA ALMODOVAR: Absolutely. A key part of the solution for Harlem was the mix of rental, homeownership, retail and commercial. You need a whole neighborhood strategy. And the other key to this model is that you have long-term partners that are committed to reinvesting in the community, hiring people from the community and staying in the community. JPMorgan Chase wants Harlem to succeed. Artimus wants Harlem to succeed. So now Harlem is us, and we are Harlem, because we're all invested in this community.

IMAGE: Financed by JPMorgan Chase, the Rosa Parks building was developed in 2003 and was the first affordable housing condominium developed by Artimus Construction in Harlem.

INVESTING IN COMMUNITIES

The long-term success of our company depends on the health and vitality of the communities in which we operate, and we are bringing all our resources to bear to help these communities thrive and prosper.

COMMUNITY DEVELOPMENT BANKING

JPMorgan Chase is a leader in community development banking, providing loans, grants and other investments aimed at strengthening low- and moderate-income communities across the United States. A key priority is helping build affordable, high-quality housing. We finance affordable housing by providing loans for construction projects, as well as investing in the federal tax credits that allow housing developments to remain affordably priced for residents. Our comprehensive approach to community development lending and investing also focuses on the other bedrocks of strong, vibrant communities – from education and healthcare to grocery stores and employment opportunities.

Revitalizing a Chicago Neighborhood

In Chicago, for example, JPMorgan Chase provided over $30 million in financing for the *Shops and Lofts at 47* project, which brings comprehensive community development solutions, including significant investments in affordable housing, economic development and grant support for capacity-building nonprofits. It took seven years and the enduring commitment of many partners to come to fruition, but 2013 saw the groundbreaking of this three-acre, mixed-use development in the historic Bronzeville neighborhood in Chicago.

The Shops and Lofts at 47 will feature a Walmart Neighborhood Market as the anchor tenant – and provide a needed source of groceries for local residents. It also will include 72 affordable apartments, 24 market-rate apartments and an additional 14,000 square feet of retail space. The city of Chicago estimates the project will create 100 permanent and 144 temporary job opportunities.

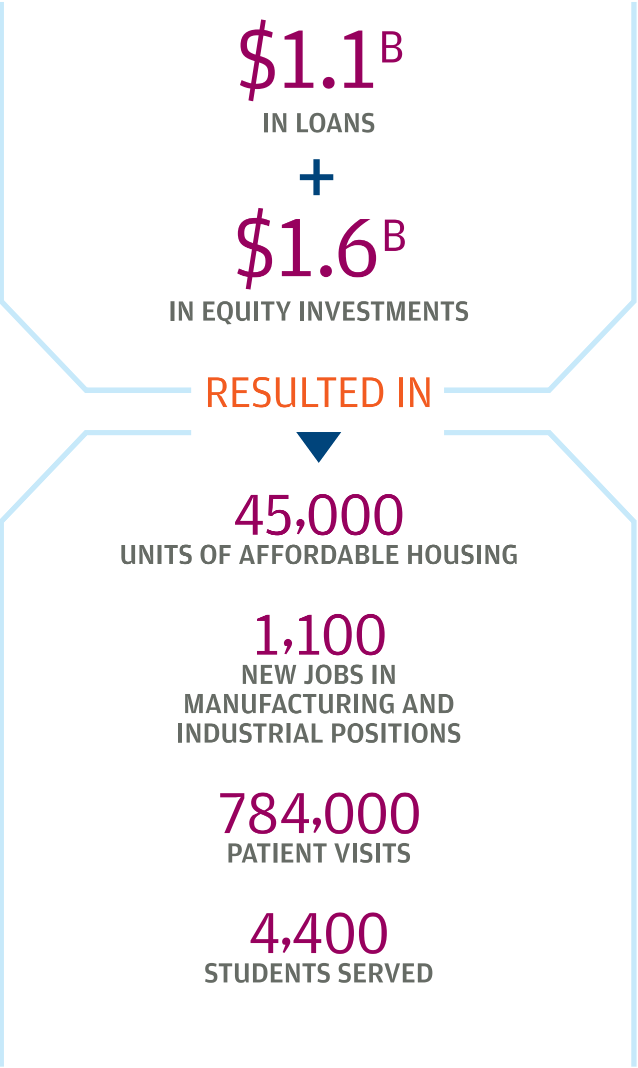
Renovating a Charter School in Detroit

In 2013, JPMorgan Chase provided a $3.8 million equity investment to enable the $11.8 million renovation of the former Miller High School in Detroit – a historic building that was the city's first predominantly African-American high school – to house University Prep Science & Math (UPSM) Elementary School. UPSM Elementary is a charter public K-5 school that will provide principally low-income students with an innovative science, technology, engineering, arts and math curriculum. As part of the project, JPMorgan Chase worked with the Thompson Education Foundation, whose mission is to help low-income people rise out of poverty and become self-sufficient and which supports UPSM schools.

UPSM Elementary is part of University Prep Schools, which is one of Detroit's longest-standing tuition-free public charter school systems. UPSM schools are accountable for graduating at least 90% of students and sending at least 90% of those graduates to college – a standard the district has surpassed with every graduating class since its first in 2007.

IMAGE: Students at UPSM benefit from age-appropriate math and science courses, personalized learning plans and hands-on, community-based experiences.

Figure 1 Our Community Development Lending and Investments in 2013



NEW MARKETS TAX CREDIT

New Markets Tax Credit (NMTC) program is a U.S. federal tax program designed to stimulate investment in low-income communities. It provides investors with a tax credit of 39% of the original investment over seven years in exchange for investments focused on providing services, jobs and economic development in low-income communities. The program serves both to boost domestic investment and to attract foreign direct investment into these communities. Each year, the government awards a set amount of allocations to investors through a highly competitive and rigorous process.

$70M in NMTC allocations awarded to JPMorgan Chase in 2013

$835M in projects facilitated under the NMTC program in 2013

WORKING WITH PARTNERS TO INCREASE OUR IMPACT

Successful community development depends on collaboration, and we work with a range of partners – including Community Development Financial Institutions (CDFI), for-profit and nonprofit developers, social service providers and local businesses – to design our efforts to meet community needs and to increase our impact.

CDFIs are key partners because of their deep knowledge and connections in the local communities. In 2013, we lent nearly $200 million to CDFIs and other financial intermediaries that leveraged our capital to secure financing for development projects.

IMAGE: The National Development Council's Grow America Fund (GAF), with support from the SME CDFI Collaborative, provides loans to small businesses in underserved areas. One GAF borrower is Door to Door Cleaners, a family-owned garment cleaning business that received financing to invest in energy efficient building upgrades and equipment.

Supporting CDFI Collaboratives

In 2013, we launched the CDFI Collaborative Demonstration Program to provide seed capital to groups of CDFIs organized around a common community development challenge. This three-year, $33 million philanthropic initiative is designed to foster growth, collaboration and capacity building among smaller, regionally focused CDFIs, enabling them to attract new capital and reach a greater number of low-income individuals, small businesses and economically distressed communities.

For example, small businesses in many communities struggle to access the capital needed to grow and create new jobs. To address this, the Small and Medium Enterprises (SME) CDFI Collaborative – which includes the Community Reinvestment Fund, the National Development Council, Coastal Enterprises and the Calvert Foundation – is working to scale innovative lending models to provide $120 million in loans to as many as 300 small businesses, thereby creating 7,000 jobs in low-income communities. The collaborative also will support community lending partners by providing the training and resources necessary to effectively advise and support small businesses.

ALIGNING OUR PHILANTHROPIC INVESTMENTS

As we work to meet the needs of communities, we are bringing not only our lending and investing resources to bear, but also our philanthropic capital. In 2013, JPMorgan Chase donated $210 million to nonprofits across the United States and in 38 other countries around the world.

Our philanthropy plays a critical role in the firm's ability to help address particular social and economic challenges. In recent years, we have developed an approach that enables the firm to implement innovative initiatives that blend our grantmaking with our core strengths, capabilities and expertise in ways that drive greater benefits into communities. We view our philanthropic efforts as much more than simply writing checks and believe this kind of alignment enables us to maximize our impact and play a more effective role in helping to solve key challenges.

As part of this effort and described throughout this report, we are taking steps to better focus our giving on workforce development, financial capability, small business development and community development, all of which are central to strengthening local economies.

Alongside our financial support, JPMorgan Chase employees donate their time to volunteer for organizations in their communities – doing everything from providing tax preparation assistance to low-income families through the Volunteer Income Tax Assistance program in the United States to skills-based volunteering via *Bankers without Borders®* to provide business expertise to nonprofits in emerging markets. In 2013, 47,000 employees provided more than 540,000 hours of volunteer service around the world, a 15% increase in hours over 2012.

EXPANDING FINANCIAL CAPABILITY

Helping individuals acquire the knowledge, skills and tools needed to promote financial health creates greater financial stability and economic opportunity – and it is a critical underpinning of strong, resilient communities. JPMorgan Chase supports a range of programs around the world to help individuals, particularly those from low- and moderate-income communities, develop strong savings habits; build or improve credit; reduce debt; and access safe, affordable banking products and services. The following are examples of programs we support:

Bank On 2.0

According to the Federal Deposit Insurance Corporation, one in four U.S. households is either unbanked or underbanked – meaning they have to rely on costly alternative financial services for some or all of their banking needs such as cashing their paychecks and paying their bills. These households are predominantly in low- and moderate-income communities, and lack of access to the mainstream banking system undermines their ability to stabilize their finances or build for the future.

To help these unbanked and underbanked households build their financial assets, in 2013, JPMorgan Chase and *Cities for Financial Empowerment (CFE)* launched *Bank On 2.0*. The goal of Bank On 2.0 is to create a unified, national approach to delivering safe, affordable banking products and services to low-income and underbanked people through local government services such as salary payments to government employees or summer youth employment programs.

Bank On 2.0 aims to identify, scale and replicate the most successful strategies and programs from Bank On and related banking access programs in cities across the country. For example, New York City's Office of Financial Empowerment has identified extraordinary opportunity for safe banking products when embedded into summer youth job programs with relevant and engaging financial education.

To support the initiative, JPMorgan Chase is providing a two-year, $1.15 million seed grant to be matched by funds from partner organizations.

1 ST

JPMorgan Chase became the first financial institution to adopt The Pew Charitable Trusts' new model disclosure box for reloadable prepaid cards for Chase Liquid® (see page 33 for more detail)

IMAGE: CFE launched Bank On 2.0 to promote access to safe, affordable banking products through municipal services.

Mission Asset Fund's Lending Circles Program

An established and positive credit history is a key enabler of financial stability: It removes barriers to jobs and housing and increases access to affordable financial products. However, millions of financially excluded individuals do not have credit scores. To bring these individuals into the financial mainstream, San Francisco-based *Mission Asset Fund's Lending Circles* program formalizes traditional peer lending circles – in which individuals in a community borrow from and lend to one another – via zero-fee, zero-interest credit-building social loans. The payment activity is recorded and reported monthly to credit bureaus, thereby enabling participants to establish or improve their credit scores. A study by San Francisco State University's César E. Chávez Institute found that participants in the program improved their credit scores, reduced debt and increased savings.

JPMorgan Chase committed to provide $600,000 over two years to help replicate this successful program in communities throughout the United States and to enable the development of relevant and timely financial education resources to further serve participants. The grant will support new delivery channels such as web-based financial education videos and two-way texting campaigns to provide financial education that is sustainable, engaging and cost-effective.

IMAGE: Young people at Mossbourne Academy, East London, prioritize needs and wants while tackling their first budget with MyBnk's financial education experts.

MyBnk

There is an increasing need for young people in the United Kingdom to be equipped with money management skills to enable them to achieve financial stability as they move into further education or employment. To help build this capability, JPMorgan Chase supports *MyBnk*, a nonprofit organization that delivers financial and enterprise education programs to people aged 11 to 25 in the United Kingdom, covering topics such as saving, budgeting and moving into independent living. Since its inception in 2007, MyBnk has reached over 42,000 young people.

Since 2010, JPMorgan Chase has provided $750,000 in funding to MyBnk to help deliver its financial education programs, including the MyBnk-in-a-Box program, the first-ever Financial Services Authority-approved independent banking scheme run by young people for young people. This program provides an accessible place to save regularly, as well as offers interest-free loans to help young people set up an enterprise in their local community. JPMorgan Chase's support currently is helping MyBnk expand to other parts of the United Kingdom, reaching an additional 17,700 young people, and introduce a formal qualifications component into its program.

Chulalongkorn University's Financial Communication Centre

Many Thai small enterprises and households, particularly low- and moderate-income families in rural and semi-urban areas, lack the financial literacy and adequate access to financial products and services that would enable them to achieve financial stability and grow their business. At the same time, financial institutions often have lacked the capacity to effectively reach out to these individuals and businesses to help them build their financial capability and make them aware of the products and services available. To help address this challenge, JPMorgan Chase is supporting a collaboration between Thailand's top-ranked Chulalongkorn University and the Townsend Thai Project to create *The Financial Communication Centre*. The aim of the centre is to help households learn about, and be better equipped to select from, the financial products available to them.

JPMorgan Chase's support is enabling the creation of a database tool and training for Townsend Thai Project staff and students at Chulalongkorn Business School to serve as financial advisors. The financial advisors then will reach out to households to inform people about the products available and educate them about how to use these products. The hope is that JPMorgan Chase's support will help leverage additional funding from the university to implement the entire five-year proposed project.

HARNESSING THE POWER OF MARKETS FOR SOCIAL PROGRESS

THE CHALLENGE

Philanthropic organizations and governments can do only so much to solve the pressing challenges facing underserved populations around the world with the limited resources they manage. Increasingly, entrepreneurs and investors are recognizing that innovative business models can complement public sector and philanthropic resources by delivering market-based solutions that attract private sector capital. To make progress at the scale required, the market needs vehicles that can channel the much larger pools of funding available in the capital markets toward these solutions to generate measurable social and environmental benefits alongside financial returns.

OUR RESPONSE

We develop and fund innovative investment vehicles that leverage market mechanisms to create social, environmental and financial value. We also produce analytical market research for investors. By marrying the expertise within our traditional banking businesses with the financial and philanthropic resources available to us and our clients, we are working to increase our positive impact and, in the process, redefining how investors think about return on investment.

HELPED IMPROVE THE LIVELIHOODS OF

27M+

people through our impact investments since 2007

ANNOUNCED THE

$108M

Global Health Investment Fund

GREW OUR IMPACT INVESTMENT PORTFOLIO TO

$55M+

THE GLOBAL HEALTH INVESTMENT FUND

THE ISSUE

Astonishing progress has been made in the last decade against poverty, infectious disease, malnutrition and other challenges facing people in low-income countries. But much of that progress has depended on government aid and philanthropic funding – sources under increasing strain. To continue to make headway against these social and health challenges, solutions that engage the private sector have begun to emerge. The private sector, in particular, has incremental capital to invest at scale, the global reach to help deploy resources where they are most needed, and critical skills and capabilities that can be brought to bear in the effort to solve pressing societal challenges.

OUR CONTRIBUTION

In September 2013, JPMorgan Chase and the Bill & Melinda Gates Foundation publicly announced the Global Health Investment Fund (GHIF), an innovative new impact investment fund structured by JPMorgan Chase and managed by Lion's Head Global Partners.

The $108 million fund is designed to provide financing to advance the development of drugs, vaccines, diagnostics and other interventions against diseases that disproportionately burden low-income countries while, at the same time, providing a financial return for investors. Financial return will be largely derived from developed market product sales, while global access requirements will ensure products are available at affordable prices to the populations most in need. Partial loss protection is available through the Gates Foundation and the Swedish International Development Cooperation Agency.

THE CONVERSATION

Below are excerpts from a conversation on GHIF and the value of impact investing more broadly with:

THE PEOPLE

MARY CALLAHAN ERDOES, CEO, Asset Management, JPMorgan Chase

RICHARD HENRIQUES, Chief Financial Officer, Bill & Melinda Gates Foundation

SYLVAIN VANSTON, Environmental, Social and Governance Integration Manager, AXA Group

Why did your organization get involved with the Global Health Investment Fund?

RICHARD HENRIQUES: After more than a decade of grant-funded research and development (R&D) to support early-stage drugs and vaccines that further the foundation's charitable objectives, we realized we had a significant number of products approaching expensive late-stage clinical trials. Applying grant funding to some of these technologies, which had a respectable chance of benefiting those most in need and being commercialized within five years or so, felt like a misallocation of capital. We needed a way to channel new sources of capital to the most investable products in our pipeline so we could preserve our grant budgets for early-stage research, which relies on donor funding.

MARY ERDOES: When we learned about the late-stage funding gap through discussions with the Gates Foundation, it struck us as a potentially novel opportunity for impact investments to finance some incredible new advances in global health. We assembled a team of finance professionals who worked with the Gates Foundation on full- and part-time assignments for the better part of a year. The team engaged various parts of the bank to develop and structure the fund, market it to investors and, of course, invest our own capital in it.

SYLVAIN VANSTON: When the GHIF was presented to AXA Investment Management's Impact Investing team in 2013, the decision to propose this investment opportunity to the AXA Group, which finances the project, was fairly easy to make. The objective of the fund is fully aligned with our AXA Impact Fund as it focuses on creating health impacts in the developing world. The combined social and financial returns expected from the strategy were seen as attractive. It is a unique opportunity to support the development and commercialization of drugs, vaccines, diagnostics and other related technologies in the developing world while seeking a financial return consistent with the fund's objectives. The fact that this was backed by both JPMorgan and the Gates Foundation was a key element of our discussions.

What were the biggest challenges in making the GHIF, and impact investments more broadly, come to fruition?

MARY ERDOES: Our first challenge was trying to determine the investable universe in global health R&D because this was new territory – these types of projects previously had been solely reliant on grant funding. This underscored the need for deep collaboration with the Gates Foundation, as well as with the other collaborators and investors that came into the transaction. An in-depth understanding of this market was critical for educating these constituencies on the incredible potential of this type of structure.

RICHARD HENRIQUES: For the Gates Foundation, digesting the implications of sponsoring a securities offering that furthered the foundation's mission required significant time and analysis. But we pride ourselves on making big bets and taking calculated risks when there are opportunities to make major progress toward the achievement of our charitable objectives – and the prospect of bringing new sources of capital into the funding equation for late-stage R&D to further those objectives was compelling enough for us to move outside our comfort zone.

> “It truly was a first-of-its-kind achievement to have participants such as individual investors, family offices, financial institutions and corporations commit their capital to projects that are central to our charitable objectives.”
>
> **Richard Henriques**, Chief Financial Officer, Bill & Melinda Gates Foundation

SYLVAIN VANSTON: The GHIF is a first fund trying to prove the efficiency of a new business model. The difficulty here obviously is the lack of track record. Should it be in terms of impact creation or financial return? More generally, the biggest initial hurdle we faced in setting up our impact investing project was simply cultural. People naturally tend to be a bit skeptical about strategies that they never have encountered before. Many chief investment officers, whose role is key in this project, are new to the whole issue of responsible investment, let alone impact investing: We first had to "onboard" them.

MARY ERDOES: We encountered that same challenge. And because this is such a new market, a related challenge is sorting through what are real opportunities and what are not. It's hard to find the opportunities that can demonstrate—in a reasonable period of time—the social, environmental or economic impact that you're seeking, as well as an appropriate financial return.

SYLVAIN VANSTON: Yes, we look at expected returns, as well as the social and environmental metrics of success, that are being proposed to differentiate real impact investing from funds that are sort of rebranding themselves as impact investing funds. A big selling point of the GHIF was that the health impacts were clear and measured; it clearly was not a rebranding of another investment strategy.

What is particularly unique about the GHIF?

RICHARD HENRIQUES: Well, among other things, it was important to the attainment of the foundation's charitable objectives to cultivate an entirely new source of funders that had not historically supported global health research and development, and the JPMorgan Chase platform was a powerful springboard for doing so. It truly was a first-of-its-kind achievement to have participants such as individual investors, family offices, financial institutions and corporations commit their capital to projects that are central to our charitable objectives.

SYLVAIN VANSTON: Yes, it's not so common, at least so far, that a large institutional investor like us turns an eye to this market and tests this new way of looking at investment opportunities. I think that is really new.

MARY ERDOES: I agree that the combination of participants is very unique. And this also represents the first time that investment capital is being drawn into addressing serious global health challenges, which is exciting. I think the fund's structure, particularly the partial downside loss protection provided by the Swedish International Development Cooperation Agency and the Gates Foundation, is another unique feature and was critical to bringing this diverse group of investors together.

CONTINUED ...

THE CONVERSATION ... CONTINUED

How is the GHIF more than just a new form of philanthropy?

SYLVAIN VANSTON: This is not philanthropy. This is business. We clearly had expectations of financial return when setting up our portfolio of impact investment funds. We also do a lot of philanthropic investment, and it's not at all the same approach.

MARY ERDOES: For us, returns and impact are equally important in this transaction, and that's what differentiates an impact investment from traditional forms of investing and philanthropy. The investment must achieve *both* objectives to be considered a success. You're not going to draw investment capital in if this is just philanthropy. Given the additional costs it takes to make an investment, if you're getting the same return as writing checks, then you might as well just write the checks.

RICHARD HENRIQUES: As a charitable foundation, the social mission of the GHIF has to be the primary motivation for our participation. We want game-changing drugs and vaccines that were financed by the GHIF to be available to poor children around the world as quickly as possible. However, if the fund is not financially successful, it could have a chilling effect on bringing future private capital to bear on this problem.

MARY ERDOES: One of the theses underpinning impact investing is that if you can do it in a for-profit, financially sustainable way, you'll have more capital to invest in the future. The GHIF is a model of this thesis. Today, it is a $108 million fund for a multibillion dollar problem, but its success will only serve to increase the capital available for global health.

RICHARD HENRIQUES: Right. The vision is that this first fund proves the model and leads to a second, larger fund with the same mission and alignment with the foundation's objectives. By that time, we also hope that the pipeline will have advanced to the point where GHIF II support will not just reduce the burden of global health challenges but actually play a role in eradicating one or more of the major infectious diseases in low-income countries such as tuberculosis or HIV/AIDS. That, of course, is an incredibly ambitious vision, but there's no reason we can't achieve it if the science continues to progress and the financing is there to get it over the finish line.

GLOBAL HEALTH INVESTMENT FUND

INVESTING FOR IMPACT

Simply put, impact investments are intended to create social and environmental impacts alongside financial return.

It truly is a "multiple bottom line" business: If an investor is not successful in achieving both financial return and impact, then it is not a successful investment.

Impact investments are intended to be scalable and financially sustainable, setting the stage for future growth of the targeted businesses and markets. In addition, the impact investments help attract private sector capital to complement limited philanthropic and public sector budgets.

JPMorgan Chase has allocated $100 million to invest in best-in-class funds that identify and support financially sustainable businesses that improve the lives of low-income and underserved populations around the world. Since 2007, we have committed more than $55 million of that allocation to nine impact investment funds. We are unique in that we invest our own capital, and we are committed to investing where the capital can be most catalytic.

Since inception, the livelihoods of more than 27 million people around the world have been improved by the impact investment capital that JPMorgan Chase has deployed.

We also have established ourselves as a leading provider of investment research for the market and structured the first-of-its-kind Global Health Investment Fund, which provided an opportunity for client capital to support impact investments (see page 20 for more detail).

FIGHTING HUMAN TRAFFICKING

Beyond harnessing the power of markets, JPMorgan Chase is working to harness the power of data to enhance our ability to identify transactional attributes associated with illicit activity. For instance, utilizing sophisticated tools and methods, we have developed a typology that helps us target financial activity that may be indicative of human trafficking. We have built partnerships with law enforcement agencies focused on human trafficking to share information and learning, and our efforts have led to successful criminal investigations. In addition, we have been actively participating in the Bankers' Alliance against Human Trafficking, which collectively created an international guidance document, released in January 2014, for law enforcement agencies and financial institutions to help them identify and expose human traffickers.

Figure 2 Our Impact Investment Portfolio

NOVASTAR: SERVING LOW-INCOME MARKETS IN EAST AFRICA

In early 2014, JPMorgan Chase announced a $5 million investment in Novastar Ventures East Africa Fund I alongside the U.K. Department for International Development and CDC, the U.K. government's Development Finance Institution. The $44 million impact investment fund is focused on growing early-stage businesses that bring basic goods and services – such as education, energy, healthcare, housing and sanitation – to low-income markets in East Africa. Novastar seeks to deploy capital to commercial businesses with innovative approaches to addressing proven demand and enhancing access, affordability and quality. Novastar's investments are expected to benefit more than 2 million low-income households in East Africa over the next decade.

One of Novastar's investments is Bridge International Academies, which is expanding access to affordable, high-quality education for poor families in Kenya and beyond. Bridge has developed a comprehensive school-in-a-box model that includes all the operational tools and systems to open, grow, manage and replicate affordable, high-quality schools. Over the past five years, Bridge has built more than 250 schools serving over 85,000 students, and is now opening a new school every three days.

IMAGE: JPMorgan Chase's investment in Novastar helps ensure that students at Bridge International Academies in Kenya receive a high-quality, affordable education.

ECOENTERPRISES: FUNDING ENVIRONMENTALLY SUSTAINABLE VENTURES

In 2013, JPMorgan Chase made its first investment in an impact fund with an explicit environmental mandate. The EcoEnterprises Partners II fund is a $35 million vehicle that invests in environmentally sustainable small and medium-sized enterprises that create positive social and conservation impacts in select countries in Latin America. The fund deploys expansion capital often unavailable to growth-stage sustainable ventures in unique business niches such as organic agriculture, non-timber forest products, sustainable forestry and ecotourism.

As of the end of 2013, the fund had made more than $10 million in investments to three fair trade companies operating in Brazil, Colombia, Ecuador and Mexico. Through these investments, EcoEnterprises Partners II already has helped preserve over 800,000 hectares of land, maintain nearly 300 full-time employees and support 5,300 suppliers.

IMAGE: EcoEnterprises Partners II provides capital and support to Runa, a maker of tea beverages that helps farmers, like the ones pictured, to increase their incomes.

LEAPFROG: EMPOWERING A PATH OUT OF POVERTY

JPMorgan Chase has been an early and active supporter of the LeapFrog Investments Financial Inclusion Fund, which invests in companies that provide insurance, savings, pensions and related financial products to low-income and financially excluded people in Africa and Asia. Through its portfolio companies, the fund aims to reach 25 million low-income and vulnerable people, 15 million of them women and children, providing them with a springboard to increase income, build assets and escape poverty.

In one example, LeapFrog invested in Ghanaian insurer Express Life, helping the company grow from reaching 35,000 people to more than 860,000, most of them first-time users of insurance and savings products. In December 2013, LeapFrog agreed to sell its majority stake in Express Life to Prudential plc, marking the entry of one of the world's largest insurers into the fast-growing African insurance industry – and providing a tangible example of LeapFrog's ability to achieve both financial returns and impact.

LeapFrog Investments' strategy presents a compelling investment opportunity to financially empower millions of people in historically underserved communities in Africa and Asia. JPMorgan Chase invested $10 million in 2010 in the first LeapFrog fund (a $135 million vehicle), and in 2013, we also participated in the second fund (which is expected to be a $400 million vehicle). JPMorgan Chase played an active role in recruiting investors to the second fund, including several global insurance groups and asset managers.

INVESTING IN ECOSYSTEMS WITH THE NATURE CONSERVANCY

JPMorgan Chase is using its financial capabilities and expertise in environmental markets to create new opportunities to invest directly in nature. In early 2014, JPMorgan Chase announced a new collaboration with The Nature Conservancy, one of the world's leading nonprofit conservation organizations, to establish NatureVest. This new initiative will seek to deploy private capital to projects that protect and restore critical land and water ecosystems.

Launched with $5 million in sponsorship funding from JPMorgan Chase over three years, NatureVest will provide a forum for thought leadership on investments in conservation and work to accelerate the development of a market for investments that generate a financial return for investors and also preserve and restore natural ecosystems.

$5M

to The Nature Conservancy to establish NatureVest, a new initiative that will seek to attract and deploy private capital for conservation

PROMOTING A SUSTAINABLE ECONOMY

THE CHALLENGE

Economic development relies on the abundance and vitality of the planet's natural resources and ecosystems, yet issues such as climate change, water quality and scarcity, and biodiversity loss indicate those resources are under increasing strain in many areas around the world. Finding ways to meet a growing population's energy, food, infrastructure and other needs in ever more sustainable ways is essential for the success of our clients, our company and the global economy.

OUR RESPONSE

JPMorgan Chase is supporting clients in efforts to identify and reduce environmental and social risks and capitalize on opportunities created by the transition to a more sustainable global economy. We are using our expertise, insight and capital to help raise the environmental and social performance of companies that we finance, improve disclosure of environmental and social risks, and facilitate the deployment of a range of clean technologies and financial solutions to sustainability challenges.

COMMITTED AND ARRANGED

$1.4B+

of capital for wind, solar and geothermal energy projects in the U.S. in 2013

UNDERWROTE

$1.1B+

in Green Bonds in 2013

REVIEWED

367

transactions for environmental and social risk in 2013

GETTING FRACKING RIGHT

THE ISSUE

Recent years have brought a boom in U.S. natural gas and oil production from unconventional sources, enabled by advances in horizontal drilling and hydraulic fracturing techniques (commonly known as fracking). This practice has reshaped U.S. energy markets, including displacing significant amounts of coal in the power sector and helping to revitalize manufacturing. It also has given rise to concerns about environmental and community impacts that, if not addressed adequately, could undermine these benefits.

OUR CONTRIBUTION

As one of the largest bankers to the oil and gas sector, JPMorgan Chase recognized the need to ensure that we had a clear picture of the environmental and community risks, industry best practices and our clients' performance. We consulted with a range of industry, academic and environmental experts to develop a risk assessment framework and engaged more than 100 of our oil and gas clients in discussions to understand their practices and strategies to manage fracking-related risks. We are integrating our insights from this effort into our process for assessing transactions. We also are meeting with industry thought leaders, providing funding to organizations developing new tools to support best practices, and convening our clients to share insights and approaches to help ensure that unconventional oil and gas is developed safely and responsibly.

THE CONVERSATION

Below are excerpts from a conversation about how to realize the benefits of fracking with:

THE PEOPLE

MATT ARNOLD, Managing Director and Head of Sustainable Finance, JPMorgan Chase

MARK BROWNSTEIN, Chief Counsel of the U.S. Energy and Climate Program, Environmental Defense Fund (EDF)

K. SCOTT ROY, Vice President of Government and Regulatory Affairs, Range Resources Corporation

What is the role of fracking – and natural gas generally – in addressing climate change?

MATT ARNOLD: The shale revolution has produced clear economic benefits. It's really good for U.S. energy security. And it can help reduce greenhouse gas emissions – so long as we get it right. Projections suggest that the only way to limit global warming to two-degrees is to displace a significant chunk of coal with more natural gas. How do you reconcile that we need to be cautious in pursuing unconventional sources of gas – yet it's the only way to get to a two-degree scenario?

MARK BROWNSTEIN: Well, projections are not destiny. Technology can surprise us. We need to get to a zero-carbon energy economy quickly to avoid the worst consequences of global warming. But whether that transition is in 10 years or 50 or 100, there's a period in which we'll continue relying on natural gas – so we have to minimize risks to health and the environment from production.

SCOTT ROY: Historically, resource extraction for energy production has been an "or" proposition – economics or the environment. In many respects, the shale revolution in unconventional gas allows for the "and" proposition. Assuming it's done correctly – and it is being done correctly – you can maximize economic opportunity and environmental prosperity. We are seeing that "and" proposition lived out in thousands of jobs, billions of dollars of investment, revitalization of U.S. manufacturing and improved environmental conditions as we lead the world in reducing greenhouse gas emissions.

Why has the fracking debate become so contentious, and what can make it less so?

MARK BROWNSTEIN: You would think with everything this country has gone through over the last 40 or 50 years with regard to energy, people would be celebrating because we've just had our single biggest year of oil production since the 1920s. The fact that so many people are undecided about fracking should really worry the industry.

SCOTT ROY: I think it's an emotional issue – and for obvious reasons. This is activity that's literally in people's backyards. As an industry, we are gaining an understanding of the need to sit down with diverse stakeholders, get a better grasp of their concerns and answer them with a factual response. So much of the debate is about perceived risk – which has to be addressed, but, ultimately, you need to get to the point where both sides move past some of the emotional debate aspects, put forward data and engage in dialogue. Through that interaction, we have found that the vast majority of people want the same thing we want: responsible resource development.

> "We need to get to a zero-carbon energy economy quickly... But whether that transition is in 10 years or 50 or 100, there's a period in which we'll continue relying on natural gas – so we have to minimize risks to health and the environment."
>
> **Mark Brownstein**, Chief Counsel of the U.S. Energy and Climate Program, EDF

MARK BROWNSTEIN: Communities feel threatened by the type and volume of development taking place and frequently think they lack the information to know whether the production practices occurring next to their homes and schools are being done safely. What's often missing from industry assertions of safety is the data to know there is substance behind those words.

MATT ARNOLD: Right. And not knowing what's happening near them makes people's tolerance for risk go way down. We find on this issue and many others that if you simply try to be as transparent as you can be and are willing to engage, listen and respond with as much candor as possible, it goes a really long way.

Do current practices and regulations adequately address potential risks of fracking?

MARK BROWNSTEIN: Roughly speaking, there were 30,000 unconventional oil and gas wells drilled in the U.S. last year. If 1% or 3% were done improperly and if we do 30,000 wells every year for the next 10 or 20 years, it's not hard to see how even small imprecisions can lead to big problems. I feel the industry has not yet wrapped its head around the fact that "good enough" no longer is good enough – the goal has to be excellent performance every time.

MATT ARNOLD: We have over 100 clients that are fracking, and we talked with most of them about how they're handling potential risks. We found that our clients – including Range Resources – are working hard to get it right. But in any given location, Range is just one of a handful of operators. How do you lift the floor such that all operators are getting it right?

SCOTT ROY: I think the floor is raised by engaging in active dialogue and by working with agencies to develop regulatory standards. We depend on appropriate, aggressively enforced regulations, though right-thinking companies always will be ahead of regulatory requirements. At Range, we know we're doing it right. We were the first to publicly disclose the chemicals used in the fracking process. We developed the concept of wastewater recycling and now recycle 100%. We moved to a zero-vapor protocol and showed it to other producers and regulators so that's now incorporated in regulation. Only companies with that kind of focus are going to be able to succeed.

What is your organization's role in making sure fracking is done right?

MARK BROWNSTEIN: The role of organizations such as EDF is to bring our understanding of environmental science to bear on identifying the risks – and to contribute constructively on ways to solve those problems.

SCOTT ROY: At Range, our primary objective is to serve as good stewards for our shareholders, which means reducing costs, improving the economics, increasing production, providing for employee safety, and being good stewards of the environment and of the communities where we work and live. If we fail on any one of these, we're not going to be able to do any of the others.

MATT ARNOLD: There's a dialectic in this that I hope never stops – EDF representing the voice of more information; greater safeguards; more assurance; and industry listening and responding to legitimate, scientifically grounded concerns. I think a bank such as JPMorgan Chase, because of the breadth of our perspective and experience, can help distinguish between what industry is doing well and what risks still are of concern. What more do you think we should do?

CONTINUED ...

THE CONVERSATION ... CONTINUED

MARK BROWNSTEIN: Well, I would like to see the same rigor that's brought to the balance sheet or to engineering – bring that to environmental performance. So don't just accept a client's word for environmental performance being well-managed; ask for the data. Also, at the end of the day, minimizing risks to health and the environment is going to require a change in oil and gas companies' management culture.

SCOTT ROY: There are companies like Range where ensuring excellent environmental performance already is part of the culture. And I think having a bank require that data is duplicative; state regulatory agencies perform that role. But there is a role for banks as facilitators. Obviously, you get folks like us together, and we have some pretty closely held perspectives. You need a mediator who can say: "Support your position with facts." I think a lot of good comes out of that.

MARK BROWNSTEIN: Banks have another role, too – as trusted advisor. Banks advise investors on how to construct portfolios that are good for the short and long term, and the same thinking needs to apply to energy. Natural gas should not make us lose our train of thought in terms of where our energy system needs to go over the longer term.

MATT ARNOLD: Global energy demand is rising, and we need to meet it in a way that's also good for the environment. Natural gas has a huge role to play in both the short and long term – it emits less than half the emissions of carbon dioxide as coal when used for power and can help support the integration of more renewable energy. But if we don't get fracking right, we'll have a harder time addressing the climate challenge. So that's why JPMorgan Chase has been so focused on engaging on fracking to make sure we do get it right.

MANAGING RISKS AND PROMOTING SUSTAINABLE PERFORMANCE

As one of the largest financial institutions in the world, our scale and expertise provide us with a range of avenues for raising awareness of environmental and social issues and strengthening client performance.

In addition, these attributes enable us to provide value to our clients by supporting them in finding solutions to emerging issues in their businesses and capitalizing on new opportunities created by the transition to a more sustainable global economy.

JPMorgan Chase believes that the success of our clients – and, by extension, our company – depends on effective risk management, including consideration of environmental and social issues. Failure to do so can negatively impact our clients' operations and expose the firm to reputational or financial risks. As a result, we believe that consideration of environmental and social factors, alongside other types of risk, to be a fundamental aspect of sound risk management. We also view management of environmental and social issues as a key indicator of management quality within our clients' companies.

In 2014, we developed and released our Environmental and Social Policy Framework, which summarizes the key elements of our policies on environmental and social risk management and articulates the firm's broader approach for managing key issues such as climate change and biodiversity issues within our business (see www.jpmorganchase.com/corporateresponsibility). As part of this process, we collaborated with Ceres to engage with a range of external stakeholders to help us strengthen and more effectively communicate our strategy and approach.

Figure 3 Promoting Sustainable Performance

MANAGING ENVIRONMENTAL AND SOCIAL RISK IN TRANSACTIONS

FINANCING AND ENABLING SUSTAINABLE SOLUTIONS

PROMOTING SUSTAINABLE PERFORMANCE

ENGAGING WITH CLIENTS TO RAISE AWARENESS, ENHANCE CAPACITY AND DEVELOP SOLUTIONS

ADVANCING MARKET CAPACITY AND BEST PRACTICES BY COLLABORATING WITH PEERS AND OTHER STAKEHOLDERS

EMPLOYEE TRAINING AND CAPACITY BUILDING

To ensure that our policies and commitments are embedded in the way JPMorgan Chase does business, we provide a variety of formal and informal training sessions for employees. For example, in 2013, we rolled out a mandatory Environmental and Social Risk Management online training module for all front office bankers in our Corporate & Investment Bank. The training covers the key aspects of our policies and commitments, including a variety of human rights topics. Approximately 9,500 employees completed the training in 2013, and roll-out will continue in 2014.

MANAGING RISK IN TRANSACTIONS

JPMorgan Chase is one of the largest financiers of companies in sectors such as oil and gas, mining and electric power. These industries are critical enablers of economic growth and social development – but also have the potential to create a range of adverse environmental and social impacts.

Understanding this, we have a robust internal process to help us identify and evaluate potential environmental and social risks associated with certain transactions involving corporate lending, debt and equity underwriting, and advisory services. We apply specific criteria to transactions with both new and existing clients to determine whether an environmental and social risk review is needed and what level of due diligence is required. These criteria are described in our Environmental and Social Policy Framework and include:

- The sector and location(s) where a client is operating, as well as the proposed use of proceeds from the transaction.
- Specific types of commercial activity such as palm oil production and unconventional oil and gas development, including hydraulic fracturing, and exploration and development in the Arctic.
- Transactions that meet requirements under the Equator Principles, which apply to the following financial products: project finance, project-related corporate loans and bridge loans.
- Prohibited activities such as those where there is evidence of forced or child labor.

In 2013, 1,288 transactions were identified for screening by our internal deal capture mechanism. Of these, 367 met our criteria for requiring an environmental and social risk review and were subsequently approved (see Figures 4 and 5 on page 30). Another 105 transactions were reviewed, but did not proceed, principally for market reasons. The remaining transactions were screened, but were not deemed to warrant further review. The majority of transactions reviewed were for financing at a corporate level rather than for asset- or project-specific financing.

COMMITMENTS AND MEMBERSHIPS

JPMorgan Chase employs a range of best practices and adheres to certain internationally recognized principles to assess environmental and social impacts and promote responsible performance. These memberships include:

- Carbon Principles
- CDP
- Ceres Company Network
- Equator Principles
- Extractive Industries Transparency Initiative
- Green Bond Principles
- UN Principles for Responsible Investment

Please visit **www.jpmorganchase.com/corporateresponsibility** for more information.

Figure 4 Number and Category of Transactions Reviewed and Approved (2013)

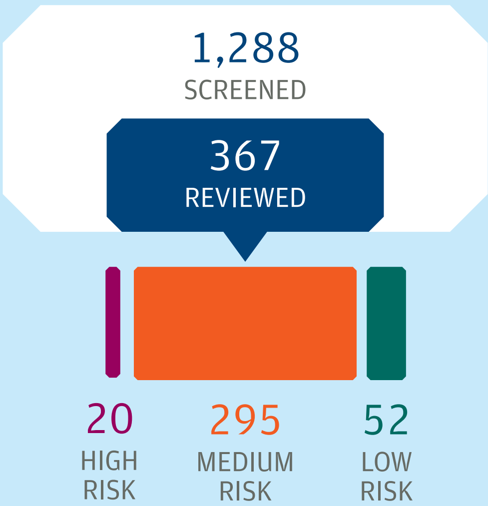
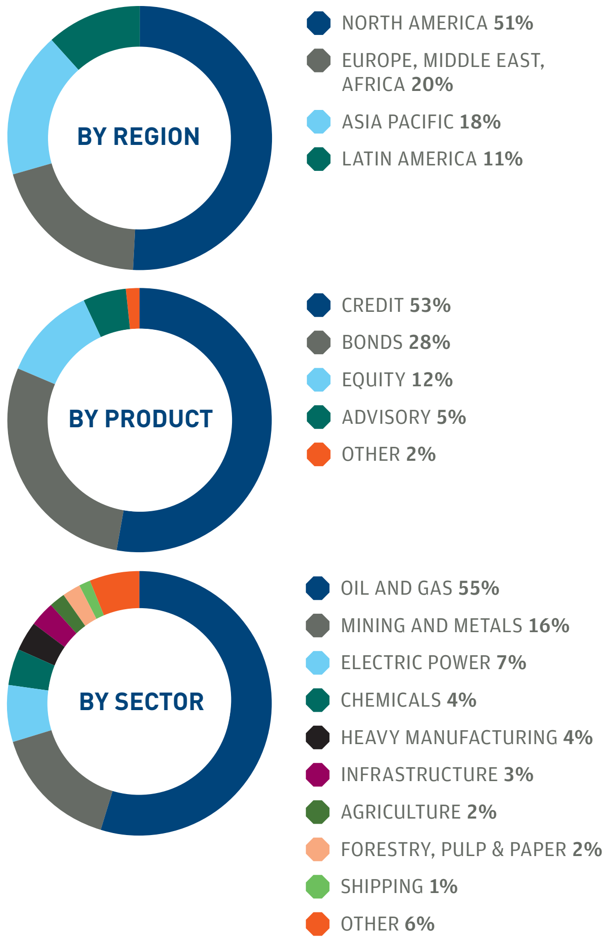


Figure 5 Transactions Reviewed and Approved (%)



All transactions that require review are categorized based on whether the perceived level of environmental and social risk is high, medium or low. Due diligence for all transactions includes a review of a client's commitment, capacity and track record with respect to management of environmental and social risks and impacts from its business activities, as well as a review of relevant transaction documentation. In nearly all medium- and high-risk transactions, which have increased sensitivity, this process involves direct engagement with the client to discuss the relevant risks and issues.

High-risk transactions require the most extensive level of due diligence. This may include a site visit and/or a requirement to hire an independent third party to assist in the assessment and management of key environmental or social risks. It also may include revisions to transaction documentation – such as an initial public offering prospectus, bond offering memorandum or loan term sheet – to ensure that potential risks are appropriately disclosed or covenants are included to address specific issues.

We closed two Equator Principles project finance deals in 2013, one in the oil and gas sector in North America and one in the chemicals sector in the Europe, Middle East and Africa region. (For more detailed information about transactions reviewed against the requirements of the Equator Principles transactions, see www.jpmorganchase.com/corporateresponsibility). We also applied the Enhanced Diligence Process of the Carbon Principles to general corporate-purpose bond issues for two clients. We did not participate in any municipal bond or project financing of Carbon Principles-eligible facilities in 2013.

ENGAGING WITH CLIENTS

During 2013, we engaged with clients on sustainability issues in a number of ways – ranging from individual conversations to broader client events and industry convenings – with the aim of facilitating the sharing of information and insights about environmental and social risks and opportunities.

One of the ways we do this is by conducting industry portfolio reviews, which enable us to gain greater insight into how our clients manage environmental and social risks within certain industries. We use the outputs of those reviews to identify clients that may benefit from an understanding of best practice approaches being adopted by industry peers. In 2013, our portfolio reviews focused on clients involved in hydraulic fracturing, as well as those concentrated on mining and metals extraction.

DEVELOPING MARKET CAPACITY AND PROMOTING BEST PRACTICES

JPMorgan Chase collaborates with a broad range of stakeholders – including peer banks, nonprofit organizations and our investors – to develop environmental market capacity, promote best practices and provide thought leadership on sustainability issues. In early 2014, we announced a collaboration to create a new initiative of The Nature Conservancy called NatureVest, which will work toward increasing the amount of private capital invested in projects that protect and restore critical ecosystems (see page 24 for more detail). Some of our other activities in 2013 included:

Co-authoring the Green Bond Principles

The Green Bond market has the potential to be a game changer in terms of driving new investment toward sustainable energy and infrastructure. JPMorgan Chase is one of the leading banks in the market, having underwritten $2.2 billion across 23 issues from 2007 to 2013. Building on our experience in the market, we joined with a group of peer institutions to co-author the Green Bond Principles (find them on our website at www.jpmorganchase.com/corporateresponsibility). Released in January 2014, these serve as voluntary guidelines on recommended processes for the development and issuance of Green Bonds. By encouraging transparency and integrity in the development of this new market, the Green Bond Principles will help encourage more investors to allocate capital toward investments in sustainable energy and infrastructure around the world.

Increasing Understanding of Climate Risk

Research from the International Energy Agency finds that, without significant advances in carbon sequestration, a sizable portion of the world's fossil fuel reserves would need to remain "unburned" to avoid extreme impacts from climate change. This analysis raises important questions about how to meet global energy demand while reducing greenhouse gas emissions. It also has fostered a debate about whether the financial sector is adequately integrating considerations of potential policy, market, economic and social risk in its investments in carbon-intensive assets. To help address these questions, we are participating in an initiative launched by the Greenhouse Gas Protocol and the UN Environment Programme Finance Initiative to develop a practical framework to guide both financial institutions and investors in their efforts to more systematically assess and manage potential risks associated with these types of assets.

FINANCING SUSTAINABLE SOLUTIONS

JPMorgan Chase leverages our global capabilities in investment banking, lending and financial advisory services to assist companies seeking to deploy technologies that help use energy more efficiently, reduce greenhouse gas emissions and generate clean energy. The firm is a leader in structuring and closing innovative transactions that help drive renewable energy development. In 2013, we committed and arranged more than $1.4 billion of capital for wind, solar and geothermal energy projects in the United States. Since 2003, we have raised over $11 billion for renewable energy projects, including more than $5.6 billion of our own capital.

In 2013, the firm also provided approximately $116 million to public sector clients to enable local governments, universities and hospitals to make their buildings more energy efficient.

SUSTAINABLE OPERATIONS

Alongside the management of environmental issues in our business activities, JPMorgan Chase is working to minimize the environmental impacts of our physical operations. We strive to manage our corporate offices, retail branches and data centers in an efficient and sustainable manner, and we continue to work to improve our operational resource management, including greenhouse gas emissions, paper, water and waste. JPMorgan Chase is a respondent to CDP's annual climate change information request. More information about our efforts and 2013 data on energy and greenhouse gas emissions can be found in our Global Reporting Initiative Index at www.jpmorganchase.com/corporateresponsibility.

OPERATING RESPONSIBLY

The foundation for corporate responsibility is how we manage and conduct our business. It means being responsive to our stakeholders, including supporting and respecting our employees, and being fair and transparent with our customers. It also means operating with integrity in all that we do and having strong corporate governance and a robust controls environment.

In the wake of several years of turmoil and dislocation in the global economy and following significant changes in our regulatory environment and the global financial architecture, our company is devoting unprecedented resources to strengthening our governance and infrastructure, systems and culture to better identify and mitigate risks.

Doing all that well ensures we continue to be a healthy, vibrant company – which makes it possible for us to continue to serve our customers and communities and contribute to solutions for the economic, social and environmental challenges facing the world today.

INCREASING SPENDING ON CONTROLS BY

$2B

in 2013–2014

RECOGNIZED AS THE

#1

large bank in the 2013 American Customer Satisfaction Index survey

DONATED OR SOLD AT A DISCOUNT

6,100+

homes to nonprofits since 2009, with property values and discounts totaling more than $275 million

RESPONDING TO OUR CUSTOMERS

JPMorgan Chase has a consumer relationship – via retail banking, credit cards, auto financing or home mortgages – with nearly half of all households in the United States.

We know that continually working to strengthen the ways we serve these stakeholders is essential to maintaining their loyalty and confidence. In 2013, we continued efforts to make our product disclosures clearer and more transparent, listen and respond to customer complaints, engage with consumer advocates, and develop products and services that help meet the unique needs of our different customers.

Since mid-2011, when we began a concerted effort to enhance our customers' banking experiences, we have made more than 1,000 improvements to policies, systems, training, support and more. For instance, in 2013, we started automatically sending email alerts for low balance, overdraft and savings withdrawal limits to help customers avoid extra fees.

We also have continued efforts to proactively assist and support our customers in times of need. For example, during 2013, we worked to help our customers who were affected by natural disasters in Colorado, Illinois and Oklahoma and by the U.S. government shutdown, including waiving many fees, offering payment forbearance and suppressing adverse credit reporting.

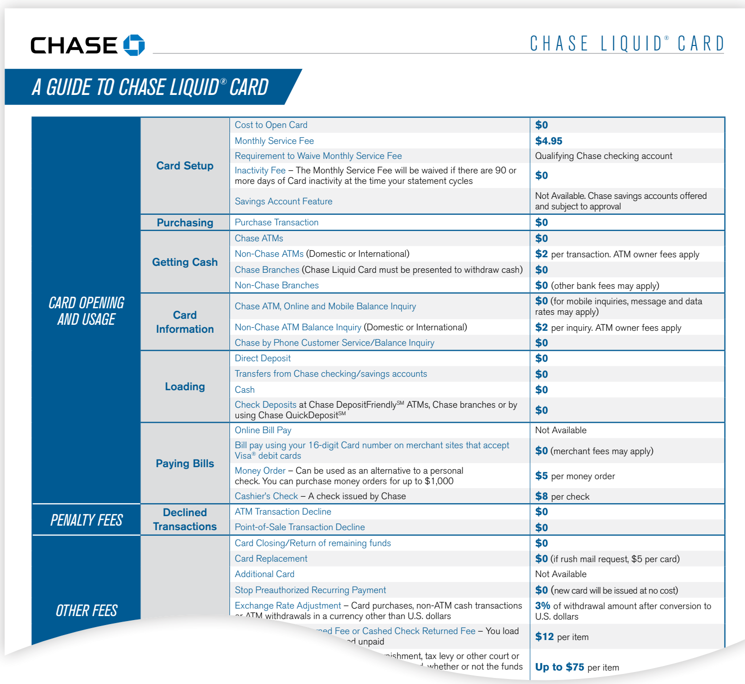
HELPING CUSTOMERS WITH PAYDAY LENDERS

Also in 2013, Chase became the first large bank to implement policy changes to help our customers when payday lenders and other billers aggressively and unfairly seek payments. We gave customers more flexibility to halt automatic withdrawals from their accounts by online payday lenders, and we made it easier for customers to close their accounts even if there are pending charges. We also changed our policy to charge only one returned item fee to customers in cases where a biller presents items that are returned due to insufficient funds in the customer account more than once in a 30-day period even if the biller tries to collect multiple times.

IMPROVING DISCLOSURES ON RELOADABLE CARDS

In February 2014, we became the first financial institution to adopt The Pew Charitable Trusts' new model disclosure box for reloadable prepaid cards for Chase Liquid®. Building on our implementation of Pew's model simple disclosure form for Chase Total Checking℠ accounts in 2012, the prepaid disclosure gives customers a description of fees and details about when deposits are available in an easy-to-read format.

We also continue to engage with consumer advocacy organizations to help us improve our disclosures and product offerings. In 2013, we began convening regular sessions in which senior Chase executives meet with representatives of some of the leading domestic consumer policy groups with expertise on financial services issues. The day-long discussions give us a way to gain insight into the key challenges and needs of low- and moderate-income consumers and learn how Chase can better serve these customers.



CHASE

CHASE LIQUID® CARD

A GUIDE TO CHASE LIQUID® CARD

CARD OPENING AND USAGE	Card Setup	Cost to Open Card	$0
		Monthly Service Fee	$4.95
		Requirement to Waive Monthly Service Fee	Qualifying Chase checking account
		Inactivity Fee – The Monthly Service Fee will be waived if there are 90 or more days of Card inactivity at the time your statement cycles	$0
		Savings Account Feature	Not Available. Chase savings accounts offered and subject to approval
	Purchasing	Purchase Transaction	$0
	Getting Cash	Chase ATMs	$0
		Non-Chase ATMs (Domestic or International)	$2 per transaction. ATM owner fees apply
		Chase Branches (Chase Liquid Card must be presented to withdraw cash)	$0
		Non-Chase Branches	$0 (other bank fees may apply)
	Card Information	Chase ATM, Online and Mobile Balance Inquiry	$0 (for mobile inquiries, message and data rates may apply)
		Non-Chase ATM Balance Inquiry (Domestic or International)	$2 per inquiry. ATM owner fees apply
		Chase by Phone Customer Service/Balance Inquiry	$0
	Loading	Direct Deposit	$0
		Transfers from Chase checking/savings accounts	$0
		Cash	$0
		Check Deposits at Chase DepositFriendly℠ ATMs, Chase branches or by using Chase QuickDeposit℠	$0
	Paying Bills	Online Bill Pay	Not Available
		Bill pay using your 16-digit Card number on merchant sites that accept Visa® debit cards	$0 (merchant fees may apply)
		Money Order – Can be used as an alternative to a personal check. You can purchase money orders for up to $1,000	$5 per money order
		Cashier's Check – A check issued by Chase	$8 per check
PENALTY FEES	Declined Transactions	ATM Transaction Decline	$0
		Point-of-Sale Transaction Decline	$0
OTHER FEES		Card Closing/Return of remaining funds	$0
		Card Replacement	$0 (if rush mail request, $5 per card)
		Additional Card	Not Available
		Stop Preauthorized Recurring Payment	$0 (new card will be issued at no cost)
		Exchange Rate Adjustment – Card purchases, non-ATM cash transactions or ATM withdrawals in a currency other than U.S. dollars	3% of withdrawal amount after conversion to U.S. dollars
		...ed Fee or Cashed Check Returned Fee – You load ... unpaid	$12 per item
		...ishment, tax levy or other court or ... whether or not the funds	Up to $75 per item

IMAGE: The new model disclosure form for Chase Liquid® helps customers learn about costs associated with this reloadable prepaid card and ways to help avoid them. This easy-to-read product guide is available at www.chase.com.

INCREASING CUSTOMER SATISFACTION

Our customers have noticed the results. In 2013, Chase was recognized by the American Customer Satisfaction Index as having the highest levels of customer satisfaction among large banks in the United States and by Harris Poll EquiTrend as the National Bank Brand of the Year – both for the second year in a row. Chase also earned an unprecedented four TNS Choice Awards for providing outstanding banking and investment services to its customers in 2013 and received J.D. Power and Associates' highest rank for small business banking customer satisfaction in the West, Midwest and South and the highest rank for retail banking customer satisfaction in the Midwest.

SERVING OUR MORTGAGE CUSTOMERS

The housing market in many parts of the United States recovered significantly over the last year. Nonetheless, we continued to focus considerable attention and resources on serving our mortgage customers and helping homeowners who still are struggling to make payments. In 2013, we originated more than 800,000 mortgages, representing $176 billion in loans for home purchase or refinance.

During the year, we introduced or enhanced a variety of products and services we provide to our mortgage customers, from simplifying our insurance claim package for those affected by natural disasters to redesigning our mortgage statements to make them easier to understand. The impacts of these and other efforts can be seen in J.D. Power and Associates' annual customer service ratings for mortgage banks: In the Servicer category, Chase saw the largest improvement in overall satisfaction of any of the top 15 servicers between 2011 and 2013, and in the Origination category, Chase has improved more than any other ranked lender since 2010.

Also in 2013, we launched new tools and resources to educate customers about the homebuying process and to help them make sound financial decisions when purchasing a new home. For example, through the *My New Home* program, we created over 50 online videos from experts and held a series of webinars and in-person workshops in our branches to instruct customers on the different aspects of the homebuying process. Through our *Chase Homebuyer Grant* program, we committed nearly $20 million to help more than 12,300 consumers achieve homeownership. Eligible consumers receive up to $1,500 to apply toward points to buy down their interest rate or toward other closing costs.

We continued our efforts to help homeowners struggling with the effects of the financial crisis and recession. Since 2009, we have completed approximately 725,000 mortgage modifications, including approximately 115,000 in 2013. All told, since 2009, we have helped prevent nearly 1.1 million foreclosures, including more than 135,000 in 2013. In addition, since 2009, we have forgiven nearly $4.7 billion in principal for Chase-owned mortgages and home equity loans, including $1.2 billion in 2013. We also have committed to other actions designed to help homeowners recover under the terms of several mortgage-related legal settlements.

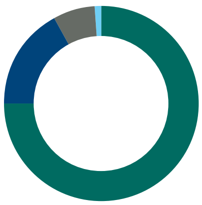
STABILIZING AND REVITALIZING NEIGHBORHOODS

Through the Chase Community Revitalization Program, we partner with local nonprofits and municipalities to stabilize neighborhoods by expanding affordable housing opportunities. Through the program, we donate or sell homes at a reduced price to nonprofits and municipalities, who then make homes available for sale or rental to low- and moderate-income families. In addition, as part of our efforts to support U.S. military veterans, we have committed to provide 1,000 mortgage-free homes to veterans in need between 2011–2016. Since 2009, JPMorgan Chase has completed more than 6,100 property donation or discount transactions, including nearly 1,600 in 2013, with property donation values and discounts totaling over $275 million. Included in those 6,100 homes are more than 630 mortgage-free homes that were awarded to military families through our nonprofit partners.

SUPPORTING OUR PEOPLE

Our more than 250,000 employees around the world are the foundation of our company's success, and we are deeply committed to supporting, developing and being responsive to their needs.

Figure 6 Regional Breakdown of Our Employees (2013)



"We are totally committed to a work environment that is rewarding for all our people, that supports and encourages diversity, and that provides our employees with opportunities to grow professionally and advance their careers."

John Donnelly, Head of Human Resources, JPMorgan Chase

TRAINING AND DEVELOPMENT

Our company hires people with a broad range of backgrounds and experience, and we are committed to providing all our employees with opportunities to develop their skills and advance their careers.

We spend approximately $300 million per year globally on training programs at all levels. These programs range from broad leadership and management courses available to employees worldwide to programs specifically tailored to individual functions, lines of business or geographic regions. We also have comprehensive training programs dedicated to our regulatory control and compliance agenda.

Closely tied to our training and development efforts is our focus on promoting internal mobility. We want to ensure that employees have the opportunity to use the skills they develop to advance their career within JPMorgan Chase. The diversity of our businesses and the geographies in which we serve provide a wide range of career development opportunities for our colleagues. In 2013, 30,000 employees moved into different jobs – a reflection of our support of employee development.

FOSTERING DIVERSITY

Diversity is a cornerstone of our global culture, and it helps us meet the changing needs of our clients, customers, employees and the communities we serve. Our efforts to promote diversity and inclusion are comprehensive. We hire, develop and retain a diverse workforce and, in addition, we foster a diverse supplier base by cultivating relationships with firms owned and operated by minorities, women and other historically underutilized groups. We also have special programs dedicated to hiring and helping U.S. veterans transition to the workplace (see page 9 for more detail).

Our commitment to diversity is reflected in our efforts to actively recruit and hire employees from various backgrounds, experiences and locations. In 2013, globally, 49% of our new hires were women, and in the United States, 54% of our hires were racially or ethnically diverse.

We support and encourage diversity in the workplace in many ways. One of the key mechanisms we use is Business Resource Groups, which are each sponsored by a member of the firm's Operating Committee, providing support and career development for different employee groups. At the end of 2013, more than 48,000 JPMorgan Chase employees were members of these employee-led affinity groups.

Figure 7 U.S. Employee Diversity in 2013

Job Category	White	Black/ African-American	Hispanic/ Latino	Asian	American Indian/ Alaska Native	Native Hawaiian/ Other Pacific Islander	Two or More Races	All Employees	Female
Executive/senior-level officials and managers	87.2%	2.8%	3.7%	5.8%	0.1%	0.0%	0.4%	1.6%	25.0%
First/mid-level officials and managers	65.4%	10.7%	13.2%	9.3%	0.2%	0.3%	0.9%	19.0%	52.4%
Professionals	63.0%	9.3%	7.9%	18.4%	0.2%	0.2%	1.0%	23.4%	41.5%
All other	44.2%	19.7%	26.0%	7.6%	0.3%	0.4%	1.7%	55.9%	64.1%
Total	**53.4%**	**15.3%**	**19.0%**	**10.4%**	**0.2%**	**0.3%**	**1.4%**		**55.9%**

Source: 2013 August Equal Employment Opportunity – Tier 1 (EEO-1) data. "All other" is a combination of the following EEO-1 job categories: technicians, sales workers, office and clerical, craft workers (skilled), operatives (semi-skilled), laborers and service workers.

ENGAGING WITH OUR STAKEHOLDERS

JPMorgan Chase engages with a wide array of stakeholders, including our shareholders, employees, customers, regulators, policymakers, nonprofit organizations and members of the communities where we operate.

We believe a key part of corporate responsibility is listening to these different groups; working to understand their perspectives and the issues that matter to them; and communicating with them about our company's strategy, practices and performance. Doing so strengthens our relationships with our stakeholders and makes our firm stronger and better informed.

We have many mechanisms for engaging and communicating with our diverse constituencies, and, in 2013, we took a variety of steps to take a more strategic approach to engaging with certain stakeholders. For example, given the critical role that nonprofit organizations play in connecting us to the communities where we operate, we undertook an effort to evaluate the firm's approach to funding and partnering with nonprofits at the national, regional and local levels. As part of the effort, we conducted outreach to a number of our partners to learn how we could better support and work with them.

As a result of our findings, we established a new Office of Nonprofit Engagement, whose role is to coordinate JPMorgan Chase's partnerships across our lines of business, strengthen our relationships with current nonprofit partners, identify new partnership opportunities and serve as a central point of contact for nonprofits seeking to engage with the firm. The office includes a group of dedicated regional community relations managers, based in the local communities, to ensure we build and maintain close ties at the local level. The Office of Nonprofit Engagement can be reached at one.community@jpmchase.com.

During the year, we also undertook a concerted effort to be more responsive to and build stronger relationships with regulators and consumer policy groups. In addition, we began implementing a broader and more systematic approach to engaging stakeholders on environmental issues. For instance, in 2013, we became a member of the Ceres Company Network, a leading nonprofit organization that works to expand the adoption of sustainable business practices, to help advance the firm's sustainability objectives. We also collaborated with Ceres to host a dialogue with a group of external stakeholders to help us strengthen our approach to managing key environmental issues and to solicit feedback on our newly expanded and revised Environmental and Social Policy Framework (see Promoting a Sustainable Economy, page 25).

"We've been gratified that Chase's senior executives have dedicated time and resources to engaging consumer advocates and learning about the challenges that consumers are facing in today's marketplace. At the same time, we've learned how Chase thinks about its products, services and role in the marketplace. We very much value the ongoing dialogue and interaction."

Tom Feltner, Director of Financial Services, Consumer Federation of America

STRENGTHENING GOVERNANCE AND CONTROLS

Strong corporate governance and robust risk controls infrastructure and culture are essential to being an accountable, well-managed company.

We have made our control agenda our top priority, and we are undertaking firmwide efforts and are devoting unprecedented resources to strengthening our governance and infrastructure, systems and culture to better identify and mitigate risks and to meet regulatory obligations. We are focused on long-term sustainability – and these efforts will make our company better and stronger for the long run. We want our shareholders, customers and regulators to have confidence that JPMorgan Chase is a safe and sound bank with best-in-class practices.

ENHANCING GOVERNANCE

Corporate governance is an ongoing focus at JPMorgan Chase. We have robust corporate governance policies, structures and processes in place outlining roles, responsibilities and expectations related to the control and management of major risks.

As described in our 2014 Proxy Statement, in 2013, the firm's Governance Committee, taking into account shareholders' interest in adding directors with extensive experience in risk management and financial services, recommended two new directors – Linda Bammann and Michael Neal – who were subsequently elected to the Board of Directors. Both Ms. Bammann and Mr. Neal have extensive risk management and financial services industry experience.

Also in 2013, our Board of Directors enhanced its independent oversight by converting the Presiding Director role to that of Lead Independent Director. The Lead Independent Director position includes all of the responsibilities and authorities of the Presiding Director and encompasses additional responsibilities and authorities enumerated in our Proxy Statement. Lee Raymond, formerly Presiding Director, serves as the firm's Lead Independent Director.

> “Engagement with shareholders is important and facilitates a better understanding of governance practices and communications that promote the best interests of the company and its shareholders.”
>
> **Lee Raymond,** Lead Independent Director, JPMorgan Chase Board of Directors

In addition to the Boards' five principal standing committees, the Board has established four committees to provide required oversight in connection with certain Consent Orders issued by our regulators:

- Bank Secrecy Act/Anti-Money Laundering Compliance Committee
- Mortgage Compliance Committee
- Sworn Documents Committee
- Trading Compliance Committee

Each Consent Order committee consists of between two and four independent directors and meets monthly to provide oversight for specific aspects of our control agenda and to monitor progress under action plans developed by management to address the issues identified under the applicable Consent Order. In addition to the Consent Order committees, the Review Committee the Board established in 2012 in connection with losses incurred in the Chief Investment Office continues to meet as appropriate.

In 2013, our Board of Directors endorsed the Shareholder-Director Exchange (SDX) Protocol as a guide for effective, mutually beneficial engagement between shareholders and directors. The 10-point SDX Protocol was created with the participation of a group of leading independent directors, including JPMorgan Chase Director Laban Jackson, Jr., and representatives from some of the largest and most influential long-term institutional investors.

Detailed information about our governance principles and practices, including our Code of Conduct and Code of Ethics, can be found on our website and in our annual Proxy Statement at www.jpmorganchase.com under Investor Relations, Annual Report & Proxy.

We remain highly focused on our controls and compliance agenda

Excerpt from Chief Operating Officer Matt Zames' letter to shareholders in the JPMorgan Chase 2013 Annual Report.

"In the past year, we re-prioritized our major projects and initiatives, deployed massive new resources and refocused critical managerial time on these efforts. We've enhanced significantly our governance process and developed a system for management reporting that enables much greater transparency up to senior management and our Board. We are simplifying our business model, eliminating products and services that are not essential to serving our customers and are not core to our businesses. We are ensuring that our systems, practices, controls, technology and, above all, culture meet the highest standards.

We have put enormous resources on the control and compliance agenda.
We have developed and implemented an end-to-end control and compliance agenda, central to which is early issue identification and escalation and sustainable remediation. Over the course of 2013 and 2014, we will have increased our total spend on that agenda by approximately $2 billion.

We are looking at issues on a firmwide basis.
One of the things we focused on last year is a series of firmwide reviews – issues raised by our regulators and issues we identified internally – that we thought should be examined on an enterprise-wide basis. We stood up 24 separate programs and dedicated teams around the globe to look at these issues across businesses and geographies to make sure we are appropriately and consistently managing the associated risks. They include matters like Anti-Money Laundering (AML), Basel implementation and how we evaluate new business initiatives. Oversight of our tens of thousands of vendors across our front and back offices is another example of a process we re-evaluated, so that across our company, we manage these relationships and their associated risks to a common set of highly developed standards. We report on these programs regularly to our Board of Directors.

Another thing we worked on in 2013 is how to take problems we find in one area of the firm and determine whether there are any similar risks in another part of the firm. We created a state-of-the-art controls room in our executive headquarters to maintain a repository of firmwide control-related information and to enable rapid access to relevant data, reporting capabilities, sophisticated analytics and more proactive issue identification.

We have made substantial progress in Anti-Money Laundering.
We also are deploying unprecedented resources, dedicating senior managerial time and prioritizing efforts to build and maintain an industry-leading AML program. By the end of 2014, we will have dedicated close to 8,000 full-time employees solely to AML. We are making progress in strengthening our ability to measure AML risk, are improving how we onboard clients and perform customer due diligence, and are enhancing how we monitor client transactions to detect potentially suspicious activity. At the same time, we have taken substantial steps to de-risk, or simplify, our businesses. We have exited more than 500 relationships with foreign correspondent banks and are moving any accounts for foreign government officials/politically exposed persons out of Consumer Banking.

We want to make sure we have nothing but open and honest dialogues with our regulators.
We have hundreds of regulators around the globe and are examined extensively each year. We also have thousands of documents and data points we periodically share with them. It is imperative that we are fully transparent with our regulators at every level of our organization. We pay close attention to our regulatory environment, not only to make sure we behave in ways consistent with the spirit as well as the letter of the rules but to anticipate the evolving regulatory agenda. I personally meet with our primary regulators at least twice a month to make sure we as a company understand their expectations and fully address them."

The full letter can be found on our website under Investor Relations, Annual Report.

We always are learning
(which also will make us a stronger company)

Excerpt from Chairman and CEO Jamie Dimon's letter to shareholders in the JPMorgan Chase 2013 Annual Report.

"We always have believed that analyzing your mistakes makes you a better company. We often are asked about some of the management lessons we've learned over the past few years so let me share a few of them with you.

Customer advocacy.
Treat the customer the way you want to be treated and make sure you see everything from the customer's eyes. Read customer complaints – and be the customer's advocate. This acts as an early warning system, it reduces problems and it will make you a better company.

Constantly improving systems and processes.
We always have believed in this, but there is an example of where we didn't with our Anti-Money Laundering systems. For years, we scored fairly well on our AML program, but we did not continually improve our systems and processes, and, in hindsight, we fell behind. All systems and processes need to have regular review and continual improvement.

A tin ear.
In the past few years, we had started to see regulatory and enforcement actions against our competitors – and saw signals from our regulators that things were going to get tougher going forward. Our response generally was, "We know what we're doing." Well, we should have done more self-examination. We need to be better listeners and do a better job at examining critiques of others so we can learn from other people's mistakes, too.

Enterprise-wide controls.
We generally have had a preference for leaving things somewhat decentralized, if possible, to foster responsibility and innovation throughout the organization. We've prided ourselves on our controls, and, for the most part, we did them well. But not all critical controls were consistently executed throughout the firm – and they should have been. This reduces the chance of a control gap somewhere in the company, and it ensures a sustainable, rigorous discipline and process in place everywhere. In addition to our fortress balance sheet, we want a fortress control system.

Processes should be known, front to back.
From the moment a customer is opening his or her account to conducting business through the middle office to properly recording that business on your books and records, you are only as strong as your weakest link. Management teams need to understand and review all the processes in their business.

Sustainability.
It's not enough for an activity to be done well – it needs to be done well on a sustained basis. This means a rigorous risk assessment, a constant review of all processes, properly functioning risk and control committees, vigilant compliance and a thorough rechecking of everything by Audit. Your management is taking full responsibility for all aspects of our business operations. Transparency and escalation are key so we can deal with problems properly and quickly. While we need to be extremely self-critical, we intend to do this in an environment of collaboration without finger-pointing."

The full letter can be found on our website under Investor Relations, Annual Report.

ABOUT THIS REPORT

JPMorgan Chase reports annually on our corporate responsibility performance. This report covers the period January 1, 2013 to December 31, 2013 though, in some instances, information from 2014 and prior years is included where relevant.

Our previous Corporate Responsibility Report was published in May 2013. Reporting and performance data include information on JPMorgan Chase & Co. and its subsidiaries.

As a supplement to this year's report, we have published an expanded Global Reporting Initiative (GRI) index on our website (at www.jpmorganchase.com/corporateresponsibility) to provide interested stakeholders with additional information and performance data. For complete financial and organizational information, please also see our 2013 Annual Report.

We developed this report and the supplemental online index following the GRI G3.1 reporting framework, including the Financial Services Sector Supplement. We are self-declaring at a B application level.

To contact the Office of Corporate Responsibility, email: corporate.responsibility@jpmchase.com.

ABOUT JPMORGAN CHASE

JPMORGAN CHASE BUSINESSES

JPMorgan Chase & Co. (NYSE symbol: JPM) is a leading global financial services firm and one of the largest banking institutions in the United States of America (U.S.), with operations worldwide; the firm has $2.4 trillion in assets and $211.2 billion in stockholders' equity. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the U.S. and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands.

Information about J.P. Morgan's capabilities can be found at jpmorgan.com and about Chase's capabilities at chase.com. Information about the firm is available at jpmorganchase.com.

JPMorgan Chase						
Consumer Businesses			Wholesale Businesses			
Consumer & Community Banking			Corporate & Investment Bank		Commercial Banking	Asset Management
Consumer & Business Banking	Mortgage Banking	Card, Merchant Services & Auto	Banking	Markets & Investor Services	• Middle Market Banking • Corporate Client Banking • Commercial Term Lending • Real Estate Banking	• Private Banking • Investment Management
• Consumer Banking • Business Banking • Chase Wealth Management	• Mortgage Production • Mortgage Servicing • Real Estate Portfolios	• Card Services – Credit Card – Merchant Services • Auto & Student	• Investment Banking • Treasury Services • Lending	• Fixed Income Markets • Equity Markets • Securities Services • Credit Adjustments & Other		

The firm's 2013 Annual Report can be found on our website under Investor Relations, Annual Report.

FINANCIAL HIGHLIGHTS

	2013	2012	2011
NET INCOME	$17,923m	$21,284m	$18,976m
TOTAL NET REVENUE	$96,606m	$97,031m	$97,234m
RETURN ON EQUITY	9%	11%	11%

FOR MORE INFORMATION:

www.jpmorganchase.com

jpmorganchase.com