UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 10, 2016

Martin P. Dunn
Morrison & Foerster LLP
mdunn@mofo.com

Re: JPMorgan Chase & Co.
Incoming letter dated January 14, 2016

Dear Mr. Dunn:

This is in response to your letters dated January 14, 2016 and February 18, 2016 concerning the shareholder proposal submitted to JPMorgan Chase by Jing Zhao. We also have received a letter from the proponent dated January 19, 2016. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Jing Zhao
FISMA & OMB Memorandum M-07-16

March 10, 2016

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: JPMorgan Chase & Co.
Incoming letter dated January 14, 2016

The proposal recommends that the company adopt an executive compensation philosophy with consideration of relevant social factors to improve the company's ethical conduct and public reputation.

We are unable to concur in your view that JPMorgan Chase may exclude the proposal under rule 14a-8(i)(3). We are unable to conclude that the proposal is so inherently vague or indefinite that neither the shareholders voting on the proposal, nor the company in implementing the proposal, would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. Accordingly, we do not believe that JPMorgan Chase may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(3).

We are unable to concur in your view that JPMorgan Chase may exclude the proposal under rule 14a-8(i)(7). In arriving at this position, we note that the proposal focuses on senior executive compensation. Accordingly, we do not believe that JPMorgan Chase may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Coy Garrison
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matter under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholders proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

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1934 Act/Rule 14a-8

February 18, 2016

VIA E-MAIL (*shareholderproposals@sec.gov*)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: JPMorgan Chase & Co.
Shareholder Proposal of Jing Zhao

Dear Ladies and Gentlemen:

This letter concerns the request, dated January 14, 2016 (the "***Initial Request Letter***"), that we submitted on behalf of our client JPMorgan Chase & Co., a Delaware corporation (the "***Company***"), seeking confirmation that the staff (the "***Staff***") of the Division of Corporation Finance (the "***Division***") of the U.S. Securities and Exchange Commission (the "***Commission***") will not recommend enforcement action to the Commission if, in reliance on Rule 14a-8 under the Securities Exchange Act of 1934 (the "***Exchange Act***"), the Company omits the shareholder proposal (the "***Proposal***") and supporting statement (the "***Supporting Statement***") submitted by Jing Zhao (the "***Proponent***") on November 5, 2015, from the Company's proxy materials for its 2016 Annual Meeting of Shareholders (the "***2016 Proxy Materials***"). The Proponent submitted a letter to the Staff, dated January 19, 2016 (the "***Proponent Letter***"), expressing the view that the Proposal and Supporting Statement may not be excluded from the 2016 Proxy Materials.

We submit this letter on behalf of the Company to supplement the Initial Request Letter and respond to the views expressed in the Proponent Letter. We also renew our request for confirmation that the Staff will not recommend enforcement action to the Commission if the Company omits the Proposal and Supporting Statement from its 2016 Proxy Materials in reliance on Rule 14a-8.

We have concurrently sent a copy of this correspondence to the Proponent.

I. *EXCLUSION OF THE PROPOSAL*

A. The Proposal May Be Excluded in Reliance on Rule 14a-8(i)(3) Because It is Materially False and Misleading

As discussed in the Initial Request Letter, the Staff has consistently found that a proposal is inherently vague and indefinite and, therefore, may be omitted from a company's proxy materials if it fails to adequately define key terms or provide sufficient guidance regarding the manner in which the proposal should be implemented. Further, the Staff has consistently concurred that specific standards that are integral to a proposal must be sufficiently explained in the proposal or supporting statement.

The Initial Request Letter expressed the view that the Proposal may be properly excluded under Rule 14a-8(i)(3) because the terms "economic condition" and "average income" are key to the Proposal but are unclear because the Proposal neither explains the meaning of these key terms nor discusses how these terms should be applied to the Proposal. The Proponent Letter does not address this point directly; instead, it merely states that the Company "retains the flexibility to implement the proposal." As discussed in the Initial Request Letter, while each of the words comprising these terms have an ordinary meaning in isolation, put together, each two-word term is likely to cause confusion as to the information referenced and the application of that term to the Proposal. For example, there is no indication in the Proposal or the Supporting Statement as to whose "economic condition" or "average income" is being referenced in the Supporting Statement or to the type of data the Company would use to determine "economic condition" and "average income." As noted in the Initial Request Letter, given the Company's size, scope and complex operations, there are innumerable manners in which these terms could be understood by both the shareholders in voting on the Proposal and the Company in implementing the Proposal if adopted.

Accordingly, as discussed in the Initial Request Letter, neither the shareholders voting on the Proposal, nor the Company in implementing the Proposal, would be able to understand with any reasonable certainty exactly what the requested executive compensation philosophy requires. As such, the Company continues to be of the view that the Proposal is materially vague and misleading and, as such, the Company may properly omit the Proposal and Supporting Statement in reliance on Rule 14a-8(i)(3).

B. The Proposal May Be Excluded in Reliance on Rule 14a-8(i)(7) Because It Relates To The Company's Ordinary Business Operations

As discussed in the Initial Request Letter, the Proposal may be properly excluded in reliance on Rule 14a-8(i)(7) because the action sought by the Proposal deals with general employee compensation. As discussed in the Initial Request Letter, the Proposal "focus[es] on compensation at all levels at the Company and not merely senior executive compensation." In this regard, the Proposal and Supporting Statement relate broadly to an uncertain group of

Company personnel whose compensation is determined by the Company's Compensation Committee. The Supporting Statement makes numerous references to the Proposal's intended impact upon "wage inequality" at the Company. As addressed in the Initial Request Letter, the Supporting Statement discussion expands the Proposal to a category of employees well below the executive officer level and, as such, states directly that the Proposal does not relate solely to senior executive compensation; instead, it provides that the Proposal relates to general employee compensation as well as senior executive compensation.

The Staff has consistently determined that proposals relating to employee compensation involve matters relating to ordinary business and therefore may be excluded under Rule 14a-8(i)(7). In addition, the Staff has consistently determined that proposals addressing both executive compensation and non-executive, or general employee, compensation are excludable under Rule 14a-8(i)(7). *See, e.g.*, *Johnson Controls* (Oct. 16, 2012) (noting "[T]he proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors. Further, proposals that concern general employee compensation matters are generally excludable under rule 14a-8(i)(7)."). The Initial Request Letter contains further discussion of the Staff precedent permitting exclusion of proposals that are not limited solely to executive compensation, such as the Proposal.

In the Proponent Letter, the Proponent states that the Proposal is not excludable in reliance on Rule 14a-8(i)(7), as the Proposal is distinguishable from a substantially similar proposal in which the Staff concurred in its exclusion (*Apple Inc.* (Nov. 16, 2015)). In *Apple*, the Staff concurred in the exclusion of the proposal, as "the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors." The proposal in *Apple* recommended that the company reform its compensation committee to include outside independent experts from the general public to adopt new *compensation principles* responsive to America's economy, such as unemployment, working hours and wage inequality. While, as noted in the Initial Request Letter, the Resolved clause of the Proposal at issue recommends that the Company adopt an "*executive compensation philosophy* with consideration of relevant social factors to improve the Firm's ethical conduct and public reputation" (emphasis added), Staff Legal Bulletin No. 14B (June 28, 2005) states the analysis under Rule 14a-8(i)(7) requires consideration of "both the proposal and the supporting statement as a whole." Counter to the statements in the Proponent Letter, the Supporting Statement's reference to the role of the Compensation Committee in "assist[ing] the Board in its oversight of the Firm's compensation programs" and its "review[] and approv[al] [of] the Firm's overall compensation philosophy and practices" demonstrates the Proposal's focus on compensation at all levels at the Company and not merely senior executive compensation.

The Proponent Letter also asserts that the Company may not omit the Proposal from its 2016 Proxy Materials because the Proposal does not micromanage the Company. "Micromanagement" is the second of two considerations related to the Rule 14a-8(i)(7) ordinary

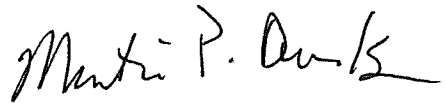
business exclusion. *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals*, [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH) 86,018, at 86,017-18* (May 21, 1998). The Company is of the view that it may exclude the Proposal because it relates to ordinary business matters, specifically general employee compensation; as such, the Company did not express the view that it may exclude the Proposal because it "micromanages" its ordinary business decisions. Accordingly, the Proponent's claim that the Proposal does not "micromanage" the Company's ordinary business decisions is irrelevant with regard to views set forth in the Initial Request Letter.

Accordingly, as the Proposal relates to a broad category of employees who are beyond the category of senior executive officers, it relates, at least in part, to general employee compensation matters. The Company, therefore, continues to be of the view that the Proposal relates, in part, to ordinary business operations and, as such, the Company may properly omit the Proposal and Supporting Statement in reliance on Rule 14a-8(i)(7). Further, the Initial Request Letter sets forth the Company's view that the Proposal may be excluded in reliance on Rule 14a-8(i)(7), as it relates to the Company's Code of Ethics for Financial Professionals and Code of Conduct. The Company continues to be of this view, which the Proponent Letter does not dispute.

II. *CONCLUSION*

Based on the discussion above and the discussion in the Initial Request Letter, the Company continues to be of the view that it may properly omit the Proposal and Supporting Statement from its 2016 Proxy Materials in reliance on Rule 14a-8. As such, we respectfully request that the Staff concur with the Company's view and not recommend enforcement action to the Commission if the Company omits the Proposal and Supporting Statement from its 2016 Proxy Materials. If we can be of further assistance in this matter, please do not hesitate to contact me at (202) 778-1611.

Sincerely,



Martin P. Dunn
of Morrison & Foerster LLP

cc: Jing Zhao
Anthony Horan, Corporate Secretary, JPMorgan Chase & Co.

FISMA & OMB Memorandum M-07-16

January 19, 2016

Via email to: shareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549-2736

Re: Shareholder Proposal for Inclusion in JPMorgan Chase & Co. Proxy Statement

Ladies and Gentlemen:

This is a brief reply to the January 14, 2016 letter of Morrison Foerster LLP to rebut JPMorgan Chase & Co. (the Company)'s baseless "bases" to exclude my proposal to its 2016 proxy statement.

My proposal is not materially false and misleading. For the purpose not to micro-manage the Company's ordinary business operations, the proposal does not redefine the commonly used terms "economic condition, unemployment and average income" so the company retains the flexibility to implement the proposal. The letter actually acknowledged that "each of the words comprising these terms has an ordinary meaning" (page 4).

My proposal does not micro-manage matters relating to the Company's ordinary business operations. The letter (page 6) cited the case of my proposal to Apple Inc. (Nov. 16, 2015). However, while my proposal to Apple says "to adopt new compensation principles" so there seems reasonable relating to general employee compensation, my proposal to the Company clearly says "executive compensation philosophy" only without any ambiguity relating to general employee compensation.

Should you have any questions, please contact me at ***FISMA & OMB Memorandum M-07-16*** or ***FISMA & OMB Memorandum M-07-16***

Respectfully,

Jing Zhao

Cc: Martin P. Dunn at MDunn@mofo.com, Rose Zukin at RZukin@mofo.com

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1934 Act/Rule 14a-8

January 14, 2016

VIA E-MAIL (*shareholderproposals@sec.gov*)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: JPMorgan Chase & Co.
Shareholder Proposal of Jing Zhao

Dear Ladies and Gentlemen:

We submit this letter on behalf of our client JPMorgan Chase & Co., a Delaware corporation (the "***Company***"), which requests confirmation that the staff (the "***Staff***") of the Division of Corporation Finance of the U.S. Securities and Exchange Commission (the "***Commission***") will not recommend enforcement action to the Commission if, in reliance on Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), the Company omits the enclosed shareholder proposal (the "***Proposal***") and supporting statement (the "***Supporting Statement***") submitted by Jing Zhao (the "***Proponent***") from the Company's proxy materials for its 2016 Annual Meeting of Shareholders (the "***2016 Proxy Materials***").

Pursuant to Rule 14a-8(j) under the Exchange Act, we have:

- filed this letter with the Commission no later than eighty (80) calendar days before the Company intends to file its definitive 2016 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent.

Copies of the Proposal and Supporting Statement, the Proponent's cover letter submitting the Proposal, and other correspondence relating to the Proposal are attached hereto as Exhibit A.

Pursuant to the guidance provided in Section F of Staff Legal Bulletin 14F (Oct. 18, 2011), we ask that the Staff provide its response to this request to Martin Dunn, on behalf of the Company, via email at mdunn@mofo.com or via facsimile at (202) 887-0763, and to Jing Zhao via email at ***FISMA & OMB MEMORANDUM M-07-16***

I. SUMMARY OF THE PROPOSAL

On November 5, 2015, the Company received a letter from the Proponent containing the Proposal for inclusion in the Company's 2016 Proxy Materials.[1] The Proposal reads as follows:

> "**RESOLVED**, shareholders recommend that JPMorgan Chase & Co. (the Firm) adopt an executive compensation philosophy with consideration of relevant social factors to improve the Firm's ethical conduct and public reputation."

II. EXCLUSION OF THE PROPOSAL

A. Bases for Excluding the Proposal

As discussed more fully below, the Company believes it may properly omit the Proposal from its 2016 Proxy Materials in reliance on:

- Rule 14a-8(i)(3), as the Proposal is materially false and misleading; and
- Rule 14a-8(i)(7), as the Proposal deals with matters relating to the Company's ordinary business operations.

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[1] The Company received the Proponent's initial submission of the same proposal on October 22, 2015. Following a notice of deficiency sent by the Company to the Proponent indicating that the proposal was in excess of 500 words in violation of Rule 14a-8(d), the Proponent provided a revised Proposal and Supporting Statement on November 5, 2015. We address the Proposal and Supporting Statement submitted on November 5, 2015 in this no-action request.

B. The Proposal May Be Omitted in Reliance On Rule 14a-8(i)(3), As It Is So Vague and Indefinite As To Be Materially False and Misleading

Rule 14a-8(i)(3) permits a company to omit a proposal or supporting statement, or portions thereof, that are contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false and misleading statements in proxy materials. Pursuant to *Staff Legal Bulletin No. 14B* (Sept. 15, 2004), reliance on Rule 14a-8(i)(3) to exclude a proposal or portions of a supporting statement may be appropriate in only a few limited instances, one of which is when the language of the proposal or the supporting statement renders the proposal so vague or indefinite that "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." *See Philadelphia Electric Company* (Jul. 30, 1992). The Staff has further explained that a shareholder proposal can be sufficiently misleading and therefore excludable under Rule 14a-8(i)(3) when the company and its shareholders might interpret the proposal differently such that "any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by the shareholders voting on the proposal." *Fuqua Industries, Inc.* (Mar. 12, 1991).

If a proposal provides standards or criteria that a company is intended to follow, the proposal and supporting statement must provide reasonable certainty to both the company and its shareholders with regard to the meaning and operation of those standards and criteria; the proposal and supporting statement cannot provide guidance that is uncertain, vague, or overly general. The Staff has consistently concurred that specific standards that are integral to a proposal must be sufficiently explained in the proposal or supporting statement and, as such, when a proposal fails to adequately define key terms or provide sufficient guidance regarding the manner in which the proposal should be implemented, that proposal may be omitted as vague and indefinite. *See, e.g.*, *Morgan Stanley* (Mar. 12, 2013) (concurring with the omission of a proposal requesting the appointment of a committee to explore "extraordinary transactions" that could enhance stockholder value was vague and indefinite); *The Boeing Co.* (Mar. 2, 2011) (concurring with the omission of a proposal as vague and indefinite where the proposal requested, among other things, that senior executives relinquish certain "executive pay rights" because such phrase was not sufficiently defined); *AT&T Inc.* (Feb. 16, 2010) (concurring with the omission of a proposal as vague and indefinite where the proposal sought disclosures on, among other things, payments for "grassroots lobbying" without sufficiently clarifying the meaning of that term); *Puget Energy Inc.* (Mar. 1, 2002) (concurring with the omission of a proposal as vague and indefinite where the proposal requested a policy of "improved corporate governance"); and *Norfolk Southern Corp.* (Feb. 13, 2002) (concurring with the omission of a proposal as vague and indefinite where the proposal requested that the board of directors "provide for a shareholder vote and ratification,

in all future elections of Directors, candidates with solid background, experience, and records of demonstrated performance in key managerial positions within the transportation industry").

The Proposal provides that, in modifying its executive compensation philosophy to take into account relevant social factors, the Company's Compensation & Management Development Committee ("***Compensation Committee***") may consider "economic condition, unemployment and average income." The terms "economic condition" and "average income" are key to the Proposal because they are examples of the "social factors" that are to guide the Compensation Committee in revising its executive compensation philosophy to implement the Proposal. However, similar to the proposals in *Morgan Stanley*, *Boeing* and *AT&T*, the Proposal does not define or explain the meaning of these key terms. Rather, the terms "economic condition" and "average income" are unclear, undefined by the Proposal and without an ordinary, commonly understood meaning. While each of the words comprising these terms has an ordinary meaning in isolation, put together, the words in each phrase are likely to cause confusion as to what type of information is being referenced.

There is no indication in the Proposal as to whose "economic condition" or "average income" is being referenced in the Supporting Statement or the type of data the Company would use to determine "economic condition" and "average income." Indeed, given the Company's size and scope and the complexity of its operations, there are innumerable manners in which these terms could be defined. Further, even if there was a commonly understood means to define these terms, the application of that definition across the Company's operation would present significant variation in its application. In this regard, as a global financial services firm, the Company employs approximately 240,000 people, working in more than 60 countries and 2,100 U.S. cities across four major business segments. The "economic condition" and "average income" varies substantially among each U.S. city and each country. Further, many economic factors (*e.g.*, gross domestic product, inflation and interest rates), individually and in the aggregate, can comprise "economic condition." Again, while the meaning of these terms is fundamentally unclear, even an understanding of the terms would not prevent the Proposal from being fundamentally false and misleading, as neither the Company nor its shareholders would have any level of reasonable certainty as to how changes to the Company's executive compensation philosophy could take into account multiple "economic conditions" or the "average income" among individuals employed across the globe. The vague references to "economic condition" and "average income" make it impossible for the Company and shareholders alike to determine the extent and nature of changes to be made to the executive compensation philosophy that the Proposal is seeking.

Accordingly, neither the shareholders voting on the Proposal, nor the Company in implementing the Proposal, would be able to understand with any reasonable certainty exactly what the revised executive compensation philosophy requires, based on the terms of the Proposal. The Company is, therefore, of the view that it may properly omit the Proposal and Supporting Statement in reliance on Rule 14a-8(i)(3), as it is so vague and indefinite as to be materially false and misleading.

C. The Proposal May Be Omitted In Reliance On Rule 14a-8(i)(7), As It Relates To The Company's Ordinary Business Operations

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." According to the Commission, the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals,* [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH) 86,018, at 80,539* (May 21, 1998) (the "***1998 Release***"). In the 1998 Release, the Commission described the two "central considerations" for the ordinary business exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* at 86,017-18 (footnote omitted).

1. The Proposal Relates to Compensation That May Be Paid to Employees Generally and Is Not Limited to Compensation That May Be Paid to Senior Executive Officers and Directors

As noted in *Staff Legal Bulletin No. 14A* (July 12, 2002) ("***SLB 14A***"), proposals relating to employee compensation are a matter of ordinary business, and companies are permitted to omit proposals relating to such matters pursuant to Rule 14a-8(i)(7). The Staff has regularly concurred that proposals addressing both executive compensation and non-executive compensation relate to the fundamental business function of establishing general employee compensation. The Proposal is properly excludable as relating to general employee compensation because it is not limited to senior executive compensation. Although the Proposal references "an executive compensation philosophy," the Supporting Statement makes clear that the Proposal is not so limited. In this regard, the Supporting Statement references the role of the Company's Compensation Committee and states that the

Compensation Committee "assists the Board in its oversight of the Firm's compensation programs and reviews and approves the Firm's overall compensation philosophy and practices." The Supporting Statement also notes that the Committee "reviews and approves the Firm's compensation philosophy, which guides how the Firm's compensation plans and programs are designed." Further, the Supporting Statement's numerous references to the Proposal's intended impact upon "wage inequality" at the Company evidence its focus on compensation at all levels at the Company and not merely senior executive compensation.

The Compensation Committee would be responsible for implementing the Proposal. The Compensation Committee is responsible for making compensation decisions and establishing compensation policies affecting a much broader class of employees than just senior executives and directors. Notably, the charter of the Compensation Committee charges it with responsibility for "review[ing] and recommend[ing] *employee* equity-based plans," and to "approve all salary, short-term incentive compensation, and long-term incentive awards for," among others, "*Section 16 officers*" (emphasis added). In addition, the Company's annual performance management process related to more senior employees—both executive officers and members of the general workforce—includes, among other tools, a standard, firm-wide survey to reinforce the Company's conduct and controls culture. As stated on page 21 of the Company's report *How We Do Business*, attached hereto as Exhibit B, the first question in that survey asks whether the employee exemplifies the highest standard of ethics and integrity. The Company's performance management process regarding compensation of senior employees not identified by the Company as executive officers illustrates the impact of ethical conduct on general employee compensation and, as such, demonstrates the effect of the Proposal on compensation of the Company's general workforce. As the Proposal is directed to the Compensation Committee and the Supporting Statement references that Committee's role in general employee compensation and demonstrates the Proposal's intent to impact compensation across the Company, the Proposal relates, at least in part, to the Company's compensation of its general workforce.

The Staff has consistently concurred with the omission of similar proposals from company proxy materials as relating to ordinary business operations. Most recently, in *Apple Inc.* (Nov. 16, 2015), a substantially similar proposal to the Proposal at issue recommended that the company reform its compensation committee to include outside independent experts from the general public to adopt new compensation principles responsive to America's general economy, such as unemployment, working hours and wage inequality. The company expressed the view that the proposal could be excluded in reliance on Rule 14a-8(i)(7), as the proposal "does not make any attempt to limit its scope to the compensation of senior executives and directors," and "is clearly intended to encourage the adoption of policies related to general employee compensation matters." The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(7) as relating to the company's ordinary business

operations, noting "that the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors." Further, in *Yum! Brands, Inc.* (Feb. 24, 2015), a proposal requested that the compensation committee initiate a review of the company's executive compensation policies and make available upon request a summary of the report, which may include a comparison of the total compensation package of the top senior executives and Yum employees' median wage, and an analysis of changes in the relative size of the gap along with an analysis and rationale justifying any trends evidenced. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(7) as relating to Yum's ordinary business operations, noting "that the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors." In addition, in *Microsoft Corp.* (Sept. 17, 2013), a proposal required that the board of directors and/or compensation committee limit the average individual total compensation of senior management, executive and "all other employees the board is charged with determining compensation for" to one hundred times the average individual total compensation paid to the remaining full-time, non-contract employees of the Company. The Staff concurred with the exclusion of the proposal under Rule 14a-8(i)(7) as relating to Microsoft's ordinary business operations, indicating that "the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors." *See also Johnson Controls* (Oct. 16, 2012) (Staff concurring in the exclusion of a proposal requesting that the managing officers of the company repay a portion of their compensation into a bonus pool that would be redistributed to other employees, noting that "the proposal relates to compensation that may be paid to employees generally and is not limited to compensation that may be paid to senior executive officers and directors"); *Raytheon Co.* (Mar. 11, 1998) (Staff concurring in the exclusion of a proposal urging the company's board of directors to (i) address the issue of "runaway remuneration of CEOs and the widening gap between highest paid and lowest paid" employees, and (ii) publish in its proxy materials the ratio between the total compensation paid to Raytheon's CEO and the total compensation paid to the company's lowest-paid U.S. worker, finding that the proposal related to the company's ordinary business operations).

In this case, although styled as directed towards executive compensation, the Proposal is not limited to executive compensation; it addresses the compensation of the general workforce and, therefore, may be excluded in reliance on Rule 14a-8(i)(7). The Proposal and Supporting Statement, by their terms, apply to general employee compensation matters.

Proposals that concern only senior executive officer and director compensation—as compared to general employee compensation—may not be excluded under Rule 14a-8(i)(7) as they involve "significant social policy issues" that transcend day-to-day business matters,

and are appropriate for a shareholder vote. *See SLB 14A*. However, where a proposal purports to address executive compensation, the Staff allows exclusion of the proposal under Rule 14a-8(i)(7) where the thrust and focus of the proposal relates to a matter of ordinary business. For example, in *Exelon Corp.* (Feb. 21, 2007), the Staff permitted exclusion of a proposal seeking to prohibit payment of bonuses to the company's executives to the extent that performance goals were achieved through a reduction in retirement benefits. In permitting exclusion, the Staff noted that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of general employee benefits." Similarly to *Exelon*, the Proposal in this case is focused on non-executive pay, an ordinary business matter. Adding references to executive pay in the "Resolved" clause to advocate the Proposal as a significant social policy issue is not persuasive. Accordingly, because the Proposal addresses general compensation matters, the Proposal is properly excludable under Rule 14a-8(i)(7) as relating to ordinary business matters.

2. The Proposal Relates to the Company's Code of Conduct and Code of Ethics for Finance Professionals

The Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the action requested relates to the Company's Code of Conduct and Code of Ethics for Financial Professionals (collectively, the "***Codes***"). This analysis is clear given the express purpose of the Proposal—the requested compensation philosophy is intended to "improve the Firm's ethical conduct and public reputation." Accordingly, the Proposal relates, at least in part, to the Company's ethical practices and policies.

The Staff has consistently concurred with the omission of similar proposals from company proxy materials as relating to ordinary business operations. In *The Walt Disney Co.* (Dec. 12, 2011), a proposal requested a report on board compliance with Disney's Code of Business Conduct and Ethics for Directors, reporting, among other topics, "any violations of Disney's Codes of Conduct Policy that have occurred, if any." The Staff found that the proposal was excludable as relating to the Company's ordinary business operations, confirming that "[p]roposals that concern general adherence to ethical business practices are generally excludable under [R]ule 14a-8(i)(7)." In *Verizon Communications Inc.* (Jan. 10, 2011), a proposal requested that the board of directors form a "Corporate Responsibility Committee" to monitor the extent to which Verizon lives up to its claims pertaining to integrity, trustworthiness, and reliability and the extent to which Verizon lives up to its Code of Business Conduct. The Staff found that the proposal was excludable as relating to the Company's ordinary business operations, stating that "[p]roposals that concern general adherence to ethical business practices are generally excludable under [R]ule 14a-8(i)(7)." Similarly, in *International Business Machines Corp.* (Jan. 7, 2010), a proposal requested that

officers "clearly and unambiguously restate and enforce the traditional standards of ethical behavior which characterized the way in which IBM conducted its business." The Staff, again, found that the proposal was excludable as relating to the Company's ordinary business operations, reinforcing that "[p]roposals that concern general adherence to ethical business practices and policies are generally excludable under Rule 14a-8(i)(7)."

The Company's commitment to ethical business practices is reflected in, and substantially implemented through, the Codes, and any change in this area would require changes to the Codes. The Codes address employees' conduct as it relates to various social matters, including human rights, corporate responsibility, and environmental stewardship. One provision of the Codes requires those to whom it applies to observe the Company's Human Rights Statement, which is guided by the principles set forth in the United Nations Universal Declaration of Human Rights. Another provision of the Codes requires those to whom it applies to "support fundamental principles of human rights across all [of the Company's] Lines of Business and in each region of the world in which [the Company] operate[s]. . . . [The Company] compl[ies] with employment laws in the markets where we operate." The Codes further require those to whom it applies to "get involved, contribute to charitable causes and help to build stronger relationships in the communities where [the Company] operates" and "[d]o your part to reduce the environmental impact of [the Company's] operations, in every community around the world where [the Company] does business." The Codes indicate that each person to whom the Codes apply "has a responsibility to uphold" the Codes, and compliance with the Codes' provisions "is a term and condition of employment with the Company." The Codes state that the Company "may take action against employees who violate" the Codes, "up to and including termination of employment. Where appropriate, [the Company] may also seek monetary damages and/or a court order prohibiting the employee from continuing to violate" the Codes. The Proposal, if implemented, would necessitate reconciling a revised compensation policy to the Codes. It is important for the Company to maintain managerial control over its workforce, which includes having control over the Codes. Accordingly, any determination regarding revision of the Codes is an ordinary business activity for the Company, as it is with all public companies.

Historically, the Staff has concurred with the omission of proposals that deal with a company's code of conduct or code of ethics under Rule 14a-8(i)(7). *See, e.g.*, *The Walt Disney Co.*, *Verizon Communications Inc.* and *International Business Machines Corp.* In *NYNEX Corporation* (Feb. 1, 1989), the Staff concurred with the omission of a proposal that sought to specify "the particular topics to be addressed in the Company's code of conduct" to be excludable. *See also USX Corporation* (Dec. 28, 1995) (concurring with the omission of a proposal seeking implementation of a Code of Ethics to establish a "pattern of fair play" in the dealings between the company and retired employees was excludable as relating to

ordinary business because it dealt with "the terms of a corporate Code of Ethics"); and *Barnett Banks, Inc.* (Dec. 18, 1995) (concurring with the omission of a proposal as relating to ordinary business where it dealt with "the preparation and publication of a Code of Ethics"). *See also Intel Corporation* (Mar. 18, 1999) (concurring with the omission of a proposal requesting that the board implement an "Employee Bill of Rights" because it related to the company's ordinary business operations (*i.e.*, management of the workforce)).

Proposals that concern only senior executive officer and director compensation may not be excluded under Rule 14a-8(i)(7) as they involve "significant social policy issues" that transcend day-to-day business matters, and are appropriate for a shareholder vote. *See Staff Legal Bulletin No. 14A* (July 12, 2002). However, where a proposal purports to address executive compensation, the Staff allows exclusion of the proposal under Rule 14a-8(i)(7) where the thrust and focus of the proposal relates to a matter of ordinary business. For example, in *Delta Air Lines, Inc.* (Mar. 27, 2012), the Staff permitted exclusion of a proposal requesting that the board initiate a program that prohibits payment under any incentive program for management or executive officers unless there is an appropriate process to fund the retirement accounts of retired pilots. In permitting exclusion, the Staff noted that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of employee benefits." Similarly to *Delta*, the Proposal in this case is focused on the Company's general adherence to ethical business practices, an ordinary business matter. Accordingly, as the Proposal relates to the Company's general adherence to ethical business practices and policies, and if adopted, the Proposal likely would require consideration and implementation of changes to the terms of the Company's Codes, it relates to the Company's ordinary business operations. The Company is, therefore, of the view that it may properly omit the Proposal and Supporting Statement from the 2016 Proxy Materials pursuant to Rule 14a-8(i)(7).

III. CONCLUSION

For the reasons discussed above, the Company believes that it may properly omit the Proposal and Supporting Statement from its 2016 Proxy Materials in reliance on Rule 14a-8. As such, we respectfully request that the Staff concur with the Company's view and not recommend enforcement action to the Commission if the Company omits the Proposal and Supporting Statement from its 2016 Proxy Materials. If we can be of further assistance in this matter, please do not hesitate to contact me at (202) 778-1611.

Sincerely,

Martin P. Dunn
of Morrison & Foerster LLP

Attachments

cc: Jing Zhao
Anthony Horan, Corporate Secretary, JPMorgan Chase & Co.

EXHIBIT A

From: JING ZHAO ***FISMA & OMB MEMORANDUM M-07-16***
Sent: Thursday, October 22, 2015 3:22 PM
To: Corporate Secretary
Subject: shareholder proposal to JPM 2016 meeting
Attachments: jpm_proposal_2016.pdf; Unique-02792684-10-22-2015_09-48-34_CDT.pdf

Dear Secretary:

Please see the attached shareholder proposal with my JPM shares letter to our 2016 meeting of shareholders. I also just sent to you via post mail.

Regards,

Jing Zhao
US-Japan-China Comparative Policy Research Institute

FISMA & OMB MEMORANDUM M-07-16

October 22, 2015

Secretary

JPMorgan Chase & Co.

Office of the Secretary

270 Park Avenue

New York, NY 10017

(post mail & email corporate.secretary@jpmchase.com)

Re: Shareholder Proposal on Executive Compensation Philosophy

Dear Secretary:

Enclosed please find my shareholder proposal for inclusion in our proxy materials for the 2016 annual meeting of shareholders and a letter confirming my JPM shares. I will continuously hold these 40 shares until the 2016 annual meeting of shareholders.

Should you have any questions, please contact me at ***FISMA & OMB MEMORANDUM M-07-16*** or ***FISMA & OMB MEMORANDUM M-07-16***

Yours truly,

Jing Zhao

Jing Zhao

Enclosure: Shareholder proposal

Letter of JPM shares

Shareholder Proposal on Executive Compensation Philosophy

Resolved: shareholders recommend that JPMorgan Chase & Co. (the Firm) adopt a balanced executive compensation philosophy with social factors to improve the Firm's ethical conduct and public reputation.

Supporting Statement

According to 2015 Proxy Statement, the Compensation & Management Development Committee ("CMDC") "assists the Board in its oversight of the Firm's compensation programs and reviews and approves the Firm's overall compensation philosophy and practices" (p.27). "The CMDC reviews and approves the Firm's compensation philosophy, which guides how the Firm's compensation plans and programs are designed for both the Operating Committee,..." "The CMDC uses a disciplined pay-for-performance framework to make executive compensation decisions commensurate with Firm, line of business, and individual performance, while considering other relevant factors, including market practices" (p.38). As a result, for example, such a philosophy, without consideration of social factors, guided the CMDC to award our CEO a total compensation $27,701,709 in 2014, a 135% jump from 2013 (p.58).

Meanwhile, "[t]wo fifths of the population of developed countries have gained little over recent decades" (OECD Says Rise in Inequality Is Hurting Growth, Wall Street Journal May 22-24, 2015). Professor Thomas Piketty stated, "there is absolutely no doubt that the increase of inequality in the United States contributed to the nation's financial instability." (Capital in the Twenty-First Century. The Belknap Press of Harvard University Press, 2014. p.297) "Let me return now to the cause of rising inequality in the United States. The increase was largely the result of an unprecedented increase in wage inequality and in particular the emergence of extremely high remunerations at the summit of the wage hierarchy, particularly among top managers of large firms."(p.298) "[T]he financial professions are about twice as common in the very high income groups as in the economy overall." (p.303) "Because it is objectively difficult to measure individual contributions to a firm's output, top managers found it relatively easy to persuade boards and stockholders that they were worth the money, especially since the members of compensation committees were often chosen in a rather incestuous manner." (p.510)

According to Senator Bernie Sanders: "Wall Street cannot continue to be an island unto itself, gambling trillions in risky financial instruments while expecting the public to bail it out." "The six largest financial institutions in this country today hold assets equal to about 60% of the nation's gross domestic product. These six banks issue more than two-thirds of all credit cards and over 35 percent of all mortgages. They control 95 percent of all derivatives and hold more than 40 percent of all bank deposits in the United States." "Our banking system must be part of the productive, job-creating productive economy." "If a bank is too big to fail, it is too big to exist. These institutions have acquired too much economic and political power, endangering our economy and our political process." (https://berniesanders.com/issues/reforming-wall-street/)

For the purpose of this proposal, the Board or the CMDC has the flexibility to select social factors, such economic condition, unemployment and average income.

TD Ameritrade

10/22/2015

Jing Zhao

FISMA & OMB MEMORANDUM M-07-16

Re: Your TD Ameritrade Account Ending in ***FISMA & OMB MEMORANDUM M-07-16***

Dear Jing Zhao,

Thank you for allowing me to assist you today. As you requested, this letter is to confirm you have continuously held 65 shares of JP Morgan Chase & Co. (JPM) from 04/17/2013 through 07/09/2015. On 07/09/2015 there was a sale of 25 shares of JPM. You have continuously held 40 shares of JPM since 07/09/2015.

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Client Services at 800-669-3900. We're available 24 hours a day, seven days a week.

Sincerely,

Megan Aarons

Megan Aarons
Resource Specialist
TD Ameritrade

This information is furnished as part of a general information service and TD Ameritrade shall not be liable for any damages arising out of any inaccuracy in the information. Because this information may differ from your TD Ameritrade monthly statement, you should rely only on the TD Ameritrade monthly statement as the official record of your TD Ameritrade account.

Market volatility, volume, and system availability may delay account access and trade executions.

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200 S. 108th Ave,
Omaha, NE 68154

www.tdameritrade.com

From: Corporate Secretary <corporate.secretary@jpmchase.com>
Sent: Wednesday, November 04, 2015 4:37 PM
To: 'JING ZHAO'
Cc: Horan, Anthony; Vincent, Robert Legal; Carpenter, Molly
Subject: JPMC Proxy - Zhao
Attachments: SH acknowledement - Jing Zhao deficiency.pdf; Rule 14a-8.pdf

Dear Mr. Zhao
Attached is a copy of our letter regarding the shareholder proposal submitted for inclusion in the proxy materials relating to JPMC's 2016 Annual Meeting of Shareholders.

Regards
Irma Caracciolo

Irma R. Caracciolo | JPMorgan Chase | Vice President and Assistant Corporate Secretary | 270 Park Avenue, Mail Code: NY1-K721, New York, NY 10017 | ☎ W: 212-270-2451 | 🖷 F: 212-270-4240 | 🖷 F: 646-534-2396 | caracciolo_irma@jpmorgan.com

From: JING ZHAO ***FISMA & OMB MEMORANDUM M-07-16***
Sent: Thursday, October 22, 2015 3:22 PM
To: Corporate Secretary
Subject: shareholder proposal to JPM 2016 meeting

Dear Secretary:

Please see the attached shareholder proposal with my JPM shares letter to our 2016 meeting of shareholders. I also just sent to you via post mail.

Regards,

Jing Zhao
US-Japan-China Comparative Policy Research Institute

JPMORGAN CHASE & CO.

Robert C. Vincent III
Deputy Corporate Secretary
Office of the Secretary

November 4, 2015

VIA EMAIL AND OVERNIGHT DELIVERY

Jing Zhao

FISMA & OMB MEMORANDUM M-07-16

Dear Mr. Zhao:

I am writing on behalf of JPMorgan Chase & Co. ("JPMC"), which received on October 22, 2015, via email, from you (the "Proponent") the shareholder proposal regarding the philosophy on executive compensation (the "Proposal") for consideration at JPMC's 2016 Annual Meeting of Shareholders.

The Proposal contains certain procedural deficiencies, as set forth below, which Securities and Exchange Commission ("SEC") regulations require us to bring to your attention.

Proposal Exceeds 500 Words

Rule 14a-8(d) limits a proposal and any supporting statement to a maximum length of 500 words. Your Proposal, including the supporting statement, appears to exceed this 500-word limitation. As such, your submission is required by Rule 14a-8 to be reduced to 500 words or less to be considered for inclusion in JPMC's proxy materials.

For your reference, please find enclosed a copy of SEC Rule 14a-8.

For the Proposal to be eligible for inclusion in the JPMC's proxy materials for the JPMC's 2016 Annual Meeting of Shareholders, the rules of the SEC require that a response to this letter, correcting all procedural deficiencies described in this letter, be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at 270 Park Avenue, 38th Floor, New York NY 10017. Alternatively, you may transmit any response by facsimile to me at 212-270-4240.

If you have any questions with respect to the foregoing, please contact me.

Sincerely,

Enclosures:
Rule 14a-8 of the Securities Exchange Act of 1934

270 Park Avenue, New York, New York 10017-2070
Telephone 212 648 0503 Facsimile 212 270 4240 vincent_r@jpmorgan.com

JPMorgan Chase & Co.

Rule 14a-8 — Proposals of Security Holders

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) **Question 1: What is a proposal?**
A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) **Question 2: Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible?**

(1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D, Schedule 13G, Form 3, Form 4 and/or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) Question 3: How many proposals may I submit?

Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) Question 4: How long can my proposal be?

The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) Question 5: What is the deadline for submitting a proposal?

(1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q, or in shareholder reports of investment companies under Rule 270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) Question 6: What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section?

(1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under Rule 14a-8 and provide you with a copy under Question 10 below, Rule 14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) Question 7: Who has the burden of persuading the Commission or its staff that my proposal can be excluded?

Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) Question 8: Must I appear personally at the shareholders' meeting to present the proposal?

(1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds it shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) Question 9: If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?

(1) *Improper under state law*: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

Note to paragraph (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law*: If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

Note to paragraph (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law could result in a violation of any state or federal law.

(3) *Violation of proxy rules*: If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest*: If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance*: If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earning sand gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority*: If the company would lack the power or authority to implement the proposal;

(7) *Management functions*: If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Relates to election*: If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal*: If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting.

Note to paragraph (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented*: If the company has already substantially implemented the proposal;

Note to paragraph (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by Rule 240.14a-21(b) of this chapter a single year (i.e., one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by rule 240.14a-21(b) of this chapter.

(11) *Duplication*: If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions*: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends*: If the proposal relates to specific amounts of cash or stock dividends.

(j) Question 10: What procedures must the company follow if it intends to exclude my proposal?

(1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) Question 11: May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) Question 12: If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) Question 13: What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, Rule 14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under Rule 14a-6.

From: JING ZHAO ***FISMA & OMB MEMORANDUM M-07-16***
Sent: Thursday, November 05, 2015 7:00 PM
To: Corporate Secretary
Cc: Horan, Anthony; Vincent, Robert Legal; Carpenter, Molly
Subject: Re: JPMC Proxy - Zhao
Attachments: jpm_proposal_2016-revised.pdf

Hello,

I just sent fax to you with the attached revised proposal.

Regards,

Jing Zhao
US-Japan-China Comparative Policy Research Institute

On Wed, Nov 4, 2015 at 1:36 PM, Corporate Secretary <corporate.secretary@jpmchase.com> wrote:

Dear Mr. Zhao

Attached is a copy of our letter regarding the shareholder proposal submitted for inclusion in the proxy materials relating to JPMC's 2016 Annual Meeting of Shareholders.

Regards

Irma Caracciolo

Irma R. Caracciolo | JPMorgan Chase | Vice President and Assistant Corporate Secretary | 270 Park Avenue, Mail Code: NY1-K721, New York, NY 10017 | ☎ W: 212-270-2451 | F: 212-270-4240 | F: 646-534-2396 | caracciolo_irma@jpmorgan.com

From: JING ZHAO ***FISMA & OMB MEMORANDUM M-07-16***
Sent: Thursday, October 22, 2015 3:22 PM
To: Corporate Secretary
Subject: shareholder proposal to JPM 2016 meeting

Dear Secretary:

Please see the attached shareholder proposal with my JPM shares letter to our 2016 meeting of shareholders. I also just sent to you via post mail.

Regards,

Jing Zhao

US-Japan-China Comparative Policy Research Institute

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of JPMorgan Chase & Co., its subsidiaries and affiliates (collectively, "JPMC"). This transmission may contain information that is proprietary, privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMC for any loss or damage arising in any way from its use. Please note that any electronic communication that is conducted within or through JPMC's systems is subject to interception, monitoring, review, retention and external production in accordance with JPMC's policy and local laws, rules and regulations; may be stored or otherwise processed in countries other than the country in which you are located; and will be treated in accordance with JPMC policies and applicable laws and regulations. Please refer to http://www.jpmorgan.com/pages/disclosures for disclosures relating to European legal entities.

FISMA & OMB MEMORANDUM M-07-16

November 5, 2015

Robert C. Vincent III
Deputy Corporate Secretary
JPMorgan Chase & Co.
Office of the Secretary
270 Park Avenue, 38th Floor
New York, NY 10017
via fax 212-270-4240
email corporate.secretary@jpmchase.com

Re: Shareholder Proposal on Executive Compensation Philosophy

Dear Mr. Vincent:

Thank you to contact me for my shareholder proposal for inclusion in our proxy materials for the 2016 annual meeting of shareholders. I reviewed my proposal again and my Word "Word Count" function indicates that my proposal, including the title line and supporting statement, has 499 words. However, to remove this minor counting disagreement, I revised and reduced the proposal. It has total 436 words now.

Furthermore, I would suggest again that our company communicate with shareholders positively and constructively. For example, as a good practice, in 2011, Intel accepted my suggestion and held conferences with outside experts to advise and review its human rights principle, code of conduct and other policies. I withdraw my proposal to Intel with satisfaction. See one letter from Intel to me: http://cpri.tripod.com/cpr2011/Intel_Zhao_letter.pdf.

Should you have any questions, please contact me at ***FISMA & OMB MEMORANDUM M-07-16***

FISMA & OMB MEMORANDUM M-07-16

Yours truly,

Jing Zhao

Jing Zhao

Enclosure: Shareholder proposal-revised

Shareholder Proposal on Executive Compensation Philosophy

Resolved: shareholders recommend that JPMorgan Chase & Co. (the Firm) adopt an executive compensation philosophy with consideration of relevant social factors to improve the Firm's ethical conduct and public reputation.

Supporting Statement

According to 2015 Proxy Statement, the Compensation & Management Development Committee (CMDC) "assists the Board in its oversight of the Firm's compensation programs and reviews and approves the Firm's overall compensation philosophy and practices" (p.27). "The CMDC reviews and approves the Firm's compensation philosophy, which guides how the Firm's compensation plans and programs are designed". "The CMDC uses a disciplined pay-for-performance framework to make executive compensation decisions ..., while considering other relevant factors, including market practices" (p.38). Such a philosophy without consideration of social factors guided the CMDC to award our CEO total compensation $27,701,709 in 2014, 135% increase from 2013 (p.58).

Meanwhile, according to Wall Street Journal: "Two fifths of the population of developed countries have gained little over recent decades" (OECD Says Rise in Inequality Is Hurting Growth, May 22-24, 2015). According to Thomas Piketty's study *Capital in the Twenty-First Century* (The Belknap Press of Harvard University Press, 2014), "there is absolutely no doubt that the increase of inequality in the United States contributed to the nation's financial instability." (p.297) "The increase was largely the result of an unprecedented increase in wage inequality and in particular the emergence of extremely high remunerations at the summit of the wage hierarchy, particularly among top managers of large firms."(p.298) "The financial professions are about twice as common in the very high income groups as in the economy overall." (p.303) "Because it is objectively difficult to measure individual contributions to a firm's output, top managers found it relatively easy to persuade boards and stockholders that they were worth the money, especially since the members of compensation committees were often chosen in a rather incestuous manner." (p.510)

Many Americans agree with Senator Bernie Sanders: "The six largest financial institutions in this country today hold assets equal to about 60% of the nation's gross domestic product. These six banks issue more than two-thirds of all credit cards and over 35 percent of all mortgages. They control 95 percent of all derivatives and hold more than 40 percent of all bank deposits in the United States." "These institutions have acquired too much economic and political power, endangering our economy and our political process." "Our banking system must be part of the productive, job-creating productive economy." (https://berniesanders.com/issues/reforming-wall-street/)

For the purpose of this proposal, the Board or the CMDC has the flexibility to select relevant social factors, such as economic condition, unemployment and average income.

EXHIBIT B

HOW WE DO BUSINESS – THE REPORT

JPMorgan Chase & Co.

JPMORGAN CHASE – WHO WE ARE AT A GLANCE

JPMorgan Chase & Co., a financial holding company, is a leading global financial services company and one of the largest banking institutions in the United States. The company has operations worldwide and is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the company serves millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients.

JPMorgan Chase's activities are organized, for management reporting purposes, into a Corporate segment and four major reportable business segments, which we refer to as the lines of business.

Consumer & Community Banking has a relationship with about 53 million households – almost half of the households in the United States. We serve people, families and businesses across multiple channels – more than 5,600 branches and 20,500 ATMs, the #1 ranked mobile app and chase.com. We help people bank, save, invest, make purchases with credit cards, and finance homes and cars. As of September 30, 2014, Consumer & Community Banking had 139,000 employees.

The **Corporate & Investment Bank** offers a suite of investment banking, market-making, prime brokerage, and treasury and securities products and services to a global client base. In general, the Corporate & Investment Bank's clients can be categorized as: multinationals, corporations, governmental entities, central banks and asset managers (e.g., pension and hedge funds, family offices). There were 52,000 employees in the Corporate & Investment Bank as of September 30, 2014.

Commercial Banking provides credit, banking and treasury services to approximately 59,000 clients in the United States across 119 cities in the United States and 13 major international cities. Its clients include mid-sized businesses, corporations, municipalities, financial institutions, nonprofit entities, and real estate owners and investors. Commercial Banking had 7,000 employees on September 30, 2014.

Asset Management serves both individuals and institutions, including more than 3,000 financial intermediaries, 60% of the largest pension and sovereign funds, and many of the world's wealthiest individuals and families. By managing money for clients, we help individuals retire more comfortably, pension funds meet their obligations, universities reinvest in research and facilities, and wealthy families ensure lasting legacies. On September 30, 2014, there were 19,000 employees in Asset Management.

We are pleased to share "How We Do Business – The Report," which describes how we do business, actions we've taken to address recent challenges and what we're doing to improve. This report was initiated in response to a request by a shareholder group led by The Sisters of Charity of Saint Elizabeth.

The report details the many large-scale efforts and investments we've made to strengthen our control environment through enhancements of our infrastructure, technology, operating standards and governance. It also describes our commitment to our customers, as well as our relationships with regulators, shareholders and the communities in which we live and work. Perhaps most important, we talk about our people and our culture. We describe how we've re-articulated and re-emphasized our corporate standards and what we're doing to help ensure that our employees internalize these values and focus on them every day. In that sense, the report is a companion piece to our Business Principles, which were published earlier this year (and are summarized in this report). Those Business Principles focus on exceptional client service; operational excellence; a commitment to integrity, fairness and responsibility; and cultivation of a great team and winning culture. They emphasize the importance of being a good corporate citizen and always trying to do the right thing.

While we're proud of what we do to serve our clients, contribute to our communities and earn a fair return for shareholders, we also know that we always can do better. Every company makes mistakes (and we've made a number of them), but the hallmark of a great company is what it does in response. We are steadfast in our commitment to learn from the past and to emerge as an even better company. I encourage you to read this report to learn more about the kind of company we are and how we're working hard to be better each day.

Jamie Dimon
Chairman and Chief Executive Officer

December 19, 2014

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I. INTRODUCTION

INTRODUCTION

JPMorgan Chase has served its customers, shareholders and communities for more than 200 years. Since we were founded, our company has been guided by a simple mission that perhaps was best articulated by J. Pierpont Morgan, Jr., in 1933, when he said: "I should state that at all times the idea of doing only first-class business, and that in a first-class way, has been before our minds."

The purpose of this report is to offer our shareholders and other interested parties a view into how we are striving to meet that mission both for today and for the future. Specifically, we summarize on the following pages:

- Ways we have sought to strengthen *our corporate culture*, including improving our employees' understanding of and adherence to our corporate standards and steps we have taken to enhance our corporate structure so that our company's leadership is better positioned to uphold, exemplify and enforce those standards across the enterprise
- Our *control environment*, which starts with our businesses and is supported by our control functions and Internal Audit, and the investments we have made in people, policies and technology to enhance it
- Ways in which we are strengthening *our customer commitment*, including offering the products and services our customers need, better coordinating and streamlining our channels, and making it easier for people to do business with us
- Enhancement of *our relationships with regulators, shareholders and communities* through, among other measures, increased transparency and more regular engagement

ACKNOWLEDGING OUR MISTAKES AND MOVING FORWARD

During the past several years, we have faced a series of legal and regulatory issues. Some of these issues arose from mistakes uniquely our own, some relate to actions taken at firms we acquired during the financial crisis and others concern industry-wide practices. These include mortgage foreclosure processes, mortgage-backed securities matters, Anti-Money Laundering Act compliance, the Madoff matter and losses in our Chief Investment Office (CIO) (often referred to as the London Whale incident), as well as Asia hiring practices, LIBOR (London Interbank Offered Rate) and foreign exchange matters.

The first step in moving forward is acknowledging our mistakes. We have done that. In some cases, our controls fell short, and in others, we simply weren't meeting the standards we had set for ourselves. We know we can do better and are committed to doing so.

In pursuing this course of action, we are recommitting to the company's culture — not reinventing it. Much of what we are doing is a continuation and strengthening of programs already in place. The changes we are undertaking are part of a necessary evolution and will continue as we maintain our long-standing pledge to serve our customers, shareholders and communities in both good times and bad.

WHAT WE ARE DOING TO IMPROVE

Given the scale of change and the number of challenges our company has faced in the past several years, we believe it is useful to provide a view of how we do business and what we have done and continue to do to improve.*

Our actions have been far-reaching, drawing on what we have learned from our missteps. Self-examination is very much a part of the fabric of our company, and our commitment to integrity, fairness and responsibility gives us the fortitude to stay the course in addressing our challenges.

We have taken great care to re-articulate and re-emphasize our cultural values and corporate standards consistently and clearly so they can be internalized by employees and result in the kinds of observable, ethical behaviors that we expect. High standards, strong values and a commitment to doing first-class business in a first-class way must remain ingrained in our company's DNA. We do this by setting the tone from the top; hiring and retaining great, diverse employees; training our people at each stage of their career; disciplining employees for doing the wrong thing; building teamwork and morale; communicating honestly, clearly and consistently; and striving to be good leaders.

We also have invested an extraordinary amount of money, technology and focus on our control agenda to provide the necessary infrastructure and support. We have hired thousands of personnel, invested hundreds of millions of dollars in new technology, and implemented training and education programs that have touched every single one of our roughly 240,000 people working in more than 60 countries and 2,100 U.S. cities.

As with everything we do, one of the most important goals for us throughout has been to enhance the customer experience. We have sought to step back, review our practices and take a fresh perspective on how we are serving our customers. In doing so, each of our businesses has identified areas in which we could be doing better and has taken steps to improve.

The service we provide our customers is only part of the value our company seeks to create. As a global financial institution, we have the opportunity and obligation to contribute to a well-functioning global financial system, deliver a fair return to our shareholders, and make a positive contribution to the people and institutions that we serve. Over the past several years, we have been diligently working to build a deeper and sustained engagement with these parties, including our regulators, shareholders and communities.

Overall, the scale of the efforts described in this report is commensurate with the size and breadth of our company, which allows us to achieve important things for our customers and communities. In 2013 alone, we were able to provide credit and raise capital of more than $2.1 trillion for our clients, provide $19 billion of credit to small businesses, launch a $250 million workforce development initiative and donate over $210 million to our communities. Our employees — including the more than 7,700 veterans and service members we have hired since 2011 — have been at the center of these efforts, working side by side with customers and participating in over 540,000 hours of volunteer work sponsored and/or tracked by the company in 2013.

* This report was initiated in response to a request from a shareholder group led by The Sisters of Charity of Saint Elizabeth, a member of the Interfaith Center on Corporate Responsibility. The Sisters of Charity asked us for "comprehensive transparency regarding the challenges faced by the bank and controls put in place to address them." The interest of The Sisters of Charity reflects their understanding that large financial institutions have the capacity to affect the lives and livelihood of many people globally. The report was prepared under the direction of our Operating Committee and the Board of Directors' Corporate Governance & Nominating Committee. See the Appendix on page 96 for a listing of members

II. OUR CORPORATE CULTURE

OUR CORPORATE CULTURE

Corporate culture, while often discussed, is difficult to define. To us, culture is the intersection of our corporate standards and our employees' actions. Through our Business Principles, Code of Conduct and Code of Ethics for Finance Professionals, we have formalized corporate standards for which all of our people are held accountable. But it is not enough to have well-articulated standards. They must be embedded in the values of each and every employee through continued training and reinforcement and must guide and be evident in our actions.

Over the past few years, we have undertaken a significant effort to examine how we can more rigorously and consistently adhere to the high ethical standards our shareholders, regulators and others expect of us and that we have for ourselves. That includes setting and clearly articulating business principles, ensuring sound governance and the right tone from the top, having in place strong leadership and management processes, and providing a management development and compensation framework that properly incentivizes appropriate behaviors. Taken together, these efforts represent our recommitment to the company's culture and reflect the long-term approach we are taking to enhance it.

As we continue our work, we have focused our attention on three central objectives:

- Clearly communicating and enforcing our corporate standards to our entire employee base
- Enhancing our Board and management structures so our company's leadership is better positioned to uphold and exemplify those standards across the enterprise
- Embedding our standards into the employee life cycle, starting with recruiting and hiring and extending to training, compensating, promoting and disciplining our employees

While we recently have redoubled and reinvigorated our work around corporate culture, we know this can't be, and certainly don't think of it as, a one-time effort. We recognize that a sound corporate culture requires constant vigilance and steadfast commitment.

COMMUNICATING OUR CORPORATE STANDARDS

Effective corporate standards must be clearly articulated and fully understood by every person at the company. The Board and senior management have been deeply involved in communicating our corporate standards: making sure that all of our employees around the world – from bank tellers to investment bankers – are provided with clear and consistent presentations of our corporate standards and that employees have regular opportunities and requirements to refresh their familiarity with these standards.

Infusing and maintaining consistent corporate standards in a large, diverse global organization is challenging, but we believe the challenge can be met by processes we use to communicate our business objectives, starting with clear and repeated communication of key messages delivered by firmwide management and reinforced by line of business, functional and regional management. To be fully effective, messages also must be coupled with actions that demonstrate our commitment to our corporate standards – our Business Principles, Code of Conduct and Code of Ethics for Finance Professionals – and we describe these further below.

Our Business Principles

The company's Operating Committee launched a project in the fall of 2013 under the leadership of our Chairman and Chief Executive Officer (CEO) and a group of our senior executives to re-examine, renew our commitment to and communicate our core business principles.

The initial phase of the project was led by a pair of senior executives, both well-recognized within the company as culture carriers. They interviewed other members of senior management for their views on the company's culture and possible steps to reinforce it. They also led the development of case studies of issues we have faced, including mistakes made and lessons learned through our experiences with foreign correspondent banking; payday lending overdrafts; client selection and associated regulatory and reputation risk; the importance of balancing rapid business growth with strong controls; and policies and procedures designed to achieve compliance with the Servicemembers Civil Relief Act.

The case studies were shared and discussed during our 2014 annual senior leaders' meeting, which is hosted by our CEO and attended by approximately 200 of our senior-most employees, and were followed by firmwide discussions led by our CEO and these senior leaders. The senior leaders' meeting and follow-up sessions throughout the company also stressed the importance of company leaders carrying these messages to their teams so employees throughout the company would understand their importance.

The project's second phase was the re-articulation of 20 core principles – our Business Principles – representing four central corporate tenets:

1. Exceptional client service
2. Operational excellence
3. A commitment to integrity, fairness and responsibility
4. A great team and winning culture

See the full set of Business Principles on the next page and in the Appendix starting on page 89.

These principles then were published as a booklet titled "How We Do Business" and distributed to every employee across the company, as well as posted prominently on the company's intranet and Internet sites.

We believe that the Business Principles are central to our success as a company, and we have embedded them into all stages of our talent process: recruiting, onboarding, training and performance management. In disseminating the booklet, care was taken to emphasize that these principles must guide our company and each employee as we strive to be the company that we, our customers and our shareholders expect us to be.

The JPMorgan Chase Business Principles

Exceptional client service

1. Focus on the customer
2. Be field and client driven and operate at the local level
3. Build world-class franchises, investing for the long term, to serve our clients

Operational excellence

4. Set the highest standards of performance
5. Demand financial rigor and risk discipline: We will always maintain a fortress balance sheet
6. Strive for the best internal governance and controls
7. Act and think like owners and partners
8. Strive to build and maintain the best, most efficient systems and operations
9. Be disciplined in everything we do
10. Execute with both skill and urgency

A commitment to integrity, fairness and responsibility

11. Do not compromise our integrity
12. Face facts
13. Have fortitude
14. Foster an environment of respect, inclusiveness, humanity and humility
15. Help strengthen the communities in which we live and work

A great team and winning culture

16. Hire, train and retain great, diverse employees
17. Build teamwork, loyalty and morale
18. Maintain an open, entrepreneurial meritocracy for all
19. Communicate honestly, clearly and consistently
20. Strive to be good leaders

A more detailed description of our Business Principles can be found in the Appendix starting on page 89.

Again, special attention was given to communicating with managers at all levels of the company so they would understand the principles and communicate them to and reinforce them with their employees. To assist in that effort, our principles were rolled out across the globe: Senior management ran town halls in our key locations, TV monitors in common areas and our internal newspaper frequently include the principles, copies of the principles are in our waiting rooms and lobbies, and a toolkit was developed to enable executives to engage their employees in conversations and follow-up teach-ins on how we do business, culture, conduct and controls.

We now are in a third phase of the project. In this phase, we piloted a culture and conduct risk program in the Europe, Middle East and Africa (EMEA) region, which we then launched for the Corporate & Investment Bank (CIB) globally. The program focuses on key drivers of behavior beyond just controls and ways we actively manage our culture. This effort has involved hearing from focus groups what we do well and what we could do better. We recognize that sometimes there can be gaps between what senior management thinks and what others in an organization think about their company's culture. As part of this process, we also asked some of our more junior employees for their input. This effort will involve an assessment of conduct risks, mitigation plans across those risks, metrics and training.

To have a globally consistent framework and ensure that our corporate standards are broadly and deeply integrated within and across businesses and geographies, we are working toward establishing and implementing a firmwide approach to culture and conduct. This global effort will leverage what we have learned from the EMEA and CIB pilots and adapt the firmwide approach to each line of business. We also are reviewing other line of business culture and conduct initiatives and will use some of their best practices to enhance the firmwide approach.

Code of Conduct

If our Business Principles provide the road map for how all employees at JPMorgan Chase are expected to behave in their work, our Code of Conduct (the Code) is designed to provide the direction for essential elements of that map. As such, our Code is our core conduct policy document.

We have undertaken a major effort over the past several years to make each employee familiar with and able to apply the Code to his or her work. All new hires must complete Code training shortly after their start date. All employees are required to complete additional Code training and provide a new affirmation of their compliance with the Code annually.

We substantially redesigned the Code in 2012 to make it more accessible to employees, including a renewed focus on plain language and a more inviting format. We grouped provisions of the Code, which is available on our website, into five major themes:

- Our heritage
- Our customers and the marketplace
- Our company and shareholders
- Each other
- Our neighborhoods and communities

To emphasize the importance of compliance with the Code, we also have undertaken systems enhancements that are designed to maximize awareness and understanding of the Code, along with tools to enable responsible whistleblowing.

Today, Code specialists are assigned to every one of our lines of business, corporate functions and regions to assist employees with any question on the Code or related policies.

In addition, we have undertaken a number of steps to empower employees to police adherence to our Code. We have made it easier for employees to report any known or suspected violations of the Code via the Code Reporting Hotline by phone, web, email, mail or fax. The hotline is anonymous, except in certain non-U.S. jurisdictions where laws prohibit anonymous reporting, and is available 24/7 globally, with translation services. It is maintained by an outside service provider to enhance employee confidentiality.

In support of the Code, we maintain country-specific whistleblower policies as appropriate, as well as firmwide human resources policies affording protection for the good faith reporting of concerns raised by employees. We also provide training to employees in our Human Resources, Global Investigations and Legal departments regarding the review and treatment of employee-initiated complaints, including the proper escalation of suspected or known violations of the Code, other company policy or the law.

Code of Ethics for Finance Professionals

We also have a Code of Ethics for Finance Professionals that applies to the CEO, Chief Financial Officer, Controller and all other professionals of the company worldwide serving in a finance, accounting, corporate treasury, tax or investor relations role. The purpose of our Code of Ethics is to promote honest and ethical conduct and compliance with the law in connection with the maintenance of the company's financial books and records and the preparation of our financial statements. Employees to whom the Code of Ethics applies must affirm their compliance with the Code of Ethics for Finance Professionals annually when they affirm compliance with the Code of Conduct.

Measuring success

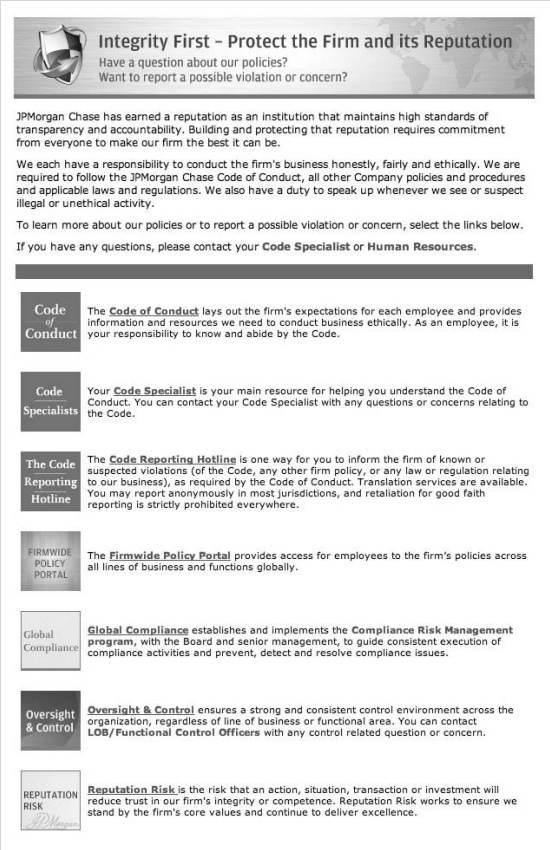
It is our goal to even more deeply embed our corporate standards in our daily lives. One of the ways we intend to do this is through the introduction of metrics to measure our performance. These may include:

- *Client satisfaction:* Research clearly shows that employees who feel part of a strong work culture "go the extra mile" for clients. As such, we expect improvements in our employee culture to lead to more satisfied clients.
- *Employee survey results:* For years, we have conducted employee surveys that include questions about ethics and compliance. With this year's survey, we began benchmarking results on these topics so we can develop action plans to address opportunities to strengthen culture where the need arises.
- *Code of Conduct issues:* We increasingly track issues found through our control processes raised by employees to their managers or others or reported through our Code of Conduct hotline or other means.
- *Regulatory actions:* Our company's progress to enhance our culture will be measured against the goal of reducing adverse regulatory events so that those events that do happen will be recognized as non-systemic breaches within an overall strong control environment.

We will continue to reinforce the company's culture and will do so for the benefit of our clients, shareholders and communities.

Case study: Integrity First

Our Integrity First intranet page is easily accessible to all employees from a link on the home page of our internal website. It provides a wealth of information on how to protect the firm and its reputation, including policies, whistleblowing and reporting of hotline contacts, and descriptions of our control functions.



Integrity First – Protect the Firm and its Reputation

Have a question about our policies?
Want to report a possible violation or concern?

JPMorgan Chase has earned a reputation as an institution that maintains high standards of transparency and accountability. Building and protecting that reputation requires commitment from everyone to make our firm the best it can be.

We each have a responsibility to conduct the firm's business honestly, fairly and ethically. We are required to follow the JPMorgan Chase Code of Conduct, all other Company policies and procedures and applicable laws and regulations. We also have a duty to speak up whenever we see or suspect illegal or unethical activity.

To learn more about our policies or to report a possible violation or concern, select the links below.

If you have any questions, please contact your **Code Specialist** or **Human Resources**.

Code of Conduct — The **Code of Conduct** lays out the firm's expectations for each employee and provides information and resources we need to conduct business ethically. As an employee, it is your responsibility to know and abide by the Code.

Code Specialists — Your **Code Specialist** is your main resource for helping you understand the Code of Conduct. You can contact your Code Specialist with any questions or concerns relating to the Code.

The Code Reporting Hotline — The **Code Reporting Hotline** is one way for you to inform the firm of known or suspected violations (of the Code, any other firm policy, or any law or regulation relating to our business), as required by the Code of Conduct. Translation services are available. You may report anonymously in most jurisdictions, and retaliation for good faith reporting is strictly prohibited everywhere.

FIRMWIDE POLICY PORTAL — The **Firmwide Policy Portal** provides access for employees to the firm's policies across all lines of business and functions globally.

Global Compliance — **Global Compliance** establishes and implements the **Compliance Risk Management program**, with the Board and senior management, to guide consistent execution of compliance activities and prevent, detect and resolve compliance issues.

Oversight & Control — **Oversight & Control** ensures a strong and consistent control environment across the organization, regardless of line of business or functional area. You can contact **LOB/Functional Control Officers** with any control related question or concern.

REPUTATION RISK — **Reputation Risk** is the risk that an action, situation, transaction or investment will reduce trust in our firm's integrity or competence. Reputation Risk works to ensure we stand by the firm's core values and continue to deliver excellence.

LEADERSHIP AND GOVERNANCE

Broadly speaking, our senior management team develops the company's strategic direction and oversees its execution, while the Board is charged with providing effective oversight of management's responsibilities. Equally important, the Board and the senior management team are responsible for communicating and enforcing the company's commitment to doing business in accordance with our corporate standards.

To fulfill this core responsibility, it is imperative that our Board and management team be structured and operate in a manner that is fully aligned with these standards. Since the financial crisis, we have identified a number of opportunities to strengthen those structures, and we have done so.

Board of Directors

A deeply engaged Board of Directors is vital to our company's success, and our directors bring a strong combination of experience and expertise to their role. Over the past several years, our company has looked at ways to build upon our strong foundation and enhance the Board's ability to help lead our company forward.

Board composition

Board independence is essential to effective governance. An independent Board serves the interests of shareholders — and, in the case of companies like ours, the stability of the financial services system — by effectively carrying out the fundamental obligation of oversight of management. The Board must assess and assist management by asking tough questions, making or guiding difficult decisions and providing an effective challenge to management on an ongoing basis.

Our governance policies provide that a substantial majority of our Board will be independent, and, currently, 10 of our 11 Board members are independent under the standards established by the New York Stock Exchange, as well as our own internal standards.

In furtherance of the independence of our Board, in 2013, we established the Lead Independent Director role. Our Lead Independent Director is appointed annually by the independent directors, and the position includes the authority and responsibility to, among other things, call a Board meeting at any time, approve Board meeting agendas, preside over executive sessions of independent directors, and guide the annual performance evaluation of the Chairman and CEO.

Our Board also has taken steps aimed at addressing important concerns raised at our annual shareholder meeting in 2013. Specifically, a number of shareholders expressed a desire for the nomination of additional directors with experience in risk management and in the financial services industry and for enhancements to our corporate governance practices. Taking into account that constructive feedback, the Board added, and in May 2014 shareholders elected, two new Board members with experience in risk management and the financial services industry.

Practices and engagement

In addition to the changes described above underscoring the independence and strength of the Board, the Board continues to consider and implement enhancements to its oversight of management and engagement with regulators and shareholders. It has formalized a number of improved governance practices through changes to the Board's Corporate Governance Principles, including holding executive sessions without company management at every regularly scheduled Board meeting and making directors available, when appropriate, for consultation with major shareholders and other constituencies. The Board also has endorsed the Shareholder-

Director Exchange Protocol as a guide for effective, mutually beneficial engagement between shareholders and directors (see page 78 for more information about the protocol).

In addition, the Board has taken meaningful steps to see that regulatory obligations are met. This includes establishing Specific Purpose committees to provide required oversight in connection with certain regulatory orders issued by the Federal Reserve and the Office of the Comptroller of the Currency:

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

Each of these Specific Purpose committees has between two and four independent directors. They meet regularly to provide oversight of progress against issues identified under the applicable regulatory order.

In addition to these committees, in 2012, the Board established a Review Committee to oversee an investigation by the company's Task Force and to conduct its own review of risk management oversight relating to the trading losses in our Chief Investment Office. In January 2013, the Review Committee produced its own report, published by the Board, that included its findings and recommendations intended to strengthen the company's overall risk management function and Board oversight of that function.

Recommendations included, among other things, improving the presentation of information to the Board of Directors' Risk Policy Committee, clarifying the respective roles of that committee and the Audit Committee, enhancing the continued independence of the Chief Risk Officer, and making clear to senior management that the performance management process tied to compensation should include an assessment of employees' adherence to applicable control standards and promotion of company standards. The company has implemented and continues to implement the committee's recommendations (copies of the Task Force Report and the Review Committee Report are available on our website).

The Board also understands the critical role it plays with respect to the company's culture. The Board has been engaged with management on the importance of strong corporate standards, working with management to emphasize the company's commitment to doing things the right way and to establishing a clear and common vocabulary for communicating this commitment.

Our directors engage frequently on the topic of culture in Board and Board committee meetings, including in the Specific Purpose committees, in their oversight of progress addressing regulatory order issues. Engagement work also includes the Audit Committee's oversight of the Code of Conduct program, as well as the Compensation & Management Development Committee's review and approval of the company's compensation and performance management process. Directors also highlight the importance of our corporate standards through participation in less formal settings, such as town hall and other meetings held by the lines of business and other functions for employees and/or leadership teams, annual meetings with the company's senior leaders, and regularly scheduled informal sessions with members of the Operating Committee and other senior leaders.

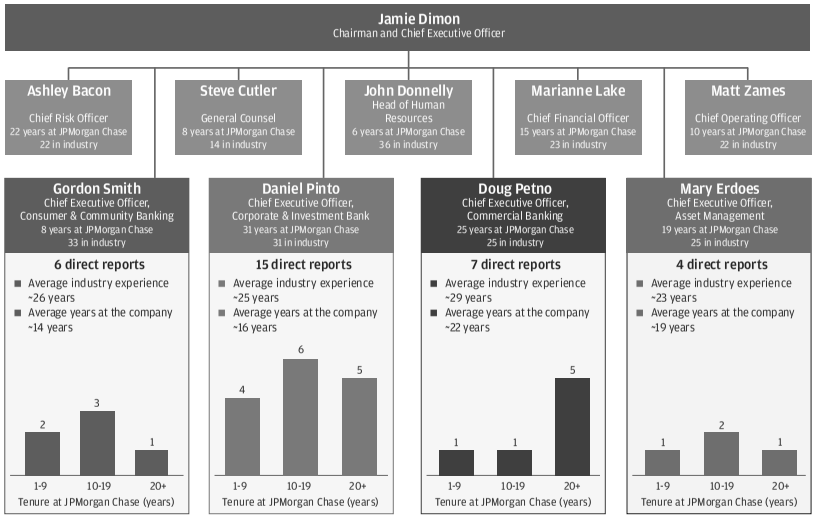
Management

Our management structure is designed to enhance our ability to lead the company effectively as a whole, as well as each of our businesses, in a manner that promotes a strong corporate culture and is consistent with our corporate standards. We have found that the most effective approach is to manage on a line of business basis, coupled with strong corporate functions and appropriate governance of the company's subsidiaries.

JPMorgan Chase is organized into four primary lines of business: Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. In addition, the Corporate segment is the focal point for setting and implementing standards for financial management, capital allocation, liquidity, resolution planning, risk management, controls, regulatory matters, human resources matters, technology, and legal and compliance.

The management structure of each line of business mirrors that of the company as a whole. Each is led by a CEO and has a Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Control Officer, General Counsel, Human Resources Executive and Chief Auditor. Each line of business also has a Management Committee, a Risk Committee and a Control Committee.

Operating Committee structure



Note: Not all direct reports to Jamie Dimon are shown; direct reports to line of business CEOs include business and regional heads only

The line of business CEOs sit on the company's Operating Committee, the company's most senior management body, which also includes our Chairman and CEO, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer, General Counsel and head of Human Resources. The Operating Committee is responsible for the overall management of the company, including developing and implementing corporate strategy and managing the company's operations.

The previous page includes a schematic reflecting the Operating Committee structure.

Each line of business has full responsibility for all aspects of its business, including formulation of strategy, management of allocated capital, financial reporting, human resources, risk, control and adherence to corporate standards. The line of business CEOs review their respective businesses with the Board of Directors, establish priorities for each year, and report periodically on business results, risk matters and control issues.

In addition to our lines of business governance structures, each of our legal entities has a Board of Directors and a management team, generally drawn from the lines of business or corporate functions principally responsible for such entity. For example, some of our national bank subsidiaries, including JPMorgan Chase Bank, N.A., have their own separate Board and Operating Committee.

Furthermore, in September 2014, the Office of the Comptroller of the Currency finalized Heightened Standards for national banks, which set minimum standards for the design and implementation of a risk governance framework that is overseen by a bank's Board of directors. We are utilizing the firmwide business, risk and control frameworks to the extent possible to meet these standards, while recognizing our distinct responsibility to maintain the safety and soundness of JPMorgan Chase Bank, N.A., and the sanctity of its charter.

OUR EMPLOYEE LIFE CYCLE

Our employees are the living, breathing embodiment of our culture. Accordingly, we seek to align all phases of the employee life cycle — recruiting, onboarding, career development and training, performance evaluations, compensation and promotion — with our corporate standards. Over the last several years, we have focused particular attention on recruitment and training at all levels within the company, enhancing our efforts to develop our future leaders, developing succession plans to enable our company to continue operating in accordance with its standards and principles over the long term, and instituting performance management and compensation practices that better align compensation with our commitment to doing business the right way.

Recruitment

We hire thousands of employees each year across all our global businesses, and we train them to understand our culture, products, regulatory requirements, services and customers, as well as on what they need to know to do their jobs well. The hiring of the highest-quality people is essential to the ongoing success of the company. It also is important that we have a broadly diverse team at all levels of the company. Toward that end, we have designed a Blueprint for Managers on Diversity that encourages managers at all levels to make diversity a business priority, expand their scope in sourcing and attracting talent, create a more inclusive work environment to empower employees, and foster a workplace that is respectful and inclusive of differences.

In 2013, globally, 48% of our new hires were women, and in the United States, 55% of our hires were racially or ethnically diverse.

Our hiring practices are based on the following set of standards that help us maintain high levels of integrity during the process and base employment decisions on merit and alignment with our Business Principles:

- We explore multiple sources of talent, both within and outside the company.
- We focus on hiring talented and diverse individuals, at all levels of the company, who embody the company's culture and values.
- We seek to consistently and rigorously assess candidates to put the right people in the right jobs.

Given the scope and geographic diversity of our businesses, it is important that we maintain processes that evaluate candidates consistently using objective criteria that weigh only appropriate considerations. That consistency is vital because we believe that the hiring process is the first step to cultivating a sound corporate culture.

Training

Once employees join the company, it's our responsibility to help them build their knowledge, skills and experience. A more engaged and better trained workforce not only increases employee satisfaction, it contributes to a better customer experience and helps drive the company's long-term success. The company spends an estimated $300 million per year globally on formal training programs at all levels. Programs range from entry-level training to leadership and management courses and are tailored to individual functions, lines of business or geographic regions. We have comprehensive programs focused on our regulatory control and compliance objectives.

Since a significant amount of entry-level hiring is done at the analyst and associate levels, we spend a significant amount of time training these employees on how we do business and helping them build the technical expertise they will need for their jobs. To put this in context, last year:

- The Corporate & Investment Bank hired and trained more than 500 full-time analysts and associates and over 800 summer analysts and associates.
- The Corporate Development program for Technology, Operations, Finance and Human Resources hired and trained over 700 full-time analysts.
- Asset Management hired and trained more than 650 analysts, associates and summer analysts.
- Commercial Banking hired and trained 180 full-time and summer analysts.
- Consumer & Community Banking hired and trained more than 160 full-time and summer analysts and associates.

It also is important to develop a strong team of dedicated, talented and committed leaders throughout all levels of management. At the top of our organization, we work to develop a pipeline of qualified leaders through expansive training and development programs, bolstered by a disciplined process of talent reviews focused on thorough assessments, executive development programs and rotations of top executives to prepare them for greater responsibility. We have a number of levels of management training designed to prepare employees for management roles and leadership responsibilities. Among them:

- *CEO Bootcamp* trains our senior leaders on both internal challenges and external pressures that face a CEO or head of a large business unit function.
- *Leaders Morgan Chase* is another senior leader program that is designed to develop certain leadership objectives, including developing strategies and perspectives from all businesses and taking a firmwide perspective in decision making.
- *Leading Across the Franchise* is a training program for the next level of leaders that is modeled after, and teaches similar topics to, Leaders Morgan Chase.
- *Training the Next 40,000 Managers* is a global effort currently underway to develop a firmwide approach to training the next set of more than 40,000 managers. Our leadership and development executives from around the world are bringing together their best practices to develop a state-of-the-art program that is founded on our Business Principles and leadership attributes.

Through all of our management training programs, we aim to build a strong culture of doing the right thing and doing first-class business in a first-class way.

Performance management and promotion

Regular feedback is critical to our employees' success. Our guiding principles for performance management are:

- Assessments of what the employee has achieved and how the employee has achieved it, including quantitative (results) and qualitative (behavioral) performance indicators
- Direct and useful feedback
- Clear expectations
- Risk and control considerations

Our annual performance management process seeks to take a comprehensive and balanced view of our employees' performance by assessing employees in four key areas:

- People management and leadership
- Risk and control focus
- Customer focus
- Business performance

Our process looks at performance holistically, soliciting input from multiple sources, including peers, subordinates, and risk and control functions. We reinforce our conduct and controls culture with common expectations and assessment tools. For our more senior employees, we have a standard, firmwide 360 degree-type survey tool to collect feedback from peers and subordinates on behaviors they demonstrate day to day. The first question in that survey asks whether the employee exemplifies the highest standard of ethics and integrity. This information is a very important input into the manager's overall evaluation of the employee.

We also recognize the importance of a performance review process that encourages senior management to take responsibility, ownership and accountability for risk and control issues. We have enhanced our review process for our material risk takers to drive heightened expectations across the organization with standard checklists and consistent evaluation of risk and controls. In addition, we solicit direct feedback from the relevant risk and control leads on our most material risk takers and controllers.

The evaluation of a potential promotion includes a review of the scope, responsibilities, performance and other key leadership attributes associated with the role. Promotions are based on the individual's strong performance (over a sustained period) and skills needed to meet the demands of the business or function.

Risk and control considerations are an important part of our promotion process. Further, for more senior-level promotions, we have implemented an enhanced review process, including background and performance history checks.

The company does not tolerate misconduct. Where performance reviews or other circumstances show that an individual is not meeting expectations or acts contrary to our corporate standards, the company will undertake a series of measures that may include changes in job responsibility, additional training, further formal reviews or disciplinary action, including termination for misconduct. Performance assessments, promotion reviews and compensation act together to reinforce the behaviors that reflect our Business Principles.

Compensation

Compensation is a critical tool to attract and retain top talent that acts with integrity. The principal underpinnings of our compensation system are strong governance, an acute focus on performance, shareholder alignment, sensitivity to the relevant marketplace and a long-term orientation, as illustrated in the following principles adopted by our Board:

- Independent Board oversight of the company's compensation practices and principles and their implementation should ensure proper governance and regulatory compliance.
- Competitive and reasonable compensation should help attract and retain the best talent necessary to grow and sustain our business.
- An emphasis on teamwork and a "shared success" culture should be encouraged and rewarded.
- A focus on multi-year, long-term, risk-adjusted performance and rewarding behavior that generates sustained value for the company through business cycles means compensation should not be overly rigid, formulaic or short-term oriented.
- A significant stock component (with deferred vesting) should create a meaningful ownership stake in the company, shareholder alignment and retention of top talent.
- Disciplined risk management, compensation recovery and repayment policies should be robust enough to deter excessive risk taking and strike a balance in making compensation-related decisions.
- Strict limits and prohibitions eliminate the use of executive perquisites, special executive retirement benefits, special severance plans and golden parachutes.

We design our compensation programs to be supportive of our company goals and strategic imperatives and to drive shareholder value. To achieve that end, we have undertaken a number of actions with the aim of integrating risk management with compensation processes, reinforcing strong governance practices and tying pay to performance.

First and foremost, we operate under a pay-for-performance framework. Accordingly, our variable incentive awards reflect business unit and individual performance over a multi-year time frame; account for risk and control outcomes; and assess achievement toward short- and long-term objectives. We care not only about what results are but also how they are achieved. This enables us to reward actions and outcomes that may not increase revenue but serve the company's interests in other respects – e.g., developing a promising business or even arranging for the prudent disposition of assets or business or deciding not to enter a particular business.

To achieve a balanced, holistic approach, we utilize the following pay practices:

- *Pay at risk.* A meaningful amount of variable compensation (a majority for our Operating Committee members) is "at risk" and contingent on achievement of business goals that are integrally linked to shareholder value and safety and soundness. We measure the performance of our Operating Committee members over a multi-year horizon across four broad categories (people management and leadership, risk and control focus, customer focus and business performance) in order to appropriately balance short-, medium- and long-term goals that drive sustained shareholder value while accounting for risk and control outcomes.

- *Pay for sustained performance.* For more than 30,000 of our employees, a meaningful amount of variable compensation (and a majority of variable compensation for our Operating Committee members) is in restricted stock units that are mandatorily deferred for three years, with final payout levels based on our stock price when awards vest (i.e., if our stock price goes down, award values go down and vice versa). In addition, deferred stock awards are subject to forfeiture in the event of separation from service and, for our Operating Committee members and material risk takers, a substantial portion is subject to cancellation if performance thresholds are not met.
- *Impact of risk events.* We consider material risk and control issues at the company, line of business and individual levels and make adjustments to compensation, when appropriate, for relevant employees.
- *Strong share ownership guidelines and holding requirements.* Operating Committee members now are required to own a minimum of 200,000 to 400,000 shares of our common stock, and the CEO must own a minimum of 1,000,000 shares. The policy was updated in 2013, allowing Operating Committee members up to six years to comply. In addition, Operating Committee members must hold (for as long as they are on the Operating Committee) 50% of net shares that vest as part of our equity compensation program, which serves to align their short- and long-term interests with those of shareholders.
- *Strong clawback policy.* Comprehensive recovery provisions enable us, where legally permissible, to cancel or reduce unvested awards or require repayment of cash or equity compensation already paid in certain situations, including a material financial restatement, employee misconduct, failure to achieve minimum financial thresholds and other risk-related events. We also retain the right to reduce current-year incentives to redress any prior imbalance that we subsequently determine may have existed. These provisions hold executives accountable, when appropriate, for significant actions or items that negatively affect business performance in current or future years. For the CIO incident, for example, the company clawed back or canceled more than $100 million of compensation through these mechanisms.
- *Hedging/pledging policy.* All employees are prohibited from the hedging of unvested restricted stock units, and unexercised options or stock appreciation rights, and, for Operating Committee members, the hedging of any shares owned outright or through deferred compensation also is prohibited.
- *Competitive benchmarking.* To make fully informed decisions on pay levels and pay practices, we benchmark ourselves against peer groups designated by our Board. We believe external market data is an important component of setting pay levels to attract and retain top talent while driving shareholder value.
- *Shareholder outreach.* Each year, we solicit investor feedback on our compensation programs and practices, including through the annual shareholder advisory vote on executive compensation ("say on pay"), and consider such feedback in determining future pay practices.

Over the course of 2013, and continuing in 2014, we took a number of steps to enhance our risk and control practices as they relate to compensation, including:

- *Enhanced risk review process.* We implemented an enhanced risk review process across the company that further strengthens the connection among risk, controls and compensation. The process identifies and evaluates relevant risk and control issues that surface in various forums (including Risk committees and the line of business Control committees) and, when appropriate, initiates human resources-related remedial actions, such as reduction of variable compensation or separation of employment.

- *Focused compensation pool reviews.* We restructured our variable compensation pool review process. Business performance, including the impact of risk and control items, is considered prior to developing preliminary incentive pool guidance. We then take into account other qualitative factors, including progress against strategic priorities, risk and control outcomes, staffing changes, people management priorities and competitive market trends.
- *Broadened share retention/ownership guidelines.* We broadened our share retention guidelines for Operating Committee members, as outlined above, to include a share ownership requirement that must be met within six years.
- *Enhanced disclosure.* The April 2014 proxy statement includes a new Compensation Discussion & Analysis presentation to respond to shareholder feedback and to improve clarity and transparency.

Succession planning

Maintaining our corporate standards and strong financial performance for the long term requires a pipeline of superior talent, augmented from time to time by external hires, to provide continuity of succession for our Operating Committee, including the CEO position, and senior positions below the Operating Committee. Building on our disciplined approach to management development, the company regularly reviews candidates to assess whether they currently are ready for a next-level role, as well as future potential successors to each member of the Operating Committee and to each member's direct reports. Similar succession planning processes focused on present and future leaders occur in each of the company's lines of business and functions.

Our independent directors are deeply involved in succession planning. Succession planning is required to be discussed at least annually by the independent directors with the CEO. Our Lead Independent Director guides the full Board consideration of CEO succession.

The Compensation & Management Development Committee of the Board reviews the succession plans for the CEO and Operating Committee. The committee advises the Board on talent development, diversity and succession planning for key executives. Board members frequently interact with senior executives as part of Board and committee meetings and in other, less formal settings. This exposure allows Board members to observe the leadership potential and style of the senior executives on a more personal basis.

The CEO also conducts formal talent review discussions on an annual basis with each Operating Committee member. During these meetings, potential successors and direct reports to the Operating Committee members are discussed. Action items developed for succession plans are tracked and assessed throughout the year.

Outstanding people, strong leadership and effective governance are the foundation of our success. The company has set high corporate standards, and under the leadership of our Board and management, we are committed to creating an environment in which all our people operate with integrity, fairness and accountability. We will continue to review and analyze our people practices, leadership structure and governance models to ensure that they reflect and support our adherence to our corporate standards and that we are well-positioned to serve our customers, shareholders and communities today and in the future.

III. OUR CONTROL ENVIRONMENT

OUR CONTROL ENVIRONMENT

Over the past several years, our control agenda has been a top priority. This commitment is evidenced by fundamental changes that have been implemented across the company to enhance governance and oversight of our control environment and to simplify and appropriately de-risk our operations, as well as by the substantial additional investments in financial and human capital dedicated to the efforts.

Our control environment can be thought of in terms of the businesses, the control functions and Internal Audit:

- *First line of defense.* The lines of business each are responsible for developing and maintaining effective internal controls for their respective business lines. They also are accountable for identifying and addressing the risks presented by their respective businesses and for operating within a sound control environment. The first line of defense also includes Oversight & Control, which is designed to ensure a strong and consistent control environment across the organization.
- *Control functions.* In addition to Oversight & Control, our control functions include Risk, Finance Compliance and Legal. They each have their own set of responsibilities but work together to provide oversight of the businesses and set firmwide control policies.
- *Internal Audit.* The Internal Audit function operates independently from other parts of the company, providing testing and evaluation of processes and controls across the entire enterprise. The Internal Audit team assesses the effectiveness of our governance, risk management and internal controls; evaluates our compliance with laws and regulations; and identifies opportunities for improvement. Through this structure, we seek to subject business decisions and actions to rigorous consideration, testing and review for compliance with relevant laws and regulations, as well as consistency with our Business Principles.

We have taken numerous steps and spent considerable time and money enhancing our control environment. To provide context for the breadth of this effort, three data points are worth noting:

- More than 16,000 employees will have been added since the beginning of 2012 through the end of 2014 to support our regulatory, compliance and control efforts across the entire company, and during 2013, our employees completed more than 1 million hours of training related to risk, control and compliance.
- $2 billion more will have been spent in 2014 than was spent in 2012 for additional expenses on regulatory and control issues.
- In 2014, more than $1.7 billion will have been spent on technology focused on our regulatory, control and control-related agenda across the firm.

On the next pages, we provide further detail on how we have enhanced our control environment.

Each line of business owns the risks inherent in its operations and is accountable for maintaining effective internal controls to safeguard the company.

ENHANCING GOVERNANCE

To help strengthen the governance of our control environment, we created several new governance committees at a firmwide, line of business, control function and region level.

Firmwide committees enable us to better understand and address issues by serving as central forums for discussing and resolving issues that affect the company as a whole or one or more lines of business. Equally important, these committees give us the opportunity to share best practices and lessons learned across the company. Some of the committees we have created during the past few years are:

- **Firmwide Risk Committee** (established in 2012): Co-chaired by the company's CEO and Chief Risk Officer, this is our highest management-level Risk committee. It serves as an escalation point for risk topics and issues raised by its members, the line of business Risk committees, and other subordinate committees, such as the Firmwide Control Committee, Firmwide Fiduciary Risk Committee, Reputation Risk committees and regional Risk committees. The committee escalates significant issues to the Board of Directors, as appropriate.
- **Firmwide Control Committee** (established in 2013): Co-chaired by the company's Chief Control Officer and the head of Firmwide Operational Risk Governance/Model Risk and Development, this committee provides a monthly forum for reviewing and discussing firmwide operational risk, including existing and emerging issues, metrics and management, and reviews execution against the operational risk management framework (discussed on the next page). It serves as an escalation point for the line of business, functional and regional Control committees and further escalates significant issues to the Firmwide Risk Committee, as appropriate.
- **Firmwide Fiduciary Risk Committee** (established in 2013): This committee provides a forum for risk matters related to the company's fiduciary activities and oversees the firmwide fiduciary risk governance framework, which supports the consistent identification and escalation of fiduciary risk matters by the relevant lines of business or corporate functions responsible for managing fiduciary activities. The committee escalates significant issues to the Firmwide Risk Committee, the Board of Directors' Risk Policy Committee and Audit Committee, and any other committee considered appropriate.

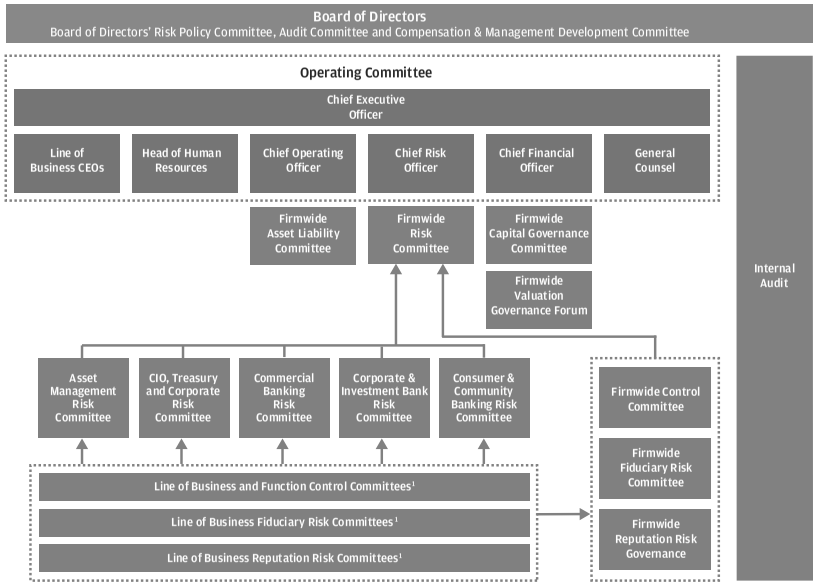
We also have a Firmwide Reputation Risk Governance group that seeks to promote consistent management of reputational risk across the company. Its objectives are to increase visibility of reputation risk governance; promote and maintain a globally consistent governance model for reputation risk across lines of business; promote early self-identification of potential reputation risks to the company; and provide thought leadership on cross-line of business reputation risk issues. Recently, the group helped improve reputation risk management through the adoption of one firmwide policy and the implementation of appropriately consistent governance within the lines of business.

As part of our governance structure, we also have Risk and Control committees for our lines of business, corporate functions and regions:

- *Risk committees* oversee the inherent risks in the respective line of business, function or region, including the review, assessment and decision making relating to specific risks, risk strategy, policy and controls. These committees escalate issues to the Firmwide Risk Committee, as appropriate.
- *Control committees* oversee the operational risks and control environment of the respective line of business, function or region. These committees escalate operational risk issues to their respective line of business, function or regional Risk committee and also escalate significant risk issues (and/or risk issues with potential firmwide impact) to the Firmwide Control Committee.

In addition to these committees, there are other management committees and forums at the company, line of business and regional levels, where risk-related topics and a broad range of other topics, such as capital and strategy, are discussed.

Governance structure



1 As applicable CEO = Chief Executive Officer CIO = Chief Investment Office

FIRST LINE OF DEFENSE

Our lines of business are responsible for developing and maintaining an effective control environment for their respective businesses. As the first line of defense, the lines of business help facilitate early identification and escalation of issues. This enables us to find potential issues before they become larger problems and bring in the appropriate resources to address these issues quickly.

Oversight & Control also is part of the first line of defense. It is designed to ensure a strong and consistent control environment across the organization. Oversight & Control Officers (Control Officers) are embedded in the businesses (and, similarly, in the corporate functions and regions) to help drive the control agenda across a common firmwide framework.

In this capacity, the Control Officers serve as part of the first line of defense to help maintain an effective control environment. Control Officers report directly to the line of business, with an additional reporting line to the company's Chief Control Officer.

The steps we are taking to improve the first line of defense are related to five common areas:

- Enhancing our control practices in the lines of business
- Investing in technology
- Simplifying and de-risking our business
- Building and strengthening Oversight & Control
- Implementing risk and control self-assessments

Enhancing our control practices in the lines of business

Across our company, we have enhanced our control practices with the objective that each business will operate in a way that embodies our corporate standards. Below are several initiatives that demonstrate the breadth and depth of these efforts.

Enterprise-wide programs

A series of enterprise-wide programs has been a primary focus. These programs, which are driven by the Operating Committee and reported to our Board, address significant, complex, control-related matters that are often cross-line of business and cross-geographies. They are matters we believe should be examined on an enterprise-wide basis and, in some instances, are driven by regulatory requirements. Our goal is to appropriately and consistently manage the associated risks and build sustainable and consistent solutions. We continue to make progress on these programs, including:

- Enhanced processes for reviewing new business initiatives to properly assess and understand the risks to the company and our clients/customers before we introduce new products, services or related activities
- Improved oversight of our vendors across our front and back offices to manage these relationships and their associated risks to a common set of highly developed standards
- Oversight of the company's implementation of the Federal Reserve Board's Comprehensive Capital and Analysis Review and Dodd-Frank Act Stress Testing capital requirements, as well as the coordination of the company's implementation of the Basel Committee on Banking Supervision's principles for effective risk data aggregation and risk reporting

As program work transitions to the normal course of business, we leverage our existing governance (Risk and Control committees and risk and control self-assessments) to achieve ongoing sustainability.

Anti-Money Laundering and Know Your Customer

The company devotes specialized attention to compliance with the laws and regulations governing anti-money laundering (AML) and terrorist financing, economic sanctions and anti-corruption efforts. Working closely with the Global Financial Crimes Compliance (GFCC) group (discussed on page 51), the businesses have made a number of enhancements to Know Your Customer (KYC) and AML processes, including the development of more stringent standards that require capturing and fully documenting detailed client information before an account is opened. Examples of specific improvements include:

- Increasing AML/KYC staff across all lines of business
- For each line of business, establishing a centralized AML/KYC operating model with regional AML/KYC support teams that align to sub-lines of business. This includes adding KYC Officers who partner closely with bankers to ensure timely and thorough completion of client documentation
- Naming senior executives to lead AML and KYC program management and creating teams of subject matter experts that sit within the businesses
- Enhancing the standards and processes for documenting client information and refining client onboarding technology to automate previously manual processes
- Undertaking KYC remediation of certain high-risk clients
- Developing and implementing new metrics that enable us to better monitor AML/KYC activities
- Enhancing performance review capabilities of business staff in order to increase accountability
- Developing and implementing a comprehensive AML/KYC training program for front office and operations personnel

Conflicts of interest

Due to the breadth of our businesses, potential conflicts of interest may arise in a number of ways and forms. We have an obligation to treat all clients fairly. The company's policies and procedures are designed to ensure that the company pays due regard to the interests of each client and manages any potential conflict of interest appropriately and consistently with our Code of Conduct and Business Principles.

Since conflicts may differ considerably across lines of business, in addition to our policies and procedures, multiple complementary control groups, including a Conflicts Office, Oversight & Control, Compliance and Legal, work closely with our business executives to identify and manage the conflicts that arise, both real and perceived.

In general, prior to seeking or accepting new financial advisory engagements, underwriting engagements (debt and equity), arranging bank financing or making new private equity investments, as well as engaging in certain other transactions, such as unusual or large equity derivative transactions, the Conflicts Office reviews and clears the proposed activity in consultation with the appropriate managers and, where appropriate, other control functions. Clearance from the Conflicts Office also is required for any undertakings or agreements with clients that restrict the company's ability to engage in activities for other clients, whether those are financing activities, advisory activities or otherwise. In addition, for financing and advisory activities, the Conflicts Office evaluates proposed deal team staffing to help ensure that confidential client information is appropriately safeguarded.

Across our businesses, we continue to refine and strengthen our conflicts management practices. For example, Asset Management has recently created an enhanced conflicts of interest framework that provides a disciplined and structured approach to conflicts, including identification of potential conflicts present in a business unit's processes and a self-assessment to determine whether controls are operating as expected. Each conflict is assessed using four pillars: policies and procedures, governance and oversight, disclosures and validation. The pillar framework provides minimum standards to drive global consistency while allowing for appropriate regional differences. The business has trained more than 700 key personnel on conflicts management, the control framework and the steps to conduct an assessment. Through the enhancement and implementation of the conflicts framework, employees have been further educated on the identification and management of potential conflicts. We now are implementing a similar framework for conflicts management across the company.

Managing environmental and social risk in transactions

Our front-line staff also is trained to identify and evaluate potential environmental and social risks associated with certain transactions involving corporate lending, debt and equity underwriting, and advisory services. The company provides financial services to clients in industries that are critical enablers of economic growth and social development, such as oil and gas, mining and electric power – but that also have the potential to create a range of adverse environmental and social impacts.

Through our conflicts of interest process, we apply specific criteria to transactions with both new and existing clients to determine whether an environmental and social risk review is needed and to establish 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

All transactions that require review are escalated to the Global Environmental and Social Risk Management team and are categorized based on whether the perceived level of environmental and social risk is high, medium or low. Recent enhancements include:

- External publication of our Environmental and Social Policy framework
- Implementation of a portfolio review of environmental impact management for onshore North American clients engaged in shale oil and gas operations
- Training of approximately 9,500 front-line staff in 2013; training has continued in 2014

Sales and trading practices

In the first quarter of 2014, the CIB launched a comprehensive review to analyze and make improvements to our sales and trading practices and related communications. We expect our sales and trading personnel not only to treat customers fairly but to act in a manner that supports well-functioning, transparent markets.

We recognized that enhancing market conduct would require using multiple preventive and detective levers in a coordinated way. For example, the review took into consideration various means to establish information barriers; conduct communications and transaction surveillance; adopt policies; implement training; and incorporate enhanced supervision, compensation and disclosure practices.

In the first phase of the review, the business enhanced information barriers by implementing new policies around electronic chat and launched an effort to increase and improve communications guidelines and surveillance of chat and email. In the second phase, we are carrying out a review of information flows in the Markets businesses, further refining electronic chat guidelines, continuing enhancement of surveillance and prioritizing other issues for review.

The project seeks to identify certain per se prohibited communications and set forth principles governing permitted communications – including information to be shared on a need-to-know basis and only for legitimate business purposes, such as trade execution or clarification of operational details. Our efforts over the past year include:

- Establishing a Steering Committee to develop a global governance framework. The committee is charged with setting policy and standards and creating an operating model to support a global communications surveillance program. The committee also is integrating current pilot projects and identifying technology options that support enhancements and a target-state vision
- Expanding current electronic surveillance. The CIB has added Compliance surveillance employees globally through the second and third quarters of 2014
- Moving to a more sophisticated predictive technology for surveillance by participating in a pilot assessment expected to be completed by mid-2015
- Continuing to engage in discussions with existing vendors around current and future availability of enhanced tools to monitor chat room participation

Additionally, in December 2013, the CIB implemented a policy that prohibits staff from participating in electronic chats or instant messaging groups with two or more other banks/dealers. The prohibition applies to communications with third-party trading desks that are competitors or market-makers, as well as brokers or inter-dealer brokers.

Case study: Cybersecurity

Defending the information of our customers, employees and the company's cyber assets is of paramount importance. Recent events, both at the company and at other large corporations, demonstrate the increasing impact and risk from external and internal threats. Importantly, to date, cyber attacks on JPMorgan Chase by malicious actors have not resulted in material harm to our customers and have not had a material adverse effect on our results or operations.

We have established a cyber defense strategy and firmwide cybersecurity program built on five key principles:

- Establishing a fortress technology foundation
- Proactively detecting and responding to malicious cyber activity
- Ensuring the security of our data
- Driving cybersecurity efforts guided by business risks
- Strengthening strategic partnerships with the government and throughout the cyberspace ecosystem

We devote significant resources to the firmwide cybersecurity program to protect the company's computer systems, software, networks and other technology assets against attempts by third parties to obtain unauthorized access to confidential company and customer information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. By the end of 2014, the company will have spent more than $250 million annually and will have about 1,000 people focused on cybersecurity. We plan to grow these efforts over the coming years.

Foundational initiatives within the program include: protecting the customer; protecting the company's core systems; encryption; identity and access management; asset management; and building a security culture. Our Protecting the Company's Core Systems initiative is a central component of our long-term efforts. We have established an assessment framework to identify critical business services with high sensitivity to cyber threats, identify risks and assess enhancement opportunities, and execute remediation.

In addition to our long-term efforts, we are taking other steps to improve our cybersecurity capabilities, including:

- Creating a robust governance structure to provide oversight and guidance to our cybersecurity program through weekly updates with the company's Chief Operating Officer and the creation of a Cybersecurity Executive Council, which meets on a monthly basis and is comprised of business, control and technology leaders
- Establishing state-of-the-art Cybersecurity Operations Centers in our regional headquarters in Asia, Europe and the United States, providing points of coordination for identifying threats, executing response procedures and coordinating our global Cybersecurity operations
- Launching an 18-month Cyber Attack Remediation initiative to help us enhance our security practices, with a particular focus on multifactor authentication, secure server builds, access self-attestation, perimeter lockdown, vulnerability remediation and information technology risk exception
- Integrating cybersecurity into our risk and control self-assessment processes within the businesses

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We recognize that cybersecurity needs to be an ongoing effort and believe our multifaceted approach of both short- and long-term programs will enable us to protect the company today and be flexible to address evolving threats in the future.

Suitability

In Asset Management's Global Wealth Management business, an important consideration when advising clients is the suitability and appropriateness of recommended investments. That is why our advisors perform and document a client suitability assessment that determines if our brokerage, advisory and investment management services are suitable for that particular client. The business' suitability framework has been enhanced during the past several years and includes:

- A revised client risk methodology that captures the client's risk tolerance (e.g., the client's personal comfort level in taking risks), as well as risk capacity (e.g., the client's financial ability to bear a loss)
- An enhanced account product risk methodology that includes evaluating the complexity of the product and its level of risk
- A stronger trade execution control to provide an additional level of checks and balances

Investing in technology

Technology is a critical tool in enhancing our control efforts, enabling us to automate previously manual processes and controls to reduce complexity and improve accuracy. In addition to investments made by control functions, each line of business has invested significantly in improving control-related technology. Specifically, the lines of business are implementing significant technology improvements related to AML and KYC programs, including:

- Implementing new KYC due diligence systems for all clients, tailored to the specific characteristics, risk profiles, information requirements and evaluation criteria of different client types. The new KYC systems also include account and product due diligence for riskier product types and an Office of Foreign Assets Control onboarding questionnaire
- Enhancing our workflows to include customer and activity-specific triggers to escalate certain situations to KYC and GFCC experts for further review as needed. This also includes channels allowing our front-line employees to route information regarding potentially suspicious activity to our Investigations team
- Upgrading our currency transaction reporting systems to enhance compliance with our regulatory reporting obligations
- Consolidating systems in key areas, such as transaction monitoring and sanctions screening. For example, instead of having multiple separate sanctions screening solutions, the lines of business will use the firmwide sanctions screening utility, which brings consistency and increased transparency to sanctions screening

To facilitate better monitoring and management of the company's control environment, Oversight & Control has established a technology-enabled Controls Room at our corporate headquarters. The Controls Room maintains a repository of firmwide control-related information and enables rapid access to relevant data, reporting capabilities and sophisticated analytics. It has a central team of data scientists and reporting analysts.

Simplifying and de-risking our business

Our lines of business have undertaken an aggressive program to simplify and de-risk our business. Specifically, our businesses looked to eliminate products and services that are not essential to serving our customers or promoting our businesses and to discontinue certain business with select clients. This enables our businesses to focus on the most important activities for our core clients and better manage our operational, regulatory and legal risks.

To determine how to simplify and de-risk our business, each line of business conducted due diligence on its portfolio to review a variety of factors, including:

- Customers who are not core to our business and customers for which money laundering risk is too high
- Products and services with outsized operational risk or for which value to our customers does not meet costs, including compliance and risk management costs

Examples of de-risking through the elimination of products and services that are not core to our customers or that have outsized operational risk include:

- One Equity Partners investment portfolio
- Global Special Opportunities Group
- Certain physical commodities businesses
- Student lending originations
- Canadian money orders
- Co-branded business debit cards and gift cards
- Certain products in mortgage banking
- Identity theft protection
- Credit insurance

Examples of de-risking through client selection and discontinuation of certain business with select clients include:

- All business with pure check cashing businesses
- Clearing services to approximately 500 foreign banks
- Checking accounts for certain foreign-domiciled clients
- Checking accounts for certain foreign politically exposed persons

Importantly, we do not believe these changes will adversely affect our core franchises. While developing and piloting new products, services and business lines is a critical part of what we do, so, too, is the process of regularly and carefully pruning those items that have not met our expectations or that do not fit with our control environment or business strategy.

Case study: Enhanced controls for payday lending

JPMorgan Chase does not engage in the business of payday lending. However, some of our customers do rely on payday loans – small, short-term loans that usually carry a high interest rate – from third-party lenders to manage day-to-day expenses and emergency financial needs.

Unfortunately, some of these third-party lenders use unfair and abusive collection practices that can cause our customers financial hardship. For example, lenders may submit potentially unauthorized transactions to a customers' primary bank and/or debit funds from a bank account multiple times in a day, which can result in multiple returned item fees.

Banks came under criticism from regulators and consumer advocacy groups for not limiting some payday lenders' collection practices. As a result, we reviewed our policies, systems and processes to decrease financial burdens on our customers and hinder payday lenders' ability to engage in predatory collection practices. Some of the improvements we have made are discussed below.

Eliminating multiple returned item fees

In the past, when payday lenders attempted to debit funds from an account multiple times in one day, an account was charged a maximum of three returned item fees per day. We revised our policies and systems so that accounts would be charged a returned item fee only once per month for the same payment request. This has resulted in a 34% decrease in total returned item fees for our customers.

Enhanced policy training and systems for stop payment requests

Our review revealed that some customers found it difficult to initiate stop payment requests and that payday lenders could avoid being subject to a stop payment by submitting transactions of varying amounts. As a result, we made it easier for customers to initiate stop payments and improved our systems by:

- Enhancing training and communications to bankers on existing policies for taking and processing stop payment requests
- Changing our systems so that transactions sent by a merchant subject to a stop payment request would be rejected even where the transaction amounts varied

Since these changes, stop payment requests have increased by approximately 30%, and the number of automated clearing house debit transactions that were returned due to a stop payment rose by approximately 150%.

Account closure with a pending transaction and/or a negative balance

Under our prior policy, a customer was not able to close his or her account if, for example, the account had a pending transaction or a negative balance. As a result, payday lenders could continue to submit payment requests to an account a customer was trying to close, which led to additional returned item fees and the customer's continued inability to close an account.

To make it easier for customers to close an account, our systems and policies were revised so that accounts can be closed even if there is an open or pending charge or if an account has a negative balance. After these changes, approximately 15% to 20% of the accounts closed each month have a pending transaction or a negative balance at the time a customer requests closing an account.

NACHA initiatives

We are working closely with the National Automated Clearing House Association (NACHA) to develop new standards to address concerns relating to payday lender practices. Enhancements in which we have been involved include:

- Establishing or reducing return rate thresholds that will allow NACHA to initiate an inquiry process into originators that have excessive returns
- Introducing a fee in 2016 that will be charged to entities that have unauthorized automated clearing house debit transactions returned

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We are opposed to unfair, abusive or illegal activity by payday lenders. Not all payday lenders engage in these predatory activities, but for those that do, we are committed to help protect our customers.

Building and strengthening Oversight & Control

Oversight & Control was established in 2012 to bring greater focus and discipline to our control efforts both within and across our lines of business, corporate functions and regions. The company has devoted substantial resources to formalizing the Oversight & Control function. The function will have more than 2,400 employees by the end of 2014 through a combination of the redeployment of existing staff doing this type of work and new hires.

The Chief Control Officer reports to the Chief Operating Officer of the company and partners closely with the Chief Compliance Officer, Chief Risk Officer, General Counsel and business heads, among others. Line of business and corporate function Control Officers dually report into their line of business or corporate function and the Chief Control Officer. Oversight & Control also includes several central teams reporting to the Chief Control Officer, including the Controls Room team, the Supervisory Regulatory Strategy team and the Process & Control Oversight team.

Areas of focus for Oversight & Control include:

- **End-to-end oversight of issue management** – Identification, measurement, monitoring and management of risks and strengthening of controls and self-identification processes
- **Standardized reporting and analysis of issues for trends and potential impact to other businesses and functions** – Regular reporting and escalation of control-related issues in the lines of business, functions and regions and consideration of potential applicability to other relevant areas
- **Sustainable remediation (including regulatory issues)** – Development of a consistent approach to (i) resolve control issues in a timely manner, (ii) address root causes (not symptoms), and (iii) ensure actions taken are sustainable over the long term
- **Major control programs** – Implementation of risk and control self-assessments (described below), as well as either direct ownership or program oversight of the company's enterprise-wide programs (described on page 30), such as our New Business Initiative Approval process and third-party oversight, among others
- **Control governance model** – Execution of this model within the lines of business, functions and regions

Implementing Risk and Control Self-Assessments

Control Officers have implemented a common risk and control self-assessment process, which was designed by Risk as part of a broader operational risk management framework. The Controls Room within Oversight & Control facilitates consistent implementation of risk and control self-assessments by Control Officers. The program provides common standards for all lines of business and functions to:

- Identify the key risks inherent in their business
- Assess the design and effectiveness of controls in place to mitigate key risks
- Identify gaps or weaknesses that could lead to losses, operational failures, regulatory impact or internal policy violations
- Create corrective action plans to address weaknesses, with specific accountability and responsibility assigned for timely resolution
- Determine residual risk and evaluate control improvement priorities

The assessment of risks and controls is an ongoing process that requires formal review at least annually.

CONTROL FUNCTIONS

Across the company, we have made substantial investments and transformative changes aimed at strengthening our control functions. Our end-to-end control agenda focuses on early issue identification, swift escalation and sustainable remediation. In addition to Oversight & Control, the following four functions are part of our control framework:

- Risk
- Finance
- Compliance
- Legal

Oversight & Control is described on previous pages in this section. Consistent with its work as part of the businesses, Oversight & Control has Control Officers embedded in each of the functions. They report directly to their respective function and have an additional reporting line to the company's Chief Control Officer.

The following pages describe actions we have taken to enhance Risk, Finance, Compliance and Legal.

Risk

Risk is an inherent part of our company's business activities. When we extend a consumer or commercial loan, advise customers on their investment decisions, make markets in securities, or conduct any number of other services or activities, we take on some degree of risk. We aim to manage and balance risk in a manner that serves the interests of our clients, customers and shareholders, as well as the health of the financial system.

The company's approach to risk management covers a broad spectrum of risk areas, such as credit, market, liquidity, model, structural interest rate, principal, country, operational, fiduciary and reputation.

We believe that effective risk management requires acceptance of responsibility by all individuals within the company, ownership of risk management within each line of business and firmwide structures for risk governance. The company's risk management framework is intended to create a culture of transparency, awareness and personal responsibility through reporting, collaboration, discussion, escalation and sharing of information.

Organization

The Risk organization is managed on a firmwide basis. It operates independently from the revenue-generating businesses, which enables it to provide credible challenge to them. Our Chief Risk Officer (CRO) is the head of the Risk organization and is responsible for the overall direction of Risk oversight.

The CRO is supported by individuals and organizations that align to lines of business and functions, as well as others that align to specific risk types. The aim of this structure is to assign ownership and accountability within the business areas while disseminating best practices through deep subject matter expertise. Over the past few years, we have made a number of enhancements to our organizational structure and staffing, including:

- Significantly increasing staffing for the central firmwide Risk functions and within the line of business Risk areas. Examples include:
  - Appointing executives to oversee market risk, model risk and fiduciary risk across the company
  - Creating or expanding roles within the line of business Risk areas, such as the appointment of an Operational Risk Officer in each line of business and the appointment of designated individuals to oversee fiduciary risk in each line of business

- Adding and expanding senior management roles for the Risk functions. Examples include:
  - Appointing a Control Officer to provide oversight of the control environment within the Risk organization
  - Creating Chief Financial Officer and Chief Information Officer roles that span Risk, Finance and Technology in order to strengthen the strategic business support, infrastructure and control framework across Risk, Finance and Technology
  - Appointing a firmwide Chief Data Officer, as well as a Data Officer for each line of business to drive firmwide policy, consistent procedures and common standards for data management

Governance

The independent stature of the Risk organization is supported by a governance structure that provides for escalation of risk issues up to senior management and the Board. We have taken significant steps to strengthen our risk governance practices and structure, including:

- Improving the form and content of the materials shared with the Board of Directors' Risk Policy Committee and enhancing engagement with the members of the committee. Members of the Risk organization meet with the Board of Directors' Risk Policy Committee often to provide updates on key risk issues. In their role as part of the first line of defense, each line of business CEO also participates during this update to provide a business perspective
- Creating a Firmwide Risk Committee (in 2012). This committee is the highest management-level Risk committee within the company and is co-chaired by the company's CEO and CRO. It serves as an escalation point for risk topics and issues raised by its members, the line of business Risk committees, and other subordinate committees like the Firmwide Control Committee, Firmwide Fiduciary Risk Committee, Reputation Risk committees and regional Risk committees
- Changing reporting lines so that the CRO now reports to the CEO and to the Board of Directors' Risk Policy Committee (see page 28)

Additional information about improvements to risk governance is available beginning on page 28. The schematic on page 29 reflects the company's risk governance structure and certain key management-level committees that are primarily responsible for key risk-related functions. There are additional committees not represented in the chart (e.g., some functional forums that comprise our risk governance framework) that also are responsible for management and oversight of risk.

Risk appetite

The risk appetite framework is a tool to measure the company's capacity to take risk against its stated guidelines. The company's overall risk appetite is established by management in accordance with the Board of Directors' Risk Appetite policy, taking into consideration the company's capital and liquidity positions, earnings power and diversified business model.

Various initiatives have been underway to improve the company's risk appetite framework, including:

- Enhancing risk appetite metrics
- Leveraging capital adequacy and stress testing processes to inform decisions on setting the risk appetite
- Enhancing firmwide communications and training about risk appetite

Risk management approach by risk area

In its role as an organization independent of the revenue-generating businesses, the Risk organization designs and oversees a risk management framework across the company. The following pages describe how we have enhanced our ability to manage risk.

Credit risk

The company provides credit to a variety of customers, ranging from large corporate and institutional clients to individual consumers and small businesses. Credit risk is the risk of loss arising from the default of a customer, client or counterparty. The Credit Risk Management function identifies, measures, limits, manages and monitors credit risk across our businesses.

Recent wholesale credit risk developments include:

- Establishing consistent policies, procedures, controls and limits across all lines of business in order to foster best practices
- Enhancing our stress testing
- Improving our ratings methodologies, limits frameworks and allowance process

Recent consumer credit risk developments include:

- Developing and enhancing credit risk models for financial forecasting, including improved information technology and data infrastructure
- Enhancing credit risk decisioning
- Continuing to build out the risk appetite framework with enhanced metrics and monitoring
- Further aligning certain Consumer & Community Banking businesses' (e.g., Business Banking, Dealer Commercial Services) policies and practices with Commercial Banking

Market risk

Market risk is the potential for adverse changes in the value of the company's assets and liabilities resulting from changes in market variables. The Market Risk function seeks to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the company's market risk profile. We have made various enhancements to the market risk framework, including:

- Establishing a Firmwide Market Risk team to promote consistency across the company's line of business Market Risk teams
- Enhancing our market risk policies and procedures to include additional escalation of aged or significant limit breaches
- Introducing more granular market risk limits across the company

Liquidity risk

Liquidity risk management is intended to ensure that the company has the appropriate amount, composition and tenor of funding and liquidity in support of its assets. The primary objectives of effective liquidity management are to ensure that the company's core businesses can meet contractual and contingent obligations through normal economic cycles and market stress events. Recent improvements include:

- Integrating a new independent Liquidity Risk Oversight function into the Risk organization, which provides independent assessment, monitoring, control and transparency of liquidity risks across the company

- Improving the company's liquidity risk framework, including enhancing stress testing assumptions, strengthening the control and governance model, and improving identification of liquidity risks
- Investing in and building a robust technology platform (liquidity risk infrastructure) to materially enhance the automation of liquidity and stress testing functionality

Model risk

The company employs models to value and manage financial products, assess portfolio risk and compute risk-weighted assets, inform decisions about extensions of credit, and support or automate trading and investment decisions, among other purposes. For example, valuation models are employed by the company to value certain financial instruments that otherwise cannot be valued using quoted prices. These valuation models also may be employed as inputs to risk management models, including Value-at-Risk (VaR) and economic stress models.

Our Model Risk and Development unit provides oversight of the firmwide Model Risk policy, provides guidance with respect to the appropriate usage of our models and conducts independent reviews of models. We are continuing to strengthen the team and its practices, including through:

- Recruiting highly skilled and experienced personnel into Model Review and Governance functions
- Strengthening independent model validation practices
- Revising and implementing our Model Risk policy to establish firmwide standards for model risk management

Structural interest rate risk

The company manages interest rate risk (i.e., exposure related to changes in interest rates as they affect our assets and liabilities) on a consolidated, firmwide basis. Business units effectively transfer their interest rate risk to the Treasury and Chief Investment Office to be managed centrally. The company manages the interest rate risk primarily through the investment securities portfolio and other market-based instruments. Structural interest rate risk is subject to tolerances set by the independent Structural Interest Rate Risk function. Our recent enhancements to strengthen the function include:

- Hiring more employees to support a sustainable governance model and instill thoughtful best practices with market-based discipline
- Establishing an Interest Rate Risk Management policy as a Board-level policy
- Investing in our technology infrastructure to materially enhance the automation of interest rate risk measurement, model development, reporting and data integration

Principal risk

Principal investments generally are intended to be held over extended investment periods, and, accordingly, the company has no expectation for short-term gain with respect to these investments. Such investing activities include private equity investments, mezzanine financing and tax-oriented investments. A number of principal investing businesses are being repositioned or exited, consistent with the company's strategic focus and business simplification programs, ongoing capital and balance sheet liquidity priorities, and regulatory developments.

Country risk

Country risk is the risk that a sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers or adversely affects markets related to a particular country. The company has a comprehensive country risk management framework for assessing country risks, determining risk tolerance, and measuring and monitoring direct country exposures in the company. Our recent enhancements to strengthen the governance and management of country risk include:

- Implementing a granular limit construct
- Enhancing the stress framework to apply to each country a robust set of market shocks on assets
- Improving our risk tolerance assessment to rely on capital measures
- Increasing firmwide communications and training

Operational risk

Operational risk is inherent in each of the company's lines of business and corporate functions. Operational risk can manifest itself in various ways, including errors, fraudulent acts, business interruptions, inappropriate behavior of employees, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. To monitor and control operational risk, the company has developed an operational risk management framework (ORMF) that consists of four components: oversight and governance, capital measurement, risk self-assessment, and reporting and monitoring.

Operational risk governance defines and maintains the ORMF through the development of policies and standards applicable to all lines of business and corporate functions, including Risk, Finance, Compliance, Technology and Human Resources. Lines of business and corporate functions are responsible for execution against the ORMF. Operational risk governance may independently challenge the execution of the ORMF across the company. Various initiatives underway to improve the ORMF include:

- Deploying common technologies
- Improving our stress testing processes to inform decisions, as well as operational risk appetite
- Implementing independent oversight of risk assessments
- Enhancing operational risk metrics and reporting

Fiduciary risk

Fiduciary risk is the risk of a failure to exercise the applicable high standard of care, to act in the best interests of clients or to treat clients fairly, as required under applicable law or regulation. We have enhanced several aspects of our governance of fiduciary risk, including:

- Implementing a new Firmwide Fiduciary Risk policy
- Adopting a new risk governance framework that outlines roles and responsibilities across businesses
- Creating a Firmwide Risk Governance Committee that provides oversight of the inherent risks in the firm's fiduciary activities

Reputation risk

Maintaining the company's reputation is the responsibility of each individual employee of the company. The company's Reputation Risk policy explicitly vests each employee with the responsibility to consider the reputation of the company when engaging in any activity. Over the past several years, the company has taken steps to promote the consistent management of reputation risk firmwide, including:

- Establishing a Firmwide Reputation Risk Governance group
- Completing assessments of each line of business' reputation risk governance framework against benchmark criteria
- Adopting one Firmwide Reputation Risk policy, which each line of business has implemented in guidelines reflective of its business model

Finance

The Finance group plays an essential role in the day-to-day management of the company and is a critical component of the end-to-end control environment.

Finance is accountable for the accuracy, integrity and timeliness of the company's books and records and external reports and filings in accordance with applicable accounting principles and regulatory requirements. The Finance function acts as a steward on behalf of shareholders through the promotion of appropriate accounting practices, fortress balance sheet principles and capital management.

In addition, Finance facilitates the development and execution of business strategy through business management and planning and analysis, which support management's decision-making process. The company's overall strategic and financial objectives are measured through a series of financial and regulatory targets and ratios, both at the firmwide and line of business level.

Organization

Overall responsibility for Finance lies with the company's Chief Financial Officer, a member of the Operating Committee who reports to the CEO of the company. The company's nearly 8,100 Finance professionals are organized into corporate functions and line of business-aligned functions, with the line of business-aligned functions having matrixed reporting lines to the Chief Financial Officer. In this way, each line of business is accountable for managing its finance-related activities, with overall responsibility for the function in totality remaining with the Chief Financial Officer.

Over the past several years, we have made notable changes within the Finance organization to better align the function with how we manage our business and to incorporate new regulatory requirements. Important examples include investing significant additional resources in key firmwide control functions, including

regulatory capital management, valuation control, quality assurance, and dedicated controllership functions for Risk, Tax, Capital and JPMorgan Chase Bank, N.A.

As part of our goal to improve consistency across the company, we also expanded the Valuation Control group to be a firmwide function. The Valuation Control group is accountable for independently verifying the valuation of assets and liabilities recorded on the company's balance sheet at fair value. As part of the expansion of the group's responsibilities, we also made significant investments in infrastructure, increased skill levels and the number of resources dedicated to this effort, and revalidated the group's policies and procedures.

Governance

The financial performance of the company and key Finance-related issues are regularly scheduled agenda items for the Board of Directors. Below are several important examples of the Board of Directors' oversight:

- The Finance control environment is reviewed at least annually by the Audit Committee of the Board of Directors
- Recovery and Resolution, Comprehensive Capital Analysis and Review, and the Basel capital program are periodically reviewed with the Board of Directors' Risk Policy Committee and Audit Committee and the full Board of Directors

Over the past several years, we also reviewed and strengthened our governance practices to ensure we have the appropriate senior management oversight of critical processes and sustainable remediation of issues that arise. We created and enhanced a number of Finance governance forums, including:

- The Global Finance Control Committee, established in March 2013, which reviews, assesses and provides oversight of risk and control issues across global Finance
- The Firmwide Capital Governance Committee, also established in March 2013, which oversees the capital adequacy assessment process and is responsible for reviewing the company's Capital Management policy and the principles underlying issuance and distribution alternatives and decisions
- The Firmwide Valuation Governance Forum, established in the fourth quarter of 2012, which oversees the management of all risks arising from the company's balance sheet valuation activities
- The JPMorgan Chase Bank, N.A., Operating Committee, created in January 2014, which governs the lead bank's activities in compliance with regulatory Heightened Standards

The Finance & Risk Road Map

The company's CFO and the Finance management team analyzed the stability of the end-to-end Finance processes and launched a multi-year improvement program, called the Finance & Risk Road Map. This program is designed to enhance data quality, management and control at the point of transaction origination to simplify and integrate the technology infrastructure across Risk, Finance and Treasury, as well as to implement a robust operating model designed to ensure a more efficient and effective organization with significantly lower defect rates. In order to facilitate the success of this program, key senior-level hires have been made, including a Chief Financial Officer who works for both Risk and Finance and who also serves as the program's senior sponsor; a Chief Information Officer across Risk and Finance; a Chief Data Officer for the company; and Chief Data Officers for each of our businesses and functions. This effort is recognized and supported by the Operating Committee as a key strategic initiative for the company.

Regulatory initiatives

Firmwide programs also were launched to address key regulatory initiatives, most notably Recovery and Resolution and Comprehensive Capital Analysis and Review. Through these programs, we have made fundamental enhancements to our capital planning and stress testing frameworks, as well as legal entity and critical operations reporting. These improvements include adopting product-centric forecasting methodologies, building new or enhanced statistical models to facilitate more granular forecasting, centralizing governance of macroeconomic variables, automating and producing timely legal entity-related information, and achieving resolution and recovery capabilities. These programs involve hundreds of resources and span the organization across businesses, geographies and legal entities. They involve policy setting; governance; operating model; and end-to-end control design and development, model and technology development, and documented procedures.

Improved controls

In addition to the organizational changes, governance committees and regulatory initiatives described above, we have made a number of enhancements to our core Finance control programs in recent years. Among them:

- We have enhanced the company's Sarbanes-Oxley Compliance program and General Ledger Reconciliation and Substantiation program. Both are cornerstones to ensuring the integrity of our books and records. For these programs, scoping was reviewed, revised and accelerated; testing has been enhanced with more granular milestones; training has been updated; and reporting has been enhanced
- Consistent with the company's Operational Risk Management policy, Finance reviewed and enhanced its risk and control self-assessments, revalidating the function's inherent risks, undertaking detailed process mapping, identifying and reviewing the design of key financial controls, and, ultimately, testing the effectiveness of these controls. This is a critical ongoing strategic initiative involving continuous efforts to improve
- Over the course of the last year, Finance designed a Quality Assurance program, which initially focused on the accuracy of regulatory filings, then broadened in order to validate data integrity across the firm and provide results to the function's Chief Data Officer

Reporting transparency

We are committed to timely, transparent and appropriate reporting and disclosures in order to furnish external constituents with appropriate and sufficient information to assess the risks and performance of the company, as well as to comply with accounting and regulatory requirements. The company's CFO and Finance management team regularly review and enhance the quality of our external disclosures, particularly those in the quarterly earnings presentation and the 10-K and 10-Q reports.

Compliance

The company's global Compliance department is a core component of the company's control efforts.

While each line of business is accountable for managing its compliance risk, our Compliance teams work closely with the Operating Committee and senior management to provide independent review and oversight of our lines of business operations, with a focus on compliance with applicable global, regional and local laws and regulations.

In particular, the role of Compliance is to identify, measure, monitor, report on and provide oversight regarding compliance risks arising from business operations and provide guidance on how the company can mitigate these risks.

Organization and governance

To meet its responsibilities, Compliance operates independently from the lines of business. The firmwide Chief Compliance Officer (CCO) reports to the company's Chief Operating Officer and leads the more than 3,000-person Compliance department (excluding Technology and Operations employees who support Compliance). The firmwide CCO is supported by a CCO for each business, as well as regional CCOs in the Europe, Middle East and Africa, Asia Pacific and Latin America regions. Regional CCOs have authority across lines of business in their respective regions except in situations where this structure conflicts with local regulatory obligations.

Until early 2013, Compliance was part of a joint Legal & Compliance group. The company separated the functions to provide each group with dedicated leadership, resources and support. This move emphasized the importance and stature of Compliance, as well as the company's commitment to maintaining a culture of compliance and control.

To execute our Compliance program, we must have employees with relevant functional, business and regulatory expertise. We have taken several steps to accomplish this, including adding more than 1,200 Compliance professionals during 2012 and 2013. We expect to bring on about 470 additional people by the end of 2014, at which time our Compliance headcount will be approximately 3,150, an increase of 117% since the beginning of 2012.

The following pages summarize key actions we have taken to enhance Compliance.

Global Compliance program

In 2012, the company established an enhanced and more centralized global Compliance program to provide:

- Oversight and coordination of compliance coverage across businesses and regions
- Compliance policies, procedures, standards and protocols to address regulatory guidance across the core practices

The program is designed around seven core practices that function together as an integrated risk management framework (e.g., risk assessments inform testing and training plans, and regulatory management affects policies and procedures). This framework allows for continuous enhancements in each cycle of the program to accommodate business and regulatory changes. The core practices are:

1. Governance and oversight

Providing independent governance and oversight of business activities is one of Compliance's primary responsibilities. As such, we have enhanced Compliance's independent oversight in several respects, including through:

- Introducing annual compliance plans for each business and region using business activities, risk assessment results and other data to help prioritize Compliance activities and to deploy resources
- Implementing quality assurance processes to assess whether the lines of business and regions have effectively implemented the standards and protocols for the Compliance program
- Establishing more frequent updates to the Board of Directors' Audit Committee on Compliance program developments and significant or emerging compliance risks
- Implementing enhancements to standard compliance considerations in line of business and regional New Business Initiative Approval process and post-implementation reviews

2. Regulatory management

The company implements controls to manage compliance risks based on relevant regulatory obligations. We continue to make improvements in our ability to evaluate developments regarding these obligations and adjust controls as necessary. We also have enhanced our approach to regulatory interactions, including examinations, to achieve better consistency in these interactions. Enhancements include:

- More consistent reviews of compliance risks across businesses and functions
- Improved compliance-focused regulatory exam management through the creation of firmwide protocols intended to increase the consistency of preparation, coordination and execution of compliance-focused regulatory exams

3. Policies and procedures

The policy management framework is used by Compliance to design, implement and maintain policies and procedures that support compliance with regulatory obligations. The framework has been enhanced over time and used to broaden the company's policies and procedures. For example, the model now includes specific requirements for governance, format and technology, which drive consistency and increase control and usability.

4. Training and awareness

Training on and awareness of Compliance-related policies and procedures reinforce our culture of compliance and help implement required controls. To that end, we have:

- Implemented enhanced standards and processes, including the development of a line of business Compliance training-needs analysis
- Incorporated an annual training/awareness plan in the line of business and regional Compliance plans
- Increased training requirements and developed case study training for Compliance professionals
- Developed cross-control function training sessions, including a speaker series focused on delivering relevant training to employees in Oversight & Control, Risk, Compliance and Legal

5. Monitoring and testing

Compliance independently monitors and tests business activities using a risk-based approach to evaluate the adequacy and effectiveness of critical control processes. The company has strengthened this oversight in several ways:

- Published enhanced global Compliance testing procedures and inaugural global Compliance monitoring procedures

- Created cross-line of business and regional testing criteria for key risks
- Enhanced Compliance testing reporting to incorporate root causes of issues and launched global Compliance Testing Fundamentals Workshops. The workshops include deep-dive testing, training and practical applications of the current monitoring and testing standards

6. Issue management

Issue management is a multi-step process that includes identifying issues, finding their source and implementing solutions to resolve the issues. Compliance has enhanced its issue management practices in several respects:

- Established a Compliance Control Committee to provide oversight of operational risks and the control environment for the Compliance department. This committee reports and escalates issues to the Firmwide Control Committee
- Strengthened our root cause analysis of compliance issues
- Focused on rapid implementation of interim compensating controls of newly identified risk issues until longer-term action plans are completed

7. Compliance risk assessment and reporting

Compliance risk assessments identify, measure, assess and report compliance risks using a consistent approach and methodology to enable firmwide aggregation of compliance risks. We analyze compliance risk based upon category and then use the assessment results to prioritize Compliance activities, including risk-based monitoring and testing, as well as training plans. The following improvements have helped strengthen these practices:

- Development of a more robust Risk Assessment program that includes a survey tool that assesses compliance risk to enhance consistency, documentation and comprehensiveness
- Revision of a compliance risk scoring matrix to better reflect (in residual risk ratings) the impact of ineffective controls, regardless of the rating of the inherent risk at issue
- Enhancement of our enterprise-wide anti-money laundering risk assessment to include more robust methodologies to quantify risk exposure at various levels of the company

Technology

Effective use of technology is essential to every component of the Compliance program. We have bolstered our Compliance technology and management reporting through continued investments in systems, operating platforms and people, including by:

- Investing $282 million during 2012 and 2013 in our Compliance technology and operations platforms and personnel. In 2014, we will spend over $450 million in these areas
- Adding approximately 1,750 technology and operations employees supporting Compliance during 2012 and 2013. In 2014, we plan on adding an additional 720 employees in these areas

Global Financial Crimes Compliance program

The Global Financial Crimes Compliance (GFCC) group, created in 2012, is a sub-function of Compliance focused on compliance with the laws and regulations governing the Bank Secrecy Act (BSA) and anti-money laundering laws (AML, and, collectively with BSA, BSA/AML), terrorist financing, economic sanctions and anti-corruption. The group implements and provides oversight of all aspects of the company's GFCC program, including the BSA/AML and Know Your Customer programs.

We continue to invest in hiring the right people, improving our technology capabilities and enhancing GFCC programs globally. The pages that follow describe how some of these resources have been allocated.

Board actions

Historically, the Audit Committee has reviewed compliance and regulatory matters affecting the company and GFCC, including the BSA/AML program and AML policy. In early 2012, the company established a Board-level AML Enhancement Committee to oversee the company's efforts to improve its BSA/AML program.

Following the entry into regulatory orders regarding BSA/AML in 2013, the Board established a BSA/AML Compliance Committee consisting of three independent directors. This new committee oversees firmwide GFCC matters and related responsibilities, as well as the following additional responsibilities:

- Overseeing, along with senior management, the management and mitigation of identified BSA/AML compliance risks
- Receiving regular briefings on GFCC program effectiveness
- Monitoring the implementation of, and compliance with, the regulatory orders of the Federal Reserve and the Office of the Comptroller of the Currency regarding BSA/AML

Management actions

Management and the GFCC group are working to enhance our BSA/AML program by increasing our ability to manage related risk, improving customer onboarding and due diligence, and heightening our suspicious transaction monitoring. A key part of these efforts has been the hiring and training of talent. By the end of 2014, we will have hired more than 9,500 full-time equivalent employees across multiple disciplines focused on financial crime-related matters – more than a 300% increase since 2012. Our leadership team in this area represents a wide range of varied professional backgrounds from the public and private sectors, including federal law enforcement officials, federal regulators, attorneys and financial services-related professionals.

AML, sanctions and anti-corruption risk assessment

We conduct AML, sanctions and anti-corruption risk assessments. The 2013 assessments used an enhanced methodology to quantify each business' potential exposure to money laundering, terrorist financing, sanctions and anti-corruption risk and to evaluate the quality of the current controls in place to mitigate those risks. This analysis utilized country-level data and risk assessment reports for the lines of business and sub-lines of business.

Anti-corruption

JPMorgan Chase is subject to anti-corruption laws (e.g., the Foreign Corrupt Practices Act) that make it illegal for us to bribe foreign officials to obtain or retain business. Over the last several years, we have undertaken efforts to strengthen our efforts to identify and mitigate corruption risks, including:

- Implementing new controls globally across the lines of business, including enhancing oversight over gifts and entertainment and third-party vendors
- Expanding monitoring to include corporate events, sports and entertainment

- Implementing new standards for conducting due diligence on third-party vendors
- Conducting targeted training for employees engaging in transactions
- Enhancing our referral hiring controls

Customer due diligence and client risk scoring

We have implemented a risk-based approach to collecting, documenting and maintaining customer, product and/or transactional due diligence information. The company maintains its due diligence information through ongoing contact with clients and periodic reviews of clients and accounts. Some of our improvements include:

- Enhancing Know Your Customer program guidance documents, including risk tolerance guidelines, compliance review guidelines, periodic review and account activity review methodology, holistic view/extended relationship requirements criteria, Know Your Customer approval guidelines and high-risk trigger rules by customer type
- Creating firmwide extended customer relationship criteria that include, as applicable, a customer's owners, principals, signers, subsidiaries, affiliates, and parties that manage and/or control the account or client
- Enhancing existing customer due diligence policies and procedures by customer type to drive firmwide consistency
- Improving our customer risk scoring models, which will drive the need for enhanced due diligence, more frequent periodic reviews, greater number of senior approvals and in-depth transaction monitoring

Transaction monitoring

As part of our compliance efforts, we review transactions for potential suspicious activity and report these activities to the government. We have undertaken significant efforts to enhance our ability to monitor transactions for potential suspicious activity, including:

- Developing improved policies and procedures designed to ensure timely and appropriate review and disposition of alerts
- Creating strategic case management technology requirements for AML investigations in the Europe, Middle East and Africa and Asia Pacific regions to standardize and automate the process worldwide and provide a global feedback loop into investigations
- Enhancing our transaction monitoring programs to maintain data integrity, globally consistent platforms, customer surveillance scenarios and a continuous improvement process
- Providing increased staffing, standard processes and quality control processes to review and investigate suspicious activity

Our transaction monitoring enhancements cover both domestic and cross-border transactions. We have deployed teams to focus on numerous types of activities, including correspondent banking, human trafficking and terrorist financing.

Sanctions and client screening programs

We also screen customers and transactions (involving individuals and entities that are subject to sanctions and embargoes) involved in negative media references or who are politically exposed persons. We have taken several actions to enhance our screening capabilities, including:

- Implementing a new operating model for sanctions screening
- Migrating almost all eligible transaction screenings to a new central screening utility
- Strengthening the Global Sanctions Compliance team by increasing staff within our central screening utility and for international sanctions compliance
- Developing a globally consistent policy to cover Office of Foreign Assets Control and sanctions compliance
- Developing a plan to migrate from multiple screening platforms to a new screening platform that will be part of a centralized list repository

Suspicious Activity Reports

A Suspicious Activity Report (SAR) generally is a report that a financial institution sends to a regulator (e.g., in the United States, the Financial Crimes Enforcement Network) regarding activities or transactions that are suspicious. This helps government agencies identify individuals or organizations that are involved in criminal activity, including fraud, terrorist financing and money laundering.

We continue to review our SAR practices, both in the United States and globally, to identify areas of improvement and to strengthen our practices in order to report suspicious activity and to escalate concerns more quickly internally and with the appropriate regulators.

For example, we are:

- Adding new leadership in the Global Investigations and Financial Intelligence units
- Developing a feedback loop process to enhance the quality of our identification, review and reporting of potentially suspicious activity
- Improving the escalation process for significant SARs
- Strengthening our SAR-sharing cross-border process to permit the exchange of SAR-related information from other countries to the United States where permitted by local regulation

Case study: Foreign correspondent banking

Our foreign correspondent banking activities involve sending and/or receiving U.S. dollar-denominated payments or handling other U.S.-based financial transactions on behalf of a non-U.S. financial institution. These activities have come under significant scrutiny by regulators, industry-wide, because of certain inherent risks in the business.

As a result, we reviewed our controls around this business, including our internal policies, processes and technology, to understand where we need to improve. We reviewed the technology we use to monitor transactions and the processes for performing due diligence on our clients. We also reviewed our risk tolerance across selected countries, regions and products for our correspondent banking business. This analysis led us to conclude that we needed to upgrade our control environment and systems and to dedicate more resources to KYC, transaction monitoring and escalation in order to continue to serve our clients while managing our risk profile.

One of the consequences of our review was the decision to exit many relationships with foreign correspondent banks, in some cases, until our controls are better able to manage these relationships. These decisions were driven by two considerations:

1. Risk-related concerns
2. Business simplification, which allows us to streamline our portfolio and focus due diligence on less risky clients

Prior to exiting a client relationship, we work to help the client find a replacement U.S. dollar provider, if possible; discuss potential market risks with the relevant regulators; and ensure the decision is communicated in a coordinated and consistent way across all parts of the company.

We remain committed to the foreign correspondent banking business. For those clients with whom we continue to work, we are conducting enhanced due diligence and review with each one the types of activities we will continue to support.

In order to implement these steps, we:

- Established a dedicated Project Management Office to coordinate foreign correspondent banking de-risking activities
- Created a joint compliance-business clearing house to support the foreign correspondent banking de-risking effort through cross-line of business reviews and communications of client risk and simplification decisions

Along with the relationship exits, we have taken several steps to improve our controls for foreign correspondent banking activities, including:

- Enhancing our technology infrastructure to better monitor U.S. dollar-denominated correspondent banking transactions of foreign correspondent banks. This included implementing 10 new transaction monitoring rules to track millions of transactions each day
- Establishing AML Operating committees, consisting of both Compliance and business executives, to review our client portfolio lists and assess and manage any risks presented by particular clients
- Creating a Correspondent Banking Operating Committee to govern policies and approve new business opportunities

Legal

Legal serves a variety of functions, many of which are control related. Our lawyers provide legal advice to our Board, our lines of business and our corporate functions and assist Oversight & Control, Risk, Finance, Compliance and Internal Audit in their efforts to ensure compliance with all applicable laws and regulations and our corporate standards for doing business. Legal also works to protect the reputation of the company beyond any particular legal requirements. Finally, our lawyers perform a significant defense and advocacy role, working with outside counsel to assess and, as appropriate, defend the company against claims and potential claims and, when needed, to pursue claims against others also.

In each aspect of its role, Legal has one client: the company. In the wake of the financial crisis, the number and complexity of regulatory requirements affecting the company have increased dramatically; their enforcement has become stricter; the number of international, federal, state and local agencies enforcing them has increased; and the penalties for violations have risen substantially. Thus, making the company fully aware of its legal obligations has become more important than ever.

Organization and governance

The company's General Counsel reports to the CEO and is a member of the Operating Committee, the Firmwide Risk Committee and the Firmwide Control Committee. His leadership team includes a General Counsel for each line of business, the head of the Litigation, Corporate & Regulatory and Global Financial Crimes Compliance functions, as well as a Chief Operating Officer and the company's Corporate Secretary. Each region (e.g., Latin America, Asia Pacific) has a General Counsel who is responsible for managing legal risk across all lines of business and functions in the region.

We have increased staffing in an effort to ensure we have enough quality lawyers advising our businesses so that, over time, we may achieve our goal of reducing the incidence of regulatory and litigation matters. The increased staffing also provides resources to defend the company and to reduce the cost that comes with use of outside counsel.

The size of Legal has grown from around 850 lawyers in 2012 to more than 1,000 in 2013, with a projection of approximately 1,200 at the end of 2014. Including paralegals and other support staff, the total staff size by the end of 2014 is expected to be approximately 1,950.

Technology and training

Legal is investing in technology and training, with a focus on giving our people the tools to do their job well. Investment in technology for Legal has increased more than fivefold since 2012. Technology and training initiatives include:

- Enhancing the function's document management system to store legal working papers centrally, with the ability to tie documents to legal matters and share and collaborate on documents across teams
- Establishing data repositories to house information on our intellectual property and global regulations on data privacy and security
- Working with Compliance to leverage technology to offer training to employees worldwide so they remain conversant with existing and new regulatory obligations

Legal processes

A key responsibility of our company's lawyers is to conduct certain legal processes, such as handling of legal papers served, subpoena compliance, legal entity tracking and regulatory reporting, and estimation of legal reserves. We are significantly increasing resources devoted to these functions. This has meant bringing in process experts and building teams to implement new structures for getting this work done.

One of our more significant operational issues has been the execution of sworn documents used in litigation proceedings, particularly in our consumer business collection efforts. In simplest terms, a sworn document is written testimony. In our case, it would be a statement by a company representative under oath, which is submitted to a court, governmental agency or self-regulatory agency. We execute around 90,000 sworn documents monthly across all lines of business and corporate functions. We have made a number of enhancements to improve sworn document execution, including:

- Establishing a number of oversight bodies to provide proper supervision of sworn documents activities at the company
- Developing a robust set of procedures, templates, controls and training to support the proper execution of sworn documents
- Investing in a firmwide sworn documents technology solution that will provide several key functions, including tracking, inventory and quality assurance

Legal priorities

Legal has established a series of priorities that represent the manner in which the Legal function seeks to support the company's efforts to ensure that the business it does is in compliance with all applicable laws and regulations and meets our corporate standards for doing business. They include:

- *Executing*. It is important to drive issues to completion and to do so with a sense of urgency. This includes asking for help if needed. It also means not assuming that someone else is handling a problem
- *Serving the client*. Serving the client means safeguarding the company's reputation. That requires serving as a trusted advisor and knowing when to say "no." In all circumstances, it requires careful analysis, clear-headed thinking and robust communication – and, of course, dedication and professionalism
- *Making sure we don't repeat our mistakes*. We must learn and teach lessons that are embedded in examinations, regulatory orders and settlements
- *Collaborating*. Our lawyers need to collaborate within the function, among the control functions and across the lines of business
- *Escalating*. Escalating a problem not only adds a second perspective but often a broader perspective. It is a core obligation of any lawyer at the company to escalate problems and not handle significant problems alone. Getting the right people involved is crucial
- *Enhancing dialogue with our regulators*. Our communications with regulators must be timely and accurate. That means acknowledging when one doesn't know the facts and following up quickly when those facts are established. While part of a lawyer's job is to advocate, he or she must do so honestly and respectfully and without sacrificing credibility

INTERNAL AUDIT

The Internal Audit group provides the Board of Directors' Audit Committee, senior management and our regulators with an independent assessment of the company's ability to manage and control risk based on an evaluation of the company's internal control structure and compliance with applicable laws and regulations. At its core, the group helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluate risk management and control and governance processes and, thereby, contribute to their improvement.

Internal Audit is an independent function within the company and is led by the company's General Auditor. Independence is fundamental to the audit process and essential to its effectiveness. Independence is achieved through the organizational structure – the General Auditor functionally reports directly to the Board of Directors' Audit Committee and administratively to the CEO – and by the application of intellectual honesty and objectivity in drawing conclusions without bias or outside influence.

Organization

The Internal Audit group has made major enhancements to its organization. A focus on more granular and more frequent audit coverage, and increased regulatory requirements and/or expected work, continue to drive resource growth. Our core Internal Audit headcount grew significantly in 2013 – up 15% from the 2012 level – and will increase by an additional 15% by year-end 2014. Other enhancements include:

- Adding new senior management roles and teams to improve our organization's effectiveness, including creating a new Chief Auditor of Risk role and developing core risk auditor teams that partner with line of business audit teams with the objective of ensuring that the coverage of risk is complete and comprehensive
- Creating a new team focused on cross-business issues with the aim of identifying risks across lines of business and further enhancing a cross-business mindset within Internal Audit
- Adding a dedicated Quality Assurance team and establishing a new role, Director of Training, to drive a strategic training agenda across the function

Practices and processes

We continually assess and improve audit policies and processes in response to internal quality assurance results, industry guidance and best practices, and regulatory expectations. We have made a number of changes to our practices to better position Internal Audit to provide appropriate coverage of key risks. We have made improvements in the following areas, including, among others:

- **Bank Secrecy Act/Anti-Money Laundering laws and Office of Foreign Assets Control.** In June 2013, we rolled out a formal program to articulate the approach and framework for conducting audit activities for the company's Bank Secrecy Act/Anti-Money Laundering laws and Office of Foreign Assets Control/Sanctions firmwide programs.
- **Risk and control self-assessment.** We revised the audit testing approach related to a risk and control self-assessment. Elements tested include key governance and oversight components; inherent risk composition and ratings; control effectiveness composition, substantiation and design; and residual risk.
- **Policy improvements.** In October 2014, we enhanced policies related to audit coverage of the firmwide New Business Initiative Approval program and Third-Party Oversight program to foster consistency across audit teams in risk assessment, audit testing and continuous monitoring activities.

- **Subject Matter Expert program.** We solidified our approach to subject matter expertise by developing a formal Subject Matter Expert program in June 2013. The purpose of the program is to enable more comprehensive and consistent audit coverage of certain topics, develop and maintain expertise in certain subject areas, and identify cross-business issues and trends and then to communicate those findings across audit teams to effect changes to planned coverage.
- **Enhanced Quality Assurance program.** Also in June 2013, we expanded our Quality Assurance program and approach to facilitate an assessment of overall audit coverage. The approach encompasses all activities of an audit team, including audit plan administration, audits, executive management reporting, issue closure validation, continuous auditing activities and change events (i.e., any activity that has significant impact on the control environment, including, for example, new products and new accounting pronouncements). The Quality Assurance team described above administers the program.
- **Training strategy.** We recently launched a more comprehensive training strategy focused on development of professional skills, technical skills and product knowledge.

Taken together, the company's efforts to simplify and de-risk our business, along with our investments and improvements across the businesses, Oversight & Control, Risk, Finance, Compliance, Legal and Internal Audit represent one of the largest undertakings in our history. The result is an infrastructure and firmwide focus on effective controls beyond what we have done before. These far-reaching steps are the right thing to do for our company. We know we have more work to do, and we recognize the need for continued vigilance to assess and ensure the effectiveness of our controls over time.

IV. OUR CUSTOMER COMMITMENT

OUR CUSTOMER COMMITMENT

We operate through four distinct lines of business with one common goal: serving our customers. Collectively, we work hand in hand with millions of consumers and small businesses, as well as many of the world's most prominent corporate, institutional and government clients, to meet the full breadth of their financial needs. Our work includes:

- Helping individuals and families manage their daily finances and save and invest for the future, from purchasing a new home to funding a college education or retirement
- Supporting the growth and development of small and mid-size businesses, spurring job creation in local markets and building vibrant communities
- Working with corporations to explore strategic options and strengthen their capital position, enabling them to reinvest in their businesses and meet their long-term goals
- Serving institutional investors as they put their capital to work, from local governments investing in infrastructure to pension funds generating returns for their beneficiaries

Each of our businesses focuses on ways to improve the customer experience by offering the products and services customers want and by making it easier for them to do business with us. In this section, we describe some of the specific steps our lines of business have taken.

CONSUMER & COMMUNITY BANKING

Across the company, we believe that when we treat people well, they will want to do more business with us. That is why Consumer & Community Banking (CCB) has focused on defining the keys to a great customer experience. We teach these principles through employee training, we measure our success through customer feedback, and we make sure our products and services keep up with changing customer needs.

The Customer Experience

In 2011, regional and district leaders from our branches came together from across the country to develop a common set of customer service principles, called the Five Keys to a Great Customer Experience. The Five Keys are:

1. Always be courteous and professional
2. Do the right thing
3. Build lasting relationships
4. Own customer issues start to finish
5. Exceed expectations

Our 139,000 employees across CCB – from customer-facing bankers and call center specialists to operations colleagues – embrace these Five Keys to a Great Customer Experience and use them daily in interactions with customers.

Since we introduced the Five Keys, we have become #1 in customer satisfaction among the largest U.S. banks, according to the American Customer Satisfaction Index. We also have substantially improved our J.D. Power customer satisfaction rankings:

- ***In Small Business Banking, we rank #1 in two U.S. regions and #2 in the other two, up from #22 in 2010***
- ***In Mortgage Servicing, we are #2, up from #13 in 2010***
- ***In Credit Card, we are #3 overall***

Implementing front-line employees' advice

We also are seeking more advice from our front-line employees. They interact directly with our customers and know the little and big things we can do to improve the customer's experience. Altogether, employee feedback has generated more than 1,100 improvements to customer service over the past two years, including:

- **Connect and introduce.** When telephone banking specialists need to transfer a call to a colleague better equipped to handle the issue, they drop off the line only after introducing the client, summarizing the issue and asking the customer if he or she is comfortable with the transfer
- **Ask today, see today.** Customers can see updated information, such as a fee refund or a new address, on Chase Online within minutes of requesting changes for checking and savings accounts
- **Get to a human.** Customers calling on the telephone can quickly speak with a banking specialist rather than having to push several buttons

Treating customers fairly

As we work to deliver products and services that offer a consistent and exceptional customer experience, we also recognize that fairness must be the foundation of our relationship with every customer. Indeed, treating customers fairly is a core principle in our Business Principles.

To make sure we live up to this standard, we have laid out principles and procedures to ensure fair treatment of customers; worked to simplify our disclosures, products and services, and operations; and enhanced our efforts to listen and respond to customer feedback.

These efforts have been bolstered by the establishment of a distinct internal Consumer & Community Practices group to advocate for customers and drive simplicity and clarity into our business model. We also have initiated a Customer Communications Council to review servicing letters across CCB and to ensure that both the format and language explain simply, clearly and concisely what the customer needs to know and do.

CCB leadership works to ensure that we adhere to these principles through various forums, including through (1) a complaint forum where CCB leaders review customer complaints and recommend changes and (2) remediation working groups that review technology incidents and product and marketing changes that may have adversely affected customers.

Evolving to serve our customers' changing needs

We want to serve customers in the channels in which they want to be served. Increasingly, that means digital and mobile. Nearly 36 million customers use chase.com regularly, and 18 million people use Chase Mobile. Today, Chase customers make more than half their deposits at an ATM or with a picture of a check taken with a smartphone.

That has changed how customers use our branches – so we have changed how we design and staff them. We have added more ATMs to let customers serve themselves quickly and more bankers to help customers get a mortgage for their home, save for college and retirement or run their small business. To make those conversations more private, we have added additional conference and meeting rooms.

We also continue to upgrade our online and mobile services, providing more information more easily and quickly, as well as tapping into the latest technology, such as Apple Pay. Ultimately, consumers will choose how they want to bank – in person, via online, through their phone or smartphone, or a combination of these options – and with whom. In CCB, we will continue to aim to treat customers well in every interaction we have with them so they will want to do more business with us.

Case study: Mortgage servicing improvements

As one of the United States' largest mortgage lenders, we must have robust policies, processes and procedures relating to foreclosures. Unfortunately, like many in our industry, our practices were not designed to handle the unprecedented increase in volume that occurred as a result of the financial crisis. Looking back, we recognize there were a number of areas that needed enhancement – from sworn document execution (to prevent so-called robo-signing) to governance processes and quality control.

Much of our work has focused on improving our operating model in this area, training our employees, improving our customer communications, enhancing our technology platforms, ensuring sustainability of our programs, and deepening our relationships with our customers, third-party vendors and other key stakeholders. Our goal is to deliver affordable, sustainable and meaningful home preservation assistance by:

- Focusing on earlier intervention to help keep customers in their homes
- Pursuing foreclosure prevention options that provide significant and meaningful relief
- Emphasizing affordable and sustainable outcomes
- Delivering fair assistance across geographic regions and income levels and among protected classes

Foreclosure prevention

- ***Helped prevent nearly 1.1 million foreclosures since 2009***
- ***Completed approximately 623,000 modifications since 2009***

Operating model changes

One of the most important changes we have made is adopting a new operating model that assigns a single point of contact – a Customer Assistance Specialist – to each customer with the key benefit of staying connected to customers when they are having difficulty making their payments. In this way, we can help customers pursue a loan modification program at an early stage of delinquency to avoid foreclosure. Other improvements include:

- Introducing an engagement team to support the Customer Assistance Specialist so team members are able to re-engage customers for faster resolution
- Assigning Customer Assistance Specialists who are specifically focused on Servicemembers Civil Relief Act and bankruptcy customers to provide the degree of specialized knowledge necessary to best support customers facing a financial hardship

Employee training

While an improved operating model is an important first step, we also sought to train our employees better on how to support customers who are having difficulty making payments. We have made great progress in those efforts, including:

- Training more than 33,000 employees who work with customers having difficulty making payments. Nearly 100% of our mortgage banking employees who serve customers facing potential foreclosure have taken part in such a training program
- Adding job-specific courses that are matched to particular customer issues in order to create a high level of expertise by job function
- Centralizing our training function to ensure consistent support across operating divisions
- Creating and enforcing knowledge assessments for all job functions

- Improving processes to ensure Compliance approval of all training materials
- Centralizing training repository and employee learning records storage
- Establishing approximately 30 learning paths for core functional roles, including a manager learning path and semiannual learning path reviews to ensure that training content remains relevant

Customer communications

We also have been enhancing our communications with customers to provide better counseling and more clarity for customers about their options. To improve communications for customers considering ways to prevent foreclosure, we have:

- Improved customer information and education by letting customers know at the outset the options and benefits that may be available to them
- Simplified a forms/documents checklist specific to each customer
- Enhanced customer outreach until application documents are completed
- Established early notification of missing or incomplete documents and frequent status updates

Customer service

With a focus on serving our customers, we have measurably improved our customers' experience. In 2014, we were ranked #2 by J.D. Power in Mortgage Servicing, up from #13 in 2010, and #3 in Mortgage Originations, up from #12 in 2010.

Fairness to customers

We are committed to providing the same fair treatment and quality service through the foreclosure process across geographic regions and income levels. As we have worked through this period of elevated customer payment difficulty, we have worked closely with our Corporate Fair Lending partners to help ensure that the assistance we are offering to customers is fair and equitable. As part of this work, we continue to refine and expand our Fair Lending program to ensure that new policies, procedures and processes are effectively implemented and are in full compliance with fair lending laws. We also track customer outcomes closely to make sure that foreclosure prevention actions are consistent for the overall population.

Technology

As we have discussed throughout this report, one area we are consistently focused on improving is technology. That also is true in our Mortgage business. We have invested more than 220,000 hours of our technology employees' time to improve our Mortgage business, including:

- Deploying a Customer Assistance Specialist model
- Enhancing our loan modification application
- Improving systems that track and manage customer complaints and responses
- Implementing more than a dozen additional technology enhancement projects ranging from data quality, data management and automated exception tracking

These enhancements directly support the new business model, enabling customers to have direct contact with a single point of contact and tailoring communications to present only those foreclosure prevention options that we can offer directly to a customer.

CORPORATE & INVESTMENT BANK

We formed the Corporate & Investment Bank (CIB) in 2012 by combining what previously had been two distinct groups, the Investment Bank and Treasury & Securities Services, to streamline our service to our clients, increase efficiency and better enable client-facing executives to present coordinated, innovative solutions to the world's most prominent corporations, governments and institutions.

Our mission is to help our clients succeed – however they define it, whether they are a growing corporation looking to raise capital or a fund manager seeking to outperform an investment benchmark. With that in mind, we are actively working to elevate our standards and more closely weave together our businesses with a goal of improving our clients' overall experience with us.

Throughout the CIB, many initiatives are underway to provide additional education and training to our 52,000 employees. We have reorganized ourselves to promote increased focus on escalation of issues to enhance our clients' end-to-end experience, while simplifying our business model and investing in technology.

Coordinating better to support clients

In Banking, which unites Corporate Bankers, Treasury Services professionals and Investment Bankers under one umbrella, clients are benefiting from closer connections between the professionals who are in daily contact with them and our Investment Bankers who specialize in strategic advisory services and capital raising. Improving the coordination among these teams helps us gain a more holistic view of our clients' needs and challenges and then draw upon our many products and services to create the right solutions for them. For example, we are providing one multinational industrial company with financing products and services from 14 different groups in support of its business activities in 29 countries around the world.

To help improve the experience of our large institutional investor clients, we have reorganized the way our teams work together to foster greater continuity and accountability – from sales to onboarding, to client service, to operations and technology. Reducing silos, increasing accountability and improving information flow across teams are resulting in fewer errors, greater efficiency and more positive client interactions.

Better coordination among our teams this year helped us provide a prime custody solution for a large alternatives fund run by a global asset manager. Working in close partnership, the team successfully migrated the fund to our platform with minimal disruption despite the complexity of the fund's product suite and the multiple functions and regions involved.

Strengthening our client-centered culture

Clients always have been at the center of our business, and reinforcing a strong, client-centered culture is a top priority for us. Identifying issues early and appropriately escalating concerns keep smaller problems from becoming big ones and also results in better client service.

As mentioned on page 33, as part of our effort to ensure a robust dialogue with employees and make sure they understand the letter and spirit of what is expected of them, the leadership of Legal, Sales and Trading developed a program this year to promote enhanced information sharing and trading practices for Sales and Trading personnel. This mandatory program provided specific guidelines around general information flow, trading information and chats, as well as increased awareness around potential areas of concern.

Furthermore, we have expanded a Culture and Conduct program to include all of our CIB businesses globally. This effort involves an assessment of conduct risks, mitigation plans across those risks, metrics and training. Senior leaders in each line of business have hosted focus groups about our culture, including what we do well and what we can improve, as well as controls and key drivers of behavior. Importantly, we included more junior employees in this program to bridge the gap that can exist between senior and junior team members.

Conflicts management is a cornerstone of our client-centered approach to business, and we consider it part of everyone's job to help identify and mitigate potential conflicts of interest. We start with robust policies and procedures, which we adapt over time to address developments as our businesses grow and evolve. Because conflicts differ considerably across the lines of businesses, multiple complementary control groups, including our Conflicts Office, Legal and Compliance, as well as Oversight & Control, work closely with our business executives to identify and manage the conflicts that arise, both real and perceived.

The CIB provided credit and raised capital for clients of more than $1.5 trillion in 2013. Of that, $65 billion was raised on behalf of states, local governments, school districts and nonprofits, providing them with necessary funds to build schools, roads and college facilities and to support other infrastructure projects.

Streamlining with technology

Technology is the backbone of our business, and in the last five years, our company has spent roughly 8%-9% of total revenue on improving our capabilities. In the CIB, the investments we are making are designed not only to improve our security, performance and efficiency but to make it easier for clients to do business with us. As part of our effort to create a more modular business and technology architecture, we have implemented front-to-back architecture and operating model reviews across select businesses to improve client service, optimize process flows, integrate infrastructure and simplify how we operate. This year alone, we are on track to decommission more than 200 different applications and over 5,000 servers.

These investments also are creating tangible benefits for clients. In early 2013, our Markets & Investor Services businesses rolled out our new client-facing platform, J.P. Morgan Markets. Since then, we have consolidated nearly 50 different applications, including research, pre-trade analytics, trade execution, trade status and limits, portfolio reporting and margins, and collateral management functions on the new platform. More than 100,000 institutional client users now are using this enhanced platform, reducing the need for multiple log-ins and benefiting from a more consistent experience across different businesses and functions.

In addition, we have placed a priority on the controls around our electronic trading technology, resulting in a review of high-priority controls and implementation of additional protections.

Simplifying businesses and increasing transparency

Within the CIB, we have taken a multi-faceted approach to simplifying our business and increasing transparency to help clients better understand what we do and make more informed decisions. In some cases, we have streamlined, rationalized or exited businesses in order to focus on the core activities that are most important to our clients. This includes scaling back relationships and tightening controls in correspondent banking, exiting much of our physical commodities business and selling the Global Special Opportunities Group portfolio (our dedicated principal investment arm). At the same time, we are investing in technology and infrastructure in support of core businesses like prime brokerage, custody, and electronic trading for equities and fixed income.

At a more granular level, we have taken a number of steps to help our clients better understand the structure, pricing and behavior of different products. Specifically, for certain structured products, we have implemented more stringent quality standards and have upgraded our models and analytics to improve our clients' ability to understand how these instruments perform under different conditions. We also have enhanced the consistency and transparency of disclosure around the pricing of certain structured products and increased transparency of quotations for various over-the-counter derivatives, enabling clients to make more informed decisions.

Our top priority within the CIB remains helping our clients achieve their objectives by providing the best possible advice and products. With the continued energy and commitment of our employees, we continually strive to earn our clients' business and set new standards for their success.

COMMERCIAL BANKING

Like all of our businesses, Commercial Banking is continually asking how we can be better and how we can make the experience of banking with us more rewarding for our clients. This helps us maintain a long-term relationship with our clients. A number of key improvements we have made over the past years are helping us drive toward these goals.

Partnership drives more comprehensive client solutions

Commercial Banking's many natural touch points with the company's other lines of business enable us to deliver more complete solutions to clients. Our efforts to work together across businesses are especially evident when looking at the level of business partnership and volume of clients that engage with multiple businesses:

- Working alongside the Corporate & Investment Bank, last year Commercial Banking participated in 833 financing transactions, including 31 initial public offerings, and advised clients on 67 merger and acquisition transactions.
- More than 80% of Commercial Banking clients use Treasury Services products to help manage their business more efficiently.
- Commercial Banking clients used Chase branches nearly 18 million times last year. Increasingly, clients use our commercial cards and merchant processing service, and we see an opportunity to bring specialized payments solutions to even more clients.

Providing customized solutions through dedicated, local experts

During the last several years, we have increased our focus on finding the right solutions for clients by using our broad-based product set. Whether our clients need to raise capital, purchase new equipment or open a line of credit to manage day-to-day operations, we have the resources to help:

- We have a large team of business professionals who specialize in investment banking, asset-based lending, syndicated finance, equipment finance, treasury services, enterprise value/cash flow lending and Employee Stock Ownership Plan transactions. They partner with our local bankers to bring customized, comprehensive and appropriate solutions to the marketplace.
- We have been building industry groups across Commercial Banking so clients can benefit from the specialty knowledge of our industry experts while continuing to receive local delivery and service. These groups include technology, oil and gas, food and beverage, and media and entertainment, among others.
- We continue to expand into new markets and add bankers and credit and treasury professionals to provide more local delivery. Since 2006, we have successfully entered 16 major new markets across the country.

Commercial Banking was recognized with Greenwich Associates' 2013 Excellence Awards in:

- ***Middle Market – Online Services, International Service and Treasury Management***
- ***Mid-Corporate Banking – Investment Banking and International Service***

Listening to our clients' feedback

We regularly survey our Commercial Banking clients to give them an opportunity to provide feedback on what we are doing well and where we can improve. Areas covered include our coverage model, expertise, products, client service and implementations. The results are shared directly with senior managers who use the feedback to make changes to improve the overall client experience. We recently made the following changes based on client feedback:

- Enhancement of our client portal to give real-time information on the status of wire transfers
- Development of an online dashboard that clients can access to monitor system performance, including planned system outages
- Tracking of employee interactions with clients to see that we are treating clients the right way and with professionalism. As a result, we have seen significant improvements in our client satisfaction scores during the last two years

Improving the client experience through technology and training

We have added more than 1,500 employees across the business over the past three years and invested hundreds of millions of dollars in technology to improve our clients' experience. We also have created new support teams to allow bankers and client service professionals to spend more direct time with clients. For example, over the past several years, we have:

- Added employees to focus on improving the client experience when implementing a new product or service
- Invested and upgraded our automated origination, processing, underwriting, closing and documentation system that supports our industry-leading multi-family lending business
- Assembled a firmwide team to simplify the documentation we ask of our clients that have relationships with multiple lines of business
- Established an initiative to improve our client communications materials to be clearer and simpler
- Created new Senior Project Manager positions to support our clients' complex implementations
- Added dedicated employees to help clients navigate our onboarding process, especially given the significant increase in required due diligence
- Provided additional training and communications to improve our employees' awareness and understanding of the risk and control environment, as well as the importance of protecting client information

ASSET MANAGEMENT

Managing money for clients is the core of the Asset Management business. In addition to delivering strong investment performance, we recognize that effective money management requires a focus on client education, as well as specialized expertise and solutions in the areas that are most important to our clients.

Educating clients and sharing our insights

A key part of our advisors' jobs is keeping clients well-informed – whether they are individuals, institutions or financial advisors. Our advisors start each week with a Monday morning meeting to discuss worldwide events in markets, economies and governments and the resulting implications for clients and their portfolios.

One of Asset Management's leading educational publications is *Eye on the Market*, which features insights and commentary from Asset Management's Chairman of Market & Investment Strategy on news and trends shaping the markets and economy. Initially created for private clients, during the past three years we developed a version customized for institutional clients as well. Today, approximately 55,000 clients and prospective clients across our Investment and Global Wealth Management businesses receive each edition of *Eye on the Market*.

In addition, we developed a Market Insights program to keep our financial intermediary clients – and their clients – informed about market developments (e.g., through the *Guide to the Markets* publication). We have worked to tailor our insights to different regions and client segments, with the goal of helping all our clients better understand markets and investing – opportunities and risks – in order to help clients achieve the best possible outcomes.

The program's *Guide to the Markets* publication, which began in the United States a decade ago and was issued quarterly, expanded over the last two years to Asia, Europe and Latin America and now is being updated monthly.

Planning for important life events

One of the primary life events investors save for is retirement. In fact, retirement is the #1 savings and investing goal of Americans. In Asset Management, we are dedicated to partnering with plan sponsors, advisors and individuals to help them focus on improving retirement outcomes. To this end, we leverage the best thinking across the company to inform the development of insights, solutions and tools that we share with clients:

At year-end 2013, 241 of our mutual funds were ranked four or five stars by Morningstar, and 80% of all our assets were in the first or second performance quartile over the 10-year period.

- *Guide to Retirement* is an educational program created in 2009 to help financial advisors simplify the retirement planning conversations they have with clients. It focuses on three key retirement planning topics – saving, spending and investing – with concepts illustrated by colorful, easy-to-understand charts and graphs. This year, we distributed over 50,000 printed books through more than 12,000 financial advisors. We continually have enhanced the program over the years, deepening content, developing discussion guides for advisors to use with clients, creating a digital interactive version, adding quarterly client webcasts and, more recently, offering an iPad app version.
- For our SmartRetirement target date funds, we developed a glide path incorporating extensive research from actual participant behavior. One of our major initiatives last year focused on helping the marketplace better understand the role of target date funds within retirement plans and how we manage risk along the target date glide path. In addition, we have taken this model overseas and expanded into the United Kingdom to meet client demand.
- Target Date Compass was the first tool of its kind to use a standardized, systematic process for evaluating and selecting target date funds for a retirement plan's investment lineup. Since its launch in 2009, the tool has been used by plan sponsors and financial advisors to make informed investment decisions and help satisfy their fiduciary responsibilities. Earlier this year, we launched version 2.0, featuring enhanced functionality and analytics and enabling thousands of our clients to generate more than 5,500 reports.

Extending credit to support clients

We recognize that, for many clients, lending solutions are just as important as investment ideas. Credit can help a family purchase a new home or an entrepreneur invest in a business venture, which, in turn, supports the local economy. Over the past several years, Asset Management's Global Wealth Management business has renewed its focus on advising clients on both sides of their balance sheets to provide more complete solutions:

- Our more than 100 capital advisors in 12 countries sit side by side with our bankers and investors to advise clients on using credit effectively. Advice has evolved to include areas of particular importance in a low-rate environment, such as mitigating interest rate risk and right-sizing leverage use.
- In mortgages, this year we decreased the average time it takes to go from completing an application to being cleared to close by 15% (through October 2014). We also have expanded our menu of investment property mortgage offerings to all amortizing products, made them available in all U.S. states and simplified their pricing structure.
- We have expanded our financing focus to respond to specific market demands, including lending onshore in Brazil and in the Asia and U.K. high-net-worth segments.
- We offered clients increased borrowing clarity with the introduction of a Global Lending Value Engine that uses market data to generate lending values for equity, fixed income, mutual funds and structured products.

Strengthening the fiduciary framework

In Asset Management, we act as a fiduciary in a number of ways: as a trustee for individuals and families, as a discretionary investment advisor for individuals, as an investment advisor to mutual funds and as a trustee of commingled funds. That comes with a responsibility to treat clients fairly, manage conflicts of interest, act prudently and provide transparency in our disclosures.

To share a few examples of how we've strengthened our commitment to these responsibilities, we have:

- Added staff members in several areas, including our trusts and estates business, who have specific fiduciary expertise and experience
- Separated responsibilities among team members to provide increased checks and balances
- Updated our systems to automate account reviews as appropriate

Given the fiduciary nature of many of its businesses, Asset Management has played a lead role in strengthening the company's fiduciary framework. These efforts include broadening the scope of how we look at fiduciary activities across the company and establishing more consistent governance standards for our businesses.

Specifically, in December 2013, the company created a Firmwide Fiduciary Risk Committee that provides a forum for discussing issues, risks and developments related to fiduciary activities. The committee provides a forum for risk matters related to the company's fiduciary activities and oversees the firmwide fiduciary risk governance framework, which supports the consistent identification and escalation of fiduciary risk matters by the relevant lines of business or corporate functions responsible for managing fiduciary activities. The committee escalates significant issues to the Firmwide Risk Committee, the Board of Directors' Risk Policy Committee and Audit Committee, and any other committee considered appropriate.

V. OUR RELATIONSHIPS WITH REGULATORS, SHAREHOLDERS AND COMMUNITIES

OUR RELATIONSHIPS WITH REGULATORS, SHAREHOLDERS AND COMMUNITIES

The service we provide our customers is only part of the value our company seeks to create. As a global financial institution, we have the opportunity and obligation to contribute to a well-functioning global financial system, deliver a fair return to our shareholders, and make a positive contribution to the people and institutions that are affected by our businesses.

Making these contributions requires deep and sustained engagement with many parties, particularly our regulators, shareholders and nonprofit partners. Over the past several years, we have been diligently working to enhance our relationships with these parties. This section describes some of the actions we have taken.

REGULATORS

We are committed to being transparent and responsive in our extensive interactions with our regulators. That means consistently providing them with complete, accurate and timely information and maintaining an open, ongoing dialogue.

We seek to achieve this goal in three ways:

- Integrating a regulatory mindset into our business, as demonstrated by our control agenda
- Expanding the engagement of our senior leaders with our regulators
- Increasing the frequency and quality of our interactions with regulators across the enterprise

A regulatory mindset

Satisfying the letter and spirit of the law requires that we understand all legal and regulatory requirements and have a culture and infrastructure that emphasizes compliance and issue escalation and remediation. This underpins the efforts described throughout this report to take proactive steps to meet or exceed our regulators' expectations.

Our lines of business are the first line of defense. By making effective controls an integral part of our routine business practices and then also having effective checks and balances in place, we can address many issues before they become larger problems. We also can engage regulators in constructive dialogue as we design appropriate adjustments and remediation plans.

Our regulatory mindset includes the following guiding principles:

- Instilling across our company a culture of transparency with our regulators
- Investing in our risk and control agenda technology to enable us to have the proper data capabilities to proactively identify problems in the early stages

- Monitoring our culture, operations, infrastructure, processes, policies and procedures so that they result in businesses that fully comply with the spirit and letter of regulatory requirements, in line with our own and our regulators' expectations
- Escalating issues as they arise and working with our regulators in addressing these issues
- Automating manual processes and reducing complexity
- Delivering messages from the top of our company that compliance with our regulators' requests and requirements is our priority

The Operating Committee regularly reinforces our regulatory mindset to our employees. A recent memo to all employees, signed by every member of the Operating Committee, set forth the company's expectations around regulatory engagement, including the following:

- "If a regulator asks for information, it is incumbent upon each of us to respond in a timely fashion and to follow established protocols."
- "When providing information to our regulators, we must ensure the information we're providing is accurate. This means checking – and rechecking – reports before sending. [...] If we are unclear about a request, or feel there may be additional or alternative information which may be pertinent to what the regulator is asking for, we should engage our regulators in a discussion to address [the request] proactively."
- "Escalate problems early so we can bring more resources to bear on solving them, including engaging our regulators as appropriate."
- "Don't assume someone else is taking care of fixing a problem. [...] And if the problem might be an issue in another line of business, make sure the right people are informed."

Leadership engagement

Our senior leaders committed an even more significant amount of their time to meeting with our regulators in 2013 and 2014. Such frequent interaction helps us hear firsthand what regulators are focused on and gives us a forum for keeping them well-informed on what is happening in our businesses. We discuss key regulatory matters and business updates in a number of forums:

- **Board of Directors engagement.** Our primary U.S. regulators meet with various Board committees, regularly receive meeting materials and minutes, and meet with individual Board members to discuss regulators' expectations on effective Board oversight. During 2013-2014, our independent Board members met with our primary U.S. regulators, the Board of Governors of the Federal Reserve System (the Federal Reserve), the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC), as well as the U.S. Securities and Exchange Commission (SEC) and the Consumer Financial Protection Bureau (CFPB). Certain Board members also met with international regulators, including the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the United Kingdom; the Federal Financial Supervisory Authority in Germany; the Hong Kong Monetary Authority (HKMA); the China Banking Regulatory Commission in Beijing; and the Monetary Authority of Singapore (MAS).

- **Chairman and CEO engagement.** Our Chairman and CEO holds a monthly meeting with senior examiners from the OCC, the Federal Reserve and the FDIC and also meets frequently with the CFPB, among others. In 2013-2014, our Chairman and CEO met with regulators from all regions in which the company operates, including Asia Pacific (APAC), Europe, Middle East and Africa (EMEA) and Latin America (LatAm). International regulatory meetings have occurred regularly since 2013, including meetings with representatives from the PRA and FCA, HKMA, European Commission, French Treasury, Japanese Ministry of Finance and Australian Treasury.
- **Senior management engagement.** From the beginning of 2013 through the third quarter of 2014, members of our Operating Committee and their direct reports have had more than 1,300 meetings with regulators. Our line of business CEOs, Chief Administrative Officer, Chief Financial Officer, Chief Risk Officer and General Counsel meet with domestic and international regulators, such as the OCC, Federal Reserve, FDIC, PRA, CFPB and SEC (among others), often in standing monthly, quarterly or semi-annual meetings. For example, our Chief Operating Officer meets with regulators from the OCC, Federal Reserve and FDIC monthly to ensure that they have access to the information they need. In addition, in 2013-2014, our Chief Operating Officer met with regulators from the APAC, EMEA and LatAm regions. International regulatory meetings occur regularly among senior management, including meetings with representatives from the Japanese Financial Services Agency, HKMA, MAS, PRA and U.K. Treasury.

Enhanced communications

Across the enterprise, our businesses and control functions engage with our regulators in multiple ways: through exams and continuous monitoring, regular meetings and ad hoc requests. We share regular reports with regulators, give them access to our systems and our people, and proactively seek feedback as to whether or not they are getting the right level and frequency of information.

To put the level of engagement with our regulators in context:

- We have more than 250 banking, securities and commodities regulators overseeing our business globally.
- We have approximately 150 permanent on-site individual examiners from our primary U.S. regulators.
- More than 380 regulatory exams were initiated globally in 2013.
- On an annual basis, more than 1,000 unique reports are regularly provided to one or more of our regulators around the globe.
- In an average month, more than 1,000 documents are delivered to the OCC and the Federal Reserve through a dedicated portal – including the key reports we use to manage our businesses.
- More than 800 employees regularly interact with our regulators around the globe.

As described above and in our regulatory filings, in recent years the company has entered into several regulatory orders with its banking regulators, a Deferred Prosecution Agreement with the U.S. Attorney's Office for the Southern District of New York and settlements of enforcement actions with various governmental agencies. In addition, ongoing regulatory examinations have resulted in regulatory direction to address issues. We are not only obligated to address such issues but are committed to doing so. The actions we have described in this report are steps in that process.

SHAREHOLDERS

Our shareholders are diverse in every respect – large and small; institutions and individuals; active traders and long-term holders; stock pickers and indexed investors; U.S. and international. Some of our shareholders invest with a focus on social responsibility, while others are concerned solely with investment returns. As a company, it is our responsibility to adhere to our core principles by treating all our shareholders equally and balancing their diverse interests and expectations.

Toward that end, over the past years, we have focused on improving our engagement with our shareholders on a number of fronts: enhanced communications, improved responsiveness to shareholder feedback, clearer disclosure documents and increased shareholder-director engagement.

Leadership engagement

In 2014, the Board endorsed the Shareholder-Director Exchange (SDX) Protocol as a guide for effective, mutually beneficial engagement between shareholders and directors. The SDX Protocol was created by a group of leading independent directors along with representatives from a number of institutional investors.

Central to the SDX Protocol is the belief that all parties must enter discussions willing to listen and to take action in response to valid concerns or explain why no action is being taken. The SDX Protocol focuses on long-term value creation and is intended to supplement existing Investor Relations efforts.

In addition, after each of our company's quarterly earnings calls, we provide investor feedback to the Board so it is aware of topics of particular interest to the company's shareholders, along with any shareholder recommendations or requests.

Enhanced communications

Engagement and transparency with our shareholders help the company gain useful feedback to better tailor the public information we provide to address the interests and inquiries of our shareholders.

We interact and communicate with shareholders through a number of forums, including our quarterly earnings presentations, SEC filings, Annual Report and proxy statement, annual meeting, investor conferences and web communications. In 2013, we launched an expanded shareholder outreach program, with the goal of covering a wider array of topics with a broader group of shareholders. We conduct a formal shareholder outreach program twice a year, with fall meetings focused on corporate governance and spring discussions focused on issues related to the proxy statement. After each of these outreach programs, we provide investor feedback to the Board. Our recent outreach efforts consisted of the following:

- We hosted approximately 90 shareholder outreach meetings and calls in 2014, an increase of more than 50% from 2012.
- We met with shareholders representing approximately 40% of our outstanding stock during the fall of 2014 alone compared with approximately 20% in the fall of 2012.
- Members of senior management presented at 14 investor conferences in 2014, doubling participation compared with 2012.
- We held six investor trips in 2014, including international investor trips to Asia, Europe and Latin America.

Responsiveness to shareholder feedback

Feedback is effective only if you consider it thoughtfully and seriously and are willing to act on it if appropriate. Many of the steps we have taken to improve our governance and controls that have been discussed earlier in this report are consistent with shareholder input. For example, in response to shareholder feedback, the Board:

- Added two directors with experience in risk management and the financial services industry
- Adopted changes to its Corporate Governance Principles to codify the independence of our Board's leadership

Shareholder feedback also has led us to create more opportunities for a broader shareholder base to interact with our senior management. At the company's 2014 investor conferences, in addition to hearing from the company's CEO, shareholders heard business updates from the CEOs of Consumer & Community Banking, the Corporate & Investment Bank, Commercial Banking and Asset Management, the Chief Financial Officer of Consumer & Community Banking and the company's Chief Information Officer. And, as noted in the introduction, this report is itself a response to feedback from one of our valued shareholder groups.

All these changes reflect our commitment to taking seriously the feedback we receive. The most recent feedback from our shareholders tells us that we are moving in the right direction. In a survey of Investor Day attendees, nearly 90% of participants reported that they found Investor Day either "valuable" or "extremely valuable." More than half of the survey participants indicated that the event changed their perception of the company's future prospects for the better.

Expanded accessibility of shareholder disclosures

One area in which we have worked hard to improve is making our public documents more user friendly, easier to understand and more accessible to the company's entire range of shareholders. We have found that seemingly minor changes, such as presenting information in a graphic rather than in a purely textual format, have a major impact on our shareholders' ability to effectively use the information we provide. For example, we modified the structure and content of our proxy statement in 2014 to simplify it and more clearly present the issues, actions being called for and available options. One such modification involved adding a Compensation Disclosure & Analysis Road Map to the compensation discussion to assist shareholders in understanding and assessing the alignment between our company's performance and our pay practices.

COMMUNITIES

We believe our company has a responsibility to be part of the solution to the most pressing economic, environmental and social challenges – not only because it is 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. We can help make a difference by leveraging the skills, technology, data and expertise we use to drive our own business to meet these global challenges. But we know 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 essential.

Core to our approach is our work with civic and nonprofit leaders who have a deep history in and knowledge of their communities, as well as with groups that have substantive expertise on a range of economic, environmental and social issues. These partnerships strengthen our relationships with our communities and make our company stronger and better informed. They also help us develop products, services and policies that are responsive to the needs of our communities. We need to both understand our communities' perspectives and clearly communicate with them about our strategy, practices and performance.

Our company works to strengthen our communities through our core lending activities, as well as through unique initiatives that we have designed to meet the central economic challenges of our communities, from preparing a workforce to thrive in the global economy to expanding private capital investment in conservation.

Growing small businesses

When we help our clients succeed, they, in turn, generate the jobs, small business growth and other economic activity upon which our economy depends. While we are committed to serving all our business clients, one area of particular focus is the work we do to help small businesses acquire the capital, expertise and other resources needed in order to grow. Small businesses are the cornerstone of local communities, creating jobs and spurring innovation.

We also are working to help bolster the support systems that small businesses need in order to thrive. In 2014, we launched Small Business Forward, a $30 million, five-year grant program to connect small businesses and entrepreneurs with critical resources to help their companies grow, create jobs and strengthen communities. Through this initiative, our company is funding nonprofit organizations that work with small businesses concentrated in a single sector – such as health, clean technology, interactive media or advanced manufacturing – and help them access capital, management training, skilled workers, supply chains, facilities and new markets.

We provided $19 billion in new credit to U.S. small businesses during 2013 and have been the nation's #1 Small Business Administration lender to women- and minority-owned businesses three years in a row.

Financing governments and promoting global competitiveness

The world's governments, central banks, sovereign investors, multilateral institutions, public pension funds, national development banks and other public institutions place their confidence in us to manage their financial assets or liabilities, raise capital, hedge financial risks, or capture efficiencies in making payments or collecting revenue. We work with more than 550 public sector entities in 130 countries worldwide, helping them to fulfill vital public mandates every day through the effective management of their financial affairs. In the United States, state and local governments place their confidence in our expertise on issues ranging from planning and development to tax processing, utilities, finance, procurement, public safety and disaster relief. In 2013, we raised capital and provided credit totaling $79 billion for nonprofit and government entities, including states, municipalities, hospitals and universities. Through the third quarter of 2014, this number reached $59 billion of credit and capital.

We also work to equip metropolitan and city leaders with the practical knowledge, policy ideas and networks that can be used to make their regions more competitive in the global marketplace. The Global Cities Initiative, a joint project of JPMorgan Chase and the Brookings Institution, aims to help metropolitan areas use global trade and engagement to grow their economies and create jobs.

In 2013, in an effort to transform knowledge about global trade and investment into local action, the Global Cities Initiative launched the Global Cities Exchange. The exchange is guiding a network of economic development practitioners in cities around the world to develop and implement actionable strategies to enhance global trade and forge partnerships among global metropolitan areas.

Strengthening workforce readiness and closing the skills gap

While unemployment rates remain high in communities around the world, many employers are having trouble finding workers who are trained for the jobs that are available. This shortage of workers with the skills that employers are demanding is due, in part, to a lack of alignment between workforce training programs and the needs of local employers.

New Skills at Work is a $250 million, five-year program to inform and accelerate efforts to train people for the skilled jobs of the 21st century. Through New Skills at Work, we are conducting research aimed at identifying the skills gaps that exist in markets across the United States and in select countries in Europe. We also are funding best-in-class nonprofit programs with demonstrated success in training workers for high-demand jobs. And we are convening leaders from across sectors to discuss ways to strengthen workforce readiness systems, based on the best evidence and learnings.

Investing in Detroit

The city of Detroit faces serious challenges, but the seeds of a remarkable turnaround are underway. Our company has been doing business in Detroit for more than 80 years, and we are committed to the city's economic recovery. In 2014, we made a $100 million, five-year commitment to accelerate the city's efforts to regain its economic strength with a comprehensive strategy focused on revitalizing Detroit's neighborhoods, investing in the infrastructure that supports economic growth, reducing blight, strengthening the city's workforce, and growing small businesses.

This effort was developed based on extensive consultations with Detroit's government and community leaders and provides not only long-term financial support but also the expertise of our employees in supporting the organizations that are working to address the city's most pressing challenges.

Promoting financial capability

Across the United States and around the world, many people lack the tools and resources to manage their daily financial lives, whether for unexpected emergencies or to plan for the future. The Financial Solutions Lab (the Lab), which we helped create with a $30 million grant to the Center for Financial Services Innovation, is designed to uncover and share research-driven insights to identify the most pressing financial challenges faced by low- and moderate-income consumers. In 2015, the Lab will launch a competition for social entrepreneurs to identify technology-enabled innovations that help people increase savings, improve credit and build assets. The Lab also will provide seed funding for potential breakthrough tools and services to help families better manage household finances.

Advancing investment in conservation

There is a growing need to maximize the pace, scale and effectiveness of efforts to protect natural ecosystems — along with the cities and communities that rely on them. JPMorgan Chase and The Nature Conservancy designed NatureVest to create new opportunities for private sector investment of capital in conservation projects. NatureVest will foster ways to advance investment in conservation by convening investors; developing and executing innovative financial transactions; and building an investment pipeline across multiple sectors, including agriculture, fisheries and environmental markets.

Engaging employees to strengthen communities

We have a tremendous opportunity to harness our employees' passion for giving back to the communities where they live and work. Each year, we strive to provide our employees with meaningful and needed volunteer opportunities that help the nonprofits whose vitality strengthens our communities. In 2013, more than 47,000 employee volunteers provided over 540,000 hours of volunteer service and organized close to 2,200 volunteer events globally.

We also know that the expertise of our employees around the world is our most valuable resource. To help build the capacity of our nonprofit partners and provide our employees with a broader menu of service opportunities that develop leadership skills, we are expanding our skills-based volunteer programs, where we match the skills of our people with the specific needs of local nonprofits. In November 2014, we deployed a dozen of our employees to work in Detroit full time for several weeks on specific projects identified as priorities by four of our nonprofit partners.

Organizational improvements

In 2013, to improve the efficiency and impact of our work, we conducted an extensive evaluation of our approach to working with nonprofits at the local, regional and national levels. As a result of our findings, we established a new Office of Nonprofit Engagement (ONE) to coordinate partnerships across all our lines of business, strengthen our relationships with current nonprofit partners, identify new partnership opportunities and serve as a single point of contact for community development nonprofits seeking to engage the company.

Through ONE, we increased the number of regional community relations managers, based throughout the United States. Their role is to work closely with nonprofits and think creatively about the value we can build through new and expanded partnerships. We also are expanding our work with national nonprofit organizations focused on low- and moderate-income community development.

Our deep and sustained engagement with those we serve allows us to develop the strategies, programs and policies that help us toward making a difference every single day. Over the past years, we have greatly enhanced that engagement, which has yielded significant improvements in how we serve and support our clients, customers and the communities in which we operate. Going forward, we intend to build on that foundation, recognizing that there always is more we can do to deliver a positive impact.

VI. A CONTINUING EFFORT

A CONTINUING EFFORT

The actions described in this report reflect a company that is committed to improving. These efforts have been as much about looking to the future as they have been about reflecting on the past. As such, our examination has given us insights that will both help us do business the right way today and prepare for challenges that may lie ahead.

The lessons we have learned over the past several years reinforce the importance of having outstanding people and a strong culture. Our senior management team, with support and engagement from the Board of Directors, has focused on setting the right tone from the top by clearly communicating our corporate standards to our employees. Through our Business Principles, that tone echoes through everything we do and is delivered to our people at each stage of the employee life cycle – from new hire training to how we reward employees for doing the right thing. This helps our people internalize the company's values, show up at work each day committed to living our mission and adhering to our Business Principles.

Our employees are our front line in serving our customers, and they also are our front line in protecting the company. We recognize that they must be supported by a well-functioning control environment. The enhancements we have made around governance and policies and our investments in people and technology have been unprecedented in our company's history. While these efforts are ongoing, we believe their scale and breadth demonstrate our commitment to getting it right.

With outstanding people and well-functioning controls, our businesses can focus on what they do best: serving customers. Each of our businesses continues to enhance its customer experience by offering new products and solutions, expanding into new geographies, and improving existing capabilities and processes.

We hope that, through the open information sharing embodied throughout this report, our shareholders and others will see what our people see each day: Our company is working hard to meet the needs of our customers; live up to the expectations of our regulators, shareholders and the communities we serve; and continue the steps that will enable the company to stand the test of time.

We have changed a lot and learned even more as a result of the efforts described in this report. We are dedicated to making this process of self-examination and improvement a part of our business-as-usual operations to support our goal to live up to our guiding principle – to do "only first-class business and that in a first-class way."

VII. APPENDIX

OUR BUSINESS PRINCIPLES:

EXCEPTIONAL CLIENT SERVICE

1. We focus on the customer

We must remember that we are in business for one reason: to serve our clients. Our job is to always do right by them and consistently strive not only to meet their needs but also to exceed their expectations and continually make it easy for clients to do business with us. JPMorgan Chase builds for the long term, and we are not a fair weather friend. Clients, communities and countries want to know we are going to be there for them in good times and, more important, when times are tough. Europe is an example of where we have applied this philosophy. When Greece, Ireland, Italy, Portugal and Spain got into trouble over the past few years, we made the decision to stay the course (even though under terrible scenarios, we could have lost $5 billion or more). But we have been doing business with clients in those countries, in some cases, for more than a hundred years. We needed to help them in their time of trouble – and we did – and we'll do so again in the future if the need arises. We hope to be doing business in that part of the world for decades to come.

2. We are field and client driven; we operate at the local level

True customer orientation means acting in the customer's best interest – not once in a while but all the time. This means offering outstanding products and services and being helpful, courteous and quick to follow up. It also requires adopting an outward – not an inward – focus and responding to the competition. We need to be keenly aware of the competitive landscape and be swift to act. The field – where our employees are closest to the customer – should drive this process with the ample resources and authority to be the best at serving customers. Our strength resides in the field.

3. We build world-class franchises, investing for the long term, to serve our clients

A mark of an exceptional company is its ability to serve its clients and outperform its competitors over a sustained period of time, regardless of economic conditions. Any company can improve earnings in the short run by taking on additional risk or cutting back on investments. But it may be the kind of growth one comes to regret. At JPMorgan Chase, our obligation is to build a company that can thrive in any environment. To achieve these results, we must provide our customers with a broad, complete and high-quality set of products and services while leveraging the benefits and efficiency that come with scale. In addition, we must demonstrate our ability to grow both from within (e.g., new products, market share gains) and by acquisition. Finally, we must demonstrate that the whole is greater than the sum of the parts. Each business fuels and complements the others, providing substantial competitive advantages and great global brands.

OPERATIONAL EXCELLENCE

4. We set the highest standards of performance

It is up to each company, each leadership team and each individual to set their own standards of performance. Ours will be the highest. We will never shy away from comparing ourselves with the best companies, knowing that we may come up short. Striving to be the best is what motivates us to seek continual improvement. In addition, we will remember that individual performance isn't always easy to judge. Managers responsible for a business must evaluate individuals along a spectrum of factors. Did these leaders act with integrity? Did these managers hire and train good people? Did these managers build the systems and products that will strengthen the company, not just during the current year but for future years? Did these managers develop real management teams? In essence, are managers building something with sustainable, long-term value? Making these determinations requires courage and judgment.

5. We demand financial rigor and risk discipline; we will always maintain a fortress balance sheet

Financial discipline is the bedrock of a healthy and growing company, particularly a financial institution. Sound accounting standards, transparent public reporting and excellent management information systems all lead to high-quality earnings that are recurring and predictable in nature, yield high returns on capital, produce good margins and provide reasonable risk relative to the capital deployed. Financial discipline must be matched with superior – not just average – risk management. If we properly manage risk, we should get a good return through the cycle, not just during the good times. We must consider walking away from business where we cannot see a fair return over the cycle. This may slow short-term growth, but it underscores our commitment to grow in a sustainable way. It is a tradeoff we always will be prepared to make. An unquestionably strong – or fortress – balance sheet is critical to managing our businesses. Having appropriate reserves, strong capital ratios and high credit ratings allows us to withstand difficult events. It gives us the flexibility to deploy our capital as we see fit – such as increasing our dividends, buying back stock, investing in our businesses, making acquisitions or simply conserving our capital. We will deploy our capital wisely and will keep in mind our shareholders' best interests. This is one of our most important goals. And to maintain our fortress balance sheet, we must thoroughly understand all our assets and liabilities; make sure that someone is accountable for them; use sound, economically appropriate accounting; and have strong controls.

6. We strive for the best internal governance and controls

Good internal governance is essential to effective management. It ties together all our businesses worldwide with a common set of rules, expectations and oversight activities. These help safeguard our reputation, which we believe is one of our most important assets, and align the company's performance with the best interests of our shareholders. We are committed to having controls that are second to none. We continually work to build a culture that encourages and rewards sound risk management, with a transparent framework that penetrates every aspect of our business at every level. We want the public, the regulators and our shareholders to have confidence that we are the safest and soundest bank on the planet.

7. We act and think like owners and partners

We want our employees to think and act like owners by having a stake in our financial performance and by participating in a compensation structure that is fair and performance based. Big companies need entrepreneurs and innovators – and people need to know that it is acceptable to try even if they don't succeed. Bureaucracy, silos and politics are the bane of large corporations and must be combated vigorously and continually. While appropriate rules and procedures are critically important to the control and discipline of an organization, unnecessary rules create bureaucracy. By destroying initiative, stifling creativity and undermining accountability, bureaucracy makes it hard for people to do a good job and for managers to manage well.

8. We strive to build and maintain the best, most efficient systems and operations

Profitable companies consistently build the best infrastructure. They strive to create the best systems and operations so they can meet their customers' needs and exceed service expectations. To that end, we must be a lean and efficient producer. It is not just about cutting costs. Great performance requires spending more and getting more from every dollar we allocate. It is irresponsible to waste our valuable resources on expenditures that have nothing to do with better serving our clients. We believe technology and efficient operations are critical in the financial services business. We must relentlessly focus on integrating and upgrading technology and on aggressively consolidating, streamlining and standardizing our operations, all of which help to push decision making and authority to the field. We need to continually strive to give our customers more – better, faster and cheaper.

9. We are disciplined in everything we do

Without discipline, mediocrity rules. Exhibiting discipline includes meeting all our commitments. This means holding regular business reviews, talent evaluations and team meetings and constantly striving for improvement – from having a strong work ethic to making lists and doing real, detailed follow-up. Disciplined leadership is like exercise; the regimen has to be sustained for it to do any good.

10. We execute with both skill and urgency

Throughout the company, we must set high standards of performance all the time, at a detailed level and with a real sense of urgency. Large institutions have a tendency toward slowing things down, which demands that leaders push forward continuously. As important as strategy is, strong execution is key in every single contact we have with each of our clients and customers. To execute superbly, we must act in a disciplined way with great speed. Bureaucracy can slow us down so it must be continually identified and eradicated. Fast and lean are the antidotes to creeping bureaucracy.

A COMMITMENT TO INTEGRITY, FAIRNESS AND RESPONSIBILITY

11. We will not compromise our integrity

There is no piece of business, no deal, no revenue stream that is more important than our obligation to act with responsibility, with ethics and within the law. We follow not only the letter but also the spirit of the rules and regulations that govern our industry. There is no room for compromise. In business, as in every other arena, ethical behavior does not just happen. It has to be cultivated and repeatedly affirmed throughout the organization. Maintaining the highest standards of integrity involves being honest and doing the right thing for our customers, our fellow employees, our shareholders and all our partners. To paraphrase J.P. Morgan, Jr., we will conduct first-class business in a first-class way.

12. We face facts

We must build a culture based on truth, knowledge, constructive debate, a passion to succeed, and the courage to face and fix mistakes. We must be brutally honest with ourselves. From experience, we know people will tell you the truth about what needs to be done – if you ask them. We want to be a company that promotes this kind of constructive exchange. Then – and we believe this is the hardest part of leadership – we must have the fortitude and courage to take action and do the right thing, however difficult. Leadership is an honor and a privilege and comes with a responsibility to set the right example. All our people must be engaged in challenging the system and solving problems. The keys are never to stop learning, to share ideas, and to always acknowledge and learn from mistakes. Our commitment is to create a self-sustaining culture that strives for continual improvement, which will ensure the health of this company for decades to come. In a cold-blooded, honest way, leaders emphasize the negatives at management meetings and focus on what can be improved (of course, it's okay to celebrate the successes, too). All reporting must be accurate, and all relevant facts must be reported and fully disclosed using one set of books.

13. We have fortitude

Fortitude often is missing in leaders: They need to have a fierce resolve to act. It means driving change, fighting bureaucracy and politics, and taking ownership and responsibility.

14. We foster an environment of respect, inclusiveness, humanity and humility

The best leaders treat all people properly and respectfully, from clerks to CEOs. We need to help each other because our collective purpose is to serve clients. When strong leaders consider promotions, they pick people who are respected. And leaders also should ask themselves: Would I want to work for him? Would I want my son or daughter to report to her? Leaders need to acknowledge those who served before them and helped shape the enterprise – it's not one leader's own doing. There's a lot of luck involved in anyone's success, and humility and gratitude are important.

15. We help strengthen the communities in which we live and work

We believe that building a strong, vibrant company – one that stands the test of time – eventually will benefit not only our shareholders but also everyone we touch. It is what enables us to give back to our communities. In one sense, we view ourselves as a small business. If we were the neighborhood store, we would create summer jobs, sponsor local sports teams and support nearby organizations. We operate this way in many of our communities around the world, committed to adding value by focusing on issues that are universally important, including education and community development. Our greatest source of pride, however, is our employees who contribute tremendous amounts of time and talent to worthwhile causes around the globe. Our long tradition of volunteerism continues with thousands of employees participating in hundreds of volunteer efforts.

A GREAT TEAM AND WINNING CULTURE

16. We hire, train and retain great, diverse employees

We need to remind ourselves that the most important thing we can do for employees is to build a healthy, vibrant company that treats people with respect and creates opportunities. Every person counts, and we all support one another. We must do what is right for the company and for the customer even if we have to make unpopular decisions or forgo near-term rewards. We strive to build an inclusive work environment that draws on and develops the best talent. We want individuals of any race, faith, nationality, gender, sexual orientation or physical ability to have the opportunity to excel based on their performance and contribution to the company. Building a diverse and inclusive work environment requires effort and perseverance, which is why we will make inclusiveness and diversity an integral part of how we manage the company.

17. We build teamwork, loyalty and morale

We need to continually hire and train a pool of diverse managers and strong leaders. Great managers drive for superior performance, building teamwork within and across business lines. Successful leaders demonstrate a passion to win by acting quickly on tough issues, relentlessly striving to improve performance and developing people.

We know that loyalty and mutual respect are a two-way street. Loyalty should be to the principles for which someone stands and to the institution. When misused, loyalty to an individual is another form of cronyism. Similarly, loyalty to employees does not mean that managers owe any person a particular job. It means building a healthy, vibrant company by telling employees the truth and giving them meaningful work, training and opportunities. If employees fall down, then we should get them the help they need. Meritocracy and teamwork are critical, but they also frequently are misunderstood. Meritocracy means putting the best person in the job, which promotes a sense of justice in the organization rather than the appearance of cynicism: “Here they go again, taking care of their friends.”

High morale is developed through fixing problems, dealing directly and honestly with issues, earning respect and winning. It does not come from overpaying people or delivering sweet talk, which avoids hard decision making and fosters passive-aggressive behavior. Finally, while teamwork is important and often code for “getting along,” equally important is an individual’s ability to have the courage to stand alone and do the right thing when needed.

18. We maintain an open, entrepreneurial meritocracy for all

We need to make innovation part of our DNA. This does not mean spending hundreds of millions of dollars on failed ideas. It does mean, however, that we will take calculated risks, knowing that some will fail. It requires that we build forward-looking ideas into every conversation, every analysis and every new strategy we consider.

19. We communicate honestly, clearly and consistently

Sharing information all the time is vital – we should debate the issues and alternative approaches, not the facts. The best leaders kill bureaucracy and watch for telltale signs of politics, such as sidebar meetings after the other meetings because people didn’t speak their mind at the right time. It’s equally important for leaders to get out of the office regularly to stay focused on what’s happening in the field. Anyone in a meeting should feel free to speak his or her mind without fear of offending anyone else. Someone once described the importance of having “at least one truth-teller at the table.” Well, if there is just one truth-teller at the table, a business is in trouble – everyone should be a truth-teller.

20. We strive to be good leaders

True leaders must set the highest standards of integrity. Such standards demand that we treat customers and employees the way we would want to be treated ourselves or the way we would want our own mother to be treated. Without the capacity to innovate, respond to new and rapidly changing markets, and anticipate enormous challenges, large companies like ours would cease to exist. The people who help us achieve these objectives are as critical to the ongoing growth of our organization as they would be to the launch of a successful startup company. Good people want to work for good leaders. But bad leaders are corrosive to an organization and can drive out almost anyone who’s good. It often is a challenge to find the bad leaders and root them out since many are manipulative and deceptive. Most leaders I know are working to build something of which they can be proud. They usually work hard – not because they must but because they want to do so. They set high standards because if they are going to do something, they want to do it to the best of their ability. They believe in things larger than themselves, and the highest obligation is to the team or the organization. Leaders demand loyalty, not to themselves but to the cause for which they stand. At our company and at many of the best companies throughout history, the continual creation of good leaders is what has enabled the organization to stand the true test of greatness – the test of time.

LINKS TO JPMORGAN CHASE INFORMATION

BUSINESS PRACTICES

- Business Principles (http://www.jpmorganchase.com/corporate/About-JPMC/document/20140711_Website_PDF_FINAL.pdf)
- Code of Conduct (http://www.jpmorganchase.com/corporate/About-JPMC/document/FINAL-2014CodeofConduct.pdf)
- Code of Ethics (http://www.jpmorganchase.com/corporate/About-JPMC/code-of-ethics.htm)
- Supplier Policies (http://www.jpmorganchase.com/corporate/About-JPMC/supplier-relations.htm)
- Supplier Code of Conduct (http://www.jpmorganchase.com/corporate/About-JPMC/document/Supplier-Code-of-Conduct.pdf)
- Political Activity Statement (http://www.jpmorganchase.com/corporate/About-JPMC/political-activities.htm)
- JPMorgan Chase Human Rights Statement (http://www.jpmorganchase.com/corporate/About-JPMC/human-rights.htm)
- Diversity and Inclusion Initiatives (http://www.jpmorganchase.com/corporate/About-JPMC/diversity.htm)
- Global Resiliency and Crisis Management (http://www.jpmorganchase.com/corporate/About-JPMC/global_business_resiliency.htm)
- Community Development Banking (https://www.chase.com/commercial-bank/finance/community-development)

CORPORATE RESPONSIBILITY

- Corporate Responsibility Site (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/corporate-responsibility.htm)
- Corporate Responsibility Report (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/JPMC_2013_CR_Report.pdf)
- GRI Index (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/JPMC_2013_GRI_Index.pdf)
- Environmental Sustainability (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/environment.htm)
- Environmental and Social Policy Framework (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/JPMC_Environmental_and_Social_Policy_Framework_MAY_FINAL_ada.pdf)
- Social Finance (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/social-finance)
- Global Philanthropy (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/global-philanthropy.htm)
- JPMorgan Chase Foundation's reported charitable donations Form 990-PF
- Equator Principles Report (http://www.jpmorganchase.com/corporate/Corporate-Responsibility/equator-principles-report.htm)

CIO TASK FORCE DOCUMENTS

- CIO Reports (http://investor.shareholder.com/jpmorganchase/events-files.cfm)

CORPORATE GOVERNANCE AND SHAREHOLDER-RELATED ITEMS

- Annual Report (http://investor.shareholder.com/jpmorganchase/annual.cfm)
- Chairman & CEO Letter to Shareholders (http://investor.shareholder.com/jpmorganchase/annual.cfm)
- Proxy Statement (http://investor.shareholder.com/jpmorganchase/annual.cfm)
- Corporate Governance Principles of the Board (http://www.jpmorganchase.com/corporate/About-JPMC/corporate-governance-principles.htm)
- Board of Directors (http://www.jpmorganchase.com/corporate/About-JPMC/board-of-directors.htm)
- By-laws (http://www.jpmorganchase.com/corporate/About-JPMC/document/235721_2013-09-17_By-Laws_ada.pdf)
- Operating Committee and Corporate Officers (http://www.jpmorganchase.com/corporate/About-JPMC/operating-committee.htm)

REPORT GOVERNANCE AND PROJECT TEAM

CORPORATE GOVERNANCE & NOMINATING COMMITTEE

- Stephen Burke – Director
- Lee Raymond – Lead Independent Director
- William Weldon – Director (Committee Chairman)

OPERATING COMMITTEE

- Jamie Dimon – Chairman and Chief Executive Officer
- Ashley Bacon – Chief Risk Officer
- Steve Cutler – General Counsel (Project Sponsor)
- John Donnelly – Head of Human Resources
- Mary Erdoes – CEO of Asset Management
- Marianne Lake – Chief Financial Officer
- Doug Petno – CEO of Commercial Banking
- Daniel Pinto – CEO of Corporate & Investment Bank
- Gordon Smith – CEO of Consumer & Community Banking
- Matt Zames – Chief Operating Officer

EXECUTIVE REVIEWERS

- Sally Dewar – EMEA Head of Regulatory Affairs
- Joe Evangelisti – Head of Corporate Communications
- Carlos Hernandez – Co-head of Global Banking
- Rob Holmes – Head of Corporate Client Banking
- Anthony Horan – Corporate Secretary
- Michael Kushner – Chief Financial Officer for Risk and Finance
- Kristin Lemkau – Chief Marketing Officer
- Stephanie Mudick – Head of Supervisory Regulatory Strategy
- Max Neukirchen – Head of Corporate Strategy
- Lou Rauchenberger – Head of Compliance
- Peter Scher – Head of Corporate Responsibility
- Lauren Tyler – General Auditor
- Shannon Warren – Chief Control Officer
- Sarah Youngwood – Head of Investor Relations

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- Greg Baer – Office of Regulatory Affairs
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- Jill Blickstein – Corporate Responsibility
- Rob Carosella – Asset Management Communications
- Jon Edwards – Corporate Strategy
- Gerben Hooykaas – Corporate Communications
- Chris Hurlebaus – Treating Customers Fairly
- Kamy Kasap – Legal
- Jaya Kothari – Risk Management
- Bei Ling – Compensation & Benefits
- Mary McCullough – Legal
- Gina Palmisano – Compensation & Benefits
- Linda Scott – Office of the Secretary
- Jean-Philippe Syed – Corporate Strategy
- Robert Vincent – Office of the Secretary
- Tekla White – Supervisory Regulatory Strategy

This report was issued on December 19, 2014. All information is correct at time of printing but is subject to change. JPMorgan Chase & Co. does not undertake to update any forward-looking statements contained in this report to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

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