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

DIVISION OF
CORPORATION FINANCE

March 30, 2018

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

Re: JPMorgan Chase & Co.
Incoming letter dated January 12, 2018

Dear Mr. Dunn:

This letter is in response to your correspondence dated January 12, 2018, March 1, 2018 and March 16, 2018 concerning the shareholder proposal (the "Proposal") submitted to JPMorgan Chase & Co. (the "Company") by The Christensen Fund et al. for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on behalf of The Christensen Fund dated February 12, 2018, March 14, 2018 and March 22, 2018. 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: Sanford Lewis
sanfordlewis@strategiccounsel.net

March 30, 2018

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: JPMorgan Chase & Co.
Incoming letter dated January 12, 2018

The Proposal requests a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation, and specifies that the report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high-cost tar sand assets.
- Whether the Company's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius."
- How tar sands financing aligns with the Company's support for Indigenous Peoples' rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company's ordinary business operations. In our view, the Proposal micromanages the Company by seeking to impose specific methods for implementing complex policies. See Securities Exchange Act Release No. 40018 (May 21, 1998). Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Caleb French
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 matters 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 proposal 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 and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate 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 adversarial procedure.

It is important to note that the staff'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 shareholder 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 company's management omit the proposal from the company's proxy materials.

SANFORD J. LEWIS, ATTORNEY

March 22, 2018
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to JPMorgan Chase & Co. regarding tar sands on behalf of the Christensen Fund – Second Supplemental Reply of Proponent

Ladies and Gentlemen:

I am writing on behalf of the Christensen Fund and other proponents of the J.P. Morgan Chase proposal regarding tar sands. We are in receipt of the Company's second supplemental no action request, dated March 16, 2018. We wish to reply briefly.

In the latest correspondence, the Company repeats its absurd interpretation of the requested action, the rules, and the 1983 Release. The Company's Second Supplemental letter continues its mission of reframing a request for risk assessment related to financing of a carbon intense fuel into a directive for specific action akin to a proposal to "restrict the company from having carpeted floors on its office." As we made clear in our prior response, the assessment requested by the proposal does not micromanage the Company's actions. It asks the company to produce a report assessing climate risk, including an assessment of whether instituting a policy adopted by its peers of restricting financing tar sands projects and companies -- a request clearly connected to the underlying significant policy issue – will reduce risk. Climate risk analysis has been considered by Staff in a litany of cases and has not been found to be micromanagement.

The proponents trust that the Staff will read the Proposal as a whole – in the original wording and context in which it was submitted. We continue to assert that the Proposal does not engage in inappropriate micromanagement of the company's policy responses to a significant issue facing the company.

Sincerely,

Sanford Lewis

Cc:
Martin Dunn
Michael Passoff

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • (413) 549-7333

MORRISON | FOERSTER

2000 PENNSYLVANIA AVE., NW
WASHINGTON, D.C.
20006-1888

TELEPHONE: 202.887.1500
FACSIMILE: 202.887.0763

WWW.MOFO.COM

MORRISON FOERSTER LLP

BEIJING, BERLIN, BRUSSELS, DENVER, HONG KONG, LONDON, LOS ANGELES, NEW YORK, NORTHERN VIRGINIA, PALO ALTO, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SHANGHAI, SINGAPORE, TOKYO, WASHINGTON, D.C.

Writer's Direct Contact
+1 (202) 778.1611
MDunn@mofo.com

1934 Act/Rule 14a-8

March 16, 2018

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 The Christensen Fund, James McRitchie, The Gun Denhart Living Trust, Mercy Investment Services, Inc., and School Sisters of Notre Dame Cooperative Investment Fund

Dear Ladies and Gentlemen:

This letter concerns the request, dated January 12, 2018 (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 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***") submitted by Proxy Impact on behalf of the Christensen Fund, As You Sow on behalf of James McRitchie, As You Sow on behalf of The Gun Denhart Living Trust Authorization, Mercy Investment Services, and School Sisters of Notre Dame Cooperative Investment Fund (collectively, the "***Proponents***") from the Company's proxy materials for its 2018 Annual Meeting of Shareholders (the "***2018 Proxy Materials***"). The Proponents submitted a letter to the Staff, dated March 14, 2018 (the "***Second Proponent Letter***"), asserting their view that the Proposal is required to be included in the 2018 Proxy Materials. The Second Proponent Letter is attached as Exhibit A to this letter.

We submit this letter on behalf of the Company to supplement the Initial Request Letter and respond to the assertions made in the Second 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 from its 2018 Proxy Materials in reliance on Rule 14a-8.

We have concurrently sent copies of this correspondence to the Proponents' representative.

I. THE PROPOSAL

On December 4, 2017, the Company received letters from the Proponents containing the Proposal for inclusion in the Company's 2018 Proxy Materials. We provided the letters and the Proposal as attachments to the Initial Request Letter. As discussed in the Initial Request Letter, the Company believes that it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(7), as it deals with matters relating to the Company's ordinary business operations.

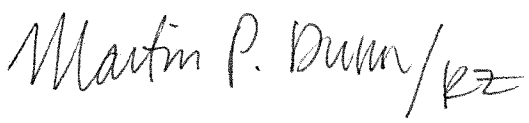
II. RESPONSE TO THE SECOND PROPONENT LETTER

The Proponents in the Second Proponent Letter assert that the Company, and our firm on behalf of the Company, distorts the nature of the Proposal. The Proponents continue to rely on a proposition that by couching an ordinary business proposal as a request for a "report" that "should" include "assessments" of a policy that would "restrict [the Company's] financing for tar sands projects and companies", the proposal cannot be excluded under Rule 14a-8(i)(7). As Commission Release No. 34-20091 (Aug. 16, 1983) (the "***1983 Release***") makes clear, proposals requesting a report are evaluated for purposes of Rule 14a-8(i)(7) by considering the underlying subject matter of the proposal. As noted in prior Company correspondence with the Staff, the Proponents' view is patently inconsistent with the *1983 Release* and the Staff's interpretations in reliance on the SEC's guidance in that Release and would, presumably, allow a proponent to avoid exclusion of any proposal under Rule 14a-8(i)(7) by asking simply for an assessment of an ordinary business matter rather than action upon it. For example, to take the proponents' argument to its logical conclusion, a proponent could ask for a "report" that "should" include "assessments" of a policy that would restrict the Company from having carpeted floors in its offices. In that example, we would expect the Staff to acknowledge that whether the Company has carpeted floors in its offices is an ordinary business matter. But, under the Proponents' logic, such a proposal should not be excludable under Rule 14a-8(i)(7) because it requested a "report" that "should" include "assessments" of that underlying ordinary business matter. The *1983 Release* appropriately provides that the Staff will focus on the underlying subject matter, which, in the case of the Proposal, includes "the "establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies." That policy is part of the underlying subject matter of the Proposal, which would micromanage the Company and also relates to the day-to-day analysis regarding the products and services the Company's management determines to offer to customers. Accordingly, the Company remains of the view that it may exclude the Proposal pursuant to Rule 14a-8(i)(7) as the Proposal deals with matters relating to the Company's ordinary business operations.

III. CONCLUSION

For the reasons discussed in the Initial Request Letter, other correspondence with the Staff and this letter, the Second Proponent Letter does not impact the application of Rule 14a-8(i)(7) to the Proposal and the Company continues to be of the view that it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8. 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: Michael Passoff, CEO, Proxy Impact
Molly Carpenter, Corporate Secretary, JPMorgan Chase & Co.

Exhibit A

SANFORD J. LEWIS, ATTORNEY

March 14, 2018
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder to JPMorgan Chase & Co. regarding tar sands on behalf of the Christensen Fund – Supplemental Reply of Proponent

Ladies and Gentlemen:

The Christensen Fund (the "Proponent") is beneficial owner of common stock of JPMorgan Chase & Co. (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company. I have been asked by the Proponent to respond to the supplemental letter dated March 1, 2018 ("Company Letter") sent to the Securities and Exchange Commission by Martin Dunn. In that letter, the Company further discusses its assertions that the Proposal may be excluded from the Company's 2018 proxy statement. A copy of this response letter is being emailed concurrently to Martin Dunn.

1. **Micromanagement**

The Company Letter continues to blatantly distort the resolution. First and foremost it repeatedly asserts that the Proposal calls for the "establish[ment] of a specific policy…" The Proposal does not ask for that. It asks for a report and clearly states (emphasis added): "This report *should* include *assessments* of ….." and it asks the company to assess tar sands financing with respect to stranded assets, the company's public support for the Paris Climate Agreement and indigenous peoples' rights, and the potential applicability to the company of other banks' policies relating to tar sands.

The words "report," "should" and "assessments" are obviously different in concept and meaning than the word "establishment." Yet both the no-action letter and supplement continually repeat "establish[ment]" apparently in the belief that if you lie often enough that it becomes the truth. The Company's aggressive distortion of the Proposal is a deliberate attempt to misrepresent the Proposal. In fact, the no-action letter uses its own call for "establish[ment] of a specific policy" to then argue that the Proposal "explicitly seeks," "seeks to impose," 'seeks to dictate," and "would impose a specific, over riding requirement" - none of which reflect the non-prescriptive "should" and "assessment" that are the actual words used in the Proposal.

Clearly, the SEC is not in the business of effectively allowing a company to reword a proponent's Proposal in order to seek omission. Unfortunately, the Staff is frequently placed in

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • (413) 549-7333

the position of having to rebuff similar efforts by corporate counsel to preserve the integrity of the resolution process.

It is significant to note that the company is not challenging the main arguments presented in the Proposal and it offers no comment or objections to the examples in the Whereas clauses or on the three other supporting statements. The key issues here are:

- Stranded assets: The major energy companies involved in tar sands extraction have recently divested tens of billions of dollars from these projects.[1] [2] [3]
- Climate impacts: CEO Jamie Dimon very publicly opposed President Trump's decision to pull out of the Paris Climate Agreement [4] and the company is portraying itself as a industry leader on climate despite its role as the leading funder of tar sands activities.
- Indigenous peoples: The company has signed on to all major international agreements and policies that support human rights and indigenous rights, yet has faced harsh criticism from indigenous leaders who call tar sands extraction "slow industrial genocide" of their communities.[5]
- Banking industry: The Wall St Journal wrote:

  > "French lender BNP Paribas SA said Wednesday it will no longer finance shale and oil sands projects, in one of the clearest signs yet the banking industry is re-evaluating its relationship with the oil sector amid mounting pressure from investors and top financial institutions." [6]

The controversy surrounding tar sands goes on unabated, for instance here are news items from just the last two weeks:

- A federal judge required the Trump administration to release documents used to approve the Keystone pipeline, if the documents prove to be out of date as the court implies it could further stymie the pipeline.[7]
- Ten thousand demonstrators led by indigenous leaders marched in Vancouver to protest

---

[1] Nicholas Kusnets, "Exodus fro Canada's Oil Sands Continues as Energy Giants Shed Assets" Inside Climate News, April 14, 2017 https://insideclimatenews.org/news/13042017/canadian-oil-sands-tar-sands-climate-change-conocophillips-exxon

[2] Geoffrey Smith, "Exxon's Big Oil Sands Write Off Could Help It Dodge SEC Troubles" Fortune, February 23, 2017 http://fortune.com/2017/02/23/exxon-mobil-oil-sands-sec/

[3] Bradley Olsen, "Suncor Halts Investments in its Tar Sands Core Business and Investors Flock In" Wall St. Journal, July 3, 2017 https://www.marketwatch.com/story/suncor-halts-investment-in-its-tar-sands-core-business-and-investors-flock-in-2017-07-01

[4] Matt Egan, "Jamie Dimon Sticking By Trump Despite Paris Decision" CNN Money, June 2, 2017 http://money.cnn.com/2017/06/02/investing/jamie-dimon-trump-paris-decision/index.html

[5] Indigenous Environmental Network, "Tar Sands" http://www.ienearth.org/what-we-do/tar-sands/

[6] Noemie Bisserbe and Sarah Kent, "BNP Paribas to Stop Financing Shale, Oil Sands Projects" October 12, 2017 https://www.wsj.com/articles/bnp-paribas-to-stop-financing-shale-oil-sands-projects-1507730419

[7] Georgina Gustin, "Keystone XL Pipeline Ruling: Trump Administration Must Release Documents" Inside Climate News, February 22, 2018 https://insideclimatenews.org/news/22022018/keystone-xl-oil-pipeline-ruling-trump-documents-environmental-nepa-review-canada-tar-sands

Kinder Morgan's Trans Mountain pipeline (funded by JPMC).[8]

- Danske Bank will refrain from investments in approximately 90 companies involved in thermal coal or tar sands. It is at least the ninth bank to change investment policies in light of the significant negative environmental consequences from tar sands.[9]

It is impossible for investors to read news reports such as these and to not notice the dissonance between the effects of the Company's tar sands projects and its statements on climate and native rights, or the stark difference between JPMC's increased financing of tar sands projects compared to the actions of leading energy and financial institutions that are moving away from the controversies surrounding tar sands oil.

Investors also question why the leading U.S. financer of tar sands production and transportation is increasing its commitments in this sector while fighting against the modest effort of the Proposal to improve risk transparency.

Quite simply, there are some company practices that become so controversial that shareholders have a fiduciary responsibility to ask their company for more details. Comparing a company's words to its actions and a company's actions to its industry peers is a common way to do this, and demonstrates the need for the Proposal.

2. <u>Sale of a Particular Product</u>

The Company again uses its rewording of the Proposal to say "establish[ment] of a specific policy" to support its argument that the Proposal is excludable as relating to the sale of a particular product. Yet it does not cross the line into dictating outcomes and clearly relates to a transcendent policy issue significant to the company. Reading the actions and publications of the management one would readily conclude that this issue is *not ordinary business, but rather merits careful oversight including shareholder oversight*. In fact, JPMC's Environmental and Social Policy **requires Enhanced Review of oil [tar] sands projects**:

> Environmental and Social Policy, pg. 7
>
> "2. Sensitive Sectors and Activities Requiring Enhanced Review
>
> Certain sectors and activities require a tailored approach to ensure a comprehensive understanding of the transaction and associated risks. Where a client is involved in a sensitive sector, activity, location, or where we identify additional issues during a standard E&S Review, an Enhanced Review will be required. This process may entail sector/issue specific due diligence questions including a determination of whether a client holds specific sector certifications, direct client engagement, site visits and risk mitigation plans. An Enhanced Review may result in placing some conditions on certain future activities or transactions.

[8] "10,000 Protesters Join Indigenous March to Protest Kinder Morgan Pipeline Expansion" The Energy Mix, March 11, 2018 http://theenergymix.com/2018/03/11/10000-protesters-join-indigenous-march-to-protest-kinder-morgan-pipeline-expansion/
[9] Danske Bank, "Danske Bank Refrain From Investing in Thermal Coal and Tar Sands Companies" February 28, 2018 https://danskebank.com/news-and-insights/news-archive/news/2018/27022018a

a. Oil and Gas

(i) Hydraulic fracturing: Any transaction with a client engaged in the exploration and/or extraction of shale oil or natural gas using hydraulic fracturing is subject to Enhanced Review. This focuses on the client's management of water (including access, recycling and disposal), air emissions (including fugitive methane), well integrity and community impacts.

(ii) Oil sands development: Any transaction with a client involved in oil sands development will be subject to Enhanced Review. This will focus on the client's management of water discharge, use of fresh water, impacts to biodiversity, interactions with First Nations communities, the type of technology deployed (and its environmental footprint) and the client's compliance with Canadian permitting requirements.[10] "

Tar sands, as one of the world's dirtiest fuels, has significant climate impact. In 2012, Dr. James Hansen, then the Director of NASA, wrote a New York Times op-ed that said that the development of Canada's tar sands would be "game over for the climate."[11] His comments became a top news story worldwide.

Similarly, reading the actions and publications of management regarding indigenous peoples one would readily conclude that this issue is *not ordinary business, but rather merits careful oversight including shareholder oversight*. JPMC's Environmental and Social Policy identifies the unique status of indigenous peoples and the negative impacts they face, while also describing the higher level of diligence needed to be practiced by JPMC's clients to ensure free, prior and informed consent (FPIC).[12] The lack of free, prior and informed consent combined with profound negative impacts from tar sands extraction and transportation are among the main objections of indigenous peoples to these projects. Public opposition, often led by indigenous communities, has slowed or stopped several tar sands pipeline projects and is estimated to have cost the tar sands industry $17 billion during 2010-2013 alone.[13]

In addition, when it comes to the question of whether the Proposal transcends ordinary business, the supplemental letter states that the board's analysis was documented in the original no-action request, but the original letter simply offers a recitation of board considerations with only the most generic conclusions. We do not know if the discussion of the proposal was a 5-minute or 5-hour conversation, we don't know what questions were asked or what the conversation focused on. There is no real analysis or details, just general descriptions.

---

[10] "JPMorgan Chase Environmental and Social Policy Framework" https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf Page 7

[11] James Hansen, "Game Over for the Climate" NY Times, May 9, 2012 http://www.nytimes.com/2012/05/10/opinion/game-over-for-the-climate.html

[12] "JPMorgan Chase Environmental and Social Policy Framework" https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf pg. 14

[13] Tom Sanzillo et. al, "A Constellation of Risks': How Public Accountability Is Slowing Tar Sands Development" Institute for Energy Economics & Financial Analysis, October 29, 2014. http://ieefa.org/report-material-risks/.

For example, the Company's description of the board process says

> "… the Board and discussed the Company's efforts with respect to environmental issues and human and indigenous peoples' rights, including the Company's various policies and frameworks concerning these matters, including:
>
> • the Company's Environmental and Social Policy Framework

In light of this:
Even to a casual observer, the gist of the company's Environmental and Social Policy is at great odds with the company's decision to finance tar sands. It would be good to know, but we do not know from the Company letter:

> Why does the board feel that financing one the world's dirtiest fuels fits in with the company's support for the Paris Climate Accord?
>
> Did the board read the E&S Policy Enhanced Review reports related to oil [tar] sands financing and if so, did they feel that its enhanced review process was conducted properly?
>
> How does the board reconcile the company's recognition that indigenous peoples have a unique set of issues (and the company has a checklist for ensuring that they are not negatively impacted by projects) with the fact that indigenous peoples have coordinated massive opposition to tar sands and related pipelines?

Also, the Company's original letter says that:

> The Board recognized that it regularly considers issues that are addressed by the Proposal when setting the broad, strategic direction of the Company and performing its oversight role.

In light of this, the Company's no action request could have gone much further to explain which issues it addresses. How does it address these? Does it address these specifically in the context of tar sands?

The Company letter says:

> Acting consistent with its fiduciary duties, and after due consideration of the Company's business and the implications of the Proposal on the Company's business, the Board was of the view that it had received sufficient information from management to render a conclusion regarding the Proposal and its significance to the Company.
>
> In light of this:
> Did management present information on the leading oil and gas companies divesting from tar sands or is the Proposal the first time the board was aware of that?
>
> Is the board aware of, and tracking, the national boycott of JPMC for its role in financing

> tar sands?
>
> Has the board read any of the other bank policies on tar sands financing to see who, what and why its peer companies are taking such an opposite approach to this controversial issue?

The board is an oversight body and it is unclear how much oversight is being provided on such a controversial issue and one that clearly contradicts management's publically stated commitments to the Paris Climate Agreement and FPIC

The board's limited oversight was highlighted in a Bloomberg article in which CEO Jamie Dimon complained about board meetings because:

> " The latter tend to promote box-checking of legal and regulatory items over crucial management and strategy, according to the company.
>
> The world's non-executive directors might sympathize with this. Of the 248.2 hours spent on average every year by directors on board-related matters, only about 61 of those are spent reviewing reports and materials, according to the National Association of Corporate Directors. The rest is made up of travel, meeting and event attendance, education, and other things."[14]

The above data on board related activity, provided by the National Association of Corporate Directors, shows that for the average board just 25% of its time is spent on reviewing reports and material – making it all the more important to have a fuller understanding of how much time JPMC's board spends on issues like tar sands.

What is not clear, either in the no-action letter, the company's financial statements or website, is how these major contradictions between company policies and company actions were evaluated in the case of tar sands financing.

Staff Legal Bulletin 14I requires more of shareholders and corporate boards.

Shareholders are being asked to ensure that their proposals are appropriate for the specific company, and boards are being asked for effective analysis of to demonstrate a claim of insignificance.

In the present instance, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. The proponent's Proposal gives concrete examples regarding climate and human rights impacts from tar sands as well as examples of how leading energy and financial institution are responding to a rapidly changing tar sands market. The shareholders have demonstrated a significant policy issue that is obviously significant to the company.

[14] Lionel Laurent, "Jamie Dimon's Had Enough of Meetings" Bloomberg, February 28, 2018 https://www.bloomberg.com/gadfly/articles/2018-02-28/jamie-dimon-s-corporate-governance-plan

In response, the board provides no clarity on the requests of the Proposal, just a largely generic list of the board procedures and its assurances that it deals with related issues and policies (despite the evidence provided by the Proponent suggesting that they are either not being followed or are ineffectual at protecting the underlying interests) and relies on management for day-to-day decisions.

Most notable is the glaring omission by the board to provide any substantive analysis on how the well documented climate and human rights risks related to tar sands are congruent with the company's stated climate and indigenous rights policies.

Conclusion

The shareholder resolution process was designed to provide a formal communication channel between shareholders and management on important issues. The extraction of tar sands oil is a highly controversial issue that has significant impacts on climate and indigenous peoples. These impacts alone have led several banking and insurance companies to alter their positions regarding tar sands financing and coverage. Tar sands projects also face a real and growing danger of becoming stranded assets. Tar sands are an issue that clearly has reputational, financial and climate risks for any company, but even more so for the #1 U.S. financier of tar sands production and transportation. JPMC has itself recognized that this is not-ordinary business as its Environmental and Social Policy requires Enhanced Review for oil [tar] sands financing, as well as identifies enhanced concerns and guidelines for dealing with indigenous peoples.

The Proposal makes no demands on management besides reporting on how it has been assessing its financing of this controversial issue in light of key environmental, social, and reputational risk factors. The company's response has been a disingenuous attempt to distort the resolution and have it omitted on topics it does not raise, while simultaneously failing to provide any information that would allow investors to reasonably ascertain the level of board oversight or evaluation.

We respectfully request that you deny the request for a no action letter and notify the Company that the Proposal must be included on the proxy.

Sincerely,

Sanford Lewis

Cc:
Martin Dunn
Michael Passoff

SANFORD J. LEWIS, ATTORNEY

March 14, 2018
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder to JPMorgan Chase & Co. regarding tar sands on behalf of the Christensen Fund – Supplemental Reply of Proponent

Ladies and Gentlemen:

The Christensen Fund (the "Proponent") is beneficial owner of common stock of JPMorgan Chase & Co. (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company. I have been asked by the Proponent to respond to the supplemental letter dated March 1, 2018 ("Company Letter") sent to the Securities and Exchange Commission by Martin Dunn. In that letter, the Company further discusses its assertions that the Proposal may be excluded from the Company's 2018 proxy statement. A copy of this response letter is being emailed concurrently to Martin Dunn.

1. **Micromanagement**

The Company Letter continues to blatantly distort the resolution. First and foremost it repeatedly asserts that the Proposal calls for the "establish[ment] of a specific policy…" The Proposal does not ask for that. It asks for a report and clearly states (emphasis added): "This report *should* include *assessments* of ….." and it asks the company to assess tar sands financing with respect to stranded assets, the company's public support for the Paris Climate Agreement and indigenous peoples' rights, and the potential applicability to the company of other banks' policies relating to tar sands.

The words "report," "should" and "assessments" are obviously different in concept and meaning than the word "establishment." Yet both the no-action letter and supplement continually repeat "establish[ment]" apparently in the belief that if you lie often enough that it becomes the truth. The Company's aggressive distortion of the Proposal is a deliberate attempt to misrepresent the Proposal. In fact, the no-action letter uses its own call for "establish[ment] of a specific policy" to then argue that the Proposal "explicitly seeks," "seeks to impose," 'seeks to dictate," and "would impose a specific, over riding requirement" - none of which reflect the non-prescriptive "should" and "assessment" that are the actual words used in the Proposal.

Clearly, the SEC is not in the business of effectively allowing a company to reword a proponent's Proposal in order to seek omission. Unfortunately, the Staff is frequently placed in

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • (413) 549-7333

the position of having to rebuff similar efforts by corporate counsel to preserve the integrity of the resolution process.

It is significant to note that the company is not challenging the main arguments presented in the Proposal and it offers no comment or objections to the examples in the Whereas clauses or on the three other supporting statements. The key issues here are:

- Stranded assets: The major energy companies involved in tar sands extraction have recently divested tens of billions of dollars from these projects.[1] [2] [3]
- Climate impacts: CEO Jamie Dimon very publicly opposed President Trump's decision to pull out of the Paris Climate Agreement [4] and the company is portraying itself as a industry leader on climate despite its role as the leading funder of tar sands activities.
- Indigenous peoples: The company has signed on to all major international agreements and policies that support human rights and indigenous rights, yet has faced harsh criticism from indigenous leaders who call tar sands extraction "slow industrial genocide" of their communities.[5]
- Banking industry: The Wall St Journal wrote:

  > "French lender BNP Paribas SA said Wednesday it will no longer finance shale and oil sands projects, in one of the clearest signs yet the banking industry is re-evaluating its relationship with the oil sector amid mounting pressure from investors and top financial institutions." [6]

The controversy surrounding tar sands goes on unabated, for instance here are news items from just the last two weeks:

- A federal judge required the Trump administration to release documents used to approve the Keystone pipeline, if the documents prove to be out of date as the court implies it could further stymie the pipeline.[7]
- Ten thousand demonstrators led by indigenous leaders marched in Vancouver to protest

---

[1] Nicholas Kusnets, "Exodus fro Canada's Oil Sands Continues as Energy Giants Shed Assets" Inside Climate News, April 14, 2017 https://insideclimatenews.org/news/13042017/canadian-oil-sands-tar-sands-climate-change-conocophillips-exxon

[2] Geoffrey Smith, "Exxon's Big Oil Sands Write Off Could Help It Dodge SEC Troubles" Fortune, February 23, 2017 http://fortune.com/2017/02/23/exxon-mobil-oil-sands-sec/

[3] Bradley Olsen, "Suncor Halts Investments in its Tar Sands Core Business and Investors Flock In" Wall St. Journal, July 3, 2017 https://www.marketwatch.com/story/suncor-halts-investment-in-its-tar-sands-core-business-and-investors-flock-in-2017-07-01

[4] Matt Egan, "Jamie Dimon Sticking By Trump Despite Paris Decision" CNN Money, June 2, 2017 http://money.cnn.com/2017/06/02/investing/jamie-dimon-trump-paris-decision/index.html

[5] Indigenous Environmental Network, "Tar Sands" http://www.ienearth.org/what-we-do/tar-sands/

[6] Noemie Bisserbe and Sarah Kent, "BNP Paribas to Stop Financing Shale, Oil Sands Projects" October 12, 2017 https://www.wsj.com/articles/bnp-paribas-to-stop-financing-shale-oil-sands-projects-1507730419

[7] Georgina Gustin, "Keystone XL Pipeline Ruling: Trump Administration Must Release Documents" Inside Climate News, February 22, 2018 https://insideclimatenews.org/news/22022018/keystone-xl-oil-pipeline-ruling-trump-documents-environmental-nepa-review-canada-tar-sands

Kinder Morgan's Trans Mountain pipeline (funded by JPMC).[8]

- Danske Bank will refrain from investments in approximately 90 companies involved in thermal coal or tar sands. It is at least the ninth bank to change investment policies in light of the significant negative environmental consequences from tar sands.[9]

It is impossible for investors to read news reports such as these and to not notice the dissonance between the effects of the Company's tar sands projects and its statements on climate and native rights, or the stark difference between JPMC's increased financing of tar sands projects compared to the actions of leading energy and financial institutions that are moving away from the controversies surrounding tar sands oil.

Investors also question why the leading U.S. financer of tar sands production and transportation is increasing its commitments in this sector while fighting against the modest effort of the Proposal to improve risk transparency.

Quite simply, there are some company practices that become so controversial that shareholders have a fiduciary responsibility to ask their company for more details. Comparing a company's words to its actions and a company's actions to its industry peers is a common way to do this, and demonstrates the need for the Proposal.

2. <u>Sale of a Particular Product</u>

The Company again uses its rewording of the Proposal to say "establish[ment] of a specific policy" to support its argument that the Proposal is excludable as relating to the sale of a particular product. Yet it does not cross the line into dictating outcomes and clearly relates to a transcendent policy issue significant to the company. Reading the actions and publications of the management one would readily conclude that this issue is *not ordinary business, but rather merits careful oversight including shareholder oversight*. In fact, JPMC's Environmental and Social Policy **requires Enhanced Review of oil [tar] sands projects**:

> Environmental and Social Policy, pg. 7
>
> "2. Sensitive Sectors and Activities Requiring Enhanced Review
>
> Certain sectors and activities require a tailored approach to ensure a comprehensive understanding of the transaction and associated risks. Where a client is involved in a sensitive sector, activity, location, or where we identify additional issues during a standard E&S Review, an Enhanced Review will be required. This process may entail sector/issue specific due diligence questions including a determination of whether a client holds specific sector certifications, direct client engagement, site visits and risk mitigation plans. An Enhanced Review may result in placing some conditions on certain future activities or transactions.

[8] "10,000 Protesters Join Indigenous March to Protest Kinder Morgan Pipeline Expansion" The Energy Mix, March 11, 2018 http://theenergymix.com/2018/03/11/10000-protesters-join-indigenous-march-to-protest-kinder-morgan-pipeline-expansion/
[9] Danske Bank, "Danske Bank Refrain From Investing in Thermal Coal and Tar Sands Companies" February 28, 2018 https://danskebank.com/news-and-insights/news-archive/news/2018/27022018a

a. Oil and Gas

(i) Hydraulic fracturing: Any transaction with a client engaged in the exploration and/or extraction of shale oil or natural gas using hydraulic fracturing is subject to Enhanced Review. This focuses on the client's management of water (including access, recycling and disposal), air emissions (including fugitive methane), well integrity and community impacts.

(ii) Oil sands development: Any transaction with a client involved in oil sands development will be subject to Enhanced Review. This will focus on the client's management of water discharge, use of fresh water, impacts to biodiversity, interactions with First Nations communities, the type of technology deployed (and its environmental footprint) and the client's compliance with Canadian permitting requirements.[10] "

Tar sands, as one of the world's dirtiest fuels, has significant climate impact. In 2012, Dr. James Hansen, then the Director of NASA, wrote a New York Times op-ed that said that the development of Canada's tar sands would be "game over for the climate."[11] His comments became a top news story worldwide.

Similarly, reading the actions and publications of management regarding indigenous peoples one would readily conclude that this issue is *not ordinary business, but rather merits careful oversight including shareholder oversight*. JPMC's Environmental and Social Policy identifies the unique status of indigenous peoples and the negative impacts they face, while also describing the higher level of diligence needed to be practiced by JPMC's clients to ensure free, prior and informed consent (FPIC).[12] The lack of free, prior and informed consent combined with profound negative impacts from tar sands extraction and transportation are among the main objections of indigenous peoples to these projects. Public opposition, often led by indigenous communities, has slowed or stopped several tar sands pipeline projects and is estimated to have cost the tar sands industry $17 billion during 2010-2013 alone.[13]

In addition, when it comes to the question of whether the Proposal transcends ordinary business, the supplemental letter states that the board's analysis was documented in the original no-action request, but the original letter simply offers a recitation of board considerations with only the most generic conclusions. We do not know if the discussion of the proposal was a 5-minute or 5-hour conversation, we don't know what questions were asked or what the conversation focused on. There is no real analysis or details, just general descriptions.

---

[10] "JPMorgan Chase Environmental and Social Policy Framework" https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf Page 7

[11] James Hansen, "Game Over for the Climate" NY Times, May 9, 2012 http://www.nytimes.com/2012/05/10/opinion/game-over-for-the-climate.html

[12] "JPMorgan Chase Environmental and Social Policy Framework" https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf pg. 14

[13] Tom Sanzillo et. al, "A Constellation of Risks': How Public Accountability Is Slowing Tar Sands Development" Institute for Energy Economics & Financial Analysis, October 29, 2014. http://ieefa.org/report-material-risks/.

For example, the Company's description of the board process says

> "… the Board and discussed the Company's efforts with respect to environmental issues and human and indigenous peoples' rights, including the Company's various policies and frameworks concerning these matters, including:
>
> • the Company's Environmental and Social Policy Framework

In light of this:
Even to a casual observer, the gist of the company's Environmental and Social Policy is at great odds with the company's decision to finance tar sands. It would be good to know, but we do not know from the Company letter:

> Why does the board feel that financing one the world's dirtiest fuels fits in with the company's support for the Paris Climate Accord?
>
> Did the board read the E&S Policy Enhanced Review reports related to oil [tar] sands financing and if so, did they feel that its enhanced review process was conducted properly?
>
> How does the board reconcile the company's recognition that indigenous peoples have a unique set of issues (and the company has a checklist for ensuring that they are not negatively impacted by projects) with the fact that indigenous peoples have coordinated massive opposition to tar sands and related pipelines?

Also, the Company's original letter says that:

> The Board recognized that it regularly considers issues that are addressed by the Proposal when setting the broad, strategic direction of the Company and performing its oversight role.

In light of this, the Company's no action request could have gone much further to explain which issues it addresses. How does it address these? Does it address these specifically in the context of tar sands?

The Company letter says:

> Acting consistent with its fiduciary duties, and after due consideration of the Company's business and the implications of the Proposal on the Company's business, the Board was of the view that it had received sufficient information from management to render a conclusion regarding the Proposal and its significance to the Company.
>
> In light of this:
> Did management present information on the leading oil and gas companies divesting from tar sands or is the Proposal the first time the board was aware of that?
>
> Is the board aware of, and tracking, the national boycott of JPMC for its role in financing

> tar sands?
>
> Has the board read any of the other bank policies on tar sands financing to see who, what and why its peer companies are taking such an opposite approach to this controversial issue?

The board is an oversight body and it is unclear how much oversight is being provided on such a controversial issue and one that clearly contradicts management's publically stated commitments to the Paris Climate Agreement and FPIC

The board's limited oversight was highlighted in a Bloomberg article in which CEO Jamie Dimon complained about board meetings because:

> " The latter tend to promote box-checking of legal and regulatory items over crucial management and strategy, according to the company.
>
> The world's non-executive directors might sympathize with this. Of the 248.2 hours spent on average every year by directors on board-related matters, only about 61 of those are spent reviewing reports and materials, according to the National Association of Corporate Directors. The rest is made up of travel, meeting and event attendance, education, and other things."[14]

The above data on board related activity, provided by the National Association of Corporate Directors, shows that for the average board just 25% of its time is spent on reviewing reports and material – making it all the more important to have a fuller understanding of how much time JPMC's board spends on issues like tar sands.

What is not clear, either in the no-action letter, the company's financial statements or website, is how these major contradictions between company policies and company actions were evaluated in the case of tar sands financing.

Staff Legal Bulletin 14I requires more of shareholders and corporate boards.

Shareholders are being asked to ensure that their proposals are appropriate for the specific company, and boards are being asked for effective analysis of to demonstrate a claim of insignificance.

In the present instance, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. The proponent's Proposal gives concrete examples regarding climate and human rights impacts from tar sands as well as examples of how leading energy and financial institution are responding to a rapidly changing tar sands market. The shareholders have demonstrated a significant policy issue that is obviously significant to the company.

[14] Lionel Laurent, "Jamie Dimon's Had Enough of Meetings" Bloomberg, February 28, 2018 https://www.bloomberg.com/gadfly/articles/2018-02-28/jamie-dimon-s-corporate-governance-plan

In response, the board provides no clarity on the requests of the Proposal, just a largely generic list of the board procedures and its assurances that it deals with related issues and policies (despite the evidence provided by the Proponent suggesting that they are either not being followed or are ineffectual at protecting the underlying interests) and relies on management for day-to-day decisions.

Most notable is the glaring omission by the board to provide any substantive analysis on how the well documented climate and human rights risks related to tar sands are congruent with the company's stated climate and indigenous rights policies.

Conclusion

The shareholder resolution process was designed to provide a formal communication channel between shareholders and management on important issues. The extraction of tar sands oil is a highly controversial issue that has significant impacts on climate and indigenous peoples. These impacts alone have led several banking and insurance companies to alter their positions regarding tar sands financing and coverage. Tar sands projects also face a real and growing danger of becoming stranded assets. Tar sands are an issue that clearly has reputational, financial and climate risks for any company, but even more so for the #1 U.S. financier of tar sands production and transportation. JPMC has itself recognized that this is not-ordinary business as its Environmental and Social Policy requires Enhanced Review for oil [tar] sands financing, as well as identifies enhanced concerns and guidelines for dealing with indigenous peoples.

The Proposal makes no demands on management besides reporting on how it has been assessing its financing of this controversial issue in light of key environmental, social, and reputational risk factors. The company's response has been a disingenuous attempt to distort the resolution and have it omitted on topics it does not raise, while simultaneously failing to provide any information that would allow investors to reasonably ascertain the level of board oversight or evaluation.

We respectfully request that you deny the request for a no action letter and notify the Company that the Proposal must be included on the proxy.

Sincerely,

Sanford Lewis

Cc:
Martin Dunn
Michael Passoff

MORRISON | FOERSTER

2000 PENNSYLVANIA AVE., NW
WASHINGTON, D.C.
20006-1888

TELEPHONE: 202.887.1500
FACSIMILE: 202.887.0763

WWW.MOFO.COM

MORRISON FOERSTER LLP

BEIJING, BERLIN, BRUSSELS, DENVER, HONG KONG, LONDON, LOS ANGELES, NEW YORK, NORTHERN VIRGINIA, PALO ALTO, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SHANGHAI, SINGAPORE, TOKYO, WASHINGTON, D.C.

Writer's Direct Contact
+1 (202) 778.1611
MDunn@mofo.com

1934 Act/Rule 14a-8

March 1, 2018

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 The Christensen Fund, James McRitchie, The Gun Denhart Living Trust, Mercy Investment Services, Inc., and School Sisters of Notre Dame Cooperative Investment Fund

Dear Ladies and Gentlemen:

This letter concerns the request, dated January 12, 2018 (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 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***") submitted by Proxy Impact on behalf of the Christensen Fund, As You Sow on behalf of James McRitchie, As You Sow on behalf of The Gun Denhart Living Trust Authorization, Mercy Investment Services, and School Sisters of Notre Dame Cooperative Investment Fund (collectively, the "***Proponents***") from the Company's proxy materials for its 2018 Annual Meeting of Shareholders (the "***2018 Proxy Materials***"). The Proponents submitted a letter to the Staff, dated February 12, 2018 (the "***Proponent Letter***"), asserting their view that the Proposal is required to be included in the 2018 Proxy Materials. The Proponent Letter is attached as Exhibit A to this letter.

We submit this letter on behalf of the Company to supplement the Initial Request Letter and respond to the assertions made 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 from its 2018 Proxy Materials in reliance on Rule 14a-8.

We have concurrently sent copies of this correspondence to the Proponents' representative.

I. THE PROPOSAL

On December 4, 2017, the Company received letters from the Proponents containing the Proposal for inclusion in the Company's 2018 Proxy Materials. We provided the letters and the Proposal as attachments to the Initial Request Letter. As discussed in the Initial Request Letter, the Company believes that it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(7), as it deals with matters relating to the Company's ordinary business operations.

As discussed below, the Proponent Letter does not alter the analysis of the application of Rule14a-8(i)(7) to the Proposal. Specifically, the Proponent Letter further demonstrates that the Proposal seeks to micromanage the Company's ordinary business decisions and relates, at least in part, to the determination of the specific products and services to be offered by the Company, activities that are fundamentally related to the ordinary business operations of the Company.

II. EXCLUSION OF THE PROPOSAL

A. The Proposal May Be Omitted in Reliance on Rule 14a-8(i)(7) Because It Seeks to Micromanage the Company

As discussed in the Initial Request Letter, the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the action sought by the Proposal would micromanage the Company's decisions with respect to the specific products and services it offers.

The Proposal requests that the Company publish a report on the "reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation." The Commission has long held that proposals requesting a report are evaluated by the Staff by considering the underlying subject matter of the proposal when applying Rule 14a-8(i)(7). *See* Commission Release No. 34-20091 (Aug. 16, 1983) (the "***1983 Release***"). In this regard, it is important to note further that the Proposal is not limited to the publication of a report; rather, as demonstrated by the resolved clause, the Proposal also seeks the "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added). As the underlying subject matter of the Proposal explicitly includes a policy that would "restrict[] financing for tar sands projects and companies," the Proposal seeks to micromanage management's financing decisions.

In the Proponent Letter, the Proponents seek to draw a distinction between a proposal requesting a specific action and a proposal that requests "an assessment, not a mandate" of that specific action.[1] In fact, the Proponents state in the Proponent Letter that "[w]ere the Proposal *actually directing* the Company to implement a policy prohibiting the financing of tar sands extraction, we might agree that it would micromanage" the Company's decisions with respect to products and services. [2] (emphasis in original.) Given that the analysis under Rule 14a-8(i)(7) focuses on the underlying subject matter, as discussed below, and not whether a proposal is couched in terms of a report or assessment, the Proponents have effectively acknowledged that the Proposal seeks to micromanage management's financing decisions with regard to tar sands projects and companies for purposes of Rule 14a-8(i)(7).

The Proponents aver that the Staff generally has not concurred with the omission of proposals that merely request an "assessment" of a particular action, but generally concur with the exclusion of proposals that require a specific action. Although the latter assertion is correct, the former plainly misstates the Staff's position on "assessments" and the 1983 Release. As the 1983 Release makes clear, when a proposal seeks a report, the Staff will look at the underlying subject matter. The Proponents appear to argue that because the Proposal only requests an "assessment", there is no need to consider the underlying subject matter of the Proposal. The Proponents' view is patently inconsistent with the 1983 Release and the Staff's interpretations since that Release and would presumably allow a proponent to avoid exclusion of any proposal under Rule 14a-8(i)(7) simply by asking for an assessment of an ordinary business matter rather than action upon it. The 1983 Release makes clear that the Staff will consider the underlying subject matter of a proposal in its evaluation of Rule 14a-8(i)(7); the underlying subject matter of the Proposal, among other things, specifically includes "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added), which is an ordinary business matter. The Proponents themselves acknowledge, as discussed in the paragraph immediately above, that such a policy likely would be micromanagement if the Proposal requested such a policy rather than an assessment of such policy. As the analysis under Rule 14a-8(i)(7) focuses on the underlying subject matter of a proposal and not whether a proposal is presented as a request for a report or assessment, it is clear that the Proposal seeks to micromanage the Company's financing decisions for purposes of Rule 14a-8(i)(7), as the Proponents effectively concede.

In the Proponent Letter, the Proponents seek to distinguish *SeaWorld Entertainment, Inc.* (March 30, 2017) and *The Wendy's Company* (March 2, 2017), letters cited by the Company in the Initial Request Letter, as the proponents in those letters sought direct actions by the companies rather than requesting a report or an assessment of those actions. As discussed above, the 1983 Release makes clear that such a distinction is misplaced. When a proposal requests a

---

[1] *See Proponent Letter* at p. 2.
[2] *See Proponent Letter* at p. 14.

report, the Staff will evaluate the proposal on the basis of the underlying subject matter. The fact that the Proposal calls for a report (or an "assessment" as the Proponent Letter describes it) does not change the underlying subject matter of the Proposal. Put differently, the Proposal does not call for a report that requests a generic assessment; the Proposal calls for a report regarding "the establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies." That policy is the underlying subject matter of the Proposal. Accordingly, the Company remains of the view that it may exclude the Proposal pursuant to Rule 14a-8(i)(7) as the Proposal seeks to micromanage the Company's decisions with respect to specific products and services it offers to its customers.

B. The Proposal May Be Omitted in Reliance on Rule 14a-8(i)(7) Because It Relates to the Offering of Particular Products and Services, an Ordinary Business Matter

If the Staff were to disagree with the Company's view that the Proposal attempts to micromanage the Company, the Company continues to be of the view that the Proposal may be excluded under Rule 14a-8(i)(7) as the Proposal relates, at least in part, to the Company's ordinary business matters of deciding which products and services to offer to its customers.

As discussed in the Initial Request Letter, even if the Proposal touches upon a policy issue that may be of such significance that the matter transcends ordinary business and would be appropriate for a shareholder vote, if the Proposal does not focus solely on a significant policy issue or if it addresses, even in part, matters of ordinary business in addition to a significant policy issue, the Staff has consistently concurred with the exclusion of the proposal. *See, e.g., McKesson Corp.* (June 1, 2017); *Hewlett-Packard Co.* (Jan. 23, 2015); *Dominion Resources, Inc.* (Feb. 14, 2014); and *Capital One Financial Corp.* (Feb. 3, 2005). The Proponents assert in the Proponent Letter that "the Proposal solely ... addresses a core risk concern for investors – adequate disclosure of the Company's understandings of climate, financial and human rights risks associated with the Company's singular commitment to tar sands financing."[3] That assertion is inconsistent with the subject matter of the Proposal and the Supporting Statement, which request that the Board of Directors publish a report regarding, among other things, the "establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies." That request in the Supporting Statement is fundamentally different from the Proponent Letter's assertion that the Proposal simply seeks "disclosure." As discussed extensively above, the 1983 Release states the Staff will look at the underlying subject matter of a proposal when assessing a company's ability to omit a proposal pursuant to Rule 14a-8. The underlying subject matter of the Proposal, at least in part, is the establishment of a policy that would prohibit financing for specific projects to specific customers, clearly an ordinary business matter of the Company. As the Proposal relates, at least in part and despite the Proponents' assertion otherwise, to ordinary course determinations regarding the products and

---

[3] *See Proponent Letter* at p. 2.

services the Company offers to its customers, the Company is of the view that the Proposal may be excluded pursuant to Rule 14a-8(i)(7).

C. Any Policy Issue Raised by the Proposal Does Not Transcend the Company's Ordinary Business Operations

The Proponents also assert in the Proponent Letter that the Company's process in assessing whether the Proposal involves a policy issue that is significant to the Company was inconsistent with the Staff's guidance in Staff Legal Bulletin 14I ("***SLB 14I***"). As discussed in the Initial Request Letter, consistent with SLB 14I, the Company's Board undertook an analysis of the Proposal and came to the conclusion that any policy issues presented by the Proposal were not "significant" to the Company. The Initial Request Letter included an extensive discussion of the Board's analysis in that regard. The Proponent Letter disagrees with the Board's conclusion and asserts that the Initial Request Letter is inadequate because "[b]ased on a procedural description it is impossible for shareholders to ascertain any substantive scope of the Board's 'review' of these issues, particularly in light of the Company's public support for the Paris Climate Agreement and Indigenous People's Rights."[4]

The Staff has stated what it is seeking in a no-action request following SLB 14I:

"Accordingly, going forward, we would expect a company's no-action request to include a discussion that reflects the board's analysis of the particular policy issue raised and its significance. That explanation would be most helpful if it detailed the specific processes employed by the board to ensure that its conclusions are well-informed and well-reasoned."

The Initial Request Letter provided precisely the discussion called for by SLB 14I and presented the Board's conclusion following the "specific process" described. Further, despite the assertion in the Proponent Letter, the discussion sought by SLB 14I is solely for purposes of providing the Staff assistance in considering the no-action request. This purpose is made clear in SLB 14I – "We believe that a well-developed discussion of the board's analysis of these matters will greatly assist the staff with its review of no-action requests under Rule 14a-8(i)(7)."

Accordingly, while the Proponent Letter does not agree with the Board's conclusion, that disagreement is not a sufficient basis for ignoring the Board's consideration of the issue and the description of that process in the Initial Request Letter. For the reasons discussed in the Initial Request Letter, the Company continues to be of the view that it may omit the Proposal in reliance on Rule 14a-8(i)(7).

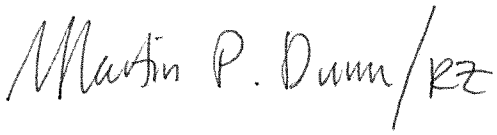
---

[4] *See Proponent Letter* at p. 24.

III. CONCLUSION

For the reasons discussed in the Initial Request Letter and discussed further above, the Proponent Letter does not impact the application of Rule 14a-8(i)(7) to the Proposal and the Company continues to be of the view that it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8. 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: Michael Passoff, CEO, Proxy Impact
Molly Carpenter, Corporate Secretary, JPMorgan Chase & Co.

Exhibit A

SANFORD J. LEWIS, ATTORNEY

February 12, 2018
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to JPMorgan Chase & Co.
Regarding Tar Sands on Behalf of the Christensen Fund

Ladies and Gentlemen:

The Christensen Fund (the "Proponent") is beneficial owner of common stock of JPMorgan Chase & Co. (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company.[1] I have been asked by the Proponent to respond to the letter dated January 12, 2018 ("Company Letter") sent to the Securities and Exchange Commission by Martin Dunn of Morrison Foerster. In that letter, the Company contends that the Proposal may be excluded from the Company's 2017 proxy statement by virtue of Rule 14a-8(i)(7).

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, it is my opinion that the Proposal must be included in the Company's 2017 proxy materials and that it is not excludable by virtue of those rules. A copy of this letter is being emailed concurrently to Martin Dunn of Morrison Foerster.

SUMMARY

The Proposal requests that the Company prepare a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. Tar sands are deposits of sand, clay, water and 'bitumen': a viscous liquid that can be processed into oil products. The total known world reserves amount to the equivalent of 6 trillion barrels of oil - more than the conventional oil reserves. The process of extracting and refining tar sands results in higher emissions per barrel of oil produced, nearly five times as much carbon dioxide as conventional oil.

[1] The Proposal was submitted by Proxy Impact on behalf of the Christensen Fund. Additional filers include As You Sow on behalf of James McRitchie, As You Sow on behalf of The Gun Denhart Living Trust Authorization, Mercy Investment Services, and School Sisters of Notre Dame Cooperative Investment Fund.

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • (413) 549-7333

The Company is a leading financier of tar sands related operations. As stated in the Proposal, the Company is the top United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016. Financing of tar sands development is accompanied by significant risk due to the importance of tar sands, second only to coal, as a leading issue for climate change. As noted in the Proposal, banks and fossil fuel companies have been undertaking significant divestment of tar sands-related investments and assets due to climate and human rights risks, and related financial risks.

The Company Letter asserts that the Proposal is excludable as relating to ordinary business – asserting that it seeks to micromanage the Company. However, the Proposal solely and appropriately addresses a core risk concern for investors – adequate disclosure of the Company's understandings of climate, financial and human rights risks associated with the Company's singular commitment to tar sands financing.

The Proposal seeks information of a kind and at a level of detail that is widely sought by investors on the key risks that climate change-related developments may pose to assets and finances. For instance, it is consistent with the kinds of disclosures recommended and sought by the Financial Stability Board's Task Force on Climate-related Financial Disclosures. The Proposal is not inappropriately prescriptive or directive. The Company Letter patently distorts the plain language of the Proposal, in particular by repeatedly characterizing one supporting statement of the proposal as being more directive than it is. That one supporting statement requests that the report include *assessment(s)* of…. *reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*. In contrast, the Company Letter asserts that the Proposal "explicitly seeks a policy that would restrict financing for tar sands projects" and an "outright ban on lending to those customers." Contrary to the Company's assertion, the plain language of the Proposal is for an **assessment, not a mandate** for limits on tar sands financing. This is a well-recognized distinction amongst shareholder proposals which seek assessment and explanation for investors but leaves *action* decisions to board and management.

Furthermore, the Proposal does not *incidentally* address ordinary business issues that are not related to the significant policy issue of the Proposal, but is limited exclusively to issues related to the significant policy concern for the Company.

Although the Board of Directors asserted that the Proposal addresses ordinary business, the Board provided no evidence to demonstrate that its unique concentration of tar sands investments is not a significant issue for the Company, and therefore did not provide sufficient information for a Staff determination. Therefore, the Proposal is not excludable pursuant to Rule 14a-8(i)(7).

THE PROPOSAL

"*WHEREAS:*
Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys forests, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

Tar sands development lost nearly $31 billion in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development." http://ieefa.org/reportmaterial-risks/

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use 100 percent renewable power by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016.

In 2017:

- *Exxon wrote off 3.5 billion barrels of tar sands oil reserves as not economically viable.*
- *ConocoPhillips, Shell, Marathon, Murphy and Statoil divested more than $24 billion of tar sands assets.*
- *Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (Wall St. Journal)*
- *Eight global banks had developed policies that prohibit financing for tar sands projects or companies.*
- *BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.*

JPMC faces reputational and financial risk by supporting four controversial planned tar sands

projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- *Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.*

- *Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".*

- *How tar sands financing aligns with our company's support for Indigenous People's rights.*

- *Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*."

ANALYSIS

The Company Letter asserts that the Proposal is excludable under Rule 14a-8(i)(7), either because it addresses matters that are not transcendent policy issues or because it attempts to micromanage the Company. However, reviewing the Proposal and related Staff decisions, the current Proposal addresses a significant policy issue for the Company and is in line with many other proposals that seek a report without micromanaging.

1. THE PROPOSAL ADDRESSES A SIGNIFICANT POLICY ISSUE OF CLEAR SIGNIFICANCE TO THE COMPANY.

As described in the Proposal and above, tar sands extraction is one of the dirtiest and most carbon- and capital-intensive methods of fossil fuel production in use today. Tar sands (also known as "oil sands") are deposits of sand, clay, water and 'bitumen': a viscous liquid that can be processed into oil products. The total known world reserves amount to the equivalent of 6 trillion barrels of oil - more than the conventional oil reserves. The process of extracting and refining tar sands results in higher emissions per barrel of oil produced, nearly five times as much carbon dioxide as conventional oil. Because of this, the climate impact and greenhouse gas emissions for tar sands related fuel are on par with coal, with carbon emission intensity averaging 80kg of CO2e per barrel.[2] The Government of Alberta has set a cap for CO2e emissions at 100Mt, which, once reached around 2030, could constrain or force reductions in production.[3]

In addition to climate impact, vapor resulting from tar sands extraction is a major component of smog and a risk to human health.[4] The extraction process also infringes on indigenous rights. The three oil sands deposits in Canada, Athabasca, Peace River and Cold Lake, are located in or around indigenous peoples' land. The Canadian Constitution legally recognizes the rights of indigenous peoples and treaties. The Government of Canada has a legal duty to consult and, where appropriate, accommodate Aboriginal peoples if it is determined that treaty or indigenous rights have been adversely affected.[5] Material adverse effects to First Nations, Métis and Inuit include land stripped of trees causing loss of habitat for game animals; decline of caribou herds

---

[2] Tarek Soliman, "Change is on the Way for Oil and Gas Majors", CDP, November 24, 2016.

[3] Benjamin Israel, "Measuring Oil Sands Carbon Emissions Intensity: How Alberta's Climate Leadership Plan can Help Reverse a Worrying Trend," Pembina Institute, August 2016.

[4] Ian Austen, "Pollution from Canadian Oil Sands Vapor is Substantial, Study Finds," *New York Times*, May 25, 2016.

[5] "Oil Sands: Indigenous Peoples," Natural Resources Canada, July 7, 2016. http://www.nrcan.gc.ca/energy/publications/18736.

in all three locations causing risk of extinction by 2040; smoke and greenhouse gas emissions; diversion of water from the Athabasca river and other water sources, leakage of toxic water from tailings ponds into the Athabasca River and ground water; and a 30% rise in cancer rates and abnormalities in game and fish.[6]

In short, tar sands development is worsening climate risks, destroying forests, polluting land and water, and creating massive reservoirs of toxic waste. Tar sands companies also significantly harm indigenous people's rights, both at the point of extraction and along pipeline routes. Because tar sands extraction raises so many issues, tar sands development has become the target of a fierce grassroots movement and has led to highly publicized protests including protests specifically targeting JPMorgan Chase.[7] [8] [9]

As of October 2015, tar sands pipelines were at 89% capacity, expecting to reach maximum capacity by 2017. In order to grow tar sands development, the industry must build additional pipelines. There are several major pipelines proposed including Keystone XL from Alberta to the Gulf of Mexico, Energy East Northern Gateway and Trans Mountain Expansion. Efforts to prevent the pipelines and thereby the expansion of oil sands development include protests by both citizens and elected officials, legal suits, and the years of delays and financial liabilities caused by these actions.[10] Trans Canada withdrew its application for the Energy East pipeline after political protests and the addition of a "climate test" to evaluate how the project might impact Canada's overall carbon emissions.[11] The Trans Mountain Expansion is being challenged by the Secwepmc Nation, who claim that the pipeline crosses territory that was never ceded or relinquished by treaty. The Government of Canada and of British Columbia each approved the pipeline, though both governments are committed to implementing the United Nations Declaration of Rights for Indigenous People which requires a government to obtain from an indigenous people free, prior and informed consent. Kinder Morgan is facing "significant legal, financial and reputation risks" that amount to "serious obstacles" according to a report released

---

[6] "Tar Sands," Indigenous Environmental Network. http://www.ienearth.org/what-we-do/tar-sands/.

[7] "**Coalition Disrupts JPMorgan Chase Shareholders Meeting: Demand they Defund Tar Sands"**, https://lastrealindians.com/coalition-disrupts-jpmorgan-chase-shareholders-meeting-demand-they-defund-tar-sands/.

[8] Lynda Mapes, "Climate activists shut down Chase bank branches in Seattle; arrests made", **The Seattle Times, May 8, 2017**.

[9] Molly Crane Newman, "Women climb flag poles near Chase Midtown building to protest bank's climate change ties**"** New York daily News, November 13, 2017. **http://www.nydailynews.com/new-york/manhattan/women-climb-chase-building-flag-poles-climate-change-ties-article-1.3630352**.

[10] Valentine, Katie, "Protest are Putting a Serious Dent in Tar Sands Expansion," Think Progress, October 25, 2015.

[11] Lukacs, Martin, "Indigenous People 'Serious Obstacle' to Kinder Morgan Pipeline, Report Says," *The Guardian*, October 16, 2016.

by the Indigenous Network of Economies and Trade."[12] In addition to the legal challenges to the pipeline, the Secwepmc have built tiny houses on the path of pipeline. Regarding these protests, May Boeve of 350.org said in a statement. "In the four years since we began marching, sitting-in, and risking arrest to keep tar sands in the ground, no new pipelines have been built."[13]

The controversy surrounding tar sands investment has led to significant financial risk. In 2014, a report issued by the Institute for Energy Economics and Financial Analysis (IEEFA)[14] found that:

> — Market forces and public opposition have played a significant role in the cancellation of three major tar sands projects in 2014 alone: Shell's Pierre River, Total's Joslyn North, and Statoil's Corner Project. Combined, these projects would have produced 4.7 billion barrels of bitumen that would in turn have released 2.8 billion metric tonnes of carbon dioxide (CO2) into the atmosphere. This is equivalent to the emissions of building 18 new coal plants that would last 40 years each.
>
> — Tar sands producers lost $30.9 billion from 2010 through 2013 due to transportation bottlenecks and the flood of crude coming from shale-oil fields. Of that, $17.1 billion, or 55 percent, can be attributed to the impact of public-accountability campaigns.
>
> — The combination of risks facing the industry has the potential for canceling most or even all of the planned expansion of the industry in Canada.
>
> — Rather than seeing more than a doubling of output from 2 million barrels of oil per day to 4.8 million barrels per days — as the industry predicts — the report projects flat production levels.
>
> — Tar sands producers have lagged, with 9 of 10 leading tar sands producers in Canada underperforming the broader stock market in the last five years.
>
> — Analysts have recently downgraded their outlook for tar sands production.[15]

As a result of the controversy around the Dakota Pipeline, (DAPL) some banks involved in the project have taken steps such as selling their shares in the DAPL project finance loan,[16] stopping

---

[12] Lukacs, Martin, "Indigenous People 'Serious Obstacle' to Kinder Morgan Pipeline, Report Says," *The Guardian*, October 16, 2016.

[13] Valentine, Katie, "Protest are Putting a Serious Dent in Tar Sands Expansion," Think Progress, October 25, 2015.

[14] Tom Sanzillo et. al, "A Constellation of Risks': How Public Accountability Is Slowing Tar Sands Development" Institute for Energy Economics & Financial Analysis, October 29, 2014. http://ieefa.org/report-material-risks/.

[15] "Tar sands Report: $31 Billion in Lost Revenues to Date; Expansion Unlikely to Proceed as Protest Mount," Institute for Energy Economics and Financial Analysis, October 29, 2014.

[16] "DNB Has Sold Its Part of Dakota Access Pipeline Loan", DNB, March 26, 2017. "BNP Paribas Exits Dakota Access Pipeline", Nasdaq Global Newswire, April 5, 2017.

new business with Energy Transfer Partners (ETP),[17] and publicly acknowledging regret over financing the project.[18] In fact, numerous banks and financial service firms are now walking away from tar sands related operations.

In December 2017, one of the world's biggest financial services companies, French insurance giant AXA Group, announced that it was ending investments in 25 tar sands companies, as well as three companies transporting tar sands oil to market. The Company aims to divest more than €3 billion from carbon-intensive energy production and withdrew insurance cover worth €700 million from pipeline companies.[19] AXA's CEO, Thomas Buberl, explained that, "The pipelines will also be stranded assets at some point, so we don't want to invest." On top of their heavy carbon emissions, Buberl also noted, "They often present acute human rights issues, if you think about population displacement and also the local pollution they produce."[20]

In October 2017, French bank BNP Paribas announced that it would no longer finance shale or oil sands projects, and would stop working with companies whose main business is the exploration, production, distribution or marketing of oil and gas from shale or oil sands.[21] BNP Paribas is France's largest bank with $2.4 trillion in assets making it nearly equal in size to JPMorgan Chase with $2.45 trillion in assets.[22]

Also in October 2017, three other major French banks and financial service firms including

---

[17] "ING Has Sold Its Stake in Dakota Access Pipeline Loan", ING, March 21, 2017. https://www.ing.com/Newsroom/All-news/ING-has-sold-its-stake-in-Dakota-Access-pipeline-loan.htm.

[18] "Citi Meeting Protest Prompts Apology on Pipeline Finance Steps", Reuters, April 25, 2017.

[19] Andy Rowell, "A Not So Happy New Year for the Tar Sands in 2018", Oil Change International, January 3, 2018. http://priceofoil.org/2018/01/03/a-not-so-happy-new-year-for-the-tar-sands-in-2018/.

[20] Damian Carrington, "Insurance giant Axa dumps investments in tar sands pipelines", The Guardian, December 12, 2017. https://www.theguardian.com/environment/2017/dec/12/insurance-giant-axa-dumps-investments-tar-sands-pipelines.

[21] Noemie Bisserbe and Sarah Kent, "BNP Paribas to Stop Financing Shale, Oil Sands Projects", Wall Street Journal, October 12, 2017. https://www.wsj.com/articles/bnp-paribas-to-stop-financing-shale-oil-sands-projects-1507730419.

[22] Kevin Johnston, "The World's Top 10 Banks", Investopedia, April 25, 2017 https://www.investopedia.com/articles/investing/122315/worlds-top-10-banks-jpm-wfc.asp.

Societe Generale,[23] Natixis and Credit Agricole pledged to stop funding oil sands projects.[24]

Other banks that have developed policies that prohibit or phase-out financing for tar sands projects and companies include ING (Netherlands), US Bank (USA), Rabobank (Netherlands), Desjardins (Canada), ABN Amro (Netherlands) and Commerzbank (Germany).

Norwegian-based Kommunal Landspensjonskasse (KLP) divested an estimated $70 million in ETP, Phillips 66, Enbridge Inc., and Marathon Petroleum Corporation in March 2017.[25] When pressed, KLP affirmed that this decision was based on "an unacceptable risk of contributing to serious or systematic human rights violations."[26] KLP has concluded that "the climate and environmental impacts of oil sand extraction are as great as those for extracting coal. KLP will therefore extend the product-based exclusion criteria to oil sand," Anne Kvam, head of responsible investments at KLP.[27] As Norway's main municipal pensions provider, KLP, announced it was excluding companies from its investments that had over 30% of their revenue stemming from the tar sands. "By also excluding companies in these sectors, KLP continues to direct its investments toward a low-emission society," CEO Sverre Thornes added in a news release.[28]

Similarly, the movement of some firms away from *tar sands* investment is consistent with the International Energy Agency's recent warning that global oil companies investing in oil too costly to repay its costs or to beat efficiency and renewables could face more than $1 trillion in stranded assets by 2050.[29] In each of the past three years, Canada's oil industry has cut long-

---

[23] "Societe Generale strengthens its commitments in the fight against climate change", August 12, 2017. https://www.societegenerale.com/en/newsroom/societe-generale-strenghtens-its-commitments-in-the-fight-against-climate-change.

[24] "Major French financial groups pledge to stop conducting business with oilsands and pipeline companies", Financial Post, December 12, 2017. http://business.financialpost.com/commodities/energy/major-french-financial-groups-pledge-to-stop-conducting-business-with-oilsands-and-pipeline-companies.

[25] "Nordic Investors Reject Dakota Pipeline Operator's Allegations", Reuters, August 29, 2017.

[26] "KLP Excludes Companies Involved in Dakota Access Pipeline", KLP.

[27] Paulina Pielichata, "Norway's KLP to Divest Oil Sand Extraction Companies," *Pensions & Investments*, December 14, 2017.

[28] Paulina Pielichata, "Norway's KLP to Divest Oil Sand Extraction Companies," *Pensions & Investments*, December 14, 2017.

[29] Jillian Ambrose, "IEA warns $1.3 trillion of oil and gas could be left stranded," *The Telegraph*, March 20, 2017 http://www.telegraph.co.uk/business/2017/03/20/iea-warns-13-trillion-oil-gas-could-left-stranded/?mc_cid=50c703c3ec&mc_eid=8986b383fb

term output forecasts while world inventories swell, and investors are fleeing.[30]

Significance of the Issue to the Company

The financial, environmental, human rights and other concerns about tar sands give cause for investors to believe these investments may soon become stranded assets. Yet JPMorgan Chase has the largest portfolio of tar sands-related investments and has increased its investment while other banks, insurance companies and institutional investors are publically stepping away from tar sands operations due to significant financial, social and environmental risks. The Proposal provides the opportunity for shareholders to gauge and potentially elevate these important risk-management questions, with the proxy process providing the right venue to assess the level of concern among investors.

Despite the Board's assertions in the Company Letter, there is irrefutable evidence that the Company's tar sands investments are a significant issue for the Company. Prior experience of banks including JPMorgan Chase shows that investment in unconventional fossil fuel development due to its climate and human rights risks poses both financial and reputational risk.

Investors can appropriately ask through a shareholder proposal about the risks to the Company, and its approaches to addressing those risks. The Staff has long determined that proposals addressing climate risk are appropriate for financial services companies. For instance, in *PNC Financial Services Group, Inc.* (February 13, 2013) the Proposal requested that the Board report to shareholders PNC's assessment of the greenhouse gas emissions resulting from its lending portfolio and its exposure to climate change risk in lending, investing, and financing activities. The Staff determined that the Proposal was not excludable because it addressed the significant policy issue of climate change. PNC had argued, as the Company does, that the Proposal micromanaged the business. That company had published some disclosures related to climate change and its importance to the company for instance, stating in a response to the Carbon Disclosure Project:

> A subset of our customers and investors increasingly care about social and environmental issues and the impact that their consumption spend has on climate change. The increasingly eco-conscious business environment has meant that some customers and investors use a company's response to climate change as a differentiator between potential options. A lack of a clear carbon emissions strategy, or a low perceived action plan, could cause PNC to lose valuable customers and investors, or limit our ability to attract new customers and investors.

However, as with tar sands at JPMorgan Chase, PNC's disclosures of relevant risks were lacking. The proponents argued that investors would be remiss in not seeking to understand how their companies address climate change. Broad and pithy public statements by companies are an

---

[30] Lovins, Amory B., "Keystone XL Pipeline is a Gusher of Financial Risk," *Forbes*, March 26, 2017.

insufficient basis for analysis and benchmarking of investment opportunities. PNC's reputation had become intricately linked to the controversial practice of Mountaintop Removal (MTR). In the Philadelphia Citypaper, PNC was referred to as "the largest financier of mountaintop removal coal mining." The Company attempted to distance itself from mountaintop removal by reference to its mountaintop removal-specific policy: "PNC does not extend credit to individual MTR mining projects or to a coal producer that receives a majority of its production from MTR mining."

Similarly, in the present instance, JPMorgan Chase notes in its Environmental and Social Policy Framework that when it finances *TRANSACTIONS involving* tar sands, it engages in additional scrutiny in explicit recognition of the unique water, biodiversity and indigenous rights risks posed by tar sands development.[31] In contrast, however, its tar sands risk is made up of both transactional *and* commercial lending and investment arrangements, such that the existing policies appear to neglect significant related risks.

Other Staff precedents also confirm that financial services companies are subject to climate related proposals. *Goldman Sachs* (February 7, 2011 and March 1, 2011) reversed the prior staff position and found that proposals at a financial institution on climate change were not excludable as **ordinary business**, regardless of whether they related to an analysis of risk to the environment (March 1, 2011) or an analysis of climate related business risk to the firm (February 7, 2011).

Goldman Sachs (February 7, 2011) related to a proposal requesting the board of Goldman Sachs prepare a report disclosing the business risk related to developments in the political, legislative, regulatory and scientific landscape regarding climate change. The Company had argued that the proposal was excludable under Rule 14a-8(i)(7). However, in addition to the new SEC recognition in its Climate Guidance that climate change is a significant social policy issue, the proposal included a nexus: that the Company would be materially affected by developments concerning climate change. The Company's Environmental Markets Group "has $3 billion of investments in renewable energy, and the environmental policy framework says its commitment to "finding effective market-based solutions to address climate change" will be significantly affected by changes in climate science and the prospects for related government action."

---

[31] JPMorgan Chase & Co. "Environmental & Social Policy Framework". Available online at https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf.
The Company's criteria address *transactions involving oil sands* but not other lending arrangements such as companywide or commercial lending arrangements where significant financing is occurring:
(ii) Oil sands development: Any transaction with a client involved in oil sands development will be subject to Enhanced Review. This will focus on the client's management of water discharge, use of fresh water, impacts to biodiversity, interactions with First Nations communities, the type of technology deployed (and its environmental footprint) and the client's compliance with Canadian permitting requirements.

Goldman Sachs (March 1, 2011) requested that the Board prepare a global warming report, which "may discuss" specific scientific data and studies relied on to formulate Goldman Sachs original climate policy, the extent to which Goldman Sachs now believes human activity will significantly alter the global climate, and an estimate of costs and benefits to Goldman Sachs of its climate policy. In addition to asserting the significant policy issue of climate change, the proponents discussed the nexus of Goldman Sachs to the proposal's subject matter extensively in the Proposal, including quoting from the Company's "environmental policy framework", speculating that the Company's commitment to global warming may be based on the hope that cap and trade legislation will provide an opportunity for the company to own and/or operate exchanges on which carbon credits could be traded, and finally discussing how the Company's reliance on government mandates, subsidies, loans and bailouts has become a flashpoint for anger among taxpayers. The proponents suggested that revisiting the climate policy might help the company to free itself from dependence on government action to stay in business.

In addition to the climate issues, the Company has acknowledged the importance of human rights issues as a "core value" for the Company.[32]

> JPMorgan Chase's support for the protection and preservation of human rights reflects our core values. We recognize that this must be a continuing effort, with ongoing work to reassess our practices and our approach in light of changing global circumstances and an evolving global policy environment. We are dedicated to exemplifying good corporate citizenship through our commitment to respecting human rights and through our broader commitment to corporate responsibility generally.
>
> *All human beings are born free and equal in dignity and rights.*
> *They are endowed with reason and conscience*
> *and should act towards one another in a spirit of brotherhood.*

The Company also asserts that the Proposal strays beyond transcendent policy issues into ordinary business matters of the Company's decisions to extend credit or provide other financial services to particular types of customers. To the contrary, the plain language of the Proposal is scoped to only include company decisions and policies related to the significant policy issue of tar sands.

2. THE PROPOSAL DOES NOT MICROMANAGE. IT REQUESTS INFORMATION CONSISTENT WITH LEADING GUIDELINES, INVESTMENT ANALYST EXPECTATIONS AND STAFF PRECEDENTS.

The Company distorts Staff precedents as well as the current proposal in asserting micromanagement. The Company cites prior excluded proposals barring lending for mountaintop removal, such as *JPMorgan Chase & Co*. (Mar. 10, 2010). Those proposals directly sought a

---

[32] *https://www.jpmorganchase.com/corporate/About-JPMC/ab-human-rights.htm.*

policy *barring the companies from providing financing to companies engaged in mountain-top removal mining.* In order to make the current proposal fit under the rubric of that decision, the Company claims that the current Proposal requests an "outright ban on lending to those customers" as the Proposal requests a policy "restricting financing for tar sands projects and companies." The Proposal neither requests a ban nor restricted financing, but only an assessment of where such policies may fit into the Company's responses.

Similarly, the Company Letter string-cites prior Staff decisions finding ordinary business, where the Proposal either attempted to direct company decisions on sales of particular products or services, or prescribed action on an ordinary business item *in the absence of* a transcendent policy issue. e.g. *Cash America International, Inc.* (March 5, 2007) (urging the Company to "develop a standard of suitability for its products"); *Bank of America Corp.* (February 27, 2008) (targeting charitable contributions to organizations supporting illegal immigration).

The current Proposal requests an *assessment* of potentially restrictive policies but it does not attempt to prescribe whether and how such a policy would be implemented. This is a pivotal difference. It is well-known and understood that under Staff precedents, a proposal cannot direct a company to ban particular forms of business or services. The present Proposal does not do so.

The Company Letter reiterates over and over again a singular distortion about the Proposal:

Company Letter, page 5.

> In this regard, it is important to note further that the Proposal is not limited to the publication of a report; rather, as demonstrated by the resolved clause, the Proposal also seeks the "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added).

Its efforts to present this narrow focus do not comport with the clear language of the Proposal. The Proposal is requesting a report on:

> *"the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation . . ."*

The Proposal's supporting statement suggests that the report **<u>should include an assessment of:</u>**

- *Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.*

- *Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".*

- *How tar sands financing aligns with our company's support for Indigenous People's rights.*

- *Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*."

The Company Letter, in contrast, blatantly manipulates the language of the Proposal and reframes the Proposal request as:

"*the Proposal seeks the establish[ment] of a specific policy*". Company Letter, page 5.

The Company, having edited the language of the Proposal, then repeats this false narrative to support its argument. For example:

- ". . . The Proposal *explicitly seeks* a policy that would "restrict financing" Company Letter, page 5.

- "The Proposal *seeks to impose* upon the Company's decision-making process regarding the origination and management of particular financial products and services . . ." Company Letter, page 6.

- "The Proponent *seeks to dictate* that the Company cannot provide its products or services to particular customers . . . " Company Letter, page 7.

- ". . . The Proposal *would impose a specific, over-riding requirement* regarding day-to-day management decisions" Company Letter, page 7.

Were the Proposal *actually directing* the Company to implement a policy prohibiting the financing of tar sands extraction, we might agree that it would micromanage by trying to dictate how management should make decisions regarding the Company's products or services, along the lines of the cases the Company cites where shareholders attempted to direct company action, rather than to seek disclosure and assessment, *SeaWorld Entertainment, Inc.* (March 30, 2017) ("shareholders urged the board to retire the current resident orcas to seaside sanctuaries and replace the captive-orca exhibits with innovative virtual and augmented reality or other types of non-animal experiences"), and *The Wendy's Company* (March 2, 2017) ("shareholders urged the

Board of Directors to take all necessary steps to join the Fair Food Program as promptly as feasible", which would require the Company to limit its tomato purchasing to certain suppliers).

In this case, however, the Proposal requests an appropriate disclosure of the Company's risk analysis, and exploration of policy options, and does not dictate any particular action. Actions by the Company that would fulfill the Proposal could, for instance, describe restrictive policies at other companies and explain why this Company has considered and decided not to adopt a similar policy.

Contrary to the Company Letter's false claims, the Proposal strikes an appropriate balance of respecting board discretion in responding to the significant policy issue of tar sands extraction, and does not require or prohibit any particular actions.

Staff precedent supports proposals that seek the *assessment* (as in the present Proposal) or even establishment of policies that direct Board action, where such policies also respect Board discretion; proposals that encourage a company to assess an issue but leave the question of action in the discretion of the board and management. This is a long-standing distinction in SEC staff decisions and the reason why so many proposals are written to request a report or an assessment, which is not directive. This Proposal strikes the same balance as numerous other proposals where there has been shareholder interest in policy positions, but the proposal is written to allow the company to assert its own position. Such an approach affords the board and management the option of fulfilling the proposal's request through a narrative stating how the company has evaluated the identified policy, and its rationale for concluding that it is not in the company's and shareholders interests.

The requests of the Proposal's report are at a similar level of detail to many other proposals requesting reports from companies, which have not been found to micromanage or otherwise be excludable under Rule 14a-8(i)(7). See for instance, *Chesapeake Energy* (April 2, 2010) in which the proposal requested a report summarizing 1. the environmental impact of fracturing operations of Chesapeake Energy Corporation; 2. potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing; 3. other information regarding the scale, likelihood and/or impacts of potential material risks, short or long-term to the company's finances or operations, due to environmental concerns regarding fracturing. In its supporting statement, the proposal went on to describe additional items that should be disclosed including, among other things, use of less toxic fracturing fluids, recycling or reuse of waste fluids, and other structural or procedural strategies to reduce fracturing hazards.

The present Proposal most closely resembles the numerous proposals on climate change that have been found to not be excludable as related ordinary business or micromanaging, because they addressed key issues regarding disclosure of strategic responses and goals relative to

climate change. For instance, see *Chevron Inc.* (March 23, 2016), requesting that the company publish an annual assessment of long-term portfolio impacts to 2035 of possible public climate change policies. *Dominion Resources Inc.* (February 11, 2014) requested the company adopt quantitative goals, taking into account International Panel on Climate Change guidance, for reducing total greenhouse-gas emissions from the company's products and operations and report on its plans to achieve these goals. *Hess Inc.* (Feb. 29, 2016) requested that Hess prepare and publish a report disclosing the "financial risks to the Company of stranded assets related to climate change and associated demand reductions. The report should evaluate a range of stranded asset scenarios, such as scenarios in which 10, 20, 30, and 40 percent of the Company's oil reserves cannot be monetized" and "Provide a range of capital allocation strategies to address the growing potential of low-demand scenarios, including diversifying capital investment or returning capital to shareholders; Provide information on assumptions used in each scenario, including carbon price and crude oil price."

Not all forms of requests for action are excludable either, where sufficient leeway is included for board discretion. For instance, in *Franklin Resources, Inc.* (December 30, 2013) shareholders brought a proposal addressing a significant policy issue of human rights associated with investment in companies that contribute to genocide or crimes against humanity. Their Proposal requested:

> ". . . that the Board institute transparent procedures to avoid holding or recommending investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights. Such procedures may include time-limited engagement with problem companies if management believes that their behavior can be changed. In the rare case that the company's duties as an advisor require holding these investments, the procedures should provide for prominent disclosure to help shareholders avoid unintentionally holding such investments."

Such proposal was found to be not excludable pursuant to Rule 14a-8(i)(7). The proponents sought disclosure from the Company regarding its investment choices related to investment in companies that were implicated in genocide. One particular company, PetroChina, implicated in funding the genocide in Darfur, was of main concern. The Company argued that the Proposal was excludable on the basis of 14a-8(i)(7) because, among other points, the Proposal sought to micro-manage the Company. In particular, the Company argued that the Proposal dealt with its ordinary business of buying and selling securities and that the Proposal, if implemented, would interfere with the Company's buying and selling of portfolio securities, micro-manage the Company's communications with its Portfolio Companies, and micro-manage the investment process overall by defining the subject matter and goals of the Company's discussions with its clients, specifying which companies the Company could engage with and requiring divestment along set deadlines.

However, the proponents successfully argued that their proposal did not micro-manage because it did not specify the details of the procedures requested, or their implementation on a day-to-day basis, and left it to the Board and management's judgment to define the companies to be avoided and the procedures to be implemented. Proponents also noted that the Company's peers in the industry had already implemented such investment policies. The Staff found that the proposal focused on the significant policy issue of human rights and did not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate. Accordingly, the Staff was unable to concur in the Company's view that it could omit the proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

ING Emerging Countries Fund (May 7, 2012) similarly saw a proposal requesting that the Company institute procedures to ***prevent holding investments in companies implicated in genocide***. In this proposal as well, the Company sought exclusion on the basis of Rule 14a-8(i)(7), arguing that the proposal would micro-manage the Company's day-to-day investment decisions. The Staff was unable to concur with the Company's view, in spite of arguments that the Staff had previously found that "requiring an investment company to divest its holdings in one specific company impermissibly interferes with the conduct of the investment company's ordinary business" and "requiring an investment company to divest from a select group of companies also impermissibly interferes with the conduct of an investment company's ordinary business" (the Company citing College Retirement Equities Fund, SEC No-Action Letter (pub. avail. May 3, 2004) and College Retirement Equities Fund, SEC No-Action Letter (pub. avail. May 23, 2005), and did not allow exclusion on the basis of Rule 14a-8(i)(7).

As with these cases concerning how financial companies disclose their decision-making procedures and manage risk related to investment decisions, the present Proposal concerns a matter of significant social concern that impacts environment and human rights, requests disclosure of how the Company is assessing and responding to these concerns, and requests a more robust response.

The Proposal's request to assess a policy of restricting financing for tar sands projects and companies does not amount to a prohibition against such investments. Thus, the Proposal does not go so far as the Proposal in *ING Emerging Countries Fund,* which did actually request that the Company's Board *prevent* future investment in certain companies, and take corrective action to divest from existing "problem companies", and *yet was not considered micro-management*.

The level of detail of disclosures requested are consistent with market needs and guidance.

Furthermore, the disclosures requested by the Proposal compare favorably to international guidelines on climate risk disclosure, as identified by the Task Force on Climate-Related

Financial Disclosure. Finance sector experts globally have been working to delineate needed disclosures by companies, especially financial services firms, that have significant exposure to climate risk.

In 2015, the G20 (Group of 20) Finance Ministers and Central Bank Governors, an international economic council established to promote international financial stability, requested that its Financial Stability Board (FSB) investigate and address the topic of climate-related financial disclosures. This international body was concerned with the degree to which inadequate information about climate-related risks could lead to mispricing of assets, misallocation of capital, and potentially severe challenges to global financial stability.

The FSB convened a Task Force on Climate-related Financial Disclosures, which over the course of 18-months consulted public- and private-sector business and finance leaders around the globe.[33] In June 2017, the Task Force presented its Final Report to the global investment community, "Recommendations of the Task Force on Climate-related Financial Disclosures". The report offers recommendations for how companies can better disclose clear, comparable and consistent information about the risks and opportunities presented by climate change, in hopes that improved disclosure will lead to more efficient allocation of capital, and help smooth the transition to a low-carbon economy.

The Task Force Recommendations Report has a clear description of climate risks of concern to investors and relevant to the Company:

> **Financial Implications of Climate Change**
> One of the most significant, and perhaps most misunderstood, risks that organizations face today relates to climate change. While it is widely recognized that continued emission of greenhouse gases will cause further warming of the planet and this warming could lead to damaging economic and social consequences, the exact timing and severity of physical effects are difficult to estimate. The large-scale and long-term nature of the problem makes it uniquely challenging, especially in the context of economic decision making. Accordingly, many organizations incorrectly perceive the implications of climate change to be long term and, therefore, not necessarily relevant to decisions made today.
>
> The potential impacts of climate change on organizations, however, are not only physical and do not manifest only in the long term. To stem the disastrous effects of climate change within this century, nearly 200 countries agreed in December 2015 to reduce greenhouse gas emissions and accelerate the transition to a lower-carbon economy. The reduction in greenhouse gas emissions

[33] J.P. Morgan Chase was a participant in these deliberations. The company notes in its environmental and social disclosure report: "In 2016, JPMC served on the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which has developed recommendations for the voluntary disclosure of information pertaining to the financial impacts of climate change. The TCFD recommendations are an important step in promoting transparency around climate-related risks and opportunities. We commend the TCFD on its process and look forward to engaging as companies explore best practices for implementation."

> implies movement away from fossil fuel energy and related physical assets. This coupled with rapidly declining costs and increased deployment of clean and energy-efficient technologies could have significant, near-term financial implications for organizations dependent on extracting, producing, and using coal, oil, and natural gas. While such organizations may face significant climate-related risks, they are not alone. In fact, climate-related risks and the expected transition to a lower-carbon economy affect most economic sectors and industries. While changes associated with a transition to a lower-carbon economy present significant risk, they also create significant opportunities for organizations focused on climate change mitigation and adaptation solutions.
>
> For many investors, climate change poses significant financial challenges and opportunities, now and in the future. The expected transition to a lower-carbon economy is estimated to require around $1 trillion of investments a year for the foreseeable future, generating new investment opportunities.1 At the same time, the risk-return profile of organizations exposed to climate-related risks may change significantly as such organizations may be more affected by physical impacts of climate change, climate policy, and new technologies. In fact, a 2015 study estimated the value at risk, as a result of climate change, to the total global stock of manageable assets as ranging from $4.2 trillion to $43 trillion between now and the end of the century.2 The study highlights that "much of the impact on future assets will come through weaker growth and lower asset returns across the board." This suggests investors may not be able to avoid climate-related risks by moving out of certain asset classes as a wide range of asset types could be affected. Both investors and the organizations in which they invest, therefore, should consider their longer-term strategies and most efficient allocation of capital. Organizations that invest in activities that may not be viable in the longer term may be less resilient to the transition to a lower-carbon economy; and their investors will likely experience lower returns. Compounding the effect on longer-term returns is the risk that present valuations do not adequately factor in climate-related risks because of insufficient information. As such, long-term investors need adequate information on how organizations are preparing for a lower-carbon economy.
>
> Furthermore, because the transition to a lower-carbon economy requires significant and, in some cases, disruptive changes across economic sectors and industries in the near term, financial policymakers are interested in the implications for the global financial system, especially in terms of avoiding financial dislocations and sudden losses in asset values. Given such concerns and the potential impact on financial intermediaries and investors, the G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board to review how the financial sector can take account of climate-related issues. As part of its review, the Financial Stability Board identified the need for better information to support informed investment, lending, and insurance underwriting decisions and improve understanding and analysis of climate-related risks and opportunities. Better information will also help investors engage with companies on the resilience of their strategies and capital spending, which should help promote a smooth rather than an abrupt transition to a lower-carbon economy.

As the Task Force Report describes, one important type of climate risk disclosure is Scenario Analysis, a process by which companies identify and assess the potential implications of a range of plausible future states under conditions of uncertainty. (Report, p. 25) The Task Force recommends that all organizations exposed to climate-related risks consider using scenario analysis to help inform their strategic and financial planning processes, and disclose how resilient their strategies are to a range of plausible climate-related scenarios. Moreover, the Task

Force recommends that organizations with more significant exposure to "transition risk"[34] and/or physical risk[35] - like the Company - should undertake more rigorous analysis with respect to the key drivers and trends that affect their operations.

The Report offers the following disclosure considerations as guidance:

Figure 8

Disclosure Considerations for Non-Financial Organizations

Organizations with more significant exposure to climate-related issues should consider disclosing key aspects of their scenario analysis, such as the ones described below.

1	The scenarios used, including the 2°C or lower scenario[47]
2	Critical input parameters, assumptions, and analytical choices for the scenarios used, including such factors as: – Assumptions about possible technology responses and timing (e.g., evolution of products/services, the technology used to produce them, and costs to implement) – Assumptions made around potential differences in input parameters across regions, countries, asset locations, and/or markets – Approximate sensitivities to key assumptions
3	Time frames used for scenarios, including short-, medium-, and long-term milestones (e.g., how organizations consider timing of potential future implications under the scenarios used)
4	Information about the resiliency of the organization's strategy, including strategic performance implications under the various scenarios considered, potential qualitative or directional implications for the organization's value chain, capital allocation decisions, research and development focus, and potential material financial implications for the organization's operating results and/or financial position

The Report also notes, in particular, "Organizations with more significant exposure to climate-

---

[34] "Transition risk scenarios are particularly relevant for resource-intensive organizations with high GHG emissions within their value chains, where policy actions, technology, or market changes aimed at emissions reductions, energy efficiency, subsidies or taxes, or other constraints or incentives may have a particularly direct effect. A key type of transition risk scenario is a so-called 2°C scenario, which lays out a pathway and an emissions trajectory consistent with holding the increase in the global average temperature to 2°C above pre-industrial levels. In December 2015, nearly 200 governments agreed to strengthen the global response to the threat of climate change by "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels," referred to as the Paris Agreement. As a result, a 2°C scenario provides a common reference point that is generally aligned with the objectives of the Paris Agreement and will support investors' evaluation of the potential magnitude and timing of transition-related implications for individual organizations; across different organizations within a sector; and across different sectors." Recommendations of the Task Force on Climate-related Financial Disclosures, page 27.

[35] A wide range of organizations are exposed to climate-related physical risks. Physical climate- related scenarios are particularly relevant for organizations exposed to acute or chronic climate change, such as those with: long-lived, fixed assets; locations or operations in climate-sensitive regions (e.g., coastal and flood zones); reliance on availability of water; and value chains exposed to the above.
Physical risk scenarios generally identify extreme weather threats of moderate or higher risk before 2030 and a larger number and range of physical threats between 2030 and 2050. Although most climate models deliver scenario results for physical impacts beyond 2050, organizations typically focus on the consequences of physical risk scenarios over shorter time frames that reflect the lifetimes of their respective assets or liabilities, which vary across sectors and organizations. Recommendations of the Task Force on Climate-related Financial Disclosures, page 27.

related issues should consider disclosing key assumptions and pathways related to the scenarios they use to allow users to understand the analytical process and its limitations. In particular, it is important to understand the critical parameters and assumptions that materially affect the conclusions drawn." Report, page 28.

The Proposal is seeking a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. As such, the Proposal is closely aligned with the type of disclosure recommended by this international body. It includes requests for disclosure of the Company's assessment of climate risks across different scenarios, including short- and medium-term risks of carbon-intensive portfolio devaluation, the short- and medium-term risks of stranded tar sand assets, and the risks associated with a "well below 2 degrees Celsius" scenario.

The Proposal is also in line with global investor discussions regarding treatment of climate - related risks in a manner that respects determination of materiality. The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs, "offering companies a framework for reporting environmental information with the same rigor as financial information. This in turn helps them to provide investors with decision-useful environmental information via the mainstream corporate report, enhancing the efficient allocation of capital. Regulators also benefit from compliance-ready materials."

> The organization recently undertook a discussion of materiality of climate disclosures. Its new discussion paper looks at the application of materiality to climate-related financial disclosures, highlighting the main challenges and potential strategies for materiality determination. The organization summarized some of the suggestions and issues:
>
> Materiality judgements must take account of the needs of information users
>
> When making judgements on materiality, it is fundamental to consider the target audience of the type of report that the information will be disclosed in. Information related to climate risks and opportunities that could influence the decisions of current and potential investors should be considered material. What makes it challenging is the diversity of the investor audience, as the needs of all significant shareholder groups should be taken into account, including those who take a long-term view on investment.
>
> * * *
>
> Measurement of risk may be difficult, and disclosures may be subjective
> One of the key challenges is to identify how much information to include in the mainstream report. The risks related to climate change are often going to be hard to measure, so any disclosure will necessarily be qualitative or quantified based on subjective or restricted bases. Therefore, when assessing materiality, you should not only draw on the knowledge of your company, but also consider the potential impact of broader environmental factors.
>
> Materiality should be assessed over appropriate time horizons

> Another challenge for management is to determine the appropriate time frames for the assessment of climate-related risks and disclose the results as part of their response to recommended disclosures on Strategy. Organisations need to provide a description of both what they consider the relevant short, medium and long-term time horizons to be, and the specific climate-related issues for each time horizon.

The Board "findings" do not demonstrate insignificance to the Company or micromanagement.

The Company Letter also deploys the procedure outlined in Staff Legal Bulletin 14I (CF) November 1, 2017, in which the Staff asserted that a company's board "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote"; accordingly, a company's no-action request can include "a discussion that reflects the board's analysis of the particular policy issue raised and its significance [to the company]." According to the SLB, a "well-developed discussion" will assist the Staff in its review.

Three recent Staff decisions shed light on the functioning of the Staff Legal Bulletin when it comes to applicability of Board of Directors findings.

First, a recent proposal seeking establishment of a human rights committee at Apple, was found not excludable by the Staff in *Apple, Inc.* (December 21, 2017) (Jing Zhao). The company claimed, as JPMorgan Chase does here, that the proposal addressed ordinary business given the extent of focus by the management and a board committee on human rights issues. It is notable that, as in the present instance, the Board of Directors was unable to fulfill the expectation stated under Staff Legal Bulletin 14I that the Board of Directors should weigh in when a significant policy issue is not significant for the company. We believe this is because, as in the Apple (Jing Zhao) example, the J.P. Morgan Chase Board of Directors would be unable to conclude that the issues raised are insignificant. The focus on board oversight and ensuring adequate oversight of human rights issues in commercial lending arrangements demonstrates that the Proposal is directed at a high level of policy and governance that is appropriate to shareholder proposals.

Similarly, in *AmerisourceBergen Corporation* (January 11, 2018), the Staff considered a similar Board of Directors opinion and found that the proposal was not excludable pursuing to Rule 14a-8(i)(7). In that instance, the Proposal urged the board to report to shareholders on the governance measures the Company has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the U.S., given the Company's distribution of opioid medications. The Staff noted the board's analysis "that this particular proposal is not sufficiently significant to the Company's business operations such that exclusion would be appropriate. In particular, we note the Company's role in the distribution of

pharmaceutical products, including opioids, and that the information presented ***does not include quantitative or other analysis that may be helpful in determining whether this particular proposal is significant to the Company's business operations.*** …Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7)." (emphasis added)

Finally, in *Apple* (Jantz) (December 21, 2017) the Proposal requested that the board prepare a report that evaluates the potential for the Company to achieve, by a fixed date, "net-zero" emissions of greenhouse gases relative to operations directly owned by the Company and major suppliers. In that instance, the staff noted that:

> "Based on our review of your submission, including the description of how your board of directors has analyzed this matter, there appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company's ordinary business operations. In our view, the Proposal seeks to micromanage 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. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7)."

However, in contrast to the Apple net-zero greenhouse gas proposal, the current Proposal is far less prescriptive in its request for an assessment. In *Apple*, the finding of micromanagement seemed to be based on the prescriptive nature of the proposal - seeking an assessment of feasibility of achieving net-zero greenhouse gases by a fixed date (clearly a significant policy issue), but then prescribing at length the scope and details of such an assessment, including the role of "negative emissions" and the detailed description of which aspects of the business should be included. In contrast, in the present instance, the Proposal is non-prescriptive in its request for an assessment but rather is pitched at the level that is consistent with marketplace guidance and interest in tar sands, climate risk and indigenous people's rights.

Turning to the Board's review of these issues, it simply states that the Board is updated on day-to-day issues (but does not specify what those are) and only identifies the December 12 Board meeting as a time when the Board was presented with information on the Proposal and discussed it:

> The Board is regularly updated on the Company's business operations, which includes the manner in which various policy issues may impact the Company and the manner in which the Company addresses those issues in the course of its day-to-day operations. On December 12, 2017, the
>
> Board met (the "*Board Meeting*"), and as part of the agenda, discussed the Proposal. The Board was presented with information prepared by management about the Proposal and its implications to the Company, including information about the Company's approach to the policy issues presented by the Proposal, the Company's existing policies, practices and frameworks, investor

> feedback and any prior communications with the Proponent, the impact of the Proposal on the Company's business operations, and the Board's oversight of the Company's approach to the policy issues raised by the Proposal. The Board also considered the Company's on-going efforts with respect to environmental and social matters, including climate change and human rights. In addition, the Company's General Counsel met with the Board and discussed the Company's efforts with respect to environmental issues and human and indigenous peoples' rights, including the Company's various policies and frameworks concerning these matters…
> Company Letter pg. 12

Based on procedural description it is impossible for shareholders to ascertain any substantive scope of the Board's "review" of these issues, particularly in light of the Company's public support for the Paris Climate Agreement and Indigenous People's Rights.

The report of analysis by the board lacked substance and merely seemed to follow a template intended to lead to the exclusion of the proposal as "insignificant" to the Company:

> While the Board has considered issues regarding the impact of the Company's business practices on climate change and indigenous peoples' rights in the past, it reviewed the issues at the Board Meeting in light of the Proposal. The Board recognized that it regularly considers issues that are addressed by the Proposal when setting the broad, strategic direction of the Company and performing its oversight role. …. The Board further recognized the importance of the issues addressed by the Proposal to society generally, but noted that the specific issues raised by the Proposal are part of the Company's broad consideration of policy issues.
>
> The Board then concluded that the policy issues relating to climate change and indigenous peoples' rights that the Proposal addresses in part, while important to society in general and considered by the Company in the various contexts noted above, those policy issues do not transcend the Company's ordinary business operations and, as such, the Proposal would not be appropriate for a shareholder vote.

Yet the Board's acknowledgement that it "recognized the importance of the issues addressed by the Proposal to society generally" and that policy issues relating to climate change and indigenous peoples' rights are "important to society," combined with the fact that the Company's own Environmental and Social Policy states that "Any transaction with a client involved in oil sands [tar sands] development will be subject to Enhanced Review"[36], indicates that the Board does acknowledge the significance of these issues to the company.

This is further made evident by the level of investment by the Company in tar sands, the public controversy and backlash against the Company, the growing number of banks and financial

---

[36] JPMorgan Chase & Co. "Environmental & Social Policy Framework". Available online at https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf.

service firms making policies restricting tar sand financing, and the financial community's demand for market analyses and reports demonstrating the material financial implications of climate risks. This and the Company's singular position as a leading financier of tar sands projects all point to significance, not insignificance.

For a Company that is a leader in investments in controversial, widely debated extraction assets, it hard to understand how the Company's engagement with and relationship to the tar sands industry is not a significant policy issue both for society and for the Company. Little light and no data is shed on these questions of "significance" by the board's process. What led the Board to believe that an insufficient connection exists between the Company and these issues? At best, the Board's "findings" seem an assertion that the Board is regularly updated on business operations, including (non-specific) various policy issues that may impact the company and how those are addressed.

Despite the assertion that these issues are too complicated for investors to understand, available evidence indicates that the Proposal is correctly directed toward information needed by investors, as demonstrated by TCFD recommendations and many other market analyses and reports demonstrating the material financial implications of tar sands extraction, including evidence of material risks.

The Proponents respectfully suggest that the Staff should not give weight to board submissions that only describe a process and provide no substantive analysis or data on *significance*. A bare legal conclusion like the one set forth in the Letter has no informational value and therefore does not assist the Staff in its review.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2018 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis
Cc: Martin Dunn
Michael Passoff

SANFORD J. LEWIS, ATTORNEY

February 12, 2018
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to JPMorgan Chase & Co.
Regarding Tar Sands on Behalf of the Christensen Fund

Ladies and Gentlemen:

The Christensen Fund (the "Proponent") is beneficial owner of common stock of JPMorgan Chase & Co. (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company.[1] I have been asked by the Proponent to respond to the letter dated January 12, 2018 ("Company Letter") sent to the Securities and Exchange Commission by Martin Dunn of Morrison Foerster. In that letter, the Company contends that the Proposal may be excluded from the Company's 2017 proxy statement by virtue of Rule 14a-8(i)(7).

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, it is my opinion that the Proposal must be included in the Company's 2017 proxy materials and that it is not excludable by virtue of those rules. A copy of this letter is being emailed concurrently to Martin Dunn of Morrison Foerster.

SUMMARY

The Proposal requests that the Company prepare a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. Tar sands are deposits of sand, clay, water and 'bitumen': a viscous liquid that can be processed into oil products. The total known world reserves amount to the equivalent of 6 trillion barrels of oil - more than the conventional oil reserves. The process of extracting and refining tar sands results in higher emissions per barrel of oil produced, nearly five times as much carbon dioxide as conventional oil.

[1] The Proposal was submitted by Proxy Impact on behalf of the Christensen Fund. Additional filers include As You Sow on behalf of James McRitchie, As You Sow on behalf of The Gun Denhart Living Trust Authorization, Mercy Investment Services, and School Sisters of Notre Dame Cooperative Investment Fund.

PO Box 231 Amherst, MA 01004-0231 • sanfordlewis@strategiccounsel.net • (413) 549-7333

The Company is a leading financier of tar sands related operations. As stated in the Proposal, the Company is the top United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016. Financing of tar sands development is accompanied by significant risk due to the importance of tar sands, second only to coal, as a leading issue for climate change. As noted in the Proposal, banks and fossil fuel companies have been undertaking significant divestment of tar sands-related investments and assets due to climate and human rights risks, and related financial risks.

The Company Letter asserts that the Proposal is excludable as relating to ordinary business – asserting that it seeks to micromanage the Company. However, the Proposal solely and appropriately addresses a core risk concern for investors – adequate disclosure of the Company's understandings of climate, financial and human rights risks associated with the Company's singular commitment to tar sands financing.

The Proposal seeks information of a kind and at a level of detail that is widely sought by investors on the key risks that climate change-related developments may pose to assets and finances. For instance, it is consistent with the kinds of disclosures recommended and sought by the Financial Stability Board's Task Force on Climate-related Financial Disclosures. The Proposal is not inappropriately prescriptive or directive. The Company Letter patently distorts the plain language of the Proposal, in particular by repeatedly characterizing one supporting statement of the proposal as being more directive than it is. That one supporting statement requests that the report include *assessment(s)* of…. *reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*. In contrast, the Company Letter asserts that the Proposal "explicitly seeks a policy that would restrict financing for tar sands projects" and an "outright ban on lending to those customers." Contrary to the Company's assertion, the plain language of the Proposal is for an **assessment, not a mandate** for limits on tar sands financing. This is a well-recognized distinction amongst shareholder proposals which seek assessment and explanation for investors but leaves *action* decisions to board and management.

Furthermore, the Proposal does not *incidentally* address ordinary business issues that are not related to the significant policy issue of the Proposal, but is limited exclusively to issues related to the significant policy concern for the Company.

Although the Board of Directors asserted that the Proposal addresses ordinary business, the Board provided no evidence to demonstrate that its unique concentration of tar sands investments is not a significant issue for the Company, and therefore did not provide sufficient information for a Staff determination. Therefore, the Proposal is not excludable pursuant to Rule 14a-8(i)(7).

THE PROPOSAL

"*WHEREAS:*
Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys forests, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

Tar sands development lost nearly $31 billion in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development." http://ieefa.org/reportmaterial-risks/

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use 100 percent renewable power by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016.

In 2017:

- *Exxon wrote off 3.5 billion barrels of tar sands oil reserves as not economically viable.*
- *ConocoPhillips, Shell, Marathon, Murphy and Statoil divested more than $24 billion of tar sands assets.*
- *Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (Wall St. Journal)*
- *Eight global banks had developed policies that prohibit financing for tar sands projects or companies.*
- *BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.*

JPMC faces reputational and financial risk by supporting four controversial planned tar sands

projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- *Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.*

- *Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".*

- *How tar sands financing aligns with our company's support for Indigenous People's rights.*

- *Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*."

ANALYSIS

The Company Letter asserts that the Proposal is excludable under Rule 14a-8(i)(7), either because it addresses matters that are not transcendent policy issues or because it attempts to micromanage the Company. However, reviewing the Proposal and related Staff decisions, the current Proposal addresses a significant policy issue for the Company and is in line with many other proposals that seek a report without micromanaging.

1. THE PROPOSAL ADDRESSES A SIGNIFICANT POLICY ISSUE OF CLEAR SIGNIFICANCE TO THE COMPANY.

As described in the Proposal and above, tar sands extraction is one of the dirtiest and most carbon- and capital-intensive methods of fossil fuel production in use today. Tar sands (also known as "oil sands") are deposits of sand, clay, water and 'bitumen': a viscous liquid that can be processed into oil products. The total known world reserves amount to the equivalent of 6 trillion barrels of oil - more than the conventional oil reserves. The process of extracting and refining tar sands results in higher emissions per barrel of oil produced, nearly five times as much carbon dioxide as conventional oil. Because of this, the climate impact and greenhouse gas emissions for tar sands related fuel are on par with coal, with carbon emission intensity averaging 80kg of CO2e per barrel.[2] The Government of Alberta has set a cap for CO2e emissions at 100Mt, which, once reached around 2030, could constrain or force reductions in production.[3]

In addition to climate impact, vapor resulting from tar sands extraction is a major component of smog and a risk to human health.[4] The extraction process also infringes on indigenous rights. The three oil sands deposits in Canada, Athabasca, Peace River and Cold Lake, are located in or around indigenous peoples' land. The Canadian Constitution legally recognizes the rights of indigenous peoples and treaties. The Government of Canada has a legal duty to consult and, where appropriate, accommodate Aboriginal peoples if it is determined that treaty or indigenous rights have been adversely affected.[5] Material adverse effects to First Nations, Métis and Inuit include land stripped of trees causing loss of habitat for game animals; decline of caribou herds

---

[2] Tarek Soliman, "Change is on the Way for Oil and Gas Majors", CDP, November 24, 2016.

[3] Benjamin Israel, "Measuring Oil Sands Carbon Emissions Intensity: How Alberta's Climate Leadership Plan can Help Reverse a Worrying Trend," Pembina Institute, August 2016.

[4] Ian Austen, "Pollution from Canadian Oil Sands Vapor is Substantial, Study Finds," *New York Times*, May 25, 2016.

[5] "Oil Sands: Indigenous Peoples," Natural Resources Canada, July 7, 2016. http://www.nrcan.gc.ca/energy/publications/18736.

in all three locations causing risk of extinction by 2040; smoke and greenhouse gas emissions; diversion of water from the Athabasca river and other water sources, leakage of toxic water from tailings ponds into the Athabasca River and ground water; and a 30% rise in cancer rates and abnormalities in game and fish.[6]

In short, tar sands development is worsening climate risks, destroying forests, polluting land and water, and creating massive reservoirs of toxic waste. Tar sands companies also significantly harm indigenous people's rights, both at the point of extraction and along pipeline routes. Because tar sands extraction raises so many issues, tar sands development has become the target of a fierce grassroots movement and has led to highly publicized protests including protests specifically targeting JPMorgan Chase.[7] [8] [9]

As of October 2015, tar sands pipelines were at 89% capacity, expecting to reach maximum capacity by 2017. In order to grow tar sands development, the industry must build additional pipelines. There are several major pipelines proposed including Keystone XL from Alberta to the Gulf of Mexico, Energy East Northern Gateway and Trans Mountain Expansion. Efforts to prevent the pipelines and thereby the expansion of oil sands development include protests by both citizens and elected officials, legal suits, and the years of delays and financial liabilities caused by these actions.[10] Trans Canada withdrew its application for the Energy East pipeline after political protests and the addition of a "climate test" to evaluate how the project might impact Canada's overall carbon emissions.[11] The Trans Mountain Expansion is being challenged by the Secwepmc Nation, who claim that the pipeline crosses territory that was never ceded or relinquished by treaty. The Government of Canada and of British Columbia each approved the pipeline, though both governments are committed to implementing the United Nations Declaration of Rights for Indigenous People which requires a government to obtain from an indigenous people free, prior and informed consent. Kinder Morgan is facing "significant legal, financial and reputation risks" that amount to "serious obstacles" according to a report released

---

[6] "Tar Sands," Indigenous Environmental Network. http://www.ienearth.org/what-we-do/tar-sands/.

[7] "**Coalition Disrupts JPMorgan Chase Shareholders Meeting: Demand they Defund Tar Sands"**, https://lastrealindians.com/coalition-disrupts-jpmorgan-chase-shareholders-meeting-demand-they-defund-tar-sands/.

[8] Lynda Mapes, "Climate activists shut down Chase bank branches in Seattle; arrests made", **The Seattle Times, May 8, 2017**.

[9] Molly Crane Newman, "Women climb flag poles near Chase Midtown building to protest bank's climate change ties**"** New York daily News, November 13, 2017. **http://www.nydailynews.com/new-york/manhattan/women-climb-chase-building-flag-poles-climate-change-ties-article-1.3630352**.

[10] Valentine, Katie, "Protest are Putting a Serious Dent in Tar Sands Expansion," Think Progress, October 25, 2015.

[11] Lukacs, Martin, "Indigenous People 'Serious Obstacle' to Kinder Morgan Pipeline, Report Says," *The Guardian*, October 16, 2016.

by the Indigenous Network of Economies and Trade."[12] In addition to the legal challenges to the pipeline, the Secwepmc have built tiny houses on the path of pipeline. Regarding these protests, May Boeve of 350.org said in a statement. "In the four years since we began marching, sitting-in, and risking arrest to keep tar sands in the ground, no new pipelines have been built."[13]

The controversy surrounding tar sands investment has led to significant financial risk. In 2014, a report issued by the Institute for Energy Economics and Financial Analysis (IEEFA)[14] found that:

> — Market forces and public opposition have played a significant role in the cancellation of three major tar sands projects in 2014 alone: Shell's Pierre River, Total's Joslyn North, and Statoil's Corner Project. Combined, these projects would have produced 4.7 billion barrels of bitumen that would in turn have released 2.8 billion metric tonnes of carbon dioxide (CO2) into the atmosphere. This is equivalent to the emissions of building 18 new coal plants that would last 40 years each.
>
> — Tar sands producers lost $30.9 billion from 2010 through 2013 due to transportation bottlenecks and the flood of crude coming from shale-oil fields. Of that, $17.1 billion, or 55 percent, can be attributed to the impact of public-accountability campaigns.
>
> — The combination of risks facing the industry has the potential for canceling most or even all of the planned expansion of the industry in Canada.
>
> — Rather than seeing more than a doubling of output from 2 million barrels of oil per day to 4.8 million barrels per days — as the industry predicts — the report projects flat production levels.
>
> — Tar sands producers have lagged, with 9 of 10 leading tar sands producers in Canada underperforming the broader stock market in the last five years.
>
> — Analysts have recently downgraded their outlook for tar sands production.[15]

As a result of the controversy around the Dakota Pipeline, (DAPL) some banks involved in the project have taken steps such as selling their shares in the DAPL project finance loan,[16] stopping

---

[12] Lukacs, Martin, "Indigenous People 'Serious Obstacle' to Kinder Morgan Pipeline, Report Says," *The Guardian*, October 16, 2016.

[13] Valentine, Katie, "Protest are Putting a Serious Dent in Tar Sands Expansion," Think Progress, October 25, 2015.

[14] Tom Sanzillo et. al, "A Constellation of Risks': How Public Accountability Is Slowing Tar Sands Development" Institute for Energy Economics & Financial Analysis, October 29, 2014. http://ieefa.org/report-material-risks/.

[15] "Tar sands Report: $31 Billion in Lost Revenues to Date; Expansion Unlikely to Proceed as Protest Mount," Institute for Energy Economics and Financial Analysis, October 29, 2014.

[16] "DNB Has Sold Its Part of Dakota Access Pipeline Loan", DNB, March 26, 2017. "BNP Paribas Exits Dakota Access Pipeline", Nasdaq Global Newswire, April 5, 2017.

new business with Energy Transfer Partners (ETP),[17] and publicly acknowledging regret over financing the project.[18] In fact, numerous banks and financial service firms are now walking away from tar sands related operations.

In December 2017, one of the world's biggest financial services companies, French insurance giant AXA Group, announced that it was ending investments in 25 tar sands companies, as well as three companies transporting tar sands oil to market. The Company aims to divest more than €3 billion from carbon-intensive energy production and withdrew insurance cover worth €700 million from pipeline companies.[19] AXA's CEO, Thomas Buberl, explained that, "The pipelines will also be stranded assets at some point, so we don't want to invest." On top of their heavy carbon emissions, Buberl also noted, "They often present acute human rights issues, if you think about population displacement and also the local pollution they produce."[20]

In October 2017, French bank BNP Paribas announced that it would no longer finance shale or oil sands projects, and would stop working with companies whose main business is the exploration, production, distribution or marketing of oil and gas from shale or oil sands.[21] BNP Paribas is France's largest bank with $2.4 trillion in assets making it nearly equal in size to JPMorgan Chase with $2.45 trillion in assets.[22]

Also in October 2017, three other major French banks and financial service firms including

---

[17] "ING Has Sold Its Stake in Dakota Access Pipeline Loan", ING, March 21, 2017. https://www.ing.com/Newsroom/All-news/ING-has-sold-its-stake-in-Dakota-Access-pipeline-loan.htm.

[18] "Citi Meeting Protest Prompts Apology on Pipeline Finance Steps", Reuters, April 25, 2017.

[19] Andy Rowell, "A Not So Happy New Year for the Tar Sands in 2018", Oil Change International, January 3, 2018. http://priceofoil.org/2018/01/03/a-not-so-happy-new-year-for-the-tar-sands-in-2018/.

[20] Damian Carrington, "Insurance giant Axa dumps investments in tar sands pipelines", The Guardian, December 12, 2017. https://www.theguardian.com/environment/2017/dec/12/insurance-giant-axa-dumps-investments-tar-sands-pipelines.

[21] Noemie Bisserbe and Sarah Kent, "BNP Paribas to Stop Financing Shale, Oil Sands Projects", Wall Street Journal, October 12, 2017. https://www.wsj.com/articles/bnp-paribas-to-stop-financing-shale-oil-sands-projects-1507730419.

[22] Kevin Johnston, "The World's Top 10 Banks", Investopedia, April 25, 2017 https://www.investopedia.com/articles/investing/122315/worlds-top-10-banks-jpm-wfc.asp.

Societe Generale,[23] Natixis and Credit Agricole pledged to stop funding oil sands projects.[24]

Other banks that have developed policies that prohibit or phase-out financing for tar sands projects and companies include ING (Netherlands), US Bank (USA), Rabobank (Netherlands), Desjardins (Canada), ABN Amro (Netherlands) and Commerzbank (Germany).

Norwegian-based Kommunal Landspensjonskasse (KLP) divested an estimated $70 million in ETP, Phillips 66, Enbridge Inc., and Marathon Petroleum Corporation in March 2017.[25] When pressed, KLP affirmed that this decision was based on "an unacceptable risk of contributing to serious or systematic human rights violations."[26] KLP has concluded that "the climate and environmental impacts of oil sand extraction are as great as those for extracting coal. KLP will therefore extend the product-based exclusion criteria to oil sand," Anne Kvam, head of responsible investments at KLP.[27] As Norway's main municipal pensions provider, KLP, announced it was excluding companies from its investments that had over 30% of their revenue stemming from the tar sands. "By also excluding companies in these sectors, KLP continues to direct its investments toward a low-emission society," CEO Sverre Thornes added in a news release.[28]

Similarly, the movement of some firms away from *tar sands* investment is consistent with the International Energy Agency's recent warning that global oil companies investing in oil too costly to repay its costs or to beat efficiency and renewables could face more than $1 trillion in stranded assets by 2050.[29] In each of the past three years, Canada's oil industry has cut long-

---

[23] "Societe Generale strengthens its commitments in the fight against climate change", August 12, 2017. https://www.societegenerale.com/en/newsroom/societe-generale-strenghtens-its-commitments-in-the-fight-against-climate-change.

[24] "Major French financial groups pledge to stop conducting business with oilsands and pipeline companies", Financial Post, December 12, 2017. http://business.financialpost.com/commodities/energy/major-french-financial-groups-pledge-to-stop-conducting-business-with-oilsands-and-pipeline-companies.

[25] "Nordic Investors Reject Dakota Pipeline Operator's Allegations", Reuters, August 29, 2017.

[26] "KLP Excludes Companies Involved in Dakota Access Pipeline", KLP.

[27] Paulina Pielichata, "Norway's KLP to Divest Oil Sand Extraction Companies," *Pensions & Investments*, December 14, 2017.

[28] Paulina Pielichata, "Norway's KLP to Divest Oil Sand Extraction Companies," *Pensions & Investments*, December 14, 2017.

[29] Jillian Ambrose, "IEA warns $1.3 trillion of oil and gas could be left stranded," *The Telegraph*, March 20, 2017 http://www.telegraph.co.uk/business/2017/03/20/iea-warns-13-trillion-oil-gas-could-left-stranded/?mc_cid=50c703c3ec&mc_eid=8986b383fb

term output forecasts while world inventories swell, and investors are fleeing.[30]

Significance of the Issue to the Company

The financial, environmental, human rights and other concerns about tar sands give cause for investors to believe these investments may soon become stranded assets. Yet JPMorgan Chase has the largest portfolio of tar sands-related investments and has increased its investment while other banks, insurance companies and institutional investors are publically stepping away from tar sands operations due to significant financial, social and environmental risks. The Proposal provides the opportunity for shareholders to gauge and potentially elevate these important risk-management questions, with the proxy process providing the right venue to assess the level of concern among investors.

Despite the Board's assertions in the Company Letter, there is irrefutable evidence that the Company's tar sands investments are a significant issue for the Company. Prior experience of banks including JPMorgan Chase shows that investment in unconventional fossil fuel development due to its climate and human rights risks poses both financial and reputational risk.

Investors can appropriately ask through a shareholder proposal about the risks to the Company, and its approaches to addressing those risks. The Staff has long determined that proposals addressing climate risk are appropriate for financial services companies. For instance, in *PNC Financial Services Group, Inc.* (February 13, 2013) the Proposal requested that the Board report to shareholders PNC's assessment of the greenhouse gas emissions resulting from its lending portfolio and its exposure to climate change risk in lending, investing, and financing activities. The Staff determined that the Proposal was not excludable because it addressed the significant policy issue of climate change. PNC had argued, as the Company does, that the Proposal micromanaged the business. That company had published some disclosures related to climate change and its importance to the company for instance, stating in a response to the Carbon Disclosure Project:

> A subset of our customers and investors increasingly care about social and environmental issues and the impact that their consumption spend has on climate change. The increasingly eco-conscious business environment has meant that some customers and investors use a company's response to climate change as a differentiator between potential options. A lack of a clear carbon emissions strategy, or a low perceived action plan, could cause PNC to lose valuable customers and investors, or limit our ability to attract new customers and investors.

However, as with tar sands at JPMorgan Chase, PNC's disclosures of relevant risks were lacking. The proponents argued that investors would be remiss in not seeking to understand how their companies address climate change. Broad and pithy public statements by companies are an

---

[30] Lovins, Amory B., "Keystone XL Pipeline is a Gusher of Financial Risk," *Forbes*, March 26, 2017.

insufficient basis for analysis and benchmarking of investment opportunities. PNC's reputation had become intricately linked to the controversial practice of Mountaintop Removal (MTR). In the Philadelphia Citypaper, PNC was referred to as "the largest financier of mountaintop removal coal mining." The Company attempted to distance itself from mountaintop removal by reference to its mountaintop removal-specific policy: "PNC does not extend credit to individual MTR mining projects or to a coal producer that receives a majority of its production from MTR mining."

Similarly, in the present instance, JPMorgan Chase notes in its Environmental and Social Policy Framework that when it finances *TRANSACTIONS involving* tar sands, it engages in additional scrutiny in explicit recognition of the unique water, biodiversity and indigenous rights risks posed by tar sands development.[31] In contrast, however, its tar sands risk is made up of both transactional *and* commercial lending and investment arrangements, such that the existing policies appear to neglect significant related risks.

Other Staff precedents also confirm that financial services companies are subject to climate related proposals. *Goldman Sachs* (February 7, 2011 and March 1, 2011) reversed the prior staff position and found that proposals at a financial institution on climate change were not excludable as **ordinary business**, regardless of whether they related to an analysis of risk to the environment (March 1, 2011) or an analysis of climate related business risk to the firm (February 7, 2011).

Goldman Sachs (February 7, 2011) related to a proposal requesting the board of Goldman Sachs prepare a report disclosing the business risk related to developments in the political, legislative, regulatory and scientific landscape regarding climate change. The Company had argued that the proposal was excludable under Rule 14a-8(i)(7). However, in addition to the new SEC recognition in its Climate Guidance that climate change is a significant social policy issue, the proposal included a nexus: that the Company would be materially affected by developments concerning climate change. The Company's Environmental Markets Group "has $3 billion of investments in renewable energy, and the environmental policy framework says its commitment to "finding effective market-based solutions to address climate change" will be significantly affected by changes in climate science and the prospects for related government action."

---

[31] JPMorgan Chase & Co. "Environmental & Social Policy Framework". Available online at https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf.
The Company's criteria address *transactions involving oil sands* but not other lending arrangements such as companywide or commercial lending arrangements where significant financing is occurring:
(ii) Oil sands development: Any transaction with a client involved in oil sands development will be subject to Enhanced Review. This will focus on the client's management of water discharge, use of fresh water, impacts to biodiversity, interactions with First Nations communities, the type of technology deployed (and its environmental footprint) and the client's compliance with Canadian permitting requirements.

Goldman Sachs (March 1, 2011) requested that the Board prepare a global warming report, which "may discuss" specific scientific data and studies relied on to formulate Goldman Sachs original climate policy, the extent to which Goldman Sachs now believes human activity will significantly alter the global climate, and an estimate of costs and benefits to Goldman Sachs of its climate policy. In addition to asserting the significant policy issue of climate change, the proponents discussed the nexus of Goldman Sachs to the proposal's subject matter extensively in the Proposal, including quoting from the Company's "environmental policy framework", speculating that the Company's commitment to global warming may be based on the hope that cap and trade legislation will provide an opportunity for the company to own and/or operate exchanges on which carbon credits could be traded, and finally discussing how the Company's reliance on government mandates, subsidies, loans and bailouts has become a flashpoint for anger among taxpayers. The proponents suggested that revisiting the climate policy might help the company to free itself from dependence on government action to stay in business.

In addition to the climate issues, the Company has acknowledged the importance of human rights issues as a "core value" for the Company.[32]

> JPMorgan Chase's support for the protection and preservation of human rights reflects our core values. We recognize that this must be a continuing effort, with ongoing work to reassess our practices and our approach in light of changing global circumstances and an evolving global policy environment. We are dedicated to exemplifying good corporate citizenship through our commitment to respecting human rights and through our broader commitment to corporate responsibility generally.
>
> *All human beings are born free and equal in dignity and rights.*
> *They are endowed with reason and conscience*
> *and should act towards one another in a spirit of brotherhood.*

The Company also asserts that the Proposal strays beyond transcendent policy issues into ordinary business matters of the Company's decisions to extend credit or provide other financial services to particular types of customers. To the contrary, the plain language of the Proposal is scoped to only include company decisions and policies related to the significant policy issue of tar sands.

2. THE PROPOSAL DOES NOT MICROMANAGE. IT REQUESTS INFORMATION CONSISTENT WITH LEADING GUIDELINES, INVESTMENT ANALYST EXPECTATIONS AND STAFF PRECEDENTS.

The Company distorts Staff precedents as well as the current proposal in asserting micromanagement. The Company cites prior excluded proposals barring lending for mountaintop removal, such as *JPMorgan Chase & Co*. (Mar. 10, 2010). Those proposals directly sought a

---

[32] *https://www.jpmorganchase.com/corporate/About-JPMC/ab-human-rights.htm.*

policy *barring the companies from providing financing to companies engaged in mountain-top removal mining.* In order to make the current proposal fit under the rubric of that decision, the Company claims that the current Proposal requests an "outright ban on lending to those customers" as the Proposal requests a policy "restricting financing for tar sands projects and companies." The Proposal neither requests a ban nor restricted financing, but only an assessment of where such policies may fit into the Company's responses.

Similarly, the Company Letter string-cites prior Staff decisions finding ordinary business, where the Proposal either attempted to direct company decisions on sales of particular products or services, or prescribed action on an ordinary business item *in the absence of* a transcendent policy issue. e.g. *Cash America International, Inc.* (March 5, 2007) (urging the Company to "develop a standard of suitability for its products"); *Bank of America Corp.* (February 27, 2008) (targeting charitable contributions to organizations supporting illegal immigration).

The current Proposal requests an *assessment* of potentially restrictive policies but it does not attempt to prescribe whether and how such a policy would be implemented. This is a pivotal difference. It is well-known and understood that under Staff precedents, a proposal cannot direct a company to ban particular forms of business or services. The present Proposal does not do so.

The Company Letter reiterates over and over again a singular distortion about the Proposal:

Company Letter, page 5.

> In this regard, it is important to note further that the Proposal is not limited to the publication of a report; rather, as demonstrated by the resolved clause, the Proposal also seeks the "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added).

Its efforts to present this narrow focus do not comport with the clear language of the Proposal. The Proposal is requesting a report on:

> *"the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation . . ."*

The Proposal's supporting statement suggests that the report **<u>should include an assessment of:</u>**

- *Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.*

- *Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".*

- *How tar sands financing aligns with our company's support for Indigenous People's rights.*

- *Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies*."

The Company Letter, in contrast, blatantly manipulates the language of the Proposal and reframes the Proposal request as:

"*the Proposal seeks the establish[ment] of a specific policy*". Company Letter, page 5.

The Company, having edited the language of the Proposal, then repeats this false narrative to support its argument. For example:

- ". . . The Proposal *explicitly seeks* a policy that would "restrict financing" Company Letter, page 5.

- "The Proposal *seeks to impose* upon the Company's decision-making process regarding the origination and management of particular financial products and services . . ." Company Letter, page 6.

- "The Proponent *seeks to dictate* that the Company cannot provide its products or services to particular customers . . . " Company Letter, page 7.

- ". . . The Proposal *would impose a specific, over-riding requirement* regarding day-to-day management decisions" Company Letter, page 7.

Were the Proposal *actually directing* the Company to implement a policy prohibiting the financing of tar sands extraction, we might agree that it would micromanage by trying to dictate how management should make decisions regarding the Company's products or services, along the lines of the cases the Company cites where shareholders attempted to direct company action, rather than to seek disclosure and assessment, *SeaWorld Entertainment, Inc.* (March 30, 2017) ("shareholders urged the board to retire the current resident orcas to seaside sanctuaries and replace the captive-orca exhibits with innovative virtual and augmented reality or other types of non-animal experiences"), and *The Wendy's Company* (March 2, 2017) ("shareholders urged the

Board of Directors to take all necessary steps to join the Fair Food Program as promptly as feasible", which would require the Company to limit its tomato purchasing to certain suppliers).

In this case, however, the Proposal requests an appropriate disclosure of the Company's risk analysis, and exploration of policy options, and does not dictate any particular action. Actions by the Company that would fulfill the Proposal could, for instance, describe restrictive policies at other companies and explain why this Company has considered and decided not to adopt a similar policy.

Contrary to the Company Letter's false claims, the Proposal strikes an appropriate balance of respecting board discretion in responding to the significant policy issue of tar sands extraction, and does not require or prohibit any particular actions.

Staff precedent supports proposals that seek the *assessment* (as in the present Proposal) or even establishment of policies that direct Board action, where such policies also respect Board discretion; proposals that encourage a company to assess an issue but leave the question of action in the discretion of the board and management. This is a long-standing distinction in SEC staff decisions and the reason why so many proposals are written to request a report or an assessment, which is not directive. This Proposal strikes the same balance as numerous other proposals where there has been shareholder interest in policy positions, but the proposal is written to allow the company to assert its own position. Such an approach affords the board and management the option of fulfilling the proposal's request through a narrative stating how the company has evaluated the identified policy, and its rationale for concluding that it is not in the company's and shareholders interests.

The requests of the Proposal's report are at a similar level of detail to many other proposals requesting reports from companies, which have not been found to micromanage or otherwise be excludable under Rule 14a-8(i)(7). See for instance, *Chesapeake Energy* (April 2, 2010) in which the proposal requested a report summarizing 1. the environmental impact of fracturing operations of Chesapeake Energy Corporation; 2. potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing; 3. other information regarding the scale, likelihood and/or impacts of potential material risks, short or long-term to the company's finances or operations, due to environmental concerns regarding fracturing. In its supporting statement, the proposal went on to describe additional items that should be disclosed including, among other things, use of less toxic fracturing fluids, recycling or reuse of waste fluids, and other structural or procedural strategies to reduce fracturing hazards.

The present Proposal most closely resembles the numerous proposals on climate change that have been found to not be excludable as related ordinary business or micromanaging, because they addressed key issues regarding disclosure of strategic responses and goals relative to

climate change. For instance, see *Chevron Inc.* (March 23, 2016), requesting that the company publish an annual assessment of long-term portfolio impacts to 2035 of possible public climate change policies. *Dominion Resources Inc.* (February 11, 2014) requested the company adopt quantitative goals, taking into account International Panel on Climate Change guidance, for reducing total greenhouse-gas emissions from the company's products and operations and report on its plans to achieve these goals. *Hess Inc.* (Feb. 29, 2016) requested that Hess prepare and publish a report disclosing the "financial risks to the Company of stranded assets related to climate change and associated demand reductions. The report should evaluate a range of stranded asset scenarios, such as scenarios in which 10, 20, 30, and 40 percent of the Company's oil reserves cannot be monetized" and "Provide a range of capital allocation strategies to address the growing potential of low-demand scenarios, including diversifying capital investment or returning capital to shareholders; Provide information on assumptions used in each scenario, including carbon price and crude oil price."

Not all forms of requests for action are excludable either, where sufficient leeway is included for board discretion. For instance, in *Franklin Resources, Inc.* (December 30, 2013) shareholders brought a proposal addressing a significant policy issue of human rights associated with investment in companies that contribute to genocide or crimes against humanity. Their Proposal requested:

> ". . . that the Board institute transparent procedures to avoid holding or recommending investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights. Such procedures may include time-limited engagement with problem companies if management believes that their behavior can be changed. In the rare case that the company's duties as an advisor require holding these investments, the procedures should provide for prominent disclosure to help shareholders avoid unintentionally holding such investments."

Such proposal was found to be not excludable pursuant to Rule 14a-8(i)(7). The proponents sought disclosure from the Company regarding its investment choices related to investment in companies that were implicated in genocide. One particular company, PetroChina, implicated in funding the genocide in Darfur, was of main concern. The Company argued that the Proposal was excludable on the basis of 14a-8(i)(7) because, among other points, the Proposal sought to micro-manage the Company. In particular, the Company argued that the Proposal dealt with its ordinary business of buying and selling securities and that the Proposal, if implemented, would interfere with the Company's buying and selling of portfolio securities, micro-manage the Company's communications with its Portfolio Companies, and micro-manage the investment process overall by defining the subject matter and goals of the Company's discussions with its clients, specifying which companies the Company could engage with and requiring divestment along set deadlines.

However, the proponents successfully argued that their proposal did not micro-manage because it did not specify the details of the procedures requested, or their implementation on a day-to-day basis, and left it to the Board and management's judgment to define the companies to be avoided and the procedures to be implemented. Proponents also noted that the Company's peers in the industry had already implemented such investment policies. The Staff found that the proposal focused on the significant policy issue of human rights and did not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate. Accordingly, the Staff was unable to concur in the Company's view that it could omit the proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

ING Emerging Countries Fund (May 7, 2012) similarly saw a proposal requesting that the Company institute procedures to ***prevent holding investments in companies implicated in genocide***. In this proposal as well, the Company sought exclusion on the basis of Rule 14a-8(i)(7), arguing that the proposal would micro-manage the Company's day-to-day investment decisions. The Staff was unable to concur with the Company's view, in spite of arguments that the Staff had previously found that "requiring an investment company to divest its holdings in one specific company impermissibly interferes with the conduct of the investment company's ordinary business" and "requiring an investment company to divest from a select group of companies also impermissibly interferes with the conduct of an investment company's ordinary business" (the Company citing College Retirement Equities Fund, SEC No-Action Letter (pub. avail. May 3, 2004) and College Retirement Equities Fund, SEC No-Action Letter (pub. avail. May 23, 2005), and did not allow exclusion on the basis of Rule 14a-8(i)(7).

As with these cases concerning how financial companies disclose their decision-making procedures and manage risk related to investment decisions, the present Proposal concerns a matter of significant social concern that impacts environment and human rights, requests disclosure of how the Company is assessing and responding to these concerns, and requests a more robust response.

The Proposal's request to assess a policy of restricting financing for tar sands projects and companies does not amount to a prohibition against such investments. Thus, the Proposal does not go so far as the Proposal in *ING Emerging Countries Fund,* which did actually request that the Company's Board *prevent* future investment in certain companies, and take corrective action to divest from existing "problem companies", and *yet was not considered micro-management*.

The level of detail of disclosures requested are consistent with market needs and guidance.

Furthermore, the disclosures requested by the Proposal compare favorably to international guidelines on climate risk disclosure, as identified by the Task Force on Climate-Related

Financial Disclosure. Finance sector experts globally have been working to delineate needed disclosures by companies, especially financial services firms, that have significant exposure to climate risk.

In 2015, the G20 (Group of 20) Finance Ministers and Central Bank Governors, an international economic council established to promote international financial stability, requested that its Financial Stability Board (FSB) investigate and address the topic of climate-related financial disclosures. This international body was concerned with the degree to which inadequate information about climate-related risks could lead to mispricing of assets, misallocation of capital, and potentially severe challenges to global financial stability.

The FSB convened a Task Force on Climate-related Financial Disclosures, which over the course of 18-months consulted public- and private-sector business and finance leaders around the globe.[33] In June 2017, the Task Force presented its Final Report to the global investment community, "Recommendations of the Task Force on Climate-related Financial Disclosures". The report offers recommendations for how companies can better disclose clear, comparable and consistent information about the risks and opportunities presented by climate change, in hopes that improved disclosure will lead to more efficient allocation of capital, and help smooth the transition to a low-carbon economy.

The Task Force Recommendations Report has a clear description of climate risks of concern to investors and relevant to the Company:

> **Financial Implications of Climate Change**
> One of the most significant, and perhaps most misunderstood, risks that organizations face today relates to climate change. While it is widely recognized that continued emission of greenhouse gases will cause further warming of the planet and this warming could lead to damaging economic and social consequences, the exact timing and severity of physical effects are difficult to estimate. The large-scale and long-term nature of the problem makes it uniquely challenging, especially in the context of economic decision making. Accordingly, many organizations incorrectly perceive the implications of climate change to be long term and, therefore, not necessarily relevant to decisions made today.
>
> The potential impacts of climate change on organizations, however, are not only physical and do not manifest only in the long term. To stem the disastrous effects of climate change within this century, nearly 200 countries agreed in December 2015 to reduce greenhouse gas emissions and accelerate the transition to a lower-carbon economy. The reduction in greenhouse gas emissions

[33] J.P. Morgan Chase was a participant in these deliberations. The company notes in its environmental and social disclosure report: "In 2016, JPMC served on the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which has developed recommendations for the voluntary disclosure of information pertaining to the financial impacts of climate change. The TCFD recommendations are an important step in promoting transparency around climate-related risks and opportunities. We commend the TCFD on its process and look forward to engaging as companies explore best practices for implementation."

> implies movement away from fossil fuel energy and related physical assets. This coupled with rapidly declining costs and increased deployment of clean and energy-efficient technologies could have significant, near-term financial implications for organizations dependent on extracting, producing, and using coal, oil, and natural gas. While such organizations may face significant climate-related risks, they are not alone. In fact, climate-related risks and the expected transition to a lower-carbon economy affect most economic sectors and industries. While changes associated with a transition to a lower-carbon economy present significant risk, they also create significant opportunities for organizations focused on climate change mitigation and adaptation solutions.
>
> For many investors, climate change poses significant financial challenges and opportunities, now and in the future. The expected transition to a lower-carbon economy is estimated to require around $1 trillion of investments a year for the foreseeable future, generating new investment opportunities.1 At the same time, the risk-return profile of organizations exposed to climate-related risks may change significantly as such organizations may be more affected by physical impacts of climate change, climate policy, and new technologies. In fact, a 2015 study estimated the value at risk, as a result of climate change, to the total global stock of manageable assets as ranging from $4.2 trillion to $43 trillion between now and the end of the century.2 The study highlights that "much of the impact on future assets will come through weaker growth and lower asset returns across the board." This suggests investors may not be able to avoid climate-related risks by moving out of certain asset classes as a wide range of asset types could be affected. Both investors and the organizations in which they invest, therefore, should consider their longer-term strategies and most efficient allocation of capital. Organizations that invest in activities that may not be viable in the longer term may be less resilient to the transition to a lower-carbon economy; and their investors will likely experience lower returns. Compounding the effect on longer-term returns is the risk that present valuations do not adequately factor in climate-related risks because of insufficient information. As such, long-term investors need adequate information on how organizations are preparing for a lower-carbon economy.
>
> Furthermore, because the transition to a lower-carbon economy requires significant and, in some cases, disruptive changes across economic sectors and industries in the near term, financial policymakers are interested in the implications for the global financial system, especially in terms of avoiding financial dislocations and sudden losses in asset values. Given such concerns and the potential impact on financial intermediaries and investors, the G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board to review how the financial sector can take account of climate-related issues. As part of its review, the Financial Stability Board identified the need for better information to support informed investment, lending, and insurance underwriting decisions and improve understanding and analysis of climate-related risks and opportunities. Better information will also help investors engage with companies on the resilience of their strategies and capital spending, which should help promote a smooth rather than an abrupt transition to a lower-carbon economy.

As the Task Force Report describes, one important type of climate risk disclosure is Scenario Analysis, a process by which companies identify and assess the potential implications of a range of plausible future states under conditions of uncertainty. (Report, p. 25) The Task Force recommends that all organizations exposed to climate-related risks consider using scenario analysis to help inform their strategic and financial planning processes, and disclose how resilient their strategies are to a range of plausible climate-related scenarios. Moreover, the Task

Force recommends that organizations with more significant exposure to "transition risk"[34] and/or physical risk[35] - like the Company - should undertake more rigorous analysis with respect to the key drivers and trends that affect their operations.

The Report offers the following disclosure considerations as guidance:

Figure 8

Disclosure Considerations for Non-Financial Organizations

Organizations with more significant exposure to climate-related issues should consider disclosing key aspects of their scenario analysis, such as the ones described below.

1	The scenarios used, including the 2°C or lower scenario[47]
2	Critical input parameters, assumptions, and analytical choices for the scenarios used, including such factors as: – Assumptions about possible technology responses and timing (e.g., evolution of products/services, the technology used to produce them, and costs to implement) – Assumptions made around potential differences in input parameters across regions, countries, asset locations, and/or markets – Approximate sensitivities to key assumptions
3	Time frames used for scenarios, including short-, medium-, and long-term milestones (e.g., how organizations consider timing of potential future implications under the scenarios used)
4	Information about the resiliency of the organization's strategy, including strategic performance implications under the various scenarios considered, potential qualitative or directional implications for the organization's value chain, capital allocation decisions, research and development focus, and potential material financial implications for the organization's operating results and/or financial position

The Report also notes, in particular, "Organizations with more significant exposure to climate-

---

[34] "Transition risk scenarios are particularly relevant for resource-intensive organizations with high GHG emissions within their value chains, where policy actions, technology, or market changes aimed at emissions reductions, energy efficiency, subsidies or taxes, or other constraints or incentives may have a particularly direct effect. A key type of transition risk scenario is a so-called 2°C scenario, which lays out a pathway and an emissions trajectory consistent with holding the increase in the global average temperature to 2°C above pre-industrial levels. In December 2015, nearly 200 governments agreed to strengthen the global response to the threat of climate change by "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels," referred to as the Paris Agreement. As a result, a 2°C scenario provides a common reference point that is generally aligned with the objectives of the Paris Agreement and will support investors' evaluation of the potential magnitude and timing of transition-related implications for individual organizations; across different organizations within a sector; and across different sectors." Recommendations of the Task Force on Climate-related Financial Disclosures, page 27.

[35] A wide range of organizations are exposed to climate-related physical risks. Physical climate- related scenarios are particularly relevant for organizations exposed to acute or chronic climate change, such as those with: long-lived, fixed assets; locations or operations in climate-sensitive regions (e.g., coastal and flood zones); reliance on availability of water; and value chains exposed to the above.
Physical risk scenarios generally identify extreme weather threats of moderate or higher risk before 2030 and a larger number and range of physical threats between 2030 and 2050. Although most climate models deliver scenario results for physical impacts beyond 2050, organizations typically focus on the consequences of physical risk scenarios over shorter time frames that reflect the lifetimes of their respective assets or liabilities, which vary across sectors and organizations. Recommendations of the Task Force on Climate-related Financial Disclosures, page 27.

related issues should consider disclosing key assumptions and pathways related to the scenarios they use to allow users to understand the analytical process and its limitations. In particular, it is important to understand the critical parameters and assumptions that materially affect the conclusions drawn." Report, page 28.

The Proposal is seeking a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. As such, the Proposal is closely aligned with the type of disclosure recommended by this international body. It includes requests for disclosure of the Company's assessment of climate risks across different scenarios, including short- and medium-term risks of carbon-intensive portfolio devaluation, the short- and medium-term risks of stranded tar sand assets, and the risks associated with a "well below 2 degrees Celsius" scenario.

The Proposal is also in line with global investor discussions regarding treatment of climate - related risks in a manner that respects determination of materiality. The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs, "offering companies a framework for reporting environmental information with the same rigor as financial information. This in turn helps them to provide investors with decision-useful environmental information via the mainstream corporate report, enhancing the efficient allocation of capital. Regulators also benefit from compliance-ready materials."

> The organization recently undertook a discussion of materiality of climate disclosures. Its new discussion paper looks at the application of materiality to climate-related financial disclosures, highlighting the main challenges and potential strategies for materiality determination. The organization summarized some of the suggestions and issues:
>
> Materiality judgements must take account of the needs of information users
>
> When making judgements on materiality, it is fundamental to consider the target audience of the type of report that the information will be disclosed in. Information related to climate risks and opportunities that could influence the decisions of current and potential investors should be considered material. What makes it challenging is the diversity of the investor audience, as the needs of all significant shareholder groups should be taken into account, including those who take a long-term view on investment.
>
> * * *
>
> Measurement of risk may be difficult, and disclosures may be subjective
> One of the key challenges is to identify how much information to include in the mainstream report. The risks related to climate change are often going to be hard to measure, so any disclosure will necessarily be qualitative or quantified based on subjective or restricted bases. Therefore, when assessing materiality, you should not only draw on the knowledge of your company, but also consider the potential impact of broader environmental factors.
>
> Materiality should be assessed over appropriate time horizons

> Another challenge for management is to determine the appropriate time frames for the assessment of climate-related risks and disclose the results as part of their response to recommended disclosures on Strategy. Organisations need to provide a description of both what they consider the relevant short, medium and long-term time horizons to be, and the specific climate-related issues for each time horizon.

The Board "findings" do not demonstrate insignificance to the Company or micromanagement.

The Company Letter also deploys the procedure outlined in Staff Legal Bulletin 14I (CF) November 1, 2017, in which the Staff asserted that a company's board "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote"; accordingly, a company's no-action request can include "a discussion that reflects the board's analysis of the particular policy issue raised and its significance [to the company]." According to the SLB, a "well-developed discussion" will assist the Staff in its review.

Three recent Staff decisions shed light on the functioning of the Staff Legal Bulletin when it comes to applicability of Board of Directors findings.

First, a recent proposal seeking establishment of a human rights committee at Apple, was found not excludable by the Staff in *Apple, Inc.* (December 21, 2017) (Jing Zhao). The company claimed, as JPMorgan Chase does here, that the proposal addressed ordinary business given the extent of focus by the management and a board committee on human rights issues. It is notable that, as in the present instance, the Board of Directors was unable to fulfill the expectation stated under Staff Legal Bulletin 14I that the Board of Directors should weigh in when a significant policy issue is not significant for the company. We believe this is because, as in the Apple (Jing Zhao) example, the J.P. Morgan Chase Board of Directors would be unable to conclude that the issues raised are insignificant. The focus on board oversight and ensuring adequate oversight of human rights issues in commercial lending arrangements demonstrates that the Proposal is directed at a high level of policy and governance that is appropriate to shareholder proposals.

Similarly, in *AmerisourceBergen Corporation* (January 11, 2018), the Staff considered a similar Board of Directors opinion and found that the proposal was not excludable pursuing to Rule 14a-8(i)(7). In that instance, the Proposal urged the board to report to shareholders on the governance measures the Company has implemented since 2012 to more effectively monitor and manage financial and reputational risks related to the opioid crisis in the U.S., given the Company's distribution of opioid medications. The Staff noted the board's analysis "that this particular proposal is not sufficiently significant to the Company's business operations such that exclusion would be appropriate. In particular, we note the Company's role in the distribution of

pharmaceutical products, including opioids, and that the information presented ***does not include quantitative or other analysis that may be helpful in determining whether this particular proposal is significant to the Company's business operations.*** …Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(7)." (emphasis added)

Finally, in *Apple* (Jantz) (December 21, 2017) the Proposal requested that the board prepare a report that evaluates the potential for the Company to achieve, by a fixed date, "net-zero" emissions of greenhouse gases relative to operations directly owned by the Company and major suppliers. In that instance, the staff noted that:

> "Based on our review of your submission, including the description of how your board of directors has analyzed this matter, there appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company's ordinary business operations. In our view, the Proposal seeks to micromanage 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. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7)."

However, in contrast to the Apple net-zero greenhouse gas proposal, the current Proposal is far less prescriptive in its request for an assessment. In *Apple*, the finding of micromanagement seemed to be based on the prescriptive nature of the proposal - seeking an assessment of feasibility of achieving net-zero greenhouse gases by a fixed date (clearly a significant policy issue), but then prescribing at length the scope and details of such an assessment, including the role of "negative emissions" and the detailed description of which aspects of the business should be included. In contrast, in the present instance, the Proposal is non-prescriptive in its request for an assessment but rather is pitched at the level that is consistent with marketplace guidance and interest in tar sands, climate risk and indigenous people's rights.

Turning to the Board's review of these issues, it simply states that the Board is updated on day-to-day issues (but does not specify what those are) and only identifies the December 12 Board meeting as a time when the Board was presented with information on the Proposal and discussed it:

> The Board is regularly updated on the Company's business operations, which includes the manner in which various policy issues may impact the Company and the manner in which the Company addresses those issues in the course of its day-to-day operations. On December 12, 2017, the
>
> Board met (the "*Board Meeting*"), and as part of the agenda, discussed the Proposal. The Board was presented with information prepared by management about the Proposal and its implications to the Company, including information about the Company's approach to the policy issues presented by the Proposal, the Company's existing policies, practices and frameworks, investor

> feedback and any prior communications with the Proponent, the impact of the Proposal on the Company's business operations, and the Board's oversight of the Company's approach to the policy issues raised by the Proposal. The Board also considered the Company's on-going efforts with respect to environmental and social matters, including climate change and human rights. In addition, the Company's General Counsel met with the Board and discussed the Company's efforts with respect to environmental issues and human and indigenous peoples' rights, including the Company's various policies and frameworks concerning these matters…
> Company Letter pg. 12

Based on procedural description it is impossible for shareholders to ascertain any substantive scope of the Board's "review" of these issues, particularly in light of the Company's public support for the Paris Climate Agreement and Indigenous People's Rights.

The report of analysis by the board lacked substance and merely seemed to follow a template intended to lead to the exclusion of the proposal as "insignificant" to the Company:

> While the Board has considered issues regarding the impact of the Company's business practices on climate change and indigenous peoples' rights in the past, it reviewed the issues at the Board Meeting in light of the Proposal. The Board recognized that it regularly considers issues that are addressed by the Proposal when setting the broad, strategic direction of the Company and performing its oversight role. …. The Board further recognized the importance of the issues addressed by the Proposal to society generally, but noted that the specific issues raised by the Proposal are part of the Company's broad consideration of policy issues.
>
> The Board then concluded that the policy issues relating to climate change and indigenous peoples' rights that the Proposal addresses in part, while important to society in general and considered by the Company in the various contexts noted above, those policy issues do not transcend the Company's ordinary business operations and, as such, the Proposal would not be appropriate for a shareholder vote.

Yet the Board's acknowledgement that it "recognized the importance of the issues addressed by the Proposal to society generally" and that policy issues relating to climate change and indigenous peoples' rights are "important to society," combined with the fact that the Company's own Environmental and Social Policy states that "Any transaction with a client involved in oil sands [tar sands] development will be subject to Enhanced Review"[36], indicates that the Board does acknowledge the significance of these issues to the company.

This is further made evident by the level of investment by the Company in tar sands, the public controversy and backlash against the Company, the growing number of banks and financial

---

[36] JPMorgan Chase & Co. "Environmental & Social Policy Framework". Available online at https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-environmental-and-social-policy-framework.pdf.

service firms making policies restricting tar sand financing, and the financial community's demand for market analyses and reports demonstrating the material financial implications of climate risks. This and the Company's singular position as a leading financier of tar sands projects all point to significance, not insignificance.

For a Company that is a leader in investments in controversial, widely debated extraction assets, it hard to understand how the Company's engagement with and relationship to the tar sands industry is not a significant policy issue both for society and for the Company. Little light and no data is shed on these questions of "significance" by the board's process. What led the Board to believe that an insufficient connection exists between the Company and these issues? At best, the Board's "findings" seem an assertion that the Board is regularly updated on business operations, including (non-specific) various policy issues that may impact the company and how those are addressed.

Despite the assertion that these issues are too complicated for investors to understand, available evidence indicates that the Proposal is correctly directed toward information needed by investors, as demonstrated by TCFD recommendations and many other market analyses and reports demonstrating the material financial implications of tar sands extraction, including evidence of material risks.

The Proponents respectfully suggest that the Staff should not give weight to board submissions that only describe a process and provide no substantive analysis or data on *significance*. A bare legal conclusion like the one set forth in the Letter has no informational value and therefore does not assist the Staff in its review.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2018 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

Cc: Martin Dunn
Michael Passoff

MORRISON | FOERSTER

2000 PENNSYLVANIA AVE., NW
WASHINGTON, D.C.
20006-1888

TELEPHONE: 202.887.1500
FACSIMILE: 202.887.0763

WWW.MOFO.COM

MORRISON FOERSTER LLP

BEIJING, BERLIN, BRUSSELS, DENVER, HONG KONG, LONDON, LOS ANGELES, NEW YORK, NORTHERN VIRGINIA, PALO ALTO, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SHANGHAI, SINGAPORE, TOKYO, WASHINGTON, D.C.

Writer's Direct Contact
+1 (202) 778.1611
MDunn@mofo.com

1934 Act/Rule 14a-8

January 12, 2018

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 The Christensen Fund, James McRitchie, The Gun Denhart Living Trust, Mercy Investment Services, Inc., and School Sisters of Notre Dame Cooperative Investment Fund

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 (the "***Exchange Act***"), the Company omits the enclosed shareholder proposal (the "***Proposal***") submitted by Proxy Impact on behalf of the Christensen Fund, As You Sow on behalf of James McRitchie, As You Sow on behalf of The Gun Denhart Living Trust Authorization, Mercy Investment Services, and School Sisters of Notre Dame Cooperative Investment Fund (collectively, the "***Proponents***") from the Company's proxy materials for its 2018 Annual Meeting of Shareholders (the "***2018 Proxy Materials***").

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

- submitted this letter to the Staff no later than eighty (80) calendar days before the Company intends to file its definitive 2018 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponents' designated lead representative, Proxy Impact (the "***Proponents' Representative***").

Copies of the Proposal, the Proponents' cover letters 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 the Proponents' Representative via email at michael@proxyimpact.com.

I. THE PROPOSAL

On December 4, the Company received from the Proponents the Proposal for inclusion in the Company's 2018 Proxy Materials. The Proposal reads as follows:

> "*WHEREAS:*
>
> *Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys forests, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.*
>
> *Tar sands development lost nearly $31 billion in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development." http://ieefa.org/reportmaterial-risks/*
>
> *JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use 100 percent renewable power by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.*
>
> *In contrast, JPMC is the #1 United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016.*
>
> *In 2017:*
>
> - *Exxon wrote off 3.5 billion barrels of tar sands oil reserves as not economically viable.*

- *ConocoPhillips, Shell, Marathon, Murphy and Statoil divested more than $24 billion of tar sands assets.*

- *Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (Wall St. Journal)*

- *Eight global banks had developed policies that prohibit financing for tar sands projects or companies.*

- *BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.*

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- *Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.*

- *Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".*

- *How tar sands financing aligns with our company's support for Indigenous People's rights.*

- *Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.*"

II. EXCLUSION OF THE PROPOSAL

A. Basis for Excluding the Proposal

As discussed more fully below, the Company believes it may properly omit the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(7), as the Proposal deals with matters related to the Company's ordinary business operations.

B. The Proposal May Be Omitted in Reliance on Rule 14a-8(i)(7), as It Deals With Matters Relating 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" and, as such, may be excluded, unless the proposal raises policy issues that are sufficiently significant to transcend day-to-day business matters. The second consideration of the 1998 Release 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).

Further, the Staff has addressed proposals that relate to both ordinary business matters and significant policy issues on a number of occasions and has consistently concurred that proposals relating to both ordinary business matters and significant policy issues that do not transcend day-to-day business matters may be excluded in their entirety in reliance on Rule 14a-8(i)(7).[1] *See Wal-Mart Stores, Inc.* (Mar. 15, 1999) (concurring in the exclusion of a proposal requesting that the Board of Directors report on Wal-Mart's actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, child labor or who fail to comply with laws protecting employees' rights and describing other matters to be included in the report, because paragraph 3 of the description of matters to be included in the report relates to ordinary business operations"). In addition, in a 2005 letter to the *General Electric Company* (Feb. 3, 2005), the Staff expressed the view that a proposal requesting General Electric to issue a statement that provided information relating to the elimination of jobs within

[1] In Staff Legal Bulletin 14C (June 28, 2005) ("***SLB 14C***"), the Staff stated that in determining whether the focus of a proposal is a significant policy issue, it considers both the proposal and accompanying "whereas" clauses as a whole.

General Electric and/or the relocation of U.S.-based jobs by General Electric to foreign countries, as well as any planned job cuts or offshore relocation activities, could be omitted in reliance on Rule l4a-8(i)(7) as relating to General Electric's ordinary business operations (*i.e.*, management of the workforce). Although it appeared the shareholder proponent intended the proposal to address the issue of "offshoring" (also called outsourcing or the movement of jobs from the U.S. to foreign countries), the proposal submitted to General Electric was not limited to that issue and encompassed both ordinary business matters and extraordinary business matters and, as such, the Staff agreed with General Electric's view that the proposal could be omitted.

On November 1, 2017, the Staff published Staff Legal Bulletin 14I ("***SLB 14I***"), which announced an updated Staff policy regarding the application of Rule 14a-8(i)(7). The Staff stated in SLB 14I that the applicability of the significant policy exception "depends, in part, on the connection between the significant policy issue and the company's business operations." The Staff noted further that a well-informed board, exercising its fiduciary duties in overseeing management and the strategic direction of the company, "is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote." Where the board concludes that the policy issue underlying a proposal is not sufficiently significant to the company's business operations, the Staff said that the company's letter notifying the Staff of the company's intention to exclude the proposal should set forth the board's analysis of "the particular policy issue raised and its significance" and describe the "processes employed by the board to ensure that its conclusions are well-informed and well-reasoned."

1. The Proposal May be Omitted Because it Seeks to Micromanage the Company

It is the Company's view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the Staff has repeatedly recognized that a proposal that seeks to micromanage the determinations of a company's management regarding day-to-day decisions is excludable under Rule 14a-8(i)(7) as a component of "ordinary business."

The Proposal requests that the Company publish a report on the "reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation." The Commission has long held that proposals requesting a report are evaluated by the Staff by considering the underlying subject matter of the proposal when applying Rule 14a-8(i)(7). *See* Commission Release No. 34-20091 (Aug. 16, 1983) (the "***1983 Release***"). In this regard, it is important to note further that the Proposal is not limited to the publication of a report; rather, as demonstrated by the resolved clause, the Proposal also seeks the "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added). As the Proposal explicitly seeks a policy that would "restrict[] financing for tar sands projects and companies," the Proposal seeks to micromanage management's financing decisions.

The Company is a global financial services firm that specializes in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. As such, the Company's decisions with respect to the origination and management of specific financial products and services are central to its ability to run the business on a day-to-day basis. The Company's management invests a significant amount of time, energy and effort on a daily basis in determining how the Company will offer its products and services, while generating an attractive return to the Company's shareholders. Discussions regarding the Company's policies and procedures for making decisions regarding the origination and management of particular financial products and services are a regular agenda item at routine management meetings, and management regularly updates the Board of Directors on key factors considered in management's financing decisions. Management focuses extensively on establishing appropriate standards for making products and services decisions, which are then considered on a day-to-day basis by management and employees who are making the products and services decisions.

In *SeaWorld Entertainment, Inc.* (March 30, 2017), the proposal sought to "retire the current resident orcas to seaside sanctuaries and replace the captive-area exhibits with innovative virtual and augmented reality or other types of non-animal experiences." The company argued, among other things, that the proponent sought to micromanage the company's decisions with respect to the entertainment products it offered to customers because those decisions involved myriad complex factors about which shareholders are not in a position to make an informed judgment. The Staff concurred in the omission of the proposal under Rule 14a-8(i)(7) as the proposal sought to "micromanage 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." *See also The Wendy's Company* (March 2, 2017) (concurring with the exclusion of a proposal addressing company practices in the purchase of produce as micromanaging the company).

Similarly, the Proposal seeks to impose upon the Company's decision-making process regarding the origination and management of particular financial products and services the consideration of a potential customer's policies and practices relating to tar sands production and transportation, which would significantly impact the day-to-day decision making of the Company regarding how it chooses which customers and projects with which to do business. Each of the Company's decisions regarding the appropriate policies and practices to implement with respect to decisions regarding the origination and management of specific financial products and services, and decisions with respect to the products and services that will be offered to particular customers based on those policies and procedures, requires deep knowledge of the Company's business and operations – information to which the Company's shareholders do not have access. Determining the appropriate policies and practices for decisions regarding the origination and management of specific financial products and services requires a complex analysis of numerous factors, including the features of a particular product or service, the risk to the Company with respect to the counterparty, legal and regulatory compliance and competitive factors, among others. Company personnel similarly must consider those and other factors in

making specific decisions regarding whether to provide a particular financial product or service to a particular customer.

The Proponent seeks to dictate that the Company cannot provide its products or services to particular customers, based solely on those customers' practices regarding tar sands production and transportation, even if the customer otherwise meets all of the myriad conditions established in the Company's policies and procedures. That request within the Proposal would clearly impact the Company's policies and procedures with respect to how the Company evaluates each and every potential customer for its products and services and the ongoing decisions the Company makes with respect to those potential customers. Those Company decisions involve complex, day-to-day operational determinations of management that are dependent on management's underlying expertise. As the Proposal would impose a specific, over-riding requirement regarding day-to-day management decisions, the Company is of the view that the Proposal seeks to micromanage 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. As a result, the Proposal may be omitted pursuant to Rule 14a-8(i)(7) as it seeks to micromanage the Company.

2. The Proposal May be Omitted because it Relates to Ordinary Business Matters

a. The Company's Determinations Regarding the Offering of Particular Products and Services Are Ordinary Business Matters

It is the Company's view that the Proposal may be properly omitted in reliance on Rule 14a-8(i)(7) because the Staff has repeatedly recognized that a proposal relating to the sale of a particular product or service is excludable under Rule 14a-8(i)(7) as a component of "ordinary business."

The Proposal requests that the Company prepare a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investment for tar sands production and transportation. The Proposal included four specific assessments that the report should include, as described above. The underlying subject matter of the report, including those four assessments, requested in the Proposal relate directly to the ordinary business matter of determining the particular products and services the Company should or should not provide and the Company's standards for selecting the customers to whom it will provide those products and services.

It is well established in Staff precedent that a company's decisions as to whether to offer particular products and services to its clients and the manner in which a company offers those products and services, including related credit policies and loan underwriting and customer relations practices, are precisely the kind of fundamental, day-to-day operational matters meant to be covered by the ordinary business operations exception under Rule l4a-8(i)(7). *See, e.g., Bank of America Corp.* (Feb. 27, 2008) (concurring in the omission of a proposal requesting a

report disclosing the company's policies and practices regarding the issuance of credit cards because it related to "credit policies, loan underwriting and customer relations"); *Bank of America Corp*. (Feb. 21, 2007) (concurring in the omission of a proposal requesting a report on policies against the provision of services that enabled capital flight and resulted in tax avoidance); *JPMorgan Chase & Co*. (Feb. 26, 2007) (same); *Citigroup Inc*. (Feb. 21, 2007) (same); *H&R Block, Inc*. (Aug. 1, 2006) (concurring in the omission of a proposal that related to the company's policy of issuing refund anticipation loans); and *Banc One Corp*. (Feb. 25, 1993) (concurring in the omission of a proposal requesting the adoption of procedures that would consider the effect on customers of credit application rejection). As in these prior situations in which the Staff has expressed the view that a company may omit a proposal in reliance on Rule 14a-8(i)(7), the Proposal's subject matter regards the Company's decisions to sell certain financial products.

The Proposal requests that the Company publish a report on the "reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation." As noted above, the Commission has long held that proposals requesting a report are evaluated by the Staff by considering the underlying subject matter of the proposal when applying Rule 14a-8(i)(7). *See* the 1983 Release. We note further, however, that the Proposal is not limited to the publication of a report; rather, as demonstrated by the resolved clause, the Proposal also seeks the "***establish[ment] of a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies***" (emphasis added). As discussed above, the Company is a global financial services firm that specializes in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. As the Proposal explicitly seeks a policy that would "restrict[] financing for tar sands projects and companies," the Proposal would clearly impact how the Company evaluates the sale of products and services to potential customers, which is precisely the type of day-to-day determinations that management of the Company makes with regard to the ordinary business matters of the Company. Although the Company has implemented due diligence processes for transactions involving certain industries and activities, including oil sands transactions, as described in this letter, the decision-making process relating to the financing products and services to be offered by the Company is fundamental to management's ability to run the Company on a day-to-day basis; as such, the Proposal relates to the Company's ordinary business operations.

Omission of the Proposal is further supported by a long line of precedent recognizing that proposals addressing a financial institution's participation in a particular segment of the lending market relate to ordinary business matters and may be omitted under Rule 14a-8(i)(7). In *JPMorgan Chase & Co*. (Mar. 10, 2010), the Proposal sought, among other things, the adoption of a policy barring the company from providing financing to companies engaged in mountain-top removal mining. The Staff concurred that the proposal could be omitted under Rule 14a-8(i)(7) as the proposal related to the company's decisions to extend credit or provide other financial services to particular types of customers. The Proposal similarly relates to the Company's decisions to extend credit or provide financial services to particular types of customers –

customers engaged in activities that potentially involve tar sands production or transportation. As was the case in *JPMorgan Chase & Co.*, the Proposal requests an outright ban on lending to those customers as the Proposal requests a policy "restricting financing for tar sands projects and companies." As such and consistent with *JPMorgan Chase & Co.*, the Proposal clearly relates to the Company's decisions to provide financing to certain customers, which is an ordinary business matter. *See also Washington Mutual, Inc*. (Feb. 5, 2008) (concurring in the omission of a proposal that related to the company's mortgage originations and/or mortgage securitizations); *Cash America International, Inc*. (Mar. 5, 2007) (concurring in the omission of a proposal that requested the appointment of a committee to develop a suitability standard for the company's loan products, and to determine whether loans were consistent with the borrowers' ability to repay and for an assessment of the reasonableness of collection procedures because it related to "credit policies, loan underwriting and, customer relations"); *H&R Block*; *Wells Fargo & Co*. (Feb. 16, 2006) (concurring in the omission of a proposal that requested a policy that the company would not provide credit or banking services to lenders engaged in payday lending because it related to "credit policies, loan underwriting and customer relations"); and *Citicorp* (Jan. 26, 1990) (concurring in the omission of a proposal that related to the development of a policy to forgive a particular category of loans).

b. The Proposal Does Not Focus Solely on a Significant Policy Issue; it Focuses, at least in part, on Ordinary Business Matters

Even if the Proposal touches upon a policy issue that may be of such significance that the matter transcends ordinary business and would be appropriate for a shareholder vote, if the Proposal does not focus solely on a significant policy issue or if it addresses, even in part, matters of ordinary business in addition to a significant policy issue, the Staff has consistently concurred with the exclusion of the proposal. For example, in *McKesson Corp.* (June 1, 2017), the Staff permitted the company's exclusion of a shareholder proposal that requested a report on the company's processes to "safeguard against failure" in its distribution system for restricted medicines despite the fact that the proponent argued that the proposal touched upon a significant policy issue (the impermissible use of medicines to carry out execution by lethal injection). In granting relief under Rule 14a-8(i)(7), the Staff concurred with the company that the proposal related to the sale or distribution of the company's products. Similarly, in *Amazon.com, Inc*. (Feb. 3, 2015), the Staff permitted the company to exclude a proposal requesting that it "disclose to shareholders reputational and financial risks it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" despite the proponent's argument that the sale of foie gras raised a significant policy issue (animal cruelty). The Staff concluded that the proposal related to "the products and services offered for sale by the company." *See also Hewlett-Packard Co*. (Jan. 23, 2015) (concurring with the exclusion of a proposal requesting that the board provide a report on the company's sales of products and services to the military, police, and intelligence agencies of foreign countries, with the Staff noting that the proposal related to ordinary business and "does not focus on a significant policy issue"). *See also Dominion Resources, Inc*. (Feb. 14, 2014) (permitting the exclusion of a proposal relating to use of alternative energy because the proposal related, in part, to ordinary

business operations (the company's choice of technologies for use in its operations)) and *Capital One Financial Corp*. (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) when a proposal asked a company to disclose information about the ordinary business matter of how it managed its workforce, even though the proposal also involved the significant policy issue of outsourcing).

Further, as noted above, the Staff stated in SLB 14C that "[i]n determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole." Accordingly, the fact that the Proposal addresses a policy issue that may be significant will not prevent the Proposal from being excludable under Rule 14a-8(i)(7) if the resolved clause and "Whereas" clauses make clear that the Proposal relates, at least in part, to the Company's ordinary business. Consistent with the Staff's statement in SLB 14C, in *General Electric Co. (St. Joseph Health System)* (Jan. 10, 2005), the Staff considered a proposal raising a general corporate governance matter by requesting that the company's compensation committee "include social responsibility and environmental (as well as financial) criteria" in setting executive compensation, where the proposal was preceded by a number of recitals addressing executive compensation but the supporting statement read, "we believe that it is especially appropriate for our company to adopt social responsibility and environmental criteria for executive compensation" followed by several paragraphs regarding an alleged link between teen smoking and the depiction of smoking in movies. The company argued that the supporting statement evidenced the proponents' intent to "obtain[] a forum for the [p]roponents to set forth their concerns about an alleged risk between teen smoking and the depiction of smoking in movies," a matter involving the company's ordinary business operations. The Staff permitted exclusion of the proposal under Rule 14a-8(i)(7), noting that "although the proposal mentions executive compensation, the thrust and focus of the proposal is on the ordinary business matter of the nature, presentation and content of programming and film production." *See also Johnson & Johnson* (*Northstar*) (Feb. 10, 2014) (permitting exclusion under Rule 14a-8(i)(7) of a proposal with a resolution concerning the general political activities of the company where the preamble paragraphs to the proposal demonstrated that the thrust and focus of the proposal was on specific company political expenditures, which are ordinary business matters); *The Walt Disney Co.* (Dec. 15, 2004) (permitting exclusion under Rule 14a-8(i)(7) of a proposal identical to the proposal in *General Electric Co. (St. Joseph Health System)* (Jan. 10, 2005), where the company argued that the proponents were attempting to "us[e] the form of an executive compensation proposal to sneak in its otherwise excludable opinion regarding a matter of ordinary business (on-screen smoking in the [c]ompany's movies)").

If the Staff were to conclude that the Proposal, even in part, relates to a policy issue that transcends ordinary business and would be appropriate for a shareholder vote, as was the case in the letters discussed above, the Proposal may nonetheless be excluded pursuant to Rule 14a-8(i)(7) because it is not focused solely on such policy issue and clearly addresses matters related to the Company's ordinary business operations. The Company is of the view that the Proposal relates, at least in part, to the ordinary business matter of the Company's decisions to extend credit or provide other financial services to particular types of customers. The Company's view

is supported by the language of the resolved clause, in which the Proponents specifically request that the Company prepare a report assessing "the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation." The resolved clause further requests the adoption of policies and procedures beyond those currently employed by the Company that would require the Company to consider a potential customer's policies and practices related to tar sands development by seeking that the requested report assess the ability of the Company to "establish[ ] a policy . . . restricting financing for tar sands projects and companies." Such a request would clearly impact how the Company evaluates potential financing customers, which is a day-to-day operational determination of management and is fundamental to decisions the Company's management makes with regard to whom the Company will provide particular products and services. Other references within the Proposal and the "Whereas" clauses make clear that the focus of the Proposal, at least in part, is on the Company's specific decisions regarding the sale of particular products and services:

- In the fourth Whereas clause, the Proposal references the Company's lending activities for tar sands producers and pipeline companies;

- In the fourth and fifth Whereas clauses, the Proposal compares the Company's lending activities with respect to tar sands producers with the lending activities of other global companies; and

- In the sixth Whereas clause, the Proposal addresses the Company's support for four planned tar sands projects, "via project or corporate finance," a clear reference to the Company's financing activities.

Although the Company has existing due diligence processes for transactions involving certain industries and activities, including oil sands transactions, the decision to implement those processes was made as part of management's day-to-day determinations on financing practices. The implementation of processes and procedures regarding how the Company evaluates potential borrowers and other financing customers is a day-to-day operational determination of management and is fundamental to decisions the Company's management makes with regard to whom the Company will provide particular products and services. As the Proposal relates, at least in part, to the Company's ordinary business operations of making decisions to extend credit or provide other financial services to particular types of customers and the Company's operating procedures with respect thereto, the Company is of the view that it may properly omit the Proposal pursuant to Rule 14a-8(i)(7).

3. Any Policy Issue Raised by the Proposal Does Not Transcend the Company's Ordinary Business Operations

As discussed above, the Company is of the view that the Proposal deals, at least in part, with matters relating to the Company's ordinary business operations. Should the Staff disagree with that position, however, the Company believes that it may omit the Proposal because any

policy issue raised by the Proposal does not transcend the Company's ordinary business matters and would not be appropriate for a shareholder vote, a conclusion made with due consideration by the Company's Board of Directors, as discussed below. Accordingly, even if the Staff disagrees that the Proposal relates, at least in part, on the ordinary business matters relating to the day-to-day decisions regarding the provision of products and services, the Company believes that it may exclude the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(7).

In SLB 14I, the Staff stated that a board of directors, acting pursuant to its fiduciary duties and with the knowledge of the company's business and the implications for a particular proposal on that company's business, is well situated to "analyze, determine and explain whether a particular issue is sufficiently significant [to the company] because the matter transcends ordinary business and would be appropriate for a shareholder vote." In SLB 14I, the Staff stated that, where the board of directors concludes that the proposal is not so sufficiently significant, the company's no-action request should discuss the board's analysis of the policy issue and its significance to the company. Further, the Staff stated that the explanation would be most helpful if it detailed the specific "processes employed by the board to ensure that its conclusions are well-informed and well-reasoned." Consistent with the Staff's guidance, the discussion below describes the Board of Directors' analysis with respect to the policy issue addressed in the Proposal and whether such policy issue transcends ordinary business, including the Board's process in conducting its analysis.

The Board is regularly updated on the Company's business operations, which includes the manner in which various policy issues may impact the Company and the manner in which the Company addresses those issues in the course of its day-to-day operations. On December 12, 2017, the Board[2] met (the "***Board Meeting***"), and as part of the agenda, discussed the Proposal. The Board was presented with information prepared by management about the Proposal and its implications to the Company, including information about the Company's approach to the policy issues presented by the Proposal, the Company's existing policies, practices and frameworks, investor feedback and any prior communications with the Proponent, the impact of the Proposal on the Company's business operations, and the Board's oversight of the Company's approach to the policy issues raised by the Proposal. The Board also considered the Company's on-going efforts with respect to environmental and social matters, including climate change and human rights. In addition, the Company's General Counsel met with the Board and discussed the Company's efforts with respect to environmental issues and human and indigenous peoples' rights, including the Company's various policies and frameworks concerning these matters, including:

- the Company's Environmental and Social Policy Framework (attached as Exhibit B);

[2] We note that the Corporate Governance & Nominating Committee (the "***CG&N Committee***") separately considered the policy issue raised in the Proposal and the significance of the issue to the Company. The discussion with respect to the Board's analysis contained in this letter reflects the process undertaken by the full Board of Directors. The CG&N Committee undertook a similar process, and the CG&N Committee's conclusion with respect to the Proposal is consistent with that of the Board described in this letter.

- the Company's Asset Management ("***AM***") business' Sustainable Investing Statement (attached as Exhibit C); and

- AM's Corporate Governance Policy & Voting Guidelines (attached as Exhibit D).

The Board undertook a thorough review of the Proposal, asked questions of management regarding the relationship of the Proposal to the Company's operations, and discussed the Proposal's implications for the Company's business and policies.

The Board considered that the Company is a global financial services firm that specializes in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity. In connection with those operations, the Board considered the extent to which management of the Company makes day-to-day business decisions regarding the products and services the Company offers and to whom the Company chooses to offer particular products and services, which is the focus of the Proposal. In addition, the Board considered financial information provided by management regarding the Company's wholesale lending activities relating to oil and natural gas pipelines.

While the Board has considered issues regarding the impact of the Company's business practices on climate change and indigenous peoples' rights in the past, it reviewed the issues at the Board Meeting in light of the Proposal. The Board recognized that it regularly considers issues that are addressed by the Proposal when setting the broad, strategic direction of the Company and performing its oversight role. The Board also noted that, while the Board sets the strategic direction of the Company on these issues, the application of this strategic direction requires numerous day-to-day decisions to be made by Company management. The Board further recognized the importance of the issues addressed by the Proposal to society generally, but noted that the specific issues raised by the Proposal are part of the Company's broad consideration of policy issues.

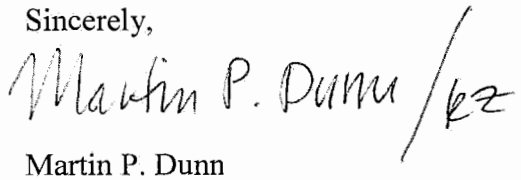
Acting consistent with its fiduciary duties, and after due consideration of the Company's business and the implications of the Proposal on the Company's business, the Board was of the view that it had received sufficient information from management to render a conclusion regarding the Proposal and its significance to the Company. The Board then concluded that the policy issues relating to climate change and indigenous peoples' rights that the Proposal addresses in part, while important to society in general and considered by the Company in the various contexts noted above, those policy issues do not transcend the Company's ordinary business operations and, as such, the Proposal would not be appropriate for a shareholder vote.

As discussed above, the Proposal deals, at least in part, with matters relating to the Company's ordinary business operations. Further, as discussed in SLB 14I, the Board has concluded that the policy issues raised by the Proposal do not transcend the Company's ordinary business operations. Accordingly, the Company is of the view that it may exclude the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(i)(7).

III. CONCLUSION

For the reasons discussed above, the Company believes that it may properly omit the Proposal from its 2018 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 from its 2018 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: Michael Passoff, CEO, Proxy Impact
Molly Carpenter, Corporate Secretary, JPMorgan Chase & Co.

Exhibit A

Ashton, Deb

From:	michael@proxyimpact.com
Sent:	Monday, December 04, 2017 3:31 PM
To:	Corporate Secretary
Subject:	shareholder resolution Tar Sands Risk report
Attachments:	JPMC Tar Sands resolution FINAL 12-4-17.pdf; JPMC TCF authorization letter 12-4-17.pdf; JPMC TCF proof of ownership 12-4-17.pdf; JPMC tar sands filing letter 12-4-17.pdf
Categories:	EXTERNAL

Dear Ms. Carpenter,

Proxy Impact is filing the attached shareholder resolution calling for a Tar Sands Risk Report on behalf of The Christensen Fund.

I believe that there will be at least three other co-filers - Mercy Investments, As You Sow and the School Sisters of Notre Dame.

Also attached is a Filing letter, Proof of Ownership and an Authorization letter.

We would be happy to have a dialogue on this issue and see if we can reach some agreement that would make the resolution unnecessary.

Please confirm receipt of this email.

Thank you,
Michael

Michael Passoff
CEO
Proxy Impact
(510) 215-2222
michael@proxyimpact.com
www.proxyimpact.com
www.proxypreview.org

PROXY IMPACT
5011 Esmond Ave. Richmond, CA. 94805 • (510) 215-2222, michael@proxyimpact.com

December 4, 2017

Molly Carpenter
Corporate Secretary
JPMorgan Chase & Co.,
Office of the Secretary
270 Park Avenue
New York, NY 10017

Dear Ms. Carpenter

Proxy Impact is filing a shareholder proposal on behalf of The Christensen Fund, a shareholder of JPMorgan Chase, in order to protect the shareholder's right to raise this issue in the proxy statement. The Christensen Fund is submitting the enclosed shareholder proposal for inclusion in the 2018 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

The Christensen Fund, through TCF Investments Holdings LP, has held at least $2,000 worth of JPMorgan Chase stock continuously for over a year and these shares will be held through the date of the 2018 stockholder meeting. Proof of ownership, and a letter from The Christensen Fund authorizing Proxy Impact to act on its behalf is enclosed.

Please forward any correspondence on this matter to Proxy Impact and not to The Christensen Fund.

We are co-filing this resolution with at least three other JPMC investors including Mercy Investment Services, the School Sisters of Notre Dame Cooperative Investment Fund and As You Sow. Proxy Impact will serve as the lead filer and main contact for this group although any question regarding filing materials should go directly to the individual shareholder. A representative of the proponents will attend the stockholders' meeting to move the resolution as required.

We look forward to a productive dialogue that would make the need for this resolution moot.

Sincerely,

Michael Passoff
CEO
Proxy Impact

Enclosures

- Tar Sands Risk Report Shareholder Proposal
- The Christensen Fund Authorization letter
- The Christensen Fund Proof of Ownership letter

TAR SANDS RISK REPORT

WHEREAS:

Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly $31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than $24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies**.**
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

THE CHRISTENSEN FUND

December 4, 2017

Michael Passoff
CEO
Proxy Impact
5011 Esmond Ave.
Richmond, CA. 94805

Re: Authorization to File Shareholder Resolution

Dear Mr. Passoff,

As of December 1, 2017 The Christensen Fund (the "Stockholder") authorizes Proxy Impact to file a shareholder resolution on the Stockholder's behalf with JP Morgan Chase and that it be included in the 2018 proxy statement, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution.

The Stockholder has continuously owned over $2,000 worth of JP Morgan Chase stock for over a year. The Stockholder intends to hold the stock through the date of the company's annual meeting in 2018.

The Stockholder gives Proxy Impact the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including representing the Stockholder at the Annual General Meeting.

Sincerely,

Sanjay Bavikatte
Executive Director
The Christensen Fund

487 BRYANT STREET, 2ND FLOOR
SAN FRANCISCO, CA 94107 USA
T +1.415.644.1600
F +1.415.684.9591
WWW.CHRISTENSENFUND.ORG
BACKING THE STEWARDS OF CULTURAL AND BIOLOGICAL DIVERSITY

BNY MELLON

Molly Carpenter
Corporate Secretary
JPMorgan Chase & Co.
Office of the Secretary
270 Park Avenue
New York, NY 10017

December 4, 2017

Dear Ms. Carpenter

BNY Mellon, a DTC participant, acts as the custodian for TCF Investments Holdings LP ("TCF"). The sole entity is The Christensen Fund. As of and including December 4, 2017, BNY Mellon has held more than $2000 worth of JPMorgan Chase stock continuously for more than one year on behalf of TCF. The Christensen Fund, through TCF, intends to continue to hold the required number of shares through the date of the company's 2018 annual meeting. We are providing you with this information at the request of The Christensen Fund.

Regards,

Steven DuFresne

The Bank of New York Mellon

AS YOU SOW

1611 Telegraph Ave, Suite 1450
Oakland, CA 94612

www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

December 4, 2017

ATTN: Corporate Secretary
JPMorgan Chase & Co.
Office of the Secretary
270 Park Avenue
New York, NY 10017

Corporate Secretary:

As You Sow is co-filing a shareholder proposal on behalf of James McRitchie ("Proponent"), a shareholder of JPMorgan Chase & Co. stock, in order to protect the shareholder's right to raise this issue in the proxy statement. The Proponent is submitting the enclosed shareholder proposal for inclusion in the 2018 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

We are co-filing this proposal with Proxy Impact, who is the lead filer and is authorized to withdraw the proposal on our behalf.

A letter from James McRitchie authorizing As You Sow to act on his behalf is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are optimistic that a dialogue with the company can result in resolution of the Proponent's concerns.

Sincerely,

Andrew Behar
CEO

Enclosures

- Shareholder Proposal
- James McRitchie Authorization

TAR SANDS RISK REPORT

WHEREAS:

Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly $31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than $24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies.
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

December 1, 2017

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned, James McRitchie (the "Stockholder") authorizes As You Sow to file or cofile a shareholder resolution on Stockholder's behalf with JPMorgan Chase & Co., relating to financing for tar sands mining, and that it be included in the 2018 proxy statement, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder has continuously owned over $2,000 worth of JPMorgan Chase & Co. stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2018.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

J. McRitchie

James McRitchie

AS YOU SOW
1611 Telegraph Ave, Suite 1450
Oakland, CA 94612

December 4, 2017

ATTN: Corporate Secretary
JPMorgan Chase & Co.
Office of the Secretary
270 Park Avenue
New York, NY 10017

Corporate Secretary:

As You Sow is co-filing a shareholder proposal on behalf of The Gun Denhart Living Trust ("Proponent"), a shareholder of JPMorgan Chase & Co. stock, in order to protect the shareholder's right to raise this issue in the proxy statement. The Proponent is submitting the enclosed shareholder proposal for inclusion in the 2018 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

We are co-filing this proposal with Proxy Impact, who is the lead filer and is authorized to withdraw the proposal on our behalf.

A letter from The Gun Denhart Living Trust authorizing As You Sow to act on its behalf is enclosed. A representative of the Proponent will attend the stockholders' meeting to move the resolution as required.

We are optimistic that a dialogue with the company can result in resolution of the Proponent's concerns.

Sincerely,

Andrew Behar
CEO

Enclosures

- Shareholder Proposal
- The Gun Denhart Living Trust Authorization

TAR SANDS RISK REPORT

WHEREAS:

Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly $31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than $24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies.
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

December 1, 2017

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned, The Gun Denhart Living Trust (the "Stockholder") authorizes As You Sow to file or cofile a shareholder resolution on Stockholder's behalf with JPMorgan Chase & Co., relating to financing for tar sands mining, and that it be included in the 2018 proxy statement, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder has continuously owned over $2,000 worth of JPMorgan Chase & Co. stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2018.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

Gun Denhart
Trustee
The Gun Denhart Living Trust

RECEIVED BY THE

DEC 06 2017

OFFICE OF THE SECRETARY

December 5, 2017

JPMorgan Chase & Co.
Molly Carpenter, Office of the Secretary
270 Park Avenue
New York, NY 10017

Dear Ms. Carpenter:

Mercy Investment Services, Inc. (Mercy), as the investment program of the Sisters of Mercy of the Americas, has long been concerned not only with the financial returns of its investments, but also with their social and ethical implications. We believe that a demonstrated corporate responsibility in matters of the environment, and social and governance concerns fosters long-term business success. Mercy Investment Services, Inc., a long-term investor, is currently the beneficial owner of shares of JPMorgan Chase & Co.

Mercy is filing the resolution, "Tar Sands Risk Report," which requests that JPMorgan Chase & Co. prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation.

Mercy Investment Services, Inc., is co-filing the enclosed shareholder proposal with Proxy Impact for inclusion in the 2018 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Mercy Investment Services, Inc. has been a shareholder continuously for more than one year holding at least $2,000 in market value, and will continue to invest in at least the requisite number of shares for proxy resolutions through the annual shareholders' meeting. A representative of the filers will attend the Annual Meeting to move the resolution as required by SEC rules. The verification of ownership is being sent to you separately by our custodian, a DTC participant. Proxy Impact may withdraw the proposal on our behalf. We respectfully request direct communications from JPMorgan Chase & Co., and to have our supporting statement and organization name included in the proxy statement.

We look forward to having productive conversations with the company. Please direct your responses to me via my contact information below.

Best regards,

Mary Minette

Mary Minette
Director of Shareholder Advocacy
703-507-9651
mminette@mercyinvestments.org

TAR SANDS RISK REPORT

WHEREAS:

Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly $31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than $24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies.
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

FedEx®

press

ORIGIN ID:SUSA (920) 915-9178
SHELBY STILP
MERCY INVESTMENT SERVICES, INC.
2039 N. GEYER RD.

ST. LOUIS, MO 63131
UNITED STATES US

SHIP DATE: 05DEC17
ACTWGT: 0.50 LB
CAD: 101580846/INET3920

BILL SENDER

TO MOLLY CARPENTER
JPMORGAN CHASE & CO.
270 PARK AVENUE

NEW YORK NY 10017
(212) 270-6000
INV
PO
REF

549J1/57/4CF/04C

***

FedEx Express

E

FedEx.
TRK#
0201

***

WED - 06 DEC AA
STANDARD OVERNIGHT

10017
NY-US
EWR

NM OGSA

***

FedEx Ship Manager - Print Your Label(s)

12/5/2017

Extremely Urgent

*** FISMA & OMB Memorandum M-07-16

BNY MELLON

RECEIVED BY THE

DEC 07 2017

OFFICE OF THE SECRETARY

December 5, 2017

Molly Carpenter, Secretary
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Re: Mercy Investment Services Inc.

Dear Ms. Carpenter,

This letter will certify that as of December 5, 2017 The Bank of New York Mellon held for the beneficial interest of Mercy Investment Services Inc., 53 shares of JPMorgan Chase & Co.

We confirm that Mercy Investment Services Inc. has beneficial ownership of at least $2,000 in market value of the voting securities of JPMorgan Chase & Co. and that such beneficial ownership has existed continuously for at least one year including a one year period preceding and including December 5, 2017 in accordance with rule 14a-8 of the Securities Exchange Act of 1934.

Further, it is Mercy Investment Services Inc., intent to hold at least $2,000 in market value through the next annual meeting.

Please be advised, The Bank of New York Mellon is a DTC Participant, whose DTC number is 0901.

If you have any questions please feel free to give me a call.

Sincerely,

Thomas J. McNally

Thomas J. McNally
Vice President, Service Director
BNY Mellon Asset Servicing

Phone: (412) 234-8822
Email: thomas.mcnally@bnymellon.com

This envelope is for use with the following services:

UPS Next Day Air®
UPS Worldwide Express®
UPS 2nd Day Air®

isit **ups.com**® or call **1-800-PICK-UPS**® (1-800-742-5877)
) schedule a pickup or find a drop off location near you.

omestic Shipments

To qualify for the Letter rate, UPS Express Envelopes may only contain correspondence, urgent documents, and/or electronic media, and must weigh 8 oz. or less. UPS Express Envelopes containing items other than those listed or weighing more than 8 oz. will be billed by weight.

ıternatio

The UPS
value. C
ups.com

To qualif
UPS Exp

iote: Ex
ontainin
r cash ec

Apply shipping documents on this side.

Do not use this envelope for:

UPS Ground
UPS Standar[redacted]
UPS 3 Day Select®
UPS Worldwide Expedited®

171604 REV. 5/17 LPS

https://www.campusship.ups.com/cship/create?ActionOriginPair=default__PrintWindow... 12/5/2017

TRACEY ROSSI 151-4040
412 234 0505
BNY MELLON
500 GRANT STREET
PITTSBURGH PA 15258

0.0 LBS LTR 1 OF 1

SHIP TO:
MOLLY CARPENTER
JPMORGAN CHASE & CO.
270 PARK AVENUE
NEW YORK NY 10017-2014

***

***

NY 100 9-44

***

UPS NEXT DAY AIR 1

***

BILLING: P/P

Management Unit / Cost Center: 6891173

CS 19.5.48 WNTR950 09.0A 10/2017

TM

*** FISMA & OMB Memorandum M-07-16

From:	Ethel Howley
To:	Corporate Secretary
Subject:	Shareholder resolution
Date:	Tuesday, December 05, 2017 4:49:04 PM
Attachments:	CIF JP Morgan ownership 12.5.17-signed.pdf CIF JP Morgan Chase letter R 2018.docx CIF JPMC Tar Sands resolution 2-4-17.docx

---

Molly Carpenter
Corporate Secretary
JPMorgan Chase & Co.,
Office of the Secretary

I have attached our shareholder proposal, proof of ownership , and my cover letter.

I will mail copies of each of these documents tomorrow.

Thank you for your consideration of this important resolution.

Sincerely,
Ethel Howley, SSND

School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897

December 5, 2017

Molly Carpenter
Corporate Secretary
JPMorgan Chase & Co.,
Office of the Secretary
270 Park Avenue
New York, NY 10017

Dear Ms. Carpenter,

The School Sisters of Notre Dame Cooperative Investment Fund is co-filing this shareholder proposal, *Tar Sands Risk Report*, with Proxy Impact who is filing on behalf of the Christensen Fund. This enclosed shareholder proposal is being submitted for inclusion in the 2018 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

The School Sisters of Notre Dame Cooperative Investment Fund has held at least $2000 worth of JP Morgan Chase stock continuously for over one year and these shares will be held through the date of the 2018 stockholder meeting. Proof of ownership is enclosed.

Proxy Impact will serve as the lead filer and main contact for this group. A representative of the proponents will attend the stockholders' meeting to move the resolution as required. Please forward any correspondence on this resolution to Proxy Impact.

We look forward to a product dialogue in the near future.

Sincerely,

Ethel Howley, SSND
School Sisters of Notre Dame Cooperative Investment Fund
Social Responsibility Resource Person

TAR SANDS RISK REPORT

WHEREAS:

Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys huge swathes of forest, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

The Institute for Energy Economics and Financial Analysis reported that tar sands development lost nearly $31B in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development."

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use renewable power for 100% of its global energy needs by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 U.S. lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17% compared to all of 2016.

In 2017:

- Exxon wrote off 3.5B barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon Oil, Murphy and Statoil divested more than $24B of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (*Wall St. Journal*)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies**.**
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

STATE STREET

For Everything You Invest In℠

Institutional Investor Services
801 Pennsylvania Ave.
Kansas City, MO 64105

December 5, 2017

Sister Ethel Howley
School Sisters of Notre Dame Cooperative Investment Fund
345 Belden Hill Road
Wilton, CT 06897-3898

Re: School Sisters of Notre Dame Cooperative Investment Fund Directed Investment – 11CJ

Dear Sister Ethel:

This is to confirm that the following security is held in the above referenced account:

Security	Shares	Acquisition Date
JP MORGAN CHASE + CO	199	6/20/2003

To the best of my knowledge, the Sisters intend to hold this security in this account at least through the date of the next annual meeting.

If you have any questions or need additional information, please call me at 816-871-7249.

Sincerely,

Tammie Henry

Tammie Henry
State Street Bank & Trust
Institutional Investor Services

JPMORGAN CHASE & CO.

Molly Carpenter
Corporate Secretary
Office of the Secretary

December 15, 2017

VIA EMAIL & OVERNIGHT DELIVERY

Michael Passoff, CEO
Proxy Impact
5011 Esmond Avenue
Richmond, CA 94805

Dear Mr. Passoff:

I am writing on behalf of JPMorgan Chase & Co. ("JPMC"), which received from you, on behalf of The Christensen Fund (the "Proponent"), via email on December 4, 2017, the shareholder proposal titled "Tar Sands Risk Report" (the "Proposal") for consideration at JPMC's 2018 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 by Proxy

A shareholder's ability to submit a "proposal by proxy" must be consistent with Rule 14a-8 and the eligibility requirements of Rule 14a-8(b). The Staff of the SEC's Division of Corporation Finance (the "SEC Staff") provided guidance in Staff Legal Bulletin No. 14I ("SLB 14I") to assist the Staff and companies in their evaluation regarding whether the eligibility requirements of Rule 14a-8(b) have been satisfied. In SLB 14I, the SEC Staff stated that it will look to whether the shareholders who submit a proposal by proxy provide documentation describing the shareholder's delegation of authority to the proxy. The Staff expects the documentation to:

- identify the shareholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;
- identify the specific proposal to be submitted (*e.g.*, proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the shareholder.

The delegation of authority included with the Proponent's submission of the Proposal is inconsistent with the Staff's guidance set forth above because it fails to identify the specific proposal to be submitted (*i.e.*, "Tar Sands Risk Report"). As such, JPMC is of the view that the Proponent has failed to satisfy the eligibility requirements of Rule 14a-8(b).

To remedy those defects, you are requested to submit a sufficient delegation of authority by the Proponent to submit the proposal by proxy.

270 Park Avenue, New York, New York 10017-2070
Telephone 212-270-7122 Facsimile 212 270 4240 molly.carpenter@jpmchase.com
JPMorgan Chase & Co.

Proposal Exceeds 500 Words

Rule 14a-8(d) limits a proposal and any supporting statement to a maximum length of 500 words. The Proposal, including the supporting statement, appears to exceed this 500-word limitation. As such, the 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, enclosed is a copy of SEC Rule 14a-8 and SLB 14I.

For the Proposal to be eligible for inclusion in the JPMC's proxy materials for the JPMC's 2018 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 or via email to corporate.secretary@jpmchase.com.

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
Division of Corporation Finance Staff Bulletin No. 14I

270 Park Avenue, New York, New York 10017-2070
Telephone 212-270-7122 Facsimile 212 270 4240 molly.carpenter@jpmchase.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.

U.S. Securities and Exchange Commission

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14I (CF)

Action: Publication of CF Staff Legal Bulletin

Date: November 1, 2017

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by submitting a web-based request form at https://www.sec.gov/forms/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information about the Division's views on:

- the scope and application of Rule 14a-8(i)(7);
- the scope and application of Rule 14a-8(i)(5);
- proposals submitted on behalf of shareholders; and
- the use of graphs and images consistent with Rule 14a-8(d).

You can find additional guidance about Rule 14a-8 in the following bulletins that are available on the Commission's website: SLB No. 14, SLB No. 14A, SLB No. 14B, SLB No. 14C, SLB No. 14D, SLB No. 14E, SLB No. 14F, SLB No. 14G and SLB No. 14H.

B. Rule 14a-8(i)(7)

1. Background

Rule 14a-8(i)(7), the "ordinary business" exception, is one of the substantive bases for exclusion of a shareholder proposal in Rule 14a-8. It permits a company to exclude a proposal that "deals with a matter relating to the company's ordinary business operations." The purpose of the exception 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."[1]

2. The Division's application of Rule 14a-8(i)(7)

The Commission has stated that the policy underlying the "ordinary business" exception rests on two central considerations.[2] The first relates to the proposal's subject matter; the second, the degree to which the proposal "micromanages" the company. Under the first consideration, proposals that raise matters that 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" may be excluded, unless such a proposal focuses on policy issues that are sufficiently significant because they transcend ordinary business and would be appropriate for a shareholder vote.[3] Whether the significant policy exception applies depends, in part, on the connection between the significant policy issue and the company's business operations.[4]

At issue in many Rule 14a-8(i)(7) no-action requests is whether a proposal that addresses ordinary business matters nonetheless focuses on a policy issue that is sufficiently significant. These determinations often raise difficult judgment calls that the Division believes are in the first instance matters that the board of directors is generally in a better position to determine. A board of directors, acting as steward with fiduciary duties to a company's shareholders, generally has significant duties of loyalty and care in overseeing management and the strategic direction of the company. A board acting in this capacity and with the knowledge of the company's business and the implications for a particular proposal on that company's business is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.

Accordingly, going forward, we would expect a company's no-action request to include a discussion that reflects the board's analysis of the particular policy issue raised and its significance. That explanation would be most helpful if it detailed the specific processes employed by the board to ensure that its conclusions are well-informed and well-reasoned. We believe that a well-developed discussion of the board's analysis of these matters will greatly assist the staff with its review of no-action requests under Rule 14a-8(i)(7).

C. Rule 14a-8(i)(5)

1. Background

Rule 14a-8(i)(5), the "economic relevance" exception, is one of the substantive bases for exclusion of a shareholder proposal in Rule 14a-8. It permits a company to exclude a proposal that "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 earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business."

2. History of Rule 14a-8(i)(5)

Prior to adoption of the current version of the exclusion in Rule 14a-8(i)(5), the rule permitted companies to omit any proposal that "deals with a matter that is not significantly related to the issuer's business." In proposing changes to that version of the rule in 1982, the Commission noted that the staff's practice had been to agree with exclusion of proposals that bore no economic relationship to a company's business, but that "where the proposal has reflected social or ethical issues, rather than economic concerns, raised by the issuer's business, and the issuer conducts any such business, no matter how small, the staff has not issued a no-action letter with respect to the omission of the proposal."[5] The

Commission stated that this interpretation of the rule may have "unduly limit[ed] the exclusion," and proposed adopting the economic tests that appear in the rule today.[6] In adopting the rule, the Commission characterized it as relating "to proposals concerning the functioning of the economic business of an issuer and not to such matters as shareholders' rights, e.g., cumulative voting."[7]

Shortly after the 1983 amendments, however, the District Court for the District of Columbia in Lovenheim v. Iroquois Brands, Ltd., 618 F. Supp. 554 (D.D.C. 1985) preliminarily enjoined a company from excluding a proposal regarding sales of a product line that represented only 0.05% of assets, $79,000 in sales and a net loss of ($3,121), compared to the company's total assets of $78 million, annual revenues of $141 million and net earnings of $6 million. The court based its decision to grant the injunction "in light of the ethical and social significance" of the proposal and on "the fact that it implicates significant levels of sales." Since that time, the Division has interpreted Lovenheim in a manner that has significantly narrowed the scope of Rule 14a-8(i)(5).

3. The Division's application of Rule 14a-8(i)(5)

Over the years, the Division has only infrequently agreed with exclusion under the "economic relevance" exception. Under its historical application, the Division has not agreed with exclusion under Rule 14a-8(i)(5), even where a proposal has related to operations that accounted for less than 5% of total assets, net earnings and gross sales, where the company conducted business, no matter how small, related to the issue raised in the proposal. The Division's analysis has not focused on a proposal's significance to the company's business. As a result, the Division's analysis has been similar to its analysis prior to 1983, with which the Commission expressed concern.

That analysis simply considered whether a company conducted any amount of business related to the issue in the proposal and whether that issue was of broad social or ethical concern. We believe the Division's application of Rule 14a-8(i)(5) has unduly limited the exclusion's availability because it has not fully considered the second prong of the rule as amended in 1982 – the question of whether the proposal "deals with a matter that is not significantly related to the issuer's business" and is therefore excludable. Accordingly, going forward, the Division's analysis will focus, as the rule directs, on a proposal's significance to the company's business when it otherwise relates to operations that account for less than 5% of total assets, net earnings and gross sales. Under this framework, proposals that raise issues of social or ethical significance may be included or excluded, notwithstanding their importance in the abstract, based on the application and analysis of each of the factors of Rule 14a-8(i)(5) in determining the proposal's relevance to the company's business.

Because the test only allows exclusion when the matter is not "otherwise significantly related to the company," we view the analysis as dependent upon the particular circumstances of the company to which the proposal is submitted. That is, a matter significant to one company may not be significant to another. On the other hand, we would generally view substantive governance matters to be significantly related to almost all companies.

Where a proposal's significance to a company's business is not apparent on its face, a proposal may be excludable unless the proponent demonstrates that it is "otherwise significantly related to the company's business."[8] For example, the proponent can provide information demonstrating that the proposal "may have a significant impact on other segments of the issuer's business or subject the issuer to significant contingent liabilities."[9] The proponent could continue to raise social or ethical issues in its arguments,

but it would need to tie those to a significant effect on the company's business. The mere possibility of reputational or economic harm will not preclude no-action relief. In evaluating significance, the staff will consider the proposal in light of the "total mix" of information about the issuer.

As with the "ordinary business" exception in Rule 14a-8(i)(7), determining whether a proposal is "otherwise significantly related to the company's business" can raise difficult judgment calls. Similarly, we believe that the board of directors is generally in a better position to determine these matters in the first instance. A board acting with the knowledge of the company's business and the implications for a particular proposal on that company's business is better situated than the staff to determine whether a particular proposal is "otherwise significantly related to the company's business." Accordingly, we would expect a company's Rule 14a-8(i)(5) no-action request to include a discussion that reflects the board's analysis of the proposal's significance to the company. That explanation would be most helpful if it detailed the specific processes employed by the board to ensure that its conclusions are well-informed and well-reasoned.

In addition, the Division's analysis of whether a proposal is "otherwise significantly related" under Rule 14a-8(i)(5) has historically been informed by its analysis under the "ordinary business" exception, Rule 14a-8(i)(7). As a result, the availability or unavailability of Rule 14a-8(i)(7) has been largely determinative of the availability or unavailability of Rule 14a-8(i)(5). Going forward, the Division will no longer look to its analysis under Rule 14a-8(i)(7) when evaluating arguments under Rule 14a-8(i)(5). In our view, applying separate analytical frameworks will ensure that each basis for exclusion serves its intended purpose.

We believe the approach going forward is more appropriately rooted in the intended purpose and language of Rule 14a-8(i)(5), and better helps companies, proponents and the staff determine whether a proposal is "otherwise significantly related to the company's business."

D. Proposals submitted on behalf of shareholders

While Rule 14a-8 does not address shareholders' ability to submit proposals through a representative, shareholders frequently elect to do so, a practice commonly referred to as "proposal by proxy." The Division has been, and continues to be, of the view that a shareholder's submission by proxy is consistent with Rule 14a-8.[10]

The Division is nevertheless mindful of challenges and concerns that proposals by proxy may present. For example, there may be questions about whether the eligibility requirements of Rule 14a-8(b) have been satisfied. There have also been concerns raised that shareholders may not know that proposals are being submitted on their behalf. In light of these challenges and concerns, and to help the staff and companies better evaluate whether the eligibility requirements of Rule 14a-8(b) have been satisfied, going forward, the staff will look to whether the shareholders who submit a proposal by proxy provide documentation describing the shareholder's delegation of authority to the proxy.[11] In general, we would expect this documentation to:

- identify the shareholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;

- identify the specific proposal to be submitted (e.g., proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the shareholder.

We believe this documentation will help alleviate concerns about proposals by proxy, and will also help companies and the staff better evaluate whether the eligibility requirements of Rule 14a-8(b) have been satisfied in connection with a proposal's submission by proxy. Where this information is not provided, there may be a basis to exclude the proposal under Rule 14a-8(b).[12]

E. Rule 14a-8(d)

1. Background

Rule 14a-8(d) is one of the procedural bases for exclusion of a shareholder proposal in Rule 14a-8. It provides that a "proposal, including any accompanying supporting statement, may not exceed 500 words."

2. The use o f images in shareholder proposals

Questions have recently arisen concerning the application of Rule 14a-8(d) to proposals that include graphs and/or images.[13] In two recent no-action decisions,[14] the Division expressed the view that the use of "500 words" and absence of express reference to graphics or images in Rule 14a-8(d) do not prohibit the inclusion of graphs and/or images in proposals.[15] Just as companies include graphics that are not expressly permitted under the disclosure rules, the Division is of the view that Rule 14a-8(d) does not preclude shareholders from using graphics to convey information about their proposals.[16]

The Division recognizes the potential for abuse in this area. The Division believes, however, that these potential abuses can be addressed through other provisions of Rule 14a-8. For example, exclusion of graphs and/or images would be appropriate under Rule 14a-8(i)(3) where they:

- make the proposal materially false or misleading;
- render the proposal so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing it, would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires;
- directly or indirectly impugn character, integrity or personal reputation, or directly or indirectly make charges concerning improper, illegal, or immoral conduct or association, without factual foundation; or
- are irrelevant to a consideration of the subject matter of the proposal, such that there is a strong likelihood that a reasonable shareholder would be uncertain as to the matter on which he or she is being asked to vote.[17]

Exclusion would also be appropriate under Rule 14a-8(d) if the total number of words in a proposal, including words in the graphics, exceeds 500.

[1] Release No. 34-40018 (May 21, 1998).

[2] Id.

[3] Id.

[4] See Staff Legal Bulletin No. 14H (Oct. 22, 2015), citing Staff Legal Bulletin No. 14E (Oct. 27, 2009) (stating that a proposal generally will not be excludable "as long as a sufficient nexus exists between the nature of the proposal and the company").

[5] Release No. 34-19135 (Oct. 14, 1982).

[6] Id.

[7] Release No. 34-20091 (Aug. 16, 1983).

[8] Proponents bear the burden of demonstrating that a proposal is "otherwise significantly related to the company's business." See Release No. 34-39093 (Sep. 18, 1997), citing Release No. 34-19135.

[9] Release No. 34-19135.

[10] We view a shareholder's ability to submit a proposal by proxy as largely a function of state agency law provided it is consistent with Rule 14a-8.

[11] This guidance applies only to proposals submitted by proxy after the date on which this staff legal bulletin is published.

[12] Companies that intend to seek exclusion under Rule 14a-8(b) based on a shareholder's failure to provide some or all of this information must notify the proponent of the specific defect(s) within 14 calendar days of receiving the proposal so that the proponent has an opportunity to cure the defect. See Rule 14a-8(f)(1).

[13] Rule 14a-8(d) is intended to limit the amount of space a shareholder proposal may occupy in a company's proxy statement. See Release No. 34-12999 (Nov. 22, 1976).

[14] General Electric Co. (Feb. 3, 2017, recon. granted Feb. 23, 2017); General Electric Co. (Feb. 23, 2016).

[15] These decisions were consistent with a longstanding Division position. See Ferrofluidics Corp. (Sep. 18, 1992).

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

[17] See General Electric Co. (Feb. 23, 2017).

http://www.sec.gov/interps/legal/cfslb14i.htm

Ashton, Deb

From:	michael@proxyimpact.com
Sent:	Wednesday, December 27, 2017 4:46 PM
To:	Corporate Secretary
Cc:	Carpenter, Molly; Scott, Linda E; Caracciolo, Irma R.; Ethel Howley; Mary Minette (mminette@Mercyinvestments.org); Pat Zerega; Danielle Fugere
Subject:	Tar Sands corrected shareholder resolution
Attachments:	Risks of Lending, Underwriting in Tar Sands Production 2018 – J.P. Morgan Chase & Co. FINAL.pdf
Categories:	EXTERNAL

Hi irma,

Attached is a revised shareholder resolution with a word count under 500 words (not including the title and "resolved").

Per our previous discussion I am resubmitting this resolution on behalf of The Christensen Fund / Proxy impact and all of the co-filers including the School Sisters of Notre Dame Cooperative Investment Fund, Mercy Investment Services, and As You Sow.

Please let me know if you need anything else from us and, as stated before, we would be happy to have a dialogue on this issue and see if we can reach some agreement that would make the resolution unnecessary.

Best,
Michael

Michael Passoff
CEO
Proxy Impact
(510) 215-2222
michael@proxyimpact.com
www.proxyimpact.com
www.proxypreview.org

--------- Original Message ---------
Subject: JPMC - Shareholder resolution Christensen Fund
From: "Corporate Secretary" <corporate.secretary@jpmchase.com>
Date: 12/15/17 10:55 am
To: "'michael@proxyimpact.com'" <michael@proxyimpact.com>
Cc: "Corporate Secretary" <corporate.secretary@jpmchase.com>, "Carpenter, Molly" <molly.carpenter@jpmchase.com>, "Scott, Linda E" <linda.e.scott@chase.com>, "Caracciolo, Irma R." <caracciolo_irma@jpmorgan.com>

Dear Michael

Attached is a copy of our letter regarding the shareholder proposal submitted for inclusion in the proxy materials relating to JPMC's 2018 Annual Meeting of Shareholders.

Thank you

Irma Caracciolo

Corporate Secretary |270 Park Avenue, Mail Code: NY1-K721, New York, NY 10017 |W: 212-270-7122 |F: 212-270-4240 | F: 646-534-2396| corporate.secretary@jpmchase.com

From: michael@proxyimpact.com [mailtomichael@proxyimpact.com]
Sent: Monday, December 04, 2017 3:31 PM
To: Corporate Secretary <corporate.secretary@jpmchase.com>
Subject: shareholder resolution Tar Sands Risk report

Dear Ms. Carpenter,

Proxy Impact is filing the attached shareholder resolution calling for a Tar Sands Risk Report on behalf of The Christensen Fund.

I believe that there will be at least three other co-filers - Mercy Investments, As You Sow and the School Sisters of Notre Dame.

Also attached is a Filing letter, Proof of Ownership and an Authorization letter.

We would be happy to have a dialogue on this issue and see if we can reach some agreement that would make the resolution unnecessary.

Please confirm receipt of this email.

Thank you,
Michael

Michael Passoff

CEO

Proxy Impact

(510) 215-2222

michael@proxyimpact.com

www.proxyimpact.com

www.proxypreview.org

Risks of Lending, Underwriting in Tar Sands Production
2018 – J.P. Morgan Chase & Co.

WHEREAS: Tar sands oil is one of the dirtiest and most carbon- and capital-intensive fossil fuels. Tar sands extraction destroys forests, pollutes land and water, and creates massive reservoirs of toxic waste. It impacts Indigenous People's rights both at the point of extraction and along pipeline routes, in particular in companies' serial failure to secure free, prior and informed consent.

Tar sands development lost nearly $31 billion in revenue from 2010 through 2013, "largely because of a fierce grassroots movement against tar sands development." http://ieefa.org/report-material-risks/

JPMorgan Chase (JPMC) has positioned itself as an industry leader on climate change by publicly supporting the Paris Climate Agreement, announcing plans to use 100 percent renewable power by 2020, committing to facilitate $200 billion in clean financing through 2025, and proactively reducing lending to the coal sector.

In contrast, JPMC is the #1 United States lender and underwriter of tar sands producers and pipeline companies, at $8.4 billion from 2014 through September 2017. This is more than double the nearest U.S. peer. In the first nine months of 2017, JPMC's financing of tar sands increased almost 17 percent compared to all of 2016.

In 2017:

- Exxon wrote off 3.5 billion barrels of tar sands oil reserves as not economically viable.
- ConocoPhillips, Shell, Marathon, Murphy and Statoil divested more than $24 billion of tar sands assets.
- Suncor, the largest tar sands producer, "pledged not to invest in oil sands for 'foreseeable future' and shares have surged." (Wall St. Journal)
- Eight global banks had developed policies that prohibit financing for tar sands projects or companies.
- BNP Paribas, the world's 8th largest bank, announced it "will no longer do business with companies whose principal business activity is the exploration, production, distribution, marketing or trading" of tar sands oil and will restrict financing for tar sands projects.

JPMC faces reputational and financial risk by supporting four controversial planned tar sands projects, via project or corporate finance: Kinder Morgan's Trans Mountain, TransCanada's Keystone XL, and Enbridge's Line 3 pipelines, and Teck's Frontier mine. These would result in significant climate and environmental impacts, are strongly opposed by local Indigenous communities, and contradict JPMC's commitments to the Paris Agreement and clean energy.

RESOLVED: Shareholders request that JPMorgan Chase prepare a report, omitting proprietary information and prepared at reasonable cost, by September 2018, on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation. This report should include assessments of:

- Short- and medium-term risk of portfolio devaluation due to stranding of high cost tar sand assets.
- Whether JPMC's tar sands financing is consistent with the Paris Agreement's goal of limiting global temperature increase to "well below 2 degrees Celsius".
- How tar sands financing aligns with our company's support for Indigenous People's rights.
- Reducing risk by establishing a specific policy, similar to that of other banks, restricting financing for tar sands projects and companies.

Exhibit B

JPMORGAN CHASE & CO.

Environmental and Social Policy Framework

CONTENTS

I. INTRODUCTION

As a global provider of financial advisory and lending services for clients in various sectors and geographies around the world, we recognize that our business decisions have the potential to impact surrounding communities and the environment. JPMorgan Chase believes that balancing environmental and human rights issues with financial priorities is fundamental to sound risk management and a core part of corporate responsibility.

Protecting the natural systems which all life depends on while lifting people out of poverty and advancing economic development are among the greatest challenges confronting humanity. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations. Therefore, we have designed policies that ensure environmental and human rights impacts are identified early, carefully evaluated and managed responsibly. Such policies not only promote positive environmental stewardship, but also highlight business opportunities to support investments in renewable energy, energy efficiency, sustainable water management, sustainable forestry and sustainable supply chains. Attention to environmental and social (E&S) issues helps us to better manage risk, attract and retain critical talent, develop expertise and provide clients with suggested solutions to pressing sustainability issues in their businesses.

JPMorgan Chase adopted its first comprehensive Environmental and Social Risk Policy (E&S Risk Policy) in 2005. The Sustainable Finance and Global Environmental and Social Risk Management (GESRM) teams partner closely in the implementation of the E&S Risk Policy and serve as the lead resources to the Firm on E&S issues. This Environmental and Social Policy Framework outlines the key elements of JPMorgan Chase's E&S Risk Policy, articulates the Firm's approach to key issues such as human rights, climate change, forests and biodiversity, and describes the Firm's initiatives to manage its operational footprint in a sustainable manner.

In July 2017, JPMorgan Chase announced an expansion of its comprehensive strategy to advance environmentally sustainable solutions for clients and its own operations. The Firm's updated strategic goals regarding environmental financing and energy procurement are outlined below in Section III. B. Climate-Related Business Opportunities and Section VI. A. Global Energy and Greenhouse Gas Reductions. These new commitments build on JPMorgan Chase's long-term commitment to sustainability and are outlined in broader context and more detail on our website.

As we refine our understanding of how sustainability issues impact our business, we will continue to integrate consideration of environmental and human rights issues into our financing decision-making processes. Maintaining the dialogue we have with stakeholders is a key part of improving our understanding and management of E&S risks in our business, and we welcome further engagement. We will also continue to train employees in each relevant Line of Business (LOB) to understand and effectively implement the E&S Risk Policy in partnership with GESRM and Sustainable Finance. Our E&S Risk Policy is subject to annual review and will be adjusted to reflect changes in our business and the context in which we operate. This Framework is an evolving document, and we will update it periodically to reflect changes in our thinking and our E&S Risk Policy.

II. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

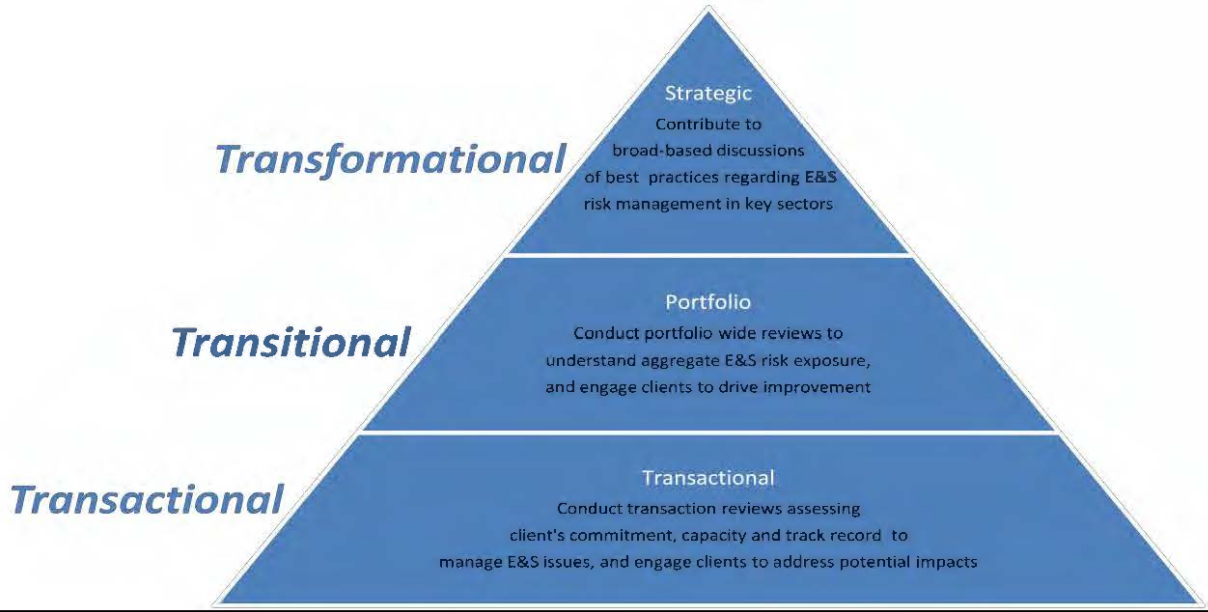
A. Our Approach to Risk Management

Understanding our clients' E&S performance is an important element of how we assess and manage risk. The consequences of failing to appropriately manage E&S issues can directly impact our reputation, our clients' operations and long-term economic viability, and the communities and environment in which we and our clients operate.

In 2013, JPMorgan Chase adopted a new Firm-wide policy management framework, which guides development, application and consistency of policies across the Firm. Situated within this framework is an updated E&S Risk Policy, which identifies the sectors, activities and issues that present an increased E&S risk and outlines our approach to managing those risks. The crosscutting issues of climate change, sensitive locations (areas of high biodiversity and operational complexity) and human rights are highlighted to provide the context for the E&S Risk Policy. Global Environmental and Social Risk Management (GESRM) is a dedicated team of experts principally responsible for applying the E&S Risk Policy and coordinates across the relevant LOBs to ensure successful implementation.

JPMorgan Chase has a multifaceted approach to managing the E&S risks associated with its financial products and services (as represented in the graphic below). At the transactional level, GESRM assesses a client's commitment and capacity to manage E&S issues, reviews its associated track record, and engages directly with clients to discuss performance improvements, where appropriate (See Section II. E. Transaction Reviews). The Firm also conducts sector-based portfolio reviews, which provide greater insight into our aggregate exposure to E&S risks and assist in the development of sector-based risk mitigation strategies (See Section II. F. Portfolio Reviews). A sophisticated understanding of industry practices allows us to contribute to key strategic initiatives that are aimed at promoting best practices in relevant industry sectors, which further drives more effective management of the Firm's E&S risk exposure.

Our Framework for E&S Risk Management



B. Memberships and Commitments

JPMorgan Chase is a member of several leading organizations that address environmental and social issues in business. These include:

- Center for Climate and Energy Solutions (C2ES) Business Environmental Leadership Council
- Ceres
- World Business Council for Sustainable Development
- Business and Sustainability Development Commission
- Global Impact Investing Network

We adhere to a range of internationally-recognized principles of best practice to assess E&S impacts and promote responsible performance. These include:

- The United Nations Universal Declaration of Human Rights
- The Wolfsberg Principles (anti-money laundering)
- The Equator Principles
- The Green Bond Principles
- The Extractive Industries Transparency Initiative
- Soft Commodities Compact
- United Nations Principles for Responsible Investment

C. Environmental & Social Risk Policy Scope

The E&S Risk Policy applies to certain transactions in the Corporate and Investment Bank and Commercial Bank in sectors with the greatest potential for significant E&S impacts.[1] The Equator Principles (EP) and the International Finance Corporation (IFC) Performance Standards frameworks have informed the development of our E&S Risk Policy. However, our E&S Risk Policy is broader in scope. The following types of transactions are referred to GESRM irrespective of dollar amount:

- Project finance transactions (including advisory and principal investments)
- Bilateral and syndicated loans (including project-related corporate loans and bridge loans as defined under the Equator Principles)
- Equity security offerings
- Debt security offerings
- Private placements
- Advisory assignments

D. Prohibited Transactions

The following section outlines transactions that we will not finance:

- **Modern Slavery and Child Labor**: Transactions where there is evidence of modern slavery, such as forced labor and human trafficking, or child labor;

[1] These include: Mining and Metals, Oil and Gas, Power Generation, Heavy Manufacturing, Forestry & Pulp & Paper, Agriculture, Chemicals, Infrastructure, Shipping, Fishing, and Real Estate Construction and Development.

- **World Heritage Sites**: Transactions for natural resource development within UNESCO World Heritage sites, unless there is prior consensus with both the government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site;
- **Coal:** Transactions that involve asset-specific financing where the proceeds will be used to develop a new greenfield coal mine or a new coal-fired power plant in a high income OECD country.[2] *(See Section E2b below for additional details on the firm's approach for transactions involving coal.)*
- **Illegal Logging**: Transactions with entities or projects that collude with or are knowingly engaged in illegal logging. Clients that process, purchase, or trade wood products from high risk countries (i.e., where more than 50% of the harvest is illegal) will have certifiable systems in place to ensure that the wood they process or trade comes from legal sources. Due diligence includes company representations as to its practices, monitoring and chain of custody certification (e.g., Forest Stewardship Council controlled wood standard) for illegal logging;
- **Uncontrolled Fire**: Transactions with entities or projects that lack an explicit policy against the uncontrolled and/or illegal use of fire in their forestry, plantation or extractive operations.

See also Section IV. B. Prohibited Transactions Pertaining to Forests.

E. Transaction Reviews

1. Environmental and Social Review (E&S Review)

Where a transaction is within scope of our E&S Risk Policy, an E&S Review is conducted. GESRM will determine the requisite level of diligence according to a client's sector and domicile of operations, the financial services being provided, whether the client's operations are exposed to sensitive issues and / or sensitive locations and the nature of the underlying E&S risks. The E&S Review will assess the client's approach to E&S risk management at the corporate level, the specific E&S impacts at the asset level (e.g., for asset specific financing), or both. The E&S Review focuses on a client's commitment and capacity to manage the risks relevant to its activities including the company's policy, governance, risk management and stakeholder engagement approaches. In addition, a client's track record of E&S impact management is reviewed. An E&S Review evaluates clients against a set of sector-appropriate E&S indicators and utilizes in-house expertise and publicly available documentation (e.g., public and regulatory filings, media, and academic resources), and direct client engagement, where appropriate.

[2] http://data.worldbank.org/income-level/OEC

Equator Principles: For project finance and project-related corporate loans in any sector, we apply the Equator Principles as the framework for assessing E&S risk. The Equator Principles are based on the Performance Standards (PS) on Environmental and Social Sustainability of the IFC, and include the following key areas of review:

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 5: Land Acquisition and Involuntary Resettlement
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS 7: Indigenous Peoples
- PS 8: Cultural Heritage

JPMorgan Chase adopted the Equator Principles in 2006. In 2013, the Equator Principles' scope was expanded to include project-related corporate loans and bridge loans. The specific framework, including categorization of projects and application of standards, can be viewed on the Equator Principles website.

2. Sensitive Sectors and Activities Requiring Enhanced Review

Certain sectors and activities require a tailored approach to ensure a comprehensive understanding of the transaction and associated risks. Where a client is involved in a sensitive sector, activity, location, or where we identify additional issues during a standard E&S Review, an Enhanced Review will be required. This process may entail sector/issue specific due diligence questions including a determination of whether a client holds specific sector certifications, direct client engagement, site visits and risk mitigation plans. An Enhanced Review may result in placing some conditions on certain future activities or transactions.

a. Oil and Gas

(i) **Hydraulic fracturing:** Any transaction with a client engaged in the exploration and/or extraction of shale oil or natural gas using hydraulic fracturing is subject to Enhanced Review. This focuses on the client's management of water (including access, recycling and disposal), air emissions (including fugitive methane), well integrity and community impacts.

(ii) **Oil sands development:** Any transaction with a client involved in oil sands development will be subject to Enhanced Review. This will focus on the client's management of water discharge, use of fresh water, impacts to biodiversity, interactions with First Nations communities, the type of technology deployed (and its environmental footprint) and the client's compliance with Canadian permitting requirements.

(iii) **The Arctic**: The Arctic environment is unique for its remoteness from population

centers and major infrastructure, and the presence of ice conditions, permafrost and Indigenous Peoples. This uniqueness can present distinct challenges for corporate operations, particularly complexities regarding resource extraction. In recognition of the unique nature of the Arctic ecosystem and these operational complexities, transactions in the region are subject to an Enhanced Review. We define the Arctic as the Arctic lands and the Arctic Ocean with its marginal seas and adjoining water bodies prone to extensive permanent or seasonal ice cover. Each Enhanced Review will be tailored to the context and nature of the transaction and the location of a client's operations.

b. Coal

We believe the financial services sector has an important role to play as governments implement policies to combat climate change, and that the trends toward more sustainable, low-carbon economies represent growing business opportunities. While we expect our business to reflect the decline of coal as an energy source over time as a result of government policies, technology choices and innovation, we recognize that conventional energy sources will continue to form an important part of the energy mix. We will therefore continue to provide financial support to those clients whose activities remain consistent with our own internal policies and government-led efforts to achieve an orderly transition toward less carbon-intensive economies.

(i) Coal Mining:

a. *Prohibition on development of greenfield coal mines:* JPMC will not provide project financing or other forms of asset-specific financing where the proceeds will be used to develop a new greenfield coal mine.

b. *Credit to coal mining companies:* Over the medium term, our credit exposure to companies deriving the majority of their revenues from the extraction and sale of coal will be reduced.

c. *Credit to diversified mining and industrial companies:* JPMC will apply enhanced due diligence to transactions with diversified mining and industrial companies where proceeds will be used to finance new coal production capacity.

d. *Mountaintop mining:* Mountaintop mining (which includes mountaintop removal mining) is a method of removing all or a portion of a mountain or ridge to access coal seams near the surface. Coal production from mountaintop mining has declined by close to 50 percent since 2008 due to market conditions, regulations, and concerns over environmental and human health impacts. In 2013, we reduced our exposure to companies engaged in mountaintop mining. Going forward, we expect this decline to continue and exceed any decline in the overall market.

(ii) Coal-fired power generation:

a. *Prohibition on financing of new coal-fired power plants in high income OECD countries:* JPMC will not provide project financing or other forms of asset-specific financing where the proceeds will be used to develop a new coal-fired power plant located in a high income OECD country.

Coal-fired power plants employing carbon capture and sequestration technology will be considered on a case-by-case basis.

b. *Technology requirement for new coal-fired power plants located outside of high income OECD countries:* JPMC will not provide project financing or other forms of asset-specific financing where the proceeds will be used to develop a new coal-fired power plant located outside of high income OECD countries, unless it employs ultra-supercritical steam generation technology.

c. *Reduction in proportion of coal-fired power:* JPMC expects that the proportion of coal-fired technology contained in power generation portfolios financed by the firm will continue to decline.

We will continue to apply enhanced due diligence to transactions involving coal-fired power generation and consider the type of technology, regulatory drivers, and the company's commitment, capacity and track record in managing environmental and social risks.

c. Large Hydroelectric Plants:

Transactions involving the construction of dams for hydroelectric power projects with more than 20MW of installed capacity or dams for other purposes where the dam wall is greater than 10 meters high are assessed using the International Hydropower Association Sustainability Assessment Protocol.

d. Soft Commodities

(i) **Palm oil:** We require an Enhanced Review for transactions that involve palm oil production. The Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for Sustainable Palm Oil Production is the framework for our assessments, although we are cognizant that other standards are under development. As outlined in the RSPO Principles and Criteria #5, environmental impact assessments include consideration of impacts on soil and water resources, air quality, GHGs, biodiversity and ecosystems, and local communities. Stakeholder consultation has a key role in identifying environmental impacts, and our Enhanced Review will assess the client's level of attention to these issues.

JPMorgan Chase acknowledges that the RSPO framework has been criticized on the basis that the rigor applied to the certification process is insufficient in some territories and that, according to certain constituents, the RSPO Principles and Criteria do not adequately address all the relevant E&S issues. Notwithstanding,

JPMorgan Chase will continue to use RSPO as a reference point for good E&S practice in conducting due diligence on clients and transactions, while recognizing that operator certification does not necessarily equate to positive E&S outcomes.

JPMorgan Chase also recognizes the scale of the challenges faced by the governments of countries where the palm oil industry is active in enforcing legal requirements and resolving competing land use claims. We believe institutional capacity in certain jurisdictions needs to be significantly enhanced before concepts such as plantation legality can become meaningful.

It remains our view that certain operators in the palm industry have accepted the societal concerns regarding the ongoing expansion of the industry. JPMC will continue to engage, support and work with operators who can evidence that management commitment is translating into improved E&S practices on the ground, particularly with respect to 'upstream' segments of the supply chain. We will continue to monitor the sector closely and review our analytical framework to accommodate developments that can help our clients strengthen their performance.

(ii) **Soy:** We require clients involved in soy production to conform to the Roundtable on Responsible Soy (RTRS).

(iii) **Timber:** We prefer Forest Stewardship Council (FSC) certification when we finance forestry projects that impact high conservation value forests, unless a comparable assessment process underpins a conservation plan. For operations that are not already certified, we require certification within five years and will introduce operators to credible experts who can help establish a rigorous, time- bound, step-wise approach to achieve this goal. We periodically review the merits of the different internationally accepted forestry certification standards to better understand evolving best practices.

See also Section IV. A. Transactions Pertaining to Forests and Enhanced Review.

3. Escalation Process

GESRM may escalate any transaction to the relevant LOB Reputation Risk Committee to address residual reputation risk. The Firm has LOB-specific Reputation Risk Guidelines & Procedures describing the process for escalating reputation risk issues within each LOB. Where appropriate, matters may be escalated from the relevant Reputation Risk Committee up to and including the Firm-wide Risk Committee.

F. Portfolio Reviews

The set of relationships the Firm has with clients in a given sector constitutes a sector portfolio. In addition to reviewing specific transactions within a given sector, we have expanded our risk management approach to include portfolio-wide reviews of companies engaged in certain industries. We undertake these reviews where the Firm has significant financial exposure, and there are particular activities which may present an increased level of E&S risk. In addition to industry-specific considerations, we examine client management of

impacts on air quality, water, biodiversity, GHG emissions, worker safety, labor, and community relations.

Portfolio reviews provide greater insight into how our clients comparatively manage E&S challenges and enhance our decision-making during transaction reviews. In addition, the portfolio reviews provide a mechanism for proactive engagement with our clients, independent of the timeline and context of a transaction review process. This allows for a deeper and broader dialogue around their E&S risks and a collaborative approach to identify solutions. We have conducted portfolio reviews of our mining, power, and oil and gas clients, including a separate review of those oil and gas clients engaged in horizontal drilling and hydraulic fracturing. We will consider future portfolio reviews as circumstances warrant.

Portfolio Review of Clients Employing Hydraulic Fracturing of North American Shale: As one of the largest financiers of the oil and gas sector, we see both a need to thoroughly understand the environmental and community risks associated with unconventional oil and gas development, and an opportunity to identify best practices and raise the performance bar across the sector more broadly. As a result, in 2012, we launched a major effort to consult with our clients, academic and technical experts, nongovernmental organizations, local and national government agencies, investors and a range of other stakeholders to conduct an in-depth assessment of E&S risks associated with unconventional oil and gas development. We have shared our risk assessment framework with other financial institutions to help facilitate a robust, consistent approach to identifying and managing risk across the sector and are continuing to engage in dialogue with organizations working to promote best practices in oil and gas development.

III. CLIMATE CHANGE

The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) concludes that it is extremely likely that human activity, principally the burning of fossil fuels and deforestation, has been the dominant cause of observed warming since the mid-20th century. Analysis from the International Energy Agency (IEA) estimates that, without widespread carbon sequestration, no more than one-third of the world's proven fossil fuel reserves can be consumed prior to 2050 in order to avoid a rise in global average temperatures of more than 2°Celsius—the level the IPCC states will trigger extreme and irreversible impacts on human and natural systems.[3] This conclusion was supported by the 2015 UN Climate Change Conference (COP 21) Paris Agreement, which commits 188 signatory nations to lowering greenhouse gas (GHG) emissions and to pursuing efforts to limit the global average temperature from rising more than 1.5°C.

This global consensus provides a critical challenge to governments, companies, and consumers globally with respect to how the world produces and consumes energy as well as underscoring the need to manage the physical risks associated with the impacts of more severe and unpredictable weather – outcomes that are predicted if global GHG emissions continue to rise. Absent significant breakthroughs in commercializing large-scale, cost-effective carbon sequestration, the IEA estimates that the world will need to reduce its reliance on the most carbon-intensive fossil fuels, while significantly increasing levels of energy efficiency, renewable energy and other forms of low-carbon energy such as natural gas to achieve needed reductions in GHG emissions.

A. Perspective on Climate Policy

JPMorgan Chase recognizes that climate change poses global challenges and risks. An effective approach to climate change requires broad leadership and cooperation from governments to implement sensible policies that balance the need to reduce GHG emissions with the importance of promoting economic growth and social development.

Government needs to take the lead in sending clear and timely signals to business that incentivize innovation and investment in low-carbon and energy efficient technologies, while ensuring GHG reductions are achieved as cost-effectively as possible. Private sector efforts, including our own, have been successful in implementing GHG reduction and energy efficiency measures, and pursuing other business initiatives that help to address climate change. However, without economy-wide signals from the public sector, it will be challenging to make meaningful progress on global GHG emission reductions.

As a global financial firm, we work with clients in many different countries and sectors around the world. Our clients are continually innovating and developing new products and solutions in response to changing consumer preferences and needs, market trends, and regulatory frameworks. Our business reflects, and evolves with, the capital raising and financing needs of our clients. We expect it will continue to do so as global economies adapt to and address the climate challenge.

[3] International Energy Agency, World Energy Outlook 2013, p.435

B. Climate-Related Business Opportunities

JPMorgan Chase is well-positioned to leverage its financial capabilities to assist companies seeking to deploy technologies that help to reduce GHG emissions and strengthen resilience and adaptation to climate change. The Firm is committed to facilitating $200 billion in clean financing through 2025, the majority of which will support climate-related business opportunities. To support this commitment we have a range of efforts in place or under development across our lines of business:

- **Corporate & Investment Bank (CIB):** J.P. Morgan provides mergers & acquisitions advisory, equity private placement, capital markets execution and commercial banking services for global clients involved in renewable energy, waste-to-energy, smart grid, electric vehicles, building and home area networking, and energy storage technologies. As a leading financier of wind and solar, J.P. Morgan has best-in-class expertise in structuring and closing innovative transactions to monetize tax credit provisions, which play a significant role in driving renewable energy development in the United States.

  J.P. Morgan's Global Commodities Group also offers a range of commodity services including price risk management, strategic hedging, project and structured finance for natural gas, biofuels, renewable energy, and related commodities.

  JPMorgan Chase was a lead author of the Green Bond Principles (GBP), voluntary process guidelines for issuers of Green Bonds. The GBP were issued in early 2014 and promote transparency, disclosure and integrity in the development of the Green Bond market. The GBP are intended for broad use by the market. They provide guidance for issuers on the key components involved in launching a credible Green Bond, aid investors by ensuring availability of information necessary to evaluate the environmental impact of their Green Bond investments, and assist underwriters by moving the market towards standard disclosures which will facilitate transactions. JPMorgan Chase serves on the Executive Committee for the ongoing review and management of the Green Bond Principles, now housed at the International Capital Markets Association (ICMA).

- **Commercial Banking (CB):** Commercial Banking provides financing to public sector clients such as local governments, universities and hospitals, to make their buildings more energy efficient. In addition to continuing these efforts, we will pursue opportunities to develop new, or extend existing products, to financing for energy efficiency retrofits and distributed energy (e.g., solar PV and combined heat and power) in the commercial and industrial sectors. We will also continue financing and investing in real estate projects that integrate green building strategies in their design process, construction and operations. By doing so, these projects conserve energy and natural resources, promote better health outcomes, and provide easy access to transit, jobs, schools, and services.

- **Consumer and Community Banking (CCB):** We work to identify opportunities to embed consumer education on energy efficiency into our product marketing materials. For example, in 2012 we launched an initiative, in partnership with the New York State Energy Research and Development Authority, to educate our home equity line of credit customers on ways to improve home energy efficiency.

C. Climate Change in Transaction and Portfolio Reviews

The Firm's E&S Risk Policy governs efforts across the CIB and the CB to assess climate-related policy, economic and social risks in the context of transaction reviews. Both our transaction and our portfolio reviews seek to better understand (i) how our clients manage their contributions to climate change (e.g., the control of fugitive methane by oil and gas producers), and (ii) consider how clients manage climate change related risk factors (e.g., access to fresh water).

Under the scope of the Equator Principles, all projects expected to emit over 100,000 metric tons of CO_2 equivalent annually must undergo an analysis of alternatives, including less carbon-intensive fuel sources and technologies. Borrowers must also report publicly on emissions during the operational phase of a project. In addition, projects that are subject to the International Finance Corporation's Performance Standards and Environmental, Health and Safety Guidelines are also required to address climate considerations incorporated within these standards.

D. Thought Leadership on Climate-Related Risks

We engage with our peers and civil society in the ongoing dialogue about climate-related risks. In 2016, JPMC served on the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which has developed recommendations for the voluntary disclosure of information pertaining to the financial impacts of climate change. The TCFD recommendations are an important step in promoting transparency around climate-related risks and opportunities. We commend the TCFD on its process and look forward to engaging as companies explore best practices for implementation.

E. Reporting and Engagement

JPMorgan Chase will publish information on our climate-related commitments, activities and operational footprint data in the annual Corporate Responsibility Report and respond to CDP's Climate Change questionnaire. In addition, as outlined in Section VII, we will convene and engage external stakeholders including clients, NGOs and other thought leaders to periodically discuss our climate related initiatives, best practices and relevant policy and scientific developments.

IV. FORESTS AND BIODIVERSITY

Forests are home to more than half of all terrestrial species and support the livelihoods of millions of people. They are sources of food, medicine, lumber, tourism, recreation and aesthetic benefits. They sequester carbon, cleanse water and cycle nutrients. In spite of their critical importance, many forests around the world are under threat; half of the world's original forests[4] are gone and well over 30 million acres more are lost each year.[5] In addition, the decline in high ecological-value forests and protected areas results in the loss of critical biodiversity as natural habitats are destroyed.

A. Transactions Pertaining to Forests and Enhanced Review

Transactions where we are able to identify that the client has operations in one of the following locations, or transactions where the use of proceeds is designated for assets to be developed in one of the following locations, will be subject to Enhanced Review (See Section II. E. Transaction Reviews):

- **Internationally recognized areas:** Internationally recognized areas are defined as UNESCO Natural World Heritage Sites, UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).

- **Legally protected areas:** Legally protected areas are clearly defined geographical space that is recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values. This covers the IUCN categories I-VI.

- **Critical habitats:** Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

- **High conservation value forests:** High conservation value forests are defined as areas of forest or other vegetation types that have particular importance for social or environmental reasons, including: species diversity, contribution to landscape-level mosaics of ecosystems and habitats, critical ecosystem services, community needs and cultural values. When we finance forestry projects that impact high conservation value forests, we prefer FSC[6] certification, unless a comparable assessment process underpins a conservation plan. For operations that are not already certified, we will introduce operators to credible experts who can help establish a rigorous, time-bound, step-wise approach to achieve certification within five years. We periodically review the merits of the different internationally-accepted forestry certification standards to stay abreast of evolving best practices.

---

[4] http://www.un.org/earthwatch/forests/forestloss.html

[5] http://www.un.org/en/development/desa/news/forest/reforestation-the-easiest.html

[6] The Forest Stewardship Council (FSC) is an international organization that sets standards to ensure forestry is practiced in an environmentally responsible, socially beneficial, and economically viable way. It is one of the most stringent forest certification programs and its standards protect streams, conserve endangered forests and species habitat, and require the consent of indigenous communities. There are other forest stewardship certification schemes which provide assurance that timber is produced legally and comes from broadly sustainable sources.

B. Prohibited Transactions Pertaining to Forests

In addition to the prohibited transactions outlined above in Section II. D, as part of our implementation of the Equator Principles:

- JPMorgan Chase will not finance commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests. Any other type of transaction in a primary tropical moist forest will be subject to Enhanced Review.

- JPMorgan Chase will finance plantations only on non-forested areas (including previously planted areas) or on heavily degraded forestland.

C. Opportunities to Invest in Nature

There is an urgent need to step up the scale and creativity of financial resources dedicated to the protection of natural ecosystems and the cities and communities that rely on them for clean water, clean air and quality of life. In 2014, JPMorgan Chase provided founding sponsorship for NatureVest, an initiative of The Nature Conservancy designed to attract investment capital to conservation. NatureVest serves as a platform for research, convening, and transaction development in the growing impact investment sector as investors increasingly seek positive environmental and social outcomes alongside financial returns.

The Sustainable Finance group also supports the market for investments intended to create positive social or environmental impact. The group partners with the business and clients on ESG and impact investing trends, structures, and products.

V. HUMAN RIGHTS

Across all our lines of business and in each region of the world in which we operate, JPMorgan Chase supports fundamental principles of human rights. Our respect for the protection and preservation of human rights is guided by the principles set forth in the United Nations Universal Declaration of Human Rights, as outlined in our Human Rights Statement. Further, we acknowledge the Guiding Principles on Business and Human Rights (also known as the Guiding Principles) as the recognized framework for corporations to respect human rights in their own operations and through their business relationships. We are actively engaging with stakeholders, peer financial institutions and others in developing guidance on how to most appropriately apply the Guiding Principles to the financial sector.

JPMorgan Chase believes it is the role of government in each country to protect human rights. We also believe that our company has a role to play in promoting respect for human rights. We have a range of policies, procedures and training that pertain to human rights issues, including modern slavery, across our business and supply chain.

A. Indigenous Peoples

JPMorgan Chase recognizes that the identities and cultures of Indigenous Peoples are inextricably linked to the ancestral lands on which they live and the natural resources (such as fresh water or forest products) on which they depend. These lands and natural resources are often traditionally-owned or under customary use. We recognize that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population.

For transactions where we can identify that the use of proceeds may have the potential to impact Indigenous Peoples, we expect our clients to demonstrate alignment with the objectives and requirements of IFC Performance Standard 7 on Indigenous Peoples, including with respect to circumstances requiring Free, Prior and Informed Consent. These objectives include:

- Ensuring that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples;
- Anticipating and avoiding adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts;
- Promoting sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner;
- Establishing and maintaining an ongoing relationship based on informed consultation and participation with the Indigenous Peoples affected by a project throughout the project's life-cycle;
- Ensuring the Free, Prior and Informed Consent of the Affected Communities of Indigenous Peoples when the circumstances described in Performance Standard 7 are present; and
- Respecting and preserving the culture, knowledge, and practices of Indigenous Peoples.

Transactions that fall under the scope of the Equator Principles must demonstrate compliance with these requirements (See Section II. Equator Principles).

B. Modern Slavery and Child Labor

JPMorgan Chase is committed to strong business growth that is not achieved at the expense of the fundamental rights of workers to provide their service willingly. We recognize that modern slavery issues, such as forced labor and human trafficking, are a significant global challenge. The global economy has seen marked shifts in the labor migration, and we are mindful of the need to understand where the patterns and practices of labor recruitment present risk to our business.

We have a robust Environmental and Social Risk Management process that analyzes the potential social impacts of our corporate lending, advisory and capital markets transactions. The process prohibits any transactions where there is evidence of the use of modern slavery or child labor.

Once a transaction has triggered an E&S Review (See Section II. E. Transaction Reviews) by GESRM, we assess management commitment to respect human rights through a policy or recognition of international standards and a client's capacity to effectively implement such a policy with appropriate management systems or governance approaches. In particular, we look for evidence that the company is assessing compliance with its policies and procedures within its own supply chain, typically by operating an internal audit process.

In addition to our transactional review by GESRM, the Firm has a Global Anti-Money Laundering (AML) Compliance Program that includes policies, procedures and internal controls designed to comply with all applicable U.S. and international AML and counter-terrorist financing laws and regulations. As part of this program, the AML team works to help identify customers whose financial activity may show involvement in human trafficking and communicates actionable information directly to law enforcement. As a result of this work, we participated in a White House Forum to Combat Human Trafficking, alongside law enforcement.

VI. OPERATIONAL RESOURCE MANAGEMENT

As a financial institution, our direct environmental impacts stem primarily from the operation of our corporate real estate, including office buildings, bank branches, data centers and other specialty use buildings. The majority of these facilities are located in the U.S., but we also maintain offices and infrastructure to serve our clients throughout Europe, Latin America, Asia Pacific, the Middle East and Africa. We strive to manage our operations in an efficient and sustainable manner, continually look for opportunities to improve our performance, find innovative solutions to environmental challenges and engage our employees in these efforts. Our key areas of focus are:

A. Global Energy and Greenhouse Gas Reductions

JPMorgan Chase's Global Real Estate group applies best practices in energy efficiency, energy procurement, and resource management throughout our global operations to reduce energy use and GHG emissions. In 2017, the Firm committed to sourcing renewable power for 100% of its global energy needs by 2020. This commitment builds on JPMorgan Chase's long history of advancing sustainability in our business and operations, including the partnership with Current, powered by GE, to cut energy use at Chase branches. The Firm will install on-site solar power generation for bank-owned retail and commercial buildings globally as well as support the development of new renewable energy projects on the grids from which JPMorgan Chase purchases power. All GHG emissions associated with employee air travel will be offset by Verified Emission Reduction credits.

B. Paper Procurement

JPMorgan Chase believes strongly in the importance of ensuring that the paper we use is sourced from sustainably-managed forests, which provide many significant long-term benefits for the environment and local communities, including timber for paper and other wood products, ecosystem services such as clean air and water, habitat for wildlife and biodiversity, and recreation opportunities. As a result, we seek to maximize the use of paper that has been independently-certified by the Forest Stewardship Council or Sustainable Forestry Initiative. Our primary focus is on office copy-paper and customer-facing paper used in the daily operations of corporate and retail branch facilities, as well as customer-facing paper including statements and forms.

We work to use paper efficiently to meet our customers' needs. For example, our efforts to expand paperless billing options for customers and implement smart-printing methods for employees reduces costs and improves information security. This is consistent with our Firm-wide focus on efficiency, and secure and cost- effective customer service.

C. Water and Waste Management

JPMorgan Chase aims to reduce water usage throughout our corporate and retail facilities. Global Real Estate applies best practices to all sites, including new build and major building renovations, by utilizing reduced-flow fixtures and engineering whole building systems to optimize water conservation. In areas where our retail banking footprint extends into drought prone regions, we pilot and assess systems to minimize demand for landscape irrigation. In flood and storm prone areas, we will continue efforts to ensure the communities we serve are able to conduct business with us when most impacted by

changing climate conditions.

Throughout our offices and branches around the world, we integrate recycling into our programs for secure handling and destruction of sensitive paper documents. In addition, we are working to reduce non-paper waste (e.g., bottles, plastics and cans) throughout our corporate and retail sites by identifying opportunities to optimize existing recycling services, expanding such services to new locations, and exploring opportunities to expand composting services at our corporate locations with cafeterias.

D. Employee Engagement

Sustainable Finance and the Firm's Employee Engagement and Volunteerism teams support a distributed, volunteer network of employees who work to raise awareness of environmental issues and encourage participation in environmental initiatives. The Firm's Volunteer Leadership Groups help connect employees with environmental volunteer opportunities within their communities. The Firm's Service Corps program also deploys teams of top-performing employees to work on-site with non-profit partners (including those working on sustainability issues), lending their skills and expertise to help those organizations fulfill their missions.

VII. IMPLEMENTATION, ENGAGEMENT AND REPORTING

A. Resources, Training and Implementation

JPMorgan Chase will continue to train staff and provide necessary resources to ensure that environmental objectives are met and procedures, policies and standards are implemented. Training on E&S issues is provided globally to bankers whose clients operate in covered sectors and other internal constituents, such as corporate employees. A mandatory online training module covers the key elements of JPMorgan Chase's E&S Risk Policy, including the criteria that require GESRM review. Additional specialized training is provided to employees through interactive workshops that are tailored by region, product or industry (e.g., training on the updated requirements of Equator Principles III). Refresher training is provided periodically to increase awareness on E&S issues.

In addition to training, JPMorgan Chase has internal processes to ensure that relevant transactions are referred to GESRM for E&S Review. These processes also help improve familiarity with, and awareness of, policy commitments. To further engage employees on environmental and social risks and opportunities, Sustainable Finance and GESRM convene workshops and panels to enhance understanding of key issues.

Global Real Estate conducts energy management reviews to align energy and resource savings expectations with targeted savings allocated by region and facility. Monthly and quarterly energy usage and carbon emissions are reported internally via asset-level and portfolio-level dashboard tools. These tools are shared among facility and asset managers responsible for achieving energy savings at our corporate, data center and retail facilities.

Energy and resource-efficiency projects are implemented strategically so as to prioritize opportunities by cost, quantity and intensity of use, and associated GHG emissions. Projects with acceptable economics of initial investment and payback will be tracked for performance verification and replication in similar facilities throughout the global real estate portfolio.

B. Engagement

JPMorgan Chase values the perspectives of external stakeholders. Their experience and perspective often help inform our approach and improve our strategy and communications. The Sustainable Finance and GESRM teams make it a priority to regularly engage with clients, peer financial institutions, investors, policy makers, NGOs, and other sustainability thought leaders. We conduct briefings to periodically highlight specific sector related initiatives and engage in dialogue around best practice and relevant policy and scientific developments. To that end, we are a member of Ceres and work within their network of stakeholders to periodically discuss key issues and emerging trends in E&S risk management.

C. Reporting and Review

JPMorgan Chase publishes an annual Corporate Responsibility Report, which includes a discussion of the Firm's E&S risk management and operational sustainability efforts. The annual environmental and sustainability reports establish objectives and report on progress made on achieving the previous year's goals. We also respond annually to the CDP's Climate Change questionnaire. JPMorgan Chase performs periodic audits of its policies, including the E&S Risk Policy, to ensure compliance. GESRM also conducts an annual review of the E&S Policy to assess the need for any additions or changes.

VIII. GOVERNANCE STRUCTURE

The Sustainable Finance team reports to the Head of Corporate Responsibility, who is a member of the Executive Committee, and is overseen by the Public Responsibility Committee of the Board of Directors.

GESRM reports to the Chief Risk Officer for the Corporate and Investment Bank and coordinates its efforts with Sustainable Finance. See Section II. E.3 for information regarding how GESRM reviews are escalated within the Firm's risk management structure.

Global Real Estate reports to the Chief Administrative Officer and collaborates with Sustainable Finance.

Exhibit C

STRONGER PORTFOLIOS BUILT FOR A CHANGING WORLD

Sustainable Investing

Incorporating Environmental, Social & Governance (ESG)
J.P. Morgan Asset Management

2Q 2017

LET'S SOLVE IT.®

J.P.Morgan
Asset Management

In 2016, I was appointed ESG Lead for Asset Management. I am excited to lead this effort because with over 20 years at J.P. Morgan Asset Management, I firmly believe that our core approach to long-term investing aligns with the principles of sustainable investing.

As Austin Forey, a senior emerging markets portfolio manager and member of our Sustainable Investment Leadership Team (SILT), recently said, "There are three very simple reasons we need to think about ESG: we have a responsibility to consider the broader consequences of our investment choices; it is important to many of our clients; it is entirely consistent with a long-term approach to investing."

My vision is for J.P. Morgan Asset Management to be a leading partner for clients as they build their sustainable portfolios. Across our investment capabilities we have areas of strength and opportunities as it relates to ESG best practices. SILT was formed to share these best practices and drive change. I am inspired by the power of collaboration among our global experts and the strong support from management.

Accomplishments:

- Developed and implemented an ESG integration framework across over 50 equity strategies that share our core research process
- Embedded third-party ESG risk factors across our Equity, Fixed Income, Multi-Asset Solutions and Beta Strategies platforms with the ability to measure and report on portfolio exposures
- Launched two Sustainable Equity strategies that seek to provide strong risk-adjusted performance while emphasizing companies that are ESG leaders*
- Created a proprietary tool to measure the social and environmental outcomes of the investment securities for our Municipal Income strategy and its benchmark

I am proud of the progress of our ESG efforts and excited by the strong momentum both at J.P. Morgan and industrywide. We welcome the opportunity to partner with you on this important journey and look forward to your thoughts.

JAMIE KRAMER
Head of Strategic Product Management,
ESG Lead for J.P. Morgan Asset Management,
& Operating Committee Member

***US Intrepid Sustainable Equity & Europe Sustainable Equity**

Our Commitment to Sustainable Investing

Environmental, Social and Governance (ESG) factors are non-financial considerations that are important for stakeholders to keep in mind when assessing a company's performance.

ENVIRONMENTAL:

Issues relating to the quality and functioning of the natural environment and natural systems, e.g., carbon emissions, environmental regulations, water stress and waste

SOCIAL:

Issues relating to the rights, well-being and interests of people and communities, e.g., labor management, health & safety and product safety

GOVERNANCE:

Issues relating to the management and oversight of companies and other investee entities, e.g., board, ownership and pay

Source: Definitions, PRI; Examples, MSCI.

J.P. Morgan Asset Management (JPMAM) understands that putting our clients' interests first means recognizing and managing investment risks and opportunities associated with Environmental, Social, and Governance factors. We have a deep understanding of investing across multiple dimensions with a goal of producing risk-adjusted returns that align with our clients' objectives. Through our engagement and partnership with clients and various organizations, we continually increase our knowledge and views on key ESG issues and best practices. We have been a signatory to the United Nations-supported Principles for Responsible Investment initiative since 2007 and are committed to incorporating ESG factors into our investment practices, where material and relevant.

To drive our commitment, the Sustainable Investment Leadership Team (SILT) is implementing a coordinated strategy for sustainable investing across Asset Management globally. This cross-functional team includes senior leaders from all regions with a deep and diverse set of expertise across asset classes and client channels.

SILT's mandate includes:

- Promoting internal best practices, including identification and assessment of ESG issues
- Driving thought leadership and innovation
- Deepening and broadening current investment capabilities, including portfolio analytics, measurement and reporting
- Sharing our views and helping clients better understand our capabilities

SILT members focus on advancing specific initiatives:

- **Investment Capabilities:** partners with investment teams to support systematic ESG integration and drive innovation
- **Research, Sponsorships and Memberships:** engages with market and industry to share best practices and understand trends
- **Marketing & Communications:** creates thought leadership to empower more informed client investment decisions

We strive to increase transparency around our commitment to sustainable investing. To learn more about our efforts please visit **jpmorgan.com/esg.**

Our Capabilities are aligned with Client Objectives

We recognize that sustainable investing represents a broad set of opportunities and that clients may choose to implement their views based on explicit portfolio objectives. With that in mind, we offer an array of investment solutions to meet our clients' financial goals and non-financial objectives. Many of our core investment capabilities incorporate ESG factors into their analysis with the primary goal of delivering exceptional investment returns. Our broad product capabilities and global research allow us to partner with clients to meet their needs across a spectrum of solutions, including strategies that incorporate a variety of sustainable capabilities.

We developed a framework to define our capabilities across four ESG categories as depicted below: ESG Integration, Best in Class, Values/Norms-Based Screen and Theme-Based/Impact Investing. Overall, we offer approximately 100 strategies totaling $250bn in assets across these four categories.*

OUR FLEXIBLE APPROACH SOLVES FOR CLIENT-SPECIFIC GOALS ACROSS A RANGE OF SUSTAINABLE INVESTMENT SOLUTIONS

ESG Integration

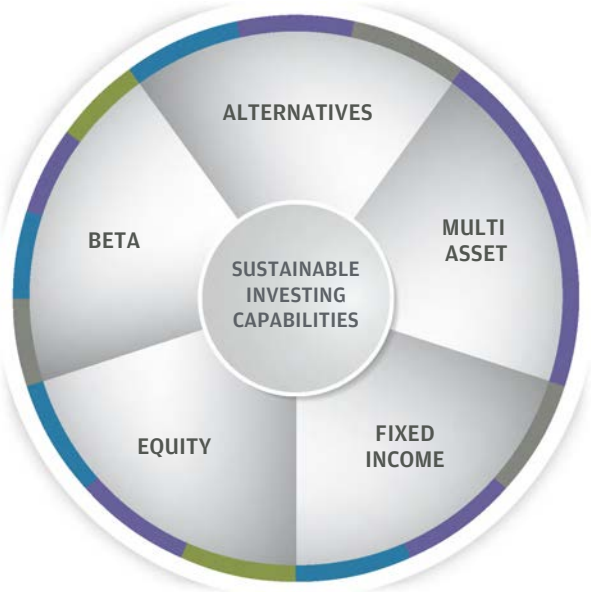
Systematic and explicit consideration of ESG factors in the investment decision-making process, such as:

- Equities: U.S., Global, EM
- Global Real Estate
- Infrastructure

Best in Class

Investment in companies based on positive ESG performance relative to industry peers, such as:

- Equities: U.S., European



Values/ Norms-Based Screen

Avoiding certain companies or industries that do not align with investor values or meet other norms or standards, such as:

- Faith-based investing
- Tobacco/firearms screens

Theme-Based/ Impact Investing

Investments based on specific environmental or social themes or assets related to sustainability, such as:

- Municipals
- Aging population
- Carbon reduction

*As of 3/31/17

Our Approach to Building Sustainable Investments

We take an integrated, research-driven approach to sustainable investing, as illustrated in the exhibit above. The precise implementation method is tailored to each investment capability. We believe that ESG considerations, particularly those related to governance, can play a critical role in a long-term investment strategy.

We rely on both the expertise of our research analysts and our corporate governance specialists who work together in the evaluation of ESG factors. Proprietary research and risk management tools are supplemented by third party data to deepen our ESG insight.

- Global research analysts have deep industry expertise and knowledge of the ESG factors impacting the cash flows of companies they cover.
- Corporate governance specialists partner with research analysts and drive engagement with an emphasis on corporate governance and, where material and relevant, environmental and social factors.

Portfolio Managers draw on these professionals' expertise, as well as third-party data, to address ESG issues in a manner consistent with their investment strategy. Investment Directors work closely with Chief Investment Officers (CIOs), Portfolio Managers and Risk Management to monitor portfolios and discuss various risk outliers, including those related to ESG.

SILT provides a foundation for this framework, by sharing best practices and driving our ESG commitment, which is an integrated part of our governance. To uphold the integrity of our sustainable investing capabilities, we follow a three step approach: Commit, Implement and Demonstrate. SILT liaises with Strategic Product Management and ultimately the Asset Management Operating Committee, which is responsible for JPMAM's overarching strategy and priorities.

Our Approach to Corporate Engagement and Proxy Voting

As a fiduciary, we proactively engage to create value for our clients. We believe effective engagement requires a thorough grasp of industries, market trends, individual companies and operating environments. To accomplish this important undertaking, we rely on both the expertise of our research analysts and our corporate governance specialists. Corporate governance specialists have a deep understanding of the operating environment in their regions, ranging from regulatory environment to best practices in engagement. This integrated approach to engagement has been in place for years. In 2016, we held over 700 dedicated ESG engagement meetings globally.

We manage the voting rights of the shares entrusted to us as we would manage any other asset. We vote shares held in the best interest of our clients, based on our reasonable judgement of what will best serve the financial interests of our clients. Annually, we cast approximately 8,000 proxy votes across 72 countries worldwide.

We have set out four main principles providing the framework for our corporate governance and proxy voting activity in our equity investment processes, which we believe have global applicability. These general principles are based on the OECD Principles of Corporate Governance, which we consider to be a common basis for the development of good governance practices worldwide. Regardless of their location and jurisdiction, companies should address the following:

- Responsibilities of the Board
- Equitable treatment of shareholders
- Rights of shareholders
- Role of stakeholders

Responsibility for the formulation of voting policy in each region rests with the regional proxy committees (or their local equivalent), whose role is to review corporate governance policy and practice with respect to investee companies in each region and to provide a focal point for corporate governance issues. Each committee is typically composed of senior analysts, portfolio managers, corporate governance specialists and members of legal and compliance. Each regional proxy committee reports in turn to a global proxy committee chaired by the Global Head of Equity, who has overall responsibility for our approach to governance issues worldwide. To learn more, read our Global Proxy Voting Guidelines, available at **www.jpmorgan.com/esg.**

JPMorgan Chase & Co. Corporate Responsibility

"Effectively addressing environmental, social and governance issues is a key part of building a great company. Doing so means having strong governance, effective risk management systems and robust controls. It includes delivering exceptional service for our customers in a fair and transparent manner, investing in our employees' development and fostering an inclusive work environment. It also involves considering environmental and social issues in our business and operations. When we do these things well, it makes our company stronger and more resilient."

JAMIE DIMON
Chairman and Chief Executive Officer

JPMorgan Chase & Co. is committed to providing information to our stakeholders about how we manage and conduct our business, including how we leverage our resources and capabilities to help solve pressing social, economic and environmental challenges. In 2015, we launched a dedicated ESG information portal on our website to facilitate access to the range of information and resources that we provide. On this page, found at www.jpmorganchase.com/esg, you can access our annual ESG Report, which highlights information about our firm's approach to the ESG issues that are among the most important to our business and stakeholders.

JPMORGAN CHASE BUSINESS PRINCIPLES

Exceptional Client Service	• Focus on the customer • Be field and client-driven and operate at the local level • Build world-class franchises, investing for the long term to serve our clients
Operational Excellence	• Set the highest standards of performance • Demand financial rigor and risk discipline: We will always maintain a fortress balance sheet • Strive for the best internal governance and controls • Act and think like owners and partners • Strive to build and maintain the best, most efficient systems and operations • Be disciplined in everything we do • Execute with both skill and urgency
A Commitment to Integrity, Fairness and Responsibility	• Do not compromise our integrity • Face facts • Have fortitude • Foster an environment of respect, inclusiveness, humanity and humility • Help strengthen the communities in which we live and work
A Great Team and Winning Culture	• Hire, train and retain great, diverse employees • Build teamwork, loyalty and morale • Maintain an open, entrepreneurial meritocracy for all • Communicate honestly, clearly and consistently • Strive to be good leaders

Appendix

Capabilities by Asset Class

Equities

Overview

In our view, ESG is three separate issues, not one. Certainly there cannot be a single response that fits all market views on these topics. Governance has long been part of our process, and our view on board balance, disclosure & transparency, rights of shareholders, and alignment of compensation is broadly homogeneous between markets and our client constituency. Environmental concerns are increasingly part of the investment landscape as legislation changes the rules, and social issues, too, can have a real impact on a business. However, it is important to recognize that views on what constitutes both environmental and social best practice can vary widely (for example, differing attitudes on alcohol, abortifacients, fossil fuels, nuclear power and weapons manufacture). For this reason, we believe the best approach is to focus on the potential economic impact of these issues and apply an appropriate discount when making investment decisions, while always being cognizant of our clients' requirements and views.

Governance

Corporate governance issues, in our view, have the most direct bearing on the risk/reward profiles of our portfolios, so this is the area that is most integrated into our investment process. Although in developed markets we would only exclude a company from our portfolios on purely governance criteria in extreme circumstances, we recognize that it is a risk factor we must understand and take into account as part of the investment decision. We will also seek to change substandard governance, when we can, through our proxy voting and engagement activity. We manage the voting rights of the shares entrusted to us as we would manage any other asset. It is our policy to vote shares held in our portfolios in a prudent and diligent manner, based exclusively on our reasonable judgment of what will best serve the longer-term financial interests of our clients. We also regard regular, systematic and direct contact with senior company management, both executive and non-executive, as crucially important. Where appropriate, governance specialists will attend scheduled one-to-one meetings alongside analysts and portfolio managers, as well as convene dedicated meetings, as required, in order to debate areas of concern.

Environmental

Environmental concerns are an ever-increasing part of the investment landscape, partly because of legislation in many countries, but also due to the impact they can have on investment returns and cash flows. As investors, we often make an assessment of environmental issues and include them in our decision-making process. This is also an area where a growing number of clients have specific questions and expectations. We do not exclude specific assets or types of assets from portfolios explicitly on environmental criteria (unless specifically requested by clients or required by local legislation), but we do need to be aware of the environmental risks associated with a given company and/or industry, and consider the potential economic implications.

Social

Social issues are the most difficult to assess, as they mean very different things to different people, and this is reflected in our global client constituency. For segregated clients, we are willing to customize individual mandates to exclude companies engaged in businesses that the sponsoring client finds unacceptable. We have also, in some cases, expanded this approach to include pooled funds, for example with landmines in Europe. Beyond that, for unconstrained portfolios, we consider the materiality of social issues. In these instances, we must focus on the economic impact of this involvement.

Global Fixed Income, Currency and Commodities

Overview

The Global Fixed Income, Currency and Commodities (GFICC) team is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of that performance over the long term is an assessment of ESG issues and practices of the companies in which we invest our clients' assets. We expect those companies to conduct their business in a sustainable manner and to demonstrate the highest standards in the management of their business.

Philosophy

As a global provider of fixed income advisory and investment management services in a range of sectors and geographies around the world, we recognize that our investment decisions can have a significant impact for our clients. Taking into consideration, where relevant and material, ESG issues alongside other market risk factors is fundamental to sound risk management and a core part of our fiduciary responsibility.

Approach and Integration

We have adopted a positive engagement approach to social, environmental and sustainability issues. Specific assets or types of assets are not automatically excluded from portfolios explicitly on social, environmental or ethical criteria unless specifically requested by clients or required by legislation. Our extensive fundamental sector and credit analysis is characterized by a research-driven approach within a disciplined global framework. This rigorous and systematic process considers ESG factors alongside other market risk factors to help understand the broader risk and reward profile. We have retained the services of a specialist ESG research service provider to supplement our internal fundamental, quantitative and valuations-based analysis.

Our team engages with the specialist ESG research service provider to leverage its expertise and ensure an understanding of its methodology. ESG performance ratings of the companies and sovereigns we invest in are integrated into our technology platform and accessible to our fixed income investment professionals. Our process builds upon third party ESG research through an internal research database which allows our analysts to offer different points of view on ESG factors for an issuer. The rankings, underlying data and internal commentary are available to our investment professionals to enable informed consideration of relevant issues, risks and opportunities associated with a particular issuer. It also enables us to identify topics and areas for issuer engagement.

Considering ESG-related issues is an important element of how we assess and manage risk. To that end, we have formed an ESG Leadership Team and Working Group in GFICC to further our ESG effort and commitment. This group provides trainings for our fixed income investment professionals, encourages the application of the Principles for Responsible Investment and creates awareness of the importance of ESG considerations where material. We partner with colleagues across the firm including representation on the broader Sustainable Investment Leadership Team for J.P. Morgan Asset Management.

A multidimensional approach is offered by GFICC for our sustainability-focused investors. GFICC is able to manage to ESG benchmarks and allows customization to incorporate screens such as issuer exclusion on social- and value-based criteria and customizations such as thematic investments.

GFICC supports the Green Bond market. Where appropriate and permitted by our clients, we endeavor to allocate to green bonds as they offer the opportunity to provide financing for environmentally beneficial projects and activities. Lastly, GFICC has the ability to provide clients with ESG-related reporting upon request.

Alternatives: Absolute Return and Opportunistic Fixed Income

Overview

J.P. Morgan Asset Management—Absolute Return and Opportunistic Team (ARO), is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of that performance over the long term is an assessment of ESG issues and practices of the corporations, financial institutions and supranational organizations in which we invest our clients' assets. We expect them to conduct their business in a sustainable manner and to demonstrate the highest standards at all times.

Philosophy

As a global provider of absolute return fixed income advisory services for clients in a range of sectors and geographies around the world, we recognize that our investment decisions can have significant impact. Balancing, where relevant and material, non-financial factors, such as ESG factors, with financial priorities is fundamental to sound risk management and a core part of our fiduciary responsibility to produce strong risk-adjusted returns.

Approach

As part of our overall investment approach we allocate assets across a wide range of traditional and nontraditional debt securities. In addition to our direct team of investors, we also allocate to the investment teams in other areas of J.P. Morgan Asset Management—specifically Global Fixed Income, Currency and Commodities (see their ESG approach on page 11). The ARO team has access to the same specialist ESG research providers and services.

Alternatives: Private Equity

Overview

The objective of the Private Equity Group (PEG) of J.P. Morgan Asset Management is to identify and select attractive investments from across a broad spectrum of private equity investment opportunities. Sustainable investing is an important part of PEG's investment diligence process. PEG assesses the environmental, social and governance behaviors and practices of the companies and underlying third-party private equity managers with which we invest.

Philosophy

PEG's standard investment process includes due diligence on sustainability, a written investment memorandum and ongoing discussion with the portfolio managers of PEG with respect to sustainability issues. This process includes clarification and assessment of all material risk factors of sustainability including environmental, social and governance factors. PEG encourages the underlying third-party managers with which it invests to carefully consider these factors in their own investment due diligence as well. Sustainability considerations are an important component of both the initial due diligence and screening process and the ongoing monitoring of investments.

Approach

The investment strategy at the foundation of PEG has been developed and refined over 35 years and through a wide range of market and investment environments. Consistent with PEG's ultimate objective of providing superior returns, specific companies and investment managers, or types of companies or managers, are not excluded from client portfolios solely on the basis of ESG criteria. However, PEG views sustainability issues as important factors that are likely to impact performance and therefore must be carefully considered as part of the investment review process. PEG believes that sustainability considerations must be reviewed holistically to account both for material risks and also potential opportunities which may make companies or underlying managers more or less attractive for investment.

PEG encourages the portfolio companies and managers with which it invests to advance the principles of sustainable investing in a practical manner consistent with return objectives and fiduciary duties, which include:

- Considering environmental, public health, safety and social issues and their impact on investment returns
- Positively impacting communities, including, for example, promotion of health, wellness and advancement
- Using governance structures that provide effective management, including in the areas of audit, risk management and potential conflicts of interest
- Implementing procedures and processes to ensure compliance with laws and to prohibit bribery, inducements and other improper payments or non-competitive behavior
- Promoting and protecting human and social rights, including confirming that underlying portfolio companies comply with labor laws and do not maintain discriminatory policies or engage in illegal work practices, PEG seeks to integrate ESG considerations into the investment process in a practical manner to ensure that the investment process is clear and consistent with the portfolio's investment objectives. This includes developing guidelines and an approach, which are adaptable to market conditions, portfolio construction and investment opportunities.

Alternatives: Global Hedge Fund Solutions

Overview

J.P. Morgan Asset Management's Global Hedge Fund Solutions group is committed to delivering superior investment performance to its clients around the globe. Our objective is to select attractive managers in order to construct portfolios to deliver the most attractive performance while minimizing risk. Rigorous risk management and skeptical due diligence are essential to our process, and we recognize that an assessment of ESG factors can be additive to our evaluation. Specifically, our assessment of each manager includes a thorough review of corporate governance.

Philosophy

We strive to ensure that our managers are consistently using best practices and will encourage change when they are not. We will:

- Always act in the highest fiduciary interest of our clients and only invest in managers that have been thoroughly vetted
- Act as a responsible corporate citizen
- Include in each Investment Committee memorandum clarification and assessment of material risk factors around governance

Approach

The Global Hedge Fund Solutions team invests in hedge funds and not in direct securities. We actively engage managers on a range of issues that may include social, environmental and sustainability concerns. However, specific funds, assets or types of assets are not automatically excluded explicitly on social, environmental or ethical criteria unless specifically requested by clients or required by local legislation. For some of our clients, we do monitor the percentage of the underlying managers' investments that fall outside of their ESG criteria.

As part of our normal operational due diligence process, we review the governance structure prior to making an investment in a manager and, when appropriate and material, we actively engage with our managers to improve on their governance. We view good governance as a pre-requisite for responsible investing, but also as a tool to help mitigate potential risks and conflicts. In this way, we believe that governance issues can impact performance and therefore should be closely reviewed and considered in investment decisions.

Governance

The operational due diligence team is tasked, among other responsibilities, with an assessment of the authority and independence of the managers' boards of directors. The team also focuses on controls and procedures to ensure that the manager has the proper balance of control and oversight for key functions. This includes multiple signatories on cash movements and proper operational procedures with adequate segregation of duties.

Alternatives: Global Real Estate

Overview: Acting solely in the fiduciary interest of our clients

Global Real Estate (GRE) strives to deliver superior investment performance to our clients worldwide. We believe that one of the drivers of that performance over the long term is the management of ESG behaviors and practices of the companies and assets in which we invest on behalf of our clients.

Philosophy: Incorporating ESG leads to better investment decisions

We believe continuous improvement of our assets/companies with respect to sustainability will ultimately improve both the environment in which those investments exist as well as asset competitiveness and value. GRE will:

- Always act in the fiduciary interest of our clients by buying, constructing and operating high-quality assets
- Maintain and improve operating performance to maximize long-term value

Approach: Integrating ESG into investment Decisions

Global Real Assets' Sustainability Philosophy allows for flexibility among a wide range of companies, assets, locations, strategies and ownership structures—from operating companies to individual assets, from office buildings and shopping centers to apartment buildings. GRE's approach to ESG is one of integration—the systematic and explicit inclusion of sustainability/ESG factors into traditional analysis and decision making by investment managers. Sustainability issues are identified and quantified as part of our investment due diligence process, not only as a pre-requisite for responsible investing, but also as a tool to help mitigate potential risks.

Act as a Responsible Corporate Citizen

ENVIRONMENTAL

Investments are underwritten to meet or exceed environmental standards, taking into account the long-term objectives of our investments, mitigating risks associated with expanding regulations and increasing the marketability of real asset investments at time of disposition.

SOCIAL

The construction of well-designed and well-managed real estate—for example, buildings, roads and power plants—has a positive impact on local communities, creating jobs and boosting economic activity. An understanding of an investment's potential impact on a variety of stakeholders is essential to an appropriate underwriting.

GOVERNANCE

Companies in which GRE invests on behalf of its clients and/or partners should be controlled by effective management, with an appropriate balance of control and oversight for key functions, including reviewing and guiding strategy, major plans of action and risk policy. Remuneration for services should be aligned with the longer-term interests of investors. Companies should ensure that timely and accurate disclosure is made on all material matters, including the financial situation, performance, ownership and governance of the company. Companies should eliminate corruption in all its forms, including the payment or acceptance of bribes and inducements, and cartel behavior.

Alternatives: Infrastructure

Overview

The infrastructure team recognizes that management of material ESG issues can have a significant impact on the long-term operational performance of the companies in which it invests on behalf of its clients. As an asset class, infrastructure investing can directly benefit by the effective management of ESG factors.

In providing long-term capital, infrastructure investors are looking for companies to be managed for sustainable growth and resilience. We believe a focus on forward-looking ESG factors as a complement to traditional analysis, both in the acquisitions process and ongoing asset management, results in better long-term outcomes for our investors, portfolio companies, communities and other stakeholders.

Philosophy

As a signatory to the United Nations Principles for Responsible Investment, where consistent with our fiduciary responsibility, we believe that ESG factors should be incorporated in the investment and asset management processes. Further, we believe that transparency around how a company manages ESG risks and opportunities is part of its value proposition: management of ESG factors impacts business results in numerous respects including access to capital, cost savings, productivity, revenue growth, market access, reputation, insurance cost and availability, talent retention and risk management. Well governed companies with an environmentally sustainable and socially responsible way of operating significantly de-risk their business model, and therefore, deliver better performance and achieve greater cost efficiencies and profitability for their investors. We believe it is appropriate to hold ourselves accountable to our stakeholders for our management of ESG factors and strive to do so through reporting, engagement with stakeholders and benchmarking.

Approach

In keeping with the principles set forth in the UNPRI, the largest direct equity infrastructure strategy at J.P. Morgan Asset Management has adopted a Mission Statement, Governance Principles, Governance Implementation Framework and ESG Policy, which together provide a roadmap to the management of material ESG factors at the Strategy and provide ESG guidance to the boards and management of the Strategy's portfolio companies. The Strategy's integrated approach to ESG includes consideration of ESG matters in acquisition due diligence culminating in a distinct ESG section in each investment committee memorandum, a requirement of each portfolio company's board of directors to adopt an annual governance calendar, which explicitly includes ESG matters, a requirement of each portfolio company to track and report on a variety of ESG matters, and the vast majority of its portfolio companies participating in ESG benchmarking assessments.

Beta Strategies

Overview

The Beta Strategies Group has a systematic approach to investing across all asset classes. We have nearly 30 years of experience in index replication in U.S. Equities, nine years of experience in Alternative Beta and three years in Strategic Beta across various vehicles, including ETFs, mutual funds and separate accounts. We have extensive experience in using our process to customize requests on behalf of clients. Thanks to the growth of research into Socially Responsible Investments, the incorporation of ESG factors is now accessible to investors in systematic strategies as well. By partnering with external providers of ESG ratings, the Beta Strategies Group has the ability to incorporate these factors into our systematic methodology in order to meet specific client objectives.

Philosophy

We believe in the importance of making available investment strategies that deliver on the needs and desires of clients to be invested in a sustainable way. By excluding certain stocks that do not fulfill or which do not score highly on sustainability criteria, a traditional market-capitalization index may further increase concentration, especially among larger companies given the bias that ESG scoring has towards large caps. Our long-only framework seeks to re-distribute allocations at the region and sector level so as to ensure maximum diversification, which we believe provides better client outcomes.

Approach

Our approach towards implementation of ESG varies depending on the nature of client requests but, in general the over-arching principal is to focus on the various dimensions of diversification and to minimize idiosyncratic risk. More specifically, our unique two-step investment process seeks first to re-weight the index to ensure equal risk contribution by region and sector and, second, to maximize exposure to various risk premia, such as momentum, value, size and quality via a multi-factor stock screen. We are then able to customize our approach to ESG based on client preference. This ranges from excluding certain sectors/stocks to incorporating external ESG rankings into our multi-factor score so that we can build a portfolio from the bottom-up to a “best in class approach”, i.e. investing in the best scoring companies in each sector.

Incorporation of a ESG ranking of securities fits seamlessly into our factor-based investment process. This allows our ESG strategies to pursue the capture of compensated factors while also avoiding companies and industries which rank poorly across ESG metrics and leaning into those that rank better. Our Beta Strategies are constructed with a focus on the various dimensions of diversification. This can be of great value in ESG investing, where exclusionary methods may force greater concentration of risk in sectors, regions and individual securities. Moreover, this diversification focus helps us to avoid idiosyncratic risk. We believe that ESG concerns can be successfully integrated into a process designed to deliver better risk-adjusted returns for our clients.

TO LEARN MORE

Contact your J.P. Morgan Representative
or visit www.jpmorgan.com/esg

Exhibit D

Global Proxy Voting Procedures and Guidelines

North America, Europe, Middle East, Africa, Central America, South America, and Asia

April 1, 2017

J.P.Morgan
Asset Management

Corporate Governance Policy & Voting Guidelines

J.P.Morgan
Asset Management

Contents

I. JPMorgan Asset Management Global Proxy Voting Procedures

A. Objective

As an investment adviser within JPMorgan Asset Management, each of the entities listed on Exhibit A attached hereto (each referred to individually as a "JPMAM Entity" and collectively as "JPMAM") may be granted by its clients the authority to vote the proxies of the securities held in client portfolios. In such cases, JPMAM's objective is to vote proxies in the best interests of its clients. To further that objective, JPMAM adopted these Procedures.

These Procedures incorporate detailed guidelines for voting proxies on specific types of issues (the "Guidelines"). The Guidelines have been developed and approved by the relevant ProxyCommittee (as defined below) with the objective of encouraging corporate action that enhancesshareholder value. Because proxy proposals and individual company facts and circumstances may vary, JPMAM may not always vote proxies in accordance with the Guidelines.

B. Proxy Committee

To oversee the proxy-voting process on an ongoing basis, a Proxy Committee has been established for each global location where proxy-voting decisions are made. Each Proxy Committee is composed of a Proxy Administrator (as defined below) and senior officers from among the Investment, Legal, Compliance and Risk Management Departments. The primary functions of each Proxy Committee are to periodically review general proxy-voting matters; to determine the independence of any third-party vendor which it has delegated proxy voting responsibilities and to conclude that there are no conflicts of interest that would prevent such vendor from providing such proxy voting services prior to delegating proxy responsibilities; review and approve the Guidelines annually; and provide advice and recommendations on general proxy-voting matters as well as on specific voting issues to be implemented by the relevant JPMAM Entity. The Proxy Committee may delegate certain of its responsibilities to subgroups composed of at least 3 Proxy Committee members. The Proxy Committee meets at least semi-annually, or more frequently as circumstances dictate.

C. The Proxy Voting Process

JPMAM investment professionals monitor the corporate actions of the companies held in their clients' portfolios. To assist JPMAM investment professionals with public companies' proxy voting proposals, a JPMAM Entity may, but shall not be obligated to, retain the services of an independent proxy voting service ("Independent Voting Service"). The Independent Voting Service is assigned responsibility for various functions, which may include one or more of the following: coordinating with client custodians to ensure that all proxy materials are processed in a timely fashion; providing JPMAM with a comprehensive analysis of each proxy proposal and providing JPMAM with recommendations on how to vote each proxy proposal based on the Guidelines or, where

no Guideline exists or where the Guidelines require a case-by-case analysis, on the Independent Voting Service's analysis; and executing the voting of the proxies in accordance with Guidelines and its recommendation, except when a recommendation is overridden by JPMAM, as described below. If those functions are not assigned to an Independent Voting Service, they are performed or coordinated by a Proxy Administrator (as defined below). The Proxy Voting Committee has adopted procedures to identify significant proxies and to recall shares on loan.[1]

Situations often arise in which more than one JPMAM client invests in the same company or in which a single client may invest in the same company but in multiple accounts. In those situations, two or more clients, or one client with different accounts, may be invested in strategies having different investment objectives, investment styles, or portfolio managers. As a result, JPMAM may cast different votes on behalf of different clients or on behalf of the same client with different accounts.

Each JPMAM Entity appoints a JPMAM professional to act as a proxy administrator ("Proxy Administrator") for each global location of such entity where proxy-voting decisions are made. The Proxy Administrators are charged with oversight of these Procedures and the entire proxy-voting process. Their duties, in the event an Independent Voting Service is retained, include the following: evaluating the quality of services provided by the Independent Voting Service; escalating proposals identified by the Independent Voting Service as non-routine, but for which a Guideline exists (including, but not limited to, compensation plans, anti-takeover proposals, reincorporation, mergers, acquisitions and proxy-voting contests) to the attention of the appropriate investment professionals and confirming the Independent Voting Service's recommendation with the appropriate JPMAM investment professional (documentation of those confirmations will be retained by the appropriate Proxy Administrator); escalating proposals identified by the Independent Voting Service as not being covered by the Guidelines (including proposals requiring a case-by-case determination under the Guidelines) to the appropriate investment professional and obtaining a recommendation with respect thereto; reviewing recommendations of JPMAM investment professionals with respect to proposals not covered by the Guidelines (including proposals requiring a case-by-case determination under the Guidelines) or to override the Guidelines (collectively, "Overrides"); referring investment considerations regarding Overrides to the Proxy Committee, if necessary; determining, in the case of Overrides, whether a material conflict, as described below, exists; escalating material conflicts to the Proxy Committee; and maintaining the records required by these Procedures.

In the event investment professionals are charged with recommending how to vote the proxies, the Proxy Administrator's duties include the following: reviewing recommendations of investmentprofessionals with respect to Overrides; referring investment considerations regarding such Overrides to the Proxy Committee, if necessary; determining, in the case of such Overrides, whether a material conflict, as

[1] The Proxy Voting Committee may determine: (a) not to recall securities on loan if, in its judgment, the negative consequences to clients of recalling the loaned securities would outweigh the benefits of voting in the particular instance or (b) not to vote certain foreign securities positions if, in its judgment, the expense and administrative inconvenience or other burdens outweigh the benefits to clients of voting the securities.

described below, exists; escalating material conflicts to the Proxy Committee; and maintaining the records required by these Procedures.

In the event a JPMAM investment professional makes a recommendation in connection with an Override, the investment professional must provide the appropriate Proxy Administrator with a written certification ("Certification") which shall contain an analysis supporting his or her recommendation and a certification that he or she (A) received no communication in regard to the proxy that would violate either the J.P. Morgan Chase ("JPMC") Safeguard Policy (as defined below) or written policy on information barriers, or received any communication in connection with the proxy solicitation or otherwise that would suggest the existence of an actual or potential conflict between JPMAM'S interests and that of its clients and (B) was not aware of any personal or other relationship that could present an actual or potential conflict of interest with the clients' interests.

D. Material Conflicts of Interest

The U.S. Investment Advisers Act of 1940 requires that the proxy-voting procedures adopted and implemented by a U.S. investment adviser include procedures that address material conflicts of interest that may arise between the investment adviser's interests and those of its clients. To addresssuch material potential conflicts of interest, JPMAM relies on certain policies and procedures. In order to maintain the integrity and independence of JPMAM's investment processes and decisions, including proxy-voting decisions, and to protect JPMAM's decisions from influences that could lead to a vote other than in its clients' best interests, JPMC (including JPMAM) adopted a Safeguard Policy, and established formal informational barriers designed to restrict the flow of information from JPMC's securities, lending, investment banking and other divisions to JPMAM investment professionals. The information barriers include, where appropriate: computer firewalls; the establishment of separate legal entities; and the physical separation of employees from separate business divisions. Material conflicts of interest are further avoided by voting in accordance with JPMAM's predetermined Guidelines. When an Override occurs, any potential material conflict ofinterest that may exist is analyzed in the process outlined in these Procedures.

Examples of such material conflicts of interest that could arise include circumstances in which: (i) management of a JPMAM investment management client or prospective client, distributor or prospective distributor of its investment management products, or critical vendor, is soliciting proxies and failure to vote in favor of management may harm JPMAM's relationship with such company and materially impact JPMAM's business; or (ii) a personal relationship between a JPMAM officer and management of a company or other proponent of a proxy proposal could impact JPMAM's voting decision.

A conflict is deemed to exist when the proxy is for JPMorgan Chase & Co. stock or for J.P. Morgan Funds, or when the proxy administrator has actual knowledge indicating that a JPMorgan affiliate is an investment banker or rendered a fairness opinion with respect to the matter that is the subject of the proxy vote. When such conflicts are identified, the proxy will be voted by an independent third party either in accordance with JPMorgan proxy voting guidelines or by the third party using its own guidelines.

E. Escalation of Material Conflicts of Interest

When an Override occurs, the investment professional must complete the Certification and the Proxy Administrator will review the circumstances surrounding such Certification. When a potential material conflict of interest has been identified, the Proxy Administrator, and as necessary, a legal representative from the Proxy Committee will evaluate the potential conflict and determine whether an actual material conflict of interest exists, and if so, will recommend how the relevant JPMAM entity will vote the proxy. Sales and marketing professionals will be precluded from participating in the decision-making process.

Depending upon the nature of the material conflict of interest, JPMAM, in the course of addressing the material conflict, may elect to take one or more of the following measures, or other appropriate action: removing certain JPMAM personnel from the proxy voting process; “walling off” personnel with knowledge of the material conflict to ensure that such personnel do not influence the relevant proxy vote; voting in accordance with the applicable Guidelines, if any, if the application of the Guidelines would objectively result in the casting of a proxy vote in a predetermined manner; or deferring the vote to the Independent Voting Service, if any, which will vote in accordance with its own recommendation.

The resolution of all potential and actual material conflict issues will be documented in order todemonstrate that JPMAM acted in the best interests of its clients.

F. Recordkeeping

JPMAM is required to maintain in an easily accessible place for seven (7) years all records relatingto the proxy voting process. Those records include the following:

- a copy of the JPMAM Proxy Voting Procedures and Guidelines;
- a copy of each proxy statement received on behalf of JPMAM clients;
- a record of each vote cast on behalf of JPMAM client holdings;
- a copy of all documents created by JPMAM personnel that were material to making a decision on the voting of client securities or that memorialize the basis of the decision;
- a copy of the documentation of all dialogue with issuers and JPMAM personnel created by JPMAM personnel prior to the voting of client securities; and
- a copy of each written request by a client for information on how JPMAM voted proxies on behalf of the client, as well as a copy of any written response by JPMAM

to any request by a JPMAM client for information on how JPMAM voted proxies on behalf of our client.

It should be noted that JPMAM reserves the right to use the services of the Independent VotingService to maintain certain required records in accordance with all applicable regulations.

Exhibit A

JPMorgan Chase Bank, N.A.

J.P. Morgan Asset Management (UK) Limited

J.P. Morgan Investment Management Inc.

JF Asset Management Limited

J.P. Morgan Asset Management (Singapore) Limited

JF International Management Inc.

J.P. Morgan Private Investments, Inc.

Bear Stearns Asset Management

II. Proxy Voting Guidelines

JPMAM is a global asset management organization with the capabilities to invest in securities of issuers located around the globe. Because the regulatory framework and the business cultures and practices vary from region to region, our proxy voting guidelines have been customized for each region to take into account such variations.

JPMAM currently has four sets of proxy voting guidelines covering the regions of (1) North America, (2) Europe, Middle East, Africa, Central America and South America (3) Asia (ex-Japan) and (4) Japan, respectively. Notwithstanding the variations among the guidelines, all of these guidelines have been designed with the uniform objective of encouraging corporate action that enhances shareholder value. As a general rule, in voting proxies of a particular security, each JPMAM Entity will apply the guidelines of the region in which the issuer of such security is organized.

In March 2007, JPMAM signed the Principles for Responsible Investment, an initiative of the UN Secretary-General.

A. North America

1. Board of Directors

A. Uncontested Director Elections

Votes on director nominees should be made on a case-by-case (for) basis. Votes generally will be WITHHELD from directors who:

1) attend less than 75 percent of the board and committee meetings without a valid excuse for the absences

2) adopt or renew a poison pill without shareholder approval, does not commit to putting it to shareholder vote within 12 months of adoption (or in the case of an newly public company, do not commit to put the pill to a shareholder vote within 12 months following the IPO), or reneges on a commitment to put the pill to a vote, and has not yet received a withhold recommendation for this issue.

3) are inside or affiliated outside directors and sit on the audit, compensation, or nominating committees. For purposes of defining "affiliation" we will apply either the NYSE listing rule for companies listed on that exchange or the NASDAQ listing rule for all other companies.

4) ignore a shareholder proposal that is approved by a i) majority of the shares outstanding, or ii) majority of the votes cast. The review period will be the vote results over a consecutive two year time frame.

5) are inside or affiliated outside directors and the full board serves as the audit, compensation, or nominating committee or the company does not have one of these committees

6) WITHHOLD votes from insiders and affiliated outsiders on boards that are not at least majority independent. In the case of a controlled company, vote case-by case on the directors.

7) WITHHOLD from directors who are CEOs of publicly-traded companies who serve on more than two public boards (besides his or her own board) and all other directors who serve on more than four public company boards.

8) WITHHOLD votes from compensation committee members where there is a pay-for performance disconnect for Russell 3000 companies. (See 9a – Stock-Based Incentive Plans, last paragraph). WITHHOLD votes from compensation committee members if the company does not submit one-time transferable stock options to shareholders for approval.

9) WITHHOLD votes from audit committee members in circumstances in which there is evidence (such as audit reports or reports mandated under the Sarbanes Oxley Act) that there exists material weaknesses in the company's internal controls.

10) WITHHOLD votes from compensation committee members who were present at the time of the grant of backdated options or options the pricing or the timing of which we believe may have been manipulated to provide additional benefits to executives.

B. CEO Votes

Except as otherwise described above, we generally do not vote against a sitting CEO in recognition of the impact the vote may have on the management of the company.

C. Proxy Access

Generally vote for shareholder proposals requesting companies to amend their by-laws in order to facilitate shareholders' ability to nominate candidates for directors as long as the minimum threshold of share ownership is 5% (defined as either a single shareholder or group of shareholders) and the minimum holding period of share ownership is 3 years. Generally, we will oppose proposals which restrict share ownership thresholds to a single shareholder.

We recognize the importance of shareholder access to the ballot process as one means to ensure that boards do not become self-perpetuating and self-serving. We generally support the board when they have adopted proxy access at a 3% / 3 year threshold either through a majority supported shareholder ballot or by adopting the bylaw on its own initiative. However, we are also aware that some proposals may promote certain interest groups to the detriment of shareholders generally and could be disruptive to the nomination process. Hence, we will generally vote against shareholder proposals which seek to amend an existing proxy access by law unless the terms of the proxy access right is unduly restrictive to shareholders.

2. Proxy Contests

A. Election of Directors

Votes in a contested election of directors must be evaluated on a case-by-case basis, considering

the following factors: long-term financial performance of the subject company relative to its industry; management's track record; background to the proxy contest; qualifications of director nominees (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions.

B. Reimburse Proxy Solicitation Expenses

Decisions to provide full reimbursement for dissidents waging a proxy contest should be made on a case-by-case basis.

3. Ratification of Auditors

Vote for proposals to ratify auditors, unless an auditor has a financial interest in or association with the company, and is therefore not independent; or there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position.

Generally vote against auditor ratification and withhold votes from Audit Committee members if non-audit fees exceed audit fees.

Vote case-by-case on auditor Rotation Proposals: tenure of Audit Firm; establishment and disclosure of a renewal process whereby the auditor is regularly evaluated for both audit quality and competitive price; length of the rotation period advocated in the proposal;

significant audit related issues; and number of annual Audit Committee meetings held and the number of financial experts that serve on the Audit Committee.

Generally vote against auditor indemnification and limitation of liability; however we recognize there may be situations where indemnification and limitations on liability may be appropriate.

4. Proxy Contest Defenses

A. Board Structure: Staggered vs. Annual Elections

Proposals regarding classified boards will be voted on a case-by-case basis. Classified boards normally will be supported if the company's governing documents contain each of the following provisions:

- Majority of board composed of independent directors,
- Nominating committee composed solely of independent directors,
- Do not require more than a two-thirds shareholders' vote to remove a director, revise any bylaw or revise any classified board provision,
- Confidential voting (however, there may be a provision for suspending confidential voting during proxy contests),
- Ability of shareholders to call special meeting or to act by written consent with 90 days' notice,
- Absence of superior voting rights for one or more classes of stock,
- Board does not have the sole right to change the size of the board beyond a stated range that been approved by shareholders, and
- Absence of shareholder rights plan that can only be removed by the incumbent directors (dead-hand poison pill).

B. Shareholder Ability to Remove Directors

Vote against proposals that provide that directors may be removed only for cause.

Vote for proposals to restore shareholder ability to remove directors with or without cause.

Vote against proposals that provide that only continuing directors may elect replacements to fill board vacancies.

Vote for proposals that permit shareholders to elect directors to fill board vacancies.

C. Cumulative Voting

Cumulative voting proposals will be voted on a case-by-case basis. If there are other safeguards to ensure that shareholders have reasonable access and input into the process of nominating and electing directors, cumulative voting is not essential. Generally, a company's governing documents must contain the following provisions for us to vote against restoring or providing for cumulative voting:

- Annually elected board,

- Majority of board composed of independent directors,
- Nominating committee composed solely of independent directors,
- Confidential voting (however, there may be a provision for suspending confidential voting during proxy contests),
- Ability of shareholders to call special meeting or to act by written consent with 90 days' notice,
- Absence of superior voting rights for one or more classes of stock,
- Board does not have the sole right to change the size of the board beyond a stated range that has been approved by shareholders, and
- Absence of shareholder rights plan that can only be removed by the incumbent directors (dead-hand poison pill).

D. Shareholder Ability to Call Special Meeting

Vote against proposals to restrict or prohibit shareholder ability to call special meetings so long as the ability to call special meetings requires the affirmative vote of less than 15% of the shares outstanding. The ability to call special meetings enables shareholders to remove directors or initiate a shareholder resolution without having to wait for the next scheduled meeting,should require more than a *de minimis* number of shares to call the meeting and subject the company to the expense of a shareholder meeting.

Vote for proposals that remove restrictions on the right of shareholders to act independently of management.

E. Shareholder Ability to Act by Written Consent

We generally vote for proposals to restrict or prohibit shareholder ability to take action by written consent. The requirement that all shareholders be given notice of a shareholders' meeting and matters to be discussed therein seems to provide a reasonable protection of minority shareholder rights.

We generally vote against proposals to allow or facilitate shareholder action by written consent.

F. Shareholder Ability to Alter the Size of the Board

Vote for proposals that seek to fix the size of the board.

Vote against proposals that give management the ability to alter the size of the board without shareholder approval.

5. Tender Offer Defenses

A. Poison Pills

Vote for shareholder proposals that ask a company to submit its poison pill for shareholderratification.

Review on a case-by-case basis shareholder proposals to redeem a company's poison pill.

Studies indicate that companies with a rights plan secure higher premiums in hostile takeoversituations.

Review on a case-by-case basis management proposals to ratify a poison pill. We generally lookfor shareholder friendly features including a two- to three-year sunset provision, a permitted bidprovision, a 20 percent or higher flip-in provision, and the absence of dead-hand features.

If the board refuses to redeem the pill 90 days after an offer is announced, ten percent of the shares may call a special meeting or seek a written consent to vote on rescinding the pill.

B. Fair Price Provisions

Vote proposals to adopt fair price provisions on a case-by-case basis, evaluating factors such as the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.

Generally, vote against fair price provisions with shareholder vote requirements greater than a majority of disinterested shares.

C. Greenmail

Vote for proposals to adopt antigreenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

D. Unequal Voting Rights

Generally, vote against dual-class recapitalizations as they offer an effective way for a firm to thwart hostile takeovers by concentrating voting power in the hands of management or other insiders.

Vote for dual-class recapitalizations when the structure is designed to protect economic interests of investors.

E. Supermajority Shareholder Vote Requirement to Amend Charter or Bylaws

Vote against management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company.

Vote for shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.

F. Supermajority Shareholder Vote Requirement to Approve Mergers

Vote against management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company.

Vote for shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.

6. Miscellaneous Board Provisions

A. Separate Chairman and CEO Positions

We will generally vote for proposals looking to separate the CEO and Chairman roles unless the company has governance structures in place that can satisfactorily counterbalance a combined chairman and CEO/president post. Such a structure should include most or all of the following:

- Designated lead director, appointed from the ranks of the independent board members with clearly delineated duties. At a minimum these should include:

(1) Presides at all meetings of the board at which the chairman is not present, including executive sessions of the independent directors,

(2) Serves as liaison between the chairman and the independent directors,

(3) Approves information sent to the board,

(4) Approves meeting agendas for the board,

(5) Approves meeting schedules to assure that there is sufficient time for discussion of all agenda items,

(6) Has the authority to call meetings of the independent directors, and

(7) If requested by major shareholders, ensures that he is available for consultation and direct communication;

- 2/3 of independent board;
- All-independent key committees;
- Committee chairpersons nominated by the independent directors;
- CEO performance is reviewed annually by a committee of outside directors; and
- Established governance guidelines.

Additionally, the company should not have underperformed its peers and index on a one-year and three-year basis, unless there has been a change in the Chairman/CEO position within that time. Performance will be measured according to shareholder returns against index and peers.

B. Lead Directors and Executive Sessions

In cases where the CEO and Chairman roles are combined, we will vote for the appointment of a "lead" (non-insider) director and for regular "executive" sessions (board meetings taking place without the CEO/Chairman present).

C. Majority of Independent Directors

We generally vote for proposals that call for the board to be composed of a majority of independent directors. We believe that a majority of independent directors can be an important factor in facilitating objective decision making and enhancing accountability to shareholders.

Vote for shareholder proposals requesting that the board's audit, compensation, and/or nominating committees include independent directors exclusively.

Generally vote for shareholder proposals asking for a 2/3 independent board.

D. Stock Ownership Requirements

Vote for shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director or to remain on the board, so long as such minimum amount is not excessive or unreasonable.

E. Hedging / Pledging of Securities
We support full disclosure of the policies of the company regarding pledging and/or hedging of company stocks by executives and board directors. We will vote FOR shareholder proposals which ask for disclosure of this policy. We will vote Case by Case for directors if it is determined that hedging and /or pledging of securities has occurred.

F. Term of Office
Vote against shareholder proposals to limit the tenure of outside directors. Term limits pose artificial and arbitrary impositions on the board and could harm shareholder interests by forcing experienced and knowledgeable directors off the board.

G. Board Composition
We support board refreshment, independence, and a diverse skillset for directors. We believe that board composition should contribute to overall corporate strategies and risk management and will evaluate the board's skills, expertise, and qualifications. We generally will vote case-by-case on shareholder proposals which seek to force the board to add specific expertise or to change the composition of the board.

H. Director and Officer Indemnification and Liability Protection
Proposals concerning director and officer indemnification and liability protection should be evaluated on a case-by-case basis.

Vote against proposals to limit or eliminate director and officer liability for monetary damages for violating the relevant duty of care.

Vote against indemnification proposals that would expand coverage beyond legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligations than mere carelessness.

Vote for proposals that provide such expanded coverage in cases when a director's or officer's legal defense was unsuccessful only if: (1) the director was found to have acted in good faith and in a manner that he reasonably believed was in the company's best interests, and (2) the director's legal expenses would be covered.

I. Board Size
Vote for proposals to limit the size of the board to 15 members.

J. Majority Vote Standard
We would generally vote for proposals asking for the board to initiate the appropriate process to amend the company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders. We would generally review on a case-by-case basis proposals that address alternative approaches to a majority vote requirement.

7. Miscellaneous Governance Provisions

A. Independent Nominating Committee
Vote for the creation of an independent nominating committee.

B. Confidential Voting
Vote for shareholder proposals requesting that companies adopt confidential voting, use independent tabulators, and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived.

Vote for management proposals to adopt confidential voting.

C. Equal Access

Vote for shareholder proposals that would give significant company shareholders equal access to management's proxy material in order to evaluate and propose voting recommendations on proxy proposals and director nominees and to nominate their own candidates to the board.

D. Bundled Proposals

Review on a case-by-case basis bundled or "conditioned" proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances where the joint effect of the conditioned items is not in shareholders' best interests, vote against the proposals. If the combined effect is positive, support such proposals.

E. Charitable Contributions

Vote against shareholder proposals regarding charitable contributions. In the absence of bad faith, self-dealing, or gross negligence, management should determine which contributions are in the best interests of the company.

F. Date/Location of Meeting

Vote against shareholder proposals to change the date or location of the shareholders' meeting. No one site will meet the needs of all shareholders.

G. Include Nonmanagement Employees on Board

Vote against shareholder proposals to include nonmanagement employees on the board. Constituency representation on the board is not supported, rather decisions are based on director qualifications.

H. Adjourn Meeting if Votes are Insufficient

Vote for proposals to adjourn the meeting when votes are insufficient. Management has additional opportunities to present shareholders with information about its proposals.

I. Other Business

Vote for proposals allowing shareholders to bring up "other matters" at shareholder meetings.

J. Disclosure of Shareholder Proponents

Vote for shareholder proposals requesting that companies disclose the names of shareholder proponents. Shareholders may wish to contact the proponents of a shareholder proposal for additional information.

K. Exclusive Venue

Generally, vote for management proposals which seek shareholder approval to make he state of incorporation the exclusive forum for disputes,if the company is a Delaware corporation; otherwise, vote on a case-by-case basis on management proposals which seek shareholder approval to make the state of incorporation, or another state, the exclusive forum for disputes.

8. Capital Structure

A. Common Stock Authorization

Review proposals to increase the number of shares of common stock authorized for issue on a case-by-case basis.

Vote against proposals to increase the number of authorized shares of a class of stock that has superior voting rights in companies that have dual-class capital structure.

B. Stock Distributions: Splits and Dividends

Vote for management proposals to increase common share authorization for a stock split, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance given a company's industry and performance as measured by total shareholder returns.

C. Reverse Stock Splits

Vote for management proposals to implement a reverse stock split that also reduces the number of authorized common shares to a level where the number of shares available for issuance is not excessive given a company's industry and performance in terms of shareholder returns.

Vote case-by-case on proposals to implement a reverse stock split that does not proportionately reduce the number of shares authorized for issue.

D. Blank Check Preferred Authorization

Vote against proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).

Vote for proposals to create "blank check" preferred stock in cases when the company expressly states that the stock will not be used as a takeover device.

Vote for proposals to authorize preferred stock in cases when the company specifies voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Vote case-by-case on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance as measured by total shareholder returns.

E. Shareholder Proposals Regarding Blank Check Preferred Stock

Vote for shareholder proposals to have blank check preferred stock placements, other than those shares issued for the purpose of raising capital or making acquisitions in the normal course of business, submitted for shareholder ratification.

F. Adjustments to Par Value of Common Stock

Vote for management proposals to reduce the par value of common stock. The purpose of par value is to establish the maximum responsibility of a shareholder in the event that a company becomes insolvent.

G. Restructurings/Recapitalizations

Review proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan or if the company is in danger of being delisted on a case-by-case basis. Consider the following issues:

Dilution—How much will ownership interest of existing shareholders be reduced, and how extreme will dilution to any future earnings be?

Change in Control—Will the transaction result in a change in control of the company?

Bankruptcy—Generally, approve proposals that facilitate debt restructurings unless there areclearsigns of self-dealing or other abuses.

H. Share Repurchase Programs
Vote for management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

I. Targeted Share Placements
These shareholder proposals ask companies to seek stockholder approval before placing 10% or more of their voting stock with a single investor. The proposals are in reaction to the placemen by various companies of a large block of their voting stock in an ESOP, parent capital fund or with a single friendly investor, with the aim of protecting themselves against a hostile tender offer. These proposals are voted on a case by case basis after reviewing the individual situation of the company receiving the proposal.

9. Executive and Director Compensation

A. Stock-based Incentive Plans
Votes with respect to compensation plans should be determined on a case-by-case basis. The analysis of compensation plans focuses primarily on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders). Other matters included in our analysis are the amount of the company's outstanding stock to be reserved for the award of stock options, whether the exercise price of an option is less than the stock's fair market value at the date of the grant of the options, and whether the plan provides for the exchange of outstanding options for new ones at lower exercise prices.

In addition, we will assess the structure of the equity plan taking into consideration certain plan features as well as grant practices. This will include whether dividends are paid or accrued to the unvested equity awards. Once the cost of the plan is estimated and other features are taken into consideration, the plan will be reviewed to determine if it is in the best interest of the shareholders. Problematic pay practices will have a bearing on whether we support the plan. We will consider the pay practices of other companies in the relevant industry and peer companies in this analysis.

Review case-by-case stock based plans for companies which rely heavily upon stock for incentive compensation, taking into consideration the factors mentioned above. These companies include high growth and financial services companies where the plan cost as measured by shareholder value transfer (SVT) appears to be high.

For companies in the Russell 3000 we will generally vote against a plan and/or withhold from members of the compensation committee, when there is a disconnect between the CEO's pay and performance (an increase in pay and a decrease in performance), the main source for the pay increase is equity-based, and the CEO participates in the plan being voted on. Specifically, if the company has negative one- and three-year total shareholder returns, and its CEO also had an increase in total direct compensation from the prior year, it would signify a disconnect in pay and performance. If more than half of the increase in total direct compensation is attributable to the equity component, we would generally recommend against the equity plan in which the CEO participates.

B. Approval of Cash or Cash-and-Stock Bonus Plans
Vote for cash or cash-and-stock bonus plans to exempt the compensation from limits on deductibility under the provisions of Section 162(m) of the Internal Revenue Code.

C. Shareholder Proposals to Limit Executive and Director Pay
Generally, vote for shareholder proposals that seek additional disclosure of executive and director pay information.

Review on a case-by-case basis all other shareholder proposals that seek to limit executive and director pay.

Review on a case-by-case basis shareholder proposals for performance pay such as indexed or premium priced options if a company has a history of oversized awards and one-, two- and three-year returns below its peer group.

D. Say on Pay – Advisory Vote
Generally, review on a case-by-case basis executive pay and practices as well as certain aspects of outside director compensation.

Where the company's Say on Pay proposal received 60% or less support on its previous Say on Pay proposal, WITHHOLD votes for the compensation committee and or vote against the current Say on Pay proposal unless the company has demonstrated active engagement with shareholders to address the issue as well as the specific actions taken to address the low level of support.

In the case of externally-managed REITs, generally vote against the advisory vote as there is a lack of transparency in both compensation structure and payout.

Say on Pay - Frequency
JPMAM will review compensation versus long/term performance on an annual basis.

E. Golden and Tin Parachutes
Review on a case-by-case basis all proposals to ratify or cancel golden or tin parachutes. Favor golden parachutes that limit payouts to two times base salary, plus guaranteed retirement and other benefits.

Change-in-control payments should only be made when there is a significant change in company ownership structure, and when there is a loss of employment or substantial change in job duties associated with the change in company ownership structure ("double-triggered"). Change-in-control provisions should exclude excise tax gross-up and eliminate the acceleration of vesting of equity awards upon a change in control unless provided under a double-trigger scenario.

Generally vote case-by-case for proposals calling companies to adopt a policy of obtaining shareholder approval for any future agreements and corporate policies that could oblige the company to make payments or awards following the death of a senior executive in the form of unearned salary or bonuses, accelerated vesting or the continuation in force of unvested equity grants, perquisites and other payments or awards made in lieu of compensation. This would not apply to any benefit programs or equity plan proposals for which the broad-based employee population is eligible.

F. 401(k) Employee Benefit Plans
Vote for proposals to implement a 401(k) savings plan for employees.

G. Employee Stock Purchase Plans
Vote for qualified employee stock purchase plans with the following features: the purchase price is at least 85 percent of fair market value; the offering period is 27 months

or less; and potential voting power dilution (shares allocated to the plan as a percentage of outstanding shares) is ten percent or less.
Vote for nonqualified employee stock purchase plans with the following features: broad-based participation (i.e., all employees of the company with the exclusion of individuals with five percent or more of beneficial ownership of the company); limits on employee contribution, which may be a fixed dollar amount or expressed as a percentage of base salary; company matching contribution up to 25 percent of the employee's contribution, which is effectively a discount of 20 percent from market value; and no discount on the stock price on the date of purchase since there is a company matching contribution

H. Option Expensing
Generally, vote for shareholder proposals to expense fixed-price options.

I. Option Repricing
In most cases, we take a negative view of option repricings and will, therefore, generally vote against such proposals. We do, however, consider the granting of new options to be an acceptable alternative and will generally support such proposals.

J. Stock Holding Periods
Generally vote against all proposals requiring executives to hold the stock received upon option exercise for a specific period of time.

K. Transferable Stock Options
Review on a case-by-case basis proposals to grant transferable stock options or otherwise permit the transfer of outstanding stock options, including cost of proposal and alignment with shareholder interests.

L. Recoup Bonuses
Vote case-by-case on shareholder proposals to recoup unearned incentive bonuses or other incentive payments made to senior executives if it is later determined that fraud, misconduct, or negligence significantly contributed to a restatement of financial results that led to the awarding of unearned incentive compensation.

M. Two Tiered Compensation
Vote against proposals to adopt a two tiered compensation structure for board directors.

10. Incorporation

A. Reincorporation Outside of the United States
Review on a case-by-case basis proposals to reincorporate the company outside of the U.S.

B. Voting on State Takeover Statutes
Review on a case-by-case basis proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freezeout provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, antigreenmail provisions, and disgorgement provisions).

C. Voting on Reincorporation Proposals
Proposals to change a company's state of incorporation should be examined on a case-by-case basis. Review management's rationale for the proposal, changes to the charter/bylaws, and differences in the state laws governing the companies.

11. Mergers and Corporate Restructurings

A. Mergers and Acquisitions

Votes on mergers and acquisitions should be considered on a case-by-case basis, taking into account factors including the following: anticipated financial and operating benefits; offer price (cost vs. premium); prospects of the combined companies; how the deal was negotiated; and changes in corporate governance and their impact on shareholder rights.

B. Nonfinancial Effects of a Merger or Acquisition

Some companies have proposed a charter provision which specifies that the board of directors may examine the nonfinancial effect of a merger or acquisition on the company. This provision would allow the board to evaluate the impact a proposed change in control would have on employees, host communities, suppliers and/or others. We generally vote against proposals to adopt such charter provisions. We feel it is the directors' fiduciary duty to base decisions solely on the financial interests of the shareholders.

C. Corporate Restructuring

Votes on corporate restructuring proposals, including minority squeezeouts, leveraged buyouts, “going private” proposals, spin-offs, liquidations, and asset sales, should be considered on a case-by-case basis.

D. Spin-offs

Votes on spin-offs should be considered on a case-by-case basis depending on the tax and regulatory advantages, planned use of sale proceeds, market focus, and managerial incentives.

E. Asset Sales

Votes on asset sales should be made on a case-by-case basis after considering the impact on the balance sheet/working capital, value received for the asset, and potential elimination of diseconomies.

F. Liquidations

Votes on liquidations should be made on a case-by-case basis after reviewing management’s efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.

G. Appraisal Rights

Vote for proposals to restore, or provide shareholders with, rights of appraisal. Rights of appraisal provide shareholders who are not satisfied with the terms of certain corporate transactions the right to demand a judicial review in order to determine a fair value for their shares.

H. Changing Corporate Name

Vote for changing the corporate name.

12. Social and Environmental Issues

We believe that a company’s environmental policies may have a long-term impact on the company’s financial performance. We believe that good corporate governance policies should consider the impact of company operations on the environment and the cost of compliance with laws and regulations relating to environmental matters, physical damage to the environment (including the costs of clean-ups and repairs), consumer preferences

and capital investments related to climate change. Furthermore, we believe that corporate shareholders have a legitimate need for information to enable them to evaluate the potential risks and opportunities that climate change and other environmental matters pose to the company's operations, sales and capital investments. We acknowledge that many companies disclose their practices relating to social and environmental issues and that disclosure is improving over time. We generally encourage a level of reporting that is not unduly costly or burdensome and which does not place the company at a competitive disadvantage, but which provides meaningful information to enable shareholders to evaluate the impact of the company's environmental policies and practices on its financial performance. In evaluating how to vote proposals, we will consider how environmental and social issues affect the risks to which companies are exposed and how they impact the performance of those companies. In addition, we consider various factors including: the company's current level of disclosure and the consistency of disclosure across its industry; existing and proposed mandated regulatory requirements or formal guidance at the local, state, or national level; if the proposed disclosure would result in unintended consequences such as creating a competitive disadvantage; and whether the company incorporates environmental or social issues in a risk assessment or risk reporting framework.

In general, we support management disclosure practices that are overall consistent with the goals and objective expressed above. Proposals with respect to companies that have been involved in controversies, fines or litigation are expected to be subject to heightened review and consideration.

A. Military Business

Vote case-by-case on defense issue proposals.

Vote case-by-case on disclosure reports that seek additional information on military-related operations.

B. International Labor Organization Code of Conduct

Vote case-by-case on proposals to endorse international labor organization code of conducts.

Vote case-by-case on disclosure reports that seek additional information on company activities in this area.

C. Promote Human Rights in China, Nigeria, the Sudan and Burma

Vote case-by-case on proposals to promote human rights in countries such as China, Nigeria, the Sudan and Burma.

Vote case-by-case on disclosure reports that seek additional information on company activities regarding human rights.

D. Equal Employment Opportunity and Discrimination

Vote case-by-case on proposals regarding equal employment opportunities and discrimination.

Vote case-by-case on disclosure reports that seek additional information about affirmative action efforts, particularly when it appears that companies have been unresponsive to shareholder requests.

E. Animal Rights

Vote case-by-case on proposals that deal with animal rights.

F. Product Integrity and Marketing

Vote case-by-case on proposals that ask companies to end their production of legal, but socially questionable, products.

Vote case-by-case on disclosure reports that seek additional information regarding product integrity and marketing issues.

Vote case-by-case on resolutions requesting the disclosure and implementation of Internet privacy and censorship policies and procedures.

Vote case-by-case on proposals requesting the company to report on its policies, initiatives/procedures, oversight mechanisms related to toxic materials, including certain product line toxicities, and/or product safety in its supply chain.

G. Human Resources Issues

Vote case-by-case on proposals regarding human resources issues.

Vote case-by-case on disclosure reports that seek additional information regarding human resources issues.

H. Link Executive Pay with Social and/or Environmental Criteria

Vote case-by-case on proposals to link executive pay with the attainment of certain social and/or environmental criteria.

Vote case-by-case on disclosure reports that seek additional information regarding this issue.

I. High Risk Markets

Vote case-by-case on requests for the company to review and report on the financial and reputation risks associated with operations in “high risk” markets, such as a terrorism-sponsoring state or otherwise.

J. Political Contribution

Generally vote against proposals asking the company to affirm political non-partisanship in the workplace.

Vote against proposals to publish the company’s political contributions taking into consideration recent, significant controversies, fines or litigation regarding the company’s political contributions or trade association spending.

13. Foreign Proxies

Responsibility for voting non-U.S. proxies rests with our Proxy Voting Committees located in London, Tokyo, and Hong Kong. The Proxy Committee is composed of senior analysts and portfolio managers and officers of the Legal and Compliance Department.

14. Pre-Solicitation Contact

From time to time, companies will seek to contact analysts, portfolio managers and others in advance of the formal proxy solicitation to solicit support for certain contemplated proposals. Such contact can potentially result in the recipient receiving material non-public information and result in the imposition of trading restrictions. Accordingly, pre-

solicitation contact should occur only under very limited circumstances and only in accordance with the terms set forth herein.

What is material non-public information?
The definition of material non-public information is highly subjective. The general test, however, is whether or not such information would reasonably affect an investor's decision to buy, sell or hold securities, or whether it would be likely to have a significant market impact. Examples of such information include, but are not limited to:

- a pending acquisition or sale of a substantial business;
- financial results that are better or worse than recent trends would lead one to expect;
- major management changes;
- an increase or decrease in dividends;
- calls or redemptions or other purchases of its securities by the company;
- a stock split, dividend or other recapitalization; or
- financial projections prepared by the Company or the Company's representatives.

What is pre-solicitation contact?
Pre-solicitation contact is any communication, whether oral or written, formal or informal, with the Company or a representative of the Company regarding proxy proposals prior to publication of the official proxy solicitation materials. This contact can range from simply polling investors as to their reaction to a broad topic, e.g., "How do you feel about dual classes of stock?" to very specific inquiries, e.g., "Here's a term sheet for our restructuring. Will you vote to approve this?"

Determining the appropriateness of the contact is a factual inquiry which must be determined on a case-by-case basis. For instance, it might be acceptable for us to provide companies with our general approach to certain issues. Promising our vote, however, is prohibited under all circumstances. Likewise, discussion of our proxy guidelines, in whole or in part, with a company or others is prohibited. In the event that you are contacted in advance of the publication of proxy solicitation materials, please notify the Legal/Compliance Department immediately. The Company or its representative should be instructed that all further contact should be with the Legal/Compliance Department.

It is also critical to keep in mind that as a fiduciary, we exercise our proxies solely in the best interests of our clients. Outside influences, including those from within J.P. Morgan Chase should not interfere in any way in our decision making process. Any calls of this nature should be referred to the Legal/Compliance Department for response.

B. Europe, Middle East, Africa, Central America and South America

Table of Contents

I. POLICY

Corporate Governance addresses the agency problems that are induced by the separation of ownership and control in the modern corporation. J.P. Morgan Asset Management ('JPMAM') is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients' assets and we expect those companies to demonstrate high standards of governance in the management of their business at all times.

We have set out herein the principles which provide the framework for our corporate governance and proxy voting activity. Although these apply primarily to the UK and Europe and therefore principally concern accounts managed from the London office, our colleagues in New York, Tokyo and Hong Kong have similar guidelines, consistent with law and best practice in these different locations. Full details are available on request.

Our UK Guidelines are based on the revised UK Corporate Governance Code. Any company complying with its provisions can usually expect JPMAM to support its corporate governance policies. JPMAM works closely with the UK Financial Reporting Council (FRC) and the Investment Association (IA), and we abide by these organisations' corporate governance principles and also take their guidance into account when implementing our policy. If a company chooses to deviate from the provisions of the Code, we will give the explanations due consideration and take them into account as appropriate, based on our overall assessment of the standards of corporate governance evidenced at the company.

For Continental European markets, we expect companies to comply with local Corporate Governance Codes, where they exist. We fully recognise that, in certain European markets, there are areas where local law or practice prescribe differing structures or processes to those found in the UK, which must be taken into account. In markets where a comparable standard does not exist, we will use our own Guidelines as the primary basis for our voting and corporate governance activity, whilst taking local market practice into consideration where applicable. JPMAM also is a member of the European Funds and Asset Management Association (EFAMA), the International Corporate Governance Network (ICGN) and the Asian Corporate Governance Association (ACGA).

In our view, our Guidelines meet with the requirements of the US Department of Labor recommendations as they apply to ERISA and US Mutual Funds.

Voting

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote shares held in its clients' portfolios in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of the beneficial owners of the security. So far as is practicable we will vote at all of the meetings called by companies in which we are invested.

It should be noted that JPMAM treats every proxy on a case-by-case basis, voting for or against each resolution, or actively withholding our vote as appropriate. Our primary concern at all times is the best economic interests of our clients. These Guidelines are therefore an indication only of JPMAM's normal voting policy. The investment analyst or portfolio manager always has discretion to override the policy should individual circumstances dictate.

Certain markets require that shares being tendered for voting purposes are temporarily immobilised from trading until after the shareholder meeting has taken place. Other markets require a local representative to be hired in order to attend the meeting and vote in person on our behalf, empowered with Power of Attorney documentation which can represent considerable cost to clients. Elsewhere, notably Emerging Markets, it may not always be possible to obtain sufficient information to make an informed decision in good time to vote, or there may be specific financial risks where, for example, voting can preclude participating in certain types of corporate action. In these instances, it may sometimes be in our clients' best interests to intentionally refrain from voting in certain overseas markets from time to time.

As our Guidelines are primarily targeted at companies listed on main stock exchanges, it is sometimes difficult for smaller companies to apply the same corporate governance rules and we will look at any issues for such companies on a case-by-case basis. We would, however, encourage them to apply the highest possible standards of governance.

Proxy Committee

Responsibility for the formulation of voting policy in each region rests with the Proxy Committee, whose role is to review JPMAM's corporate governance policy and practice in respect of investee companies and to provide a focal point for corporate governance issues. Each Committee is composed of senior analysts, portfolio managers, governance professionals, and can call upon members of legal and compliance, or other specialists, as appropriate . Committees meet at least quarterly, or more frequently as circumstances dictate. Each regional Committee reports, in turn, to a Global Proxy Committee, chaired by the Global Head of Equity, which has overall responsibility for our approach to governance issues worldwide, and for ensuring that regional policies comply with the firm's global governance principles.

Stewardship and Engagement

As long-term owners, we regard regular, systematic and direct contact with senior company management, both executive and non-executive, as crucially important. For UK and European companies in particular, corporate governance specialists routinely attend scheduled one-to-one meetings alongside analysts and portfolio managers, as well as convene dedicated meetings as required in order to debate areas of concern. Full details of our Stewardship Policy are contained in Part III of this document.

JPMAM was a founding signatory to the UK Stewardship Code and we believe that our existing stewardship policies meet or exceed the standard required under the Code. Our full statement of compliance is available to view or download on our website.

Sustainability

JPMAM believes that non-financial issues, such as social, environmental and sustainability issues can have an economic impact on our clients' investments. We expect the companies in which we invest to behave in a manner consistent with these wider obligations. Full details are contained in Part IV of this document.

Conflicts of Interest

Typical conflicts include where JPMC or its Affiliates are involved in a transaction at an investee company, or provide banking or other services, or where JPM personnel sit on other company boards.

In order to maintain the integrity and independence of JPMAM's proxy voting decisions, JPMorgan Chase (including JPMAM) has established formal barriers designed to restrict the flow of information between JPMC's securities, lending, investment banking and other

divisions to JPMAM investment professionals. The policy is available to download from our website.

Where a potential material conflict of interest has been identified, JPMAM will call upon an independent third-party to make the voting decision, or it will contact individual clients to approve any voting decision, or may elect not to vote. A record of all such decisions is available to clients on request.

Stocklending

Stock which is lent cannot normally be voted, as the right to vote is effectively lent with the shares. For routine voting, JPMAM views the revenue from lending activities to be of more value to the client than the ability to vote. However, we reserve the right to recall stock on loan in exceptional circumstances, in order to protect our clients' interests in the event of a particularly important or close vote.

Finally, it should be pointed out that this document is intended as an overview only. Specific issues should always be directed to your account administrator or portfolio manager, or the J.P. Morgan Corporate Governance Team.

J.P. Morgan Asset Management

London Proxy Committee

January 2017

II. VOTING GUIDELINES

1. REPORTS & ACCOUNTS

Annual Report

Reports and accounts should be both detailed and transparent and should be submitted to shareholders for approval. They should meet accepted reporting standards, such as those prescribed by of the International Accounting Standards Board (IASB) and should meet with the spirit as well as the letter of those reporting standards. We agree with the UK Corporate Governance Code, that the company's annual report and accounts, when taken as a whole, should be fair, balanced and understandable, a primary outcome of which is for the narrative sections of the annual report to reflect more accurately the company's position, performance and prospects

The annual report should include a statement of compliance with relevant codes of best practice, in markets where they exist, together with detailed explanations regarding any area of non-compliance.

Legal disclosure varies from market to market. If, in our opinion, a company's standards of disclosure (whilst meeting minimum legal requirements) are insufficient in any particular area, we will inform company management of our concerns. Depending on the circumstances, we will either abstain or vote against the resolution concerned. Similar consideration would relate to the use of inappropriate accounting methods.

Remuneration Report

The remuneration policy as it relates to senior management should ideally be presented to shareholders as a separate voting item. We would expect the report to contain full details of all aspects of individual director's emoluments. We will endeavour to engage with the company or seek an explanation regarding any areas of remuneration which fall outside our guidelines and we will abstain or vote against the remuneration report and, if appropriate, members of the Remuneration Committee, if we feel that explanation is insufficient. Any material changes to compensation arrangements should be put to shareholders for approval.

Several markets worldwide now have a binding vote on remuneration policy. In our view, remuneration policies should stand the test of time, and should not need amendment on an annual or biennial basis. We would therefore expect votes on remuneration policies to occur normally every third year, the maximum allowed under the regulations, and will regard it as concerning where companies feel the need to bring proposed changes to shareholders more frequently than this. Similarly, reporting under the new regulations should not necessarily lead to an increase in the volume of data provided. Investors expect clear and concise reports that are effective at communicating how executive pay is linked to delivery of the company's strategy in the long-term.
see Compensation

2. DIVIDENDS

Proposals for the payment of dividends should be presented to shareholders for approval and should be fully disclosed in advance of the meeting. We will vote against dividend proposals if we deem the payout ratio to be too low, or if the earnings and cash cover are inadequate and payment of the proposed dividend would prejudice the solvency or future prospects of the company.

3. BOARD OF DIRECTORS

Board Structure

Companies should be controlled by an effective board, with an appropriate balance of executive and non-executive directors, such that no single stakeholder or group of stakeholders has a disproportionate or undue level of influence. JPMAM is generally in favour of unitary boards of the type found in the UK, as opposed to tiered board structures. We find that unitary boards offer flexibility while, with a tiered structure, there is a risk of upper tier directors becoming remote from the business, while lower tier directors become deprived of contact with outsiders of wider experience. No director should be excluded from the requirement to submit him/herself for re-election on a regular basis.

We agree with the UK Financial Reporting Council (FRC), that the board has a vital role to play in shaping and embedding a healthy corporate culture. The values and standards of behaviour set by the board are an important influence on culture within the organisation and we believe there are strong links between governance and establishing a culture that supports long-term success. In our view, there is a role for the board in establishing the culture, values and ethics of the company and in setting the 'tone from the top'.

Board Independence

JPMAM believes that a strong independent element to a board is essential to the effective running of a company. The calibre and number of non-executive directors on a board should be such that their views will carry significant weight in the board's decisions.

We agree with the ICGN, that the majority of a board should be independent, especially if the company has a joint Chairman / CEO. JPMAM will use its voting powers to encourage appropriate levels of board independence, whilst taking into account local market practice

In order to help assess their contribution to the company, the time spent by each non-executive director should be disclosed to shareholders, as well as their attendance at board and committee meetings. Boards should also create and maintain a formal succession plan, to ensure orderly refreshment of the board, and minimise over-dependence on any certain individual.

Chairman

Boards should be headed by an effective Chairman, who is independent on appointment. There should be a clear division of responsibilities at the head of a company, such that no one individual has unfettered powers of decision. JPMAM believes that the roles of Chairman and Chief Executive Officer should normally be separate and will generally vote against combined posts.

Board Size

Board size should be appropriate to the size and complexity of the company. JPMAM will exercise its voting powers in favour of reducing excessively-large boards wherever possible. Boards with more than 15 directors are usually deemed excessively large, whereas less than 5 directors may be too small to provide sufficient levels of independence for key committees.

Board Diversity

JPMAM is committed to supporting inclusive organisations where everyone can succeed on merit. Recruiting individuals with unique experiences and diverse backgrounds is a fundamental part of strengthening a business, and is an important consideration when searching for new board members. Although we do not endorse quotas, we expect boards to have a strategy to improve female representation in particular, and we will

utilise our voting power to bring about change where companies are lagging. We also expect companies to consider diversity in its widest sense, both at board level and throughout the business.

Board Committees

Boards should delegate key oversight functions, such as responsibility for Audit, Nominations and Remuneration issues, to independent committees. The Chairman and members of any Committee should be clearly identified in the annual report. Any Committee should have the authority to engage independent advisers where appropriate at the company's expense.

Audit Committees should consist solely of non-executive directors, who are independent of management. The Committee should include at least one person with appropriate financial qualifications but they should all undergo appropriate training that provides and maintains a reasonable degree of financial literacy. Formal arrangements should be in place for the Committee to hold regular meetings with external auditors, without executive or staff presence and they should have an explicit right of unrestricted access to company documents and information.

Nomination Committees should be majority-independent; there should be a formal nomination process for the appointment of Directors.

Remuneration Committees should be independent; no director should be able to determine their own emolument. The remuneration report (where applicable) should be the responsibility of the Remuneration Committee.
See Remuneration Report

Boards of banks, or other large or complex companies, should establish a Risk Committee to provide independent oversight and advice to the board on the current risk exposures of the entity and future risk strategy, in order to manage these issues effectively within their business. These bodies should give a summary of their activities in the Annual Report.

Director Independence

We agree with the ICGN that a director will generally be deemed to be independent if he or she has no significant financial, familial or other ties with the company which might pose a conflict and has not been employed in an executive capacity by the company for at least the previous ten years.

A non-executive director who has served more than three terms (or ten years) in the same capacity can no longer normally be deemed to be independent. Directors staying on beyond this duration would require the fullest explanation to shareholders, and we would expect such directors to offer themselves for re-election annually.

In determining our vote, we will always consider independence issues on a case-by-case basis, taking into account any exceptional individual circumstances, together with local markets' differing attitudes to director independence.

Director's Liability

In certain markets, this proposal asks shareholders to give blanket discharge from responsibility for all decisions made during the previous financial year. Depending on the market, this resolution may or may not be legally binding and may not release the board from its legal responsibility.

JPMAM will usually vote against discharging the board from responsibility in cases of pending litigation, or if there is evidence of wrongdoing for which the board must be held accountable.

Companies may arrange Directors and Officers ('D&O') liability insurance to indemnify executives in certain circumstances, such as class action lawsuits and other litigation. JPMAM generally supports such proposals, although we do not approve of arrangements where directors are given 100% indemnification, as this could absolve them of responsibility for their actions and encourage them to act recklessly. Such arrangements should not extend to third parties, such as auditors.

Multiple Directorships

In order to be able to devote sufficient time to his or her duties, we would not normally expect a non-executive to hold more than three significant directorships at any one time. For executives, only one additional non-executive post would normally be considered appropriate without further explanation.

We agree with the UK Corporate Governance Code that no single individual should chair more than one major listed company.

Investment Trust and Fund Directors

In the UK, the Boards of investment trust companies are unusual in being normally comprised solely of non-executive directors. JPMAM generally prefers that the majority of such boards (including the Chairman) are independent of the management company. We believe this to be appropriate and expect investment trust boards to comply with the Association of Investment Companies (AIC) Code of Corporate Governance.

We note that the AIC Code does not make explicit recommendations on board tenure. We take this into account when assessing director independence, although we agree with the AIC that investment trust companies should have a formal policy on tenure and that any director serving beyond three terms should offer themselves for re-election annually. We also believe that at least half of the board of an investment trust company (including the Chairman) should be non-executive directors having served for less than nine years, in order to ensure that the board does not become ossified with a large number of long-serving directors.

SICAV and other fund board directors should comply with the ALFI Code of Conduct, or equivalent codes where they exist.

4. COMPENSATION

Directors' Contracts

JPMAM believes that directors' contracts should be of one year's duration or less, and payments on termination should not exceed one year's fixed compensation. This is accepted market best practice in the UK as well as other major European markets. Special provisions whereby additional payment becomes due in the event of a change of control are an inappropriate use of shareholder funds and should be discouraged. Market practice regarding the length of director's service contracts varies enormously: JPMAM is cognisant that it would be inappropriate to enforce UK standards in some other markets. To this end, JPMAM will take into account local market practice when making judgements in this area. Company Chairmen should not normally have executive-style contractual arrangements with the company which include severance terms.

Executive Director's Remuneration

Executive remuneration is and will remain a contentious issue, particularly the overall quantum of remuneration. Policy in this area cannot easily be prescribed by any code or

formula to cater for all circumstances and must depend on responsible and well-informed judgement on the part of remuneration committees. Any remuneration policy should be transparent, simple to understand and fully disclosed to shareholders in a separate Remuneration Report within the Annual Report. Compensation should contain both a fixed element, set by reference to the external market but always cognisant of pay within a company's general workforce, and a variable element, which fully aligns the executive with shareholders and where superior awards can only be achieved by attaining superior performance.

Due consideration should also be given to the effective management of risk within the business. This should be reflected in remuneration arrangements, in order to incentivise appropriate behaviours and, more importantly, discourage excessive risk taking, which may be detrimental to shareholders. Compensation arrangements should provide alignment between managers and shareholders across the cycle, and due consideration should be given to devices such as clawback or bonus/malus arrangements in order to avoid payment for failure.

JPMAM will generally vote against shareholder proposals to restrict arbitrarily the compensation of executives or other employees. We feel that the specific amounts and types of employee compensation are within the ordinary business responsibilities of the board and the company management. However, the remuneration of executive directors should be determined by independent remuneration committees and fully disclosed to shareholders. Any stock option plans or long-term incentive plans should meet our guidelines for such plans set forth herein.

We believe firmly that directors should be encouraged to hold meaningful amounts of company stock, equivalent to at least one year's salary, and two years or more for chief executives, which should be maintained for the duration of employment.

Transaction bonuses, one-off retention awards, or other retrospective ex-gratia payments, should not be made. Similarly, recruitment awards for incoming executives should be limited to the value of awards forgone, and be granted on equivalent terms.

Non-Executive Director's Remuneration
JPMAM believes that non-executive directors should be paid, at least in part, in shares of the company wherever possible, in order to align their interests with the interests of shareholders. Performance criteria, however, should never be attached. Non-executive directors should not be awarded share options or performance based share awards.

Fixed Compensation
Executives are entitled to a basic salary set by reference to the external market and in particular benchmarked against the company's immediate peers. Acknowledging that salary often forms the basis for variable compensation, we believe annual increases in salary should be limited and generally in line with the wider workforce of the company. Substantial increases in salary, for example where an executive has been promoted, should be fully justified to shareholders. We do not approve of large increases in fixed salary as a retention mechanism.

Variable Compensation
We generally prefer any variable compensation arrangement to have a short-term and long-term component. Annual bonuses are now a common feature of compensation packages. We prefer that bonuses be capped at a multiple of salary benchmarked against a company's sector. In industries that operate an overall bonus pool we at least expect a cap on the overall potential pool. Whilst we recognise that annual bonus targets are often, though not always, commercially sensitive, we expect a high degree of

disclosure on performance metrics (pre-award) and performance against those metrics (post-award). Payment of bonus for executives should take the form of cash and shares deferred for a defined period of time. Bonus malus and/or clawback are also expected features of any bonus scheme.

For the long-term component, share-based Long-Term Incentive Plans (LTIPs) and Share Option Schemes (SOSs) should be designed to give directors incentive to perform at the highest levels, and grants under such schemes should be subject to appropriate performance criteria which are challenging and which reflect the company's long-term strategy and objectives over an appropriate period (at least three years, and preferably five years or more) There should be no award for below-median performance, and awards for at-median performance should be modest. Beneficiaries should be encouraged to retain any resultant shares for a suitable time, and should not benefit from free-matching shares for no other reason than a decision to defer compensation already earned.

We will generally vote against the re-setting of performance conditions on existing awards, the cancellation and re-issue, re-testing or re-pricing of underwater awards, the backdating of awards or discounted awards.

All incentive plans should be clearly explained and fully disclosed to both shareholders and participants and put to shareholders for approval. Furthermore, each director's awards, awarded or vested, should be detailed, including term, performance conditions, exercise prices (if any), and the market price of the shares at the date of exercise. They should also take into account appropriate levels of dilution. Best practice requires that share options be fully expensed, so that shareholders can assess their true cost to the company. The assumptions and methodology behind the expensing calculation should also be explained to shareholders.

In all markets JPMAM will vote in favour of well-structured schemes with keen incentives and clear and specific performance criteria, which are challenging in nature and fully disclosed to shareholders in advance. We also favour simplicity both in the number of variable incentive schemes and in their structure. We will vote against payments which are excessive or performance criteria which are undemanding, or where there is excessive discretion exercised by remuneration committees. We would expect remuneration committees to explain why criteria are considered to be challenging and how they align the interests of shareholders with the interests of the recipients.

Pensions

Pension arrangements should be transparent and cost-neutral to shareholders. JPMAM believes it is inappropriate for executives to participate in pension arrangements which are materially different to those of employees (such as continuing to participate in a final salary arrangement, when employees have been transferred to a defined contribution scheme). One-off payments into individual director's pension schemes, changes to pension entitlements and waivers concerning early retirement provisions must be fully disclosed and justified to shareholders.

5. AUDITORS

Auditor Independence

Auditors must provide an independent and objective check on the way in which the financial statements have been prepared and presented. JPMAM will vote against the appointment or re-appointment of auditors who are not perceived as being independent. The length of time both the audit company and the audit partner have served in their capacity with a given company may be a factor in determining independence.

Auditor Rotation

In order to safeguard the independence of the audit, companies should rotate their auditor over time. We agree with the provisions of the UK Competition Commission, that companies should put their external audit contract out to tender at least every ten years.

Auditor Remuneration

Companies should be encouraged to distinguish clearly between audit and non-audit fees. Audit committees should keep under review the non-audit fees paid to the auditor, both in relation to the size of the total audit fee and in relation to the company's total expenditure on consultancy. A mechanism should be in place to ensure that consultancy work is put out to competitive tender.

We would oppose non-audit fees consistently exceeding audit fees, where no explanation was given to shareholders. Audit fees should never be excessive.

Auditor Indemnification

JPMAM is opposed to the use of shareholders' funds to indemnify auditors.
see Audit Committee

6. ISSUE OF CAPITAL

Issue of Equity

In most countries, company law requires that shareholder approval be obtained in order to increase the authorised share capital of the company. Any new issue of equity should take into account appropriate levels of dilution.

JPMAM believes strongly that any new issue of equity should first be offered to existing shareholders on a pre-emptive basis. Pre-emption rights are a fundamental right of ownership and we will vote against 'cash box' structures or other attempts to suspend, bypass or eliminate pre-emption rights, unless they are for purely technical reasons (e.g. rights offers which may not be legally offered to shareholders in certain jurisdictions). We prefer that these issuances are sought annually, and generally do not support multi-year capital issuances, or shares which are issued at a preferential discount to third parties as part of a related-party transaction.

JPMAM will vote against increases in capital which would allow the company to adopt 'poison pill' takeover defence tactics, or where the increase in authorised capital would dilute shareholder value in the long-term.

Issue of Debt

JPMAM will vote in favour of proposals which will enhance a company's long-term prospects. We will vote against any uncapped or poorly-defined increase in bank borrowing powers or borrowing limits, as well as issuances which would result in the

company reaching an unacceptable level of financial leverage, where there is a material reduction in shareholder value, or where such borrowing is expressly intended as part of a takeover defence.

Share Repurchase Programmes

JPMAM will vote in favour of share repurchase or buy-back programmes where the repurchase would be in the best interests of shareholders and where the company is not thought to be able to use the cash in a more useful way. We will vote against abusive schemes, or where shares are repurchased at an inappropriate point in the cycle, or when shareholders' interests could be better served by deployment of the cash for alternative uses.

7. MERGERS / ACQUISITIONS

Mergers and acquisitions are always referred to individual portfolio managers and/or investment analysts for a case-by-case decision, based exclusively on the best economic interests of our clients. In exceptional circumstances, we will split our vote and vote differently for individual clients depending on the respective desired investment outcomes of our portfolio managers. JPMAM may occasionally split its vote between different client constituents for technical reasons, such as cross-border mergers where certain groups of clients may not be able to hold the resultant stock, or to reflect differing portfolio strategies and/or investment outcomes.

As a general rule, JPMAM will favour mergers and acquisitions where the proposed acquisition price represents fair value, where shareholders cannot realise greater value through other means and where all shareholders receive fair and equal treatment under the merger/acquisition terms.

8. VOTING RIGHTS

JPMAM believes in the fundamental principle of 'one share, one vote'. Accordingly, we will vote to phase out dual voting rights or classes of share which either confer special voting rights to certain stakeholders, or restricted voting rights and we will oppose attempts to introduce new ones. We are opposed to mechanisms that skew voting rights, such as voting right limits or cumulative voting; directors should represent all shareholders equally and voting power should accrue in direct proportion to the shareholder's equity capital commitment to the company.

Minority shareholders should be protected from abusive actions by, or in the interests of, controlling shareholders, acting either directly or indirectly, and should have effective means of redress. Shareholders should also have the right to formally approve material related-party transactions at Annual General Meetings.

While certain fundamental changes to a company's business, Articles of Association, or share capital should require a supermajority vote, voting on routine business should require a simple majority only (51%). We will generally oppose amendments to require inappropriate supermajority votes, or supermajority requirements which are being introduced as a tool to entrench management.

9. OTHERS

Poison Pills

Poison pills, or shareholder rights plans, are devices designed to defend against hostile takeover. Typically, they give shareholders of a target company or a friendly third party, the right to purchase shares at a substantial discount to market value, or shares with special conversion rights in the event of a pre-defined 'triggering event' occurring (such as an outsider's acquisition of a certain percentage of stock). Corporations may or may not be able to adopt poison pills without shareholder approval, depending on the market.

JPMAM is fundamentally opposed to any artificial barrier to the efficient functioning of markets. The market for corporate control should, ultimately, be for shareholders, not managers, to decide. We find no clear evidence that poison pills enhance shareholder value. Rather, they are used as tools to entrench management.

JPMAM will generally vote against anti-takeover devices and support proposals aimed at revoking existing plans. Where anti-takeover devices exist, they should be fully disclosed to shareholders and shareholders should be given the opportunity to review them periodically.

Composite Resolutions

Agenda items at shareholder meetings should be presented in such a way that they can be voted upon clearly, distinctly and unambiguously. We normally oppose deliberately vague, composite or 'bundled' resolutions, depending on the context and local market practice.

Any amendments to Articles of Association should be presented to shareholders in such a way that they can be voted on independently. Shareholders should similarly be able to vote on the election of directors individually, rather than in bundled slates.

AOB

We will generally vote against 'any other business' resolutions where we cannot determine the exact nature of the business to be voted on.

Social / Environmental Issues

Companies should conduct their business in a manner which recognises their responsibilities to employees and other stakeholders, as well as broader society and the environment. Full details of our sustainability policy are available in Part IV of this document.

JPMAM reviews shareholder proposals concerning social and environmental issues. In normal circumstances, the consideration of social issues in investment decisions is the duty of directors; nevertheless from time to time, a company's response to the circumstances of a particular social or environmental issue may have economic consequences, either directly or indirectly. In these cases, the economic effects are considered as primary when determining our vote.

Where management is proposing changes with a social, environmental or ethical dimension, these proposals should be in line with JPMAM's Social and Environmental policy.
see Social and Environmental

Charitable Issues

Charitable donations are generally acceptable, provided they are within reasonable limits and fully disclosed to shareholders.

Political Issues

JPMAM does not support the use of shareholder funds for political donations.

J.P. Morgan Asset Management

London Proxy Committee

January 2017

III. STEWARDSHIP

J.P. Morgan Asset Management ('JPMAM') recognises its wider stewardship responsibilities to its clients as a major asset owner. To this end, we support the revised FRC Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies. JPMAM endorses the Stewardship Code for its UK investments and supports the Principles as best practice elsewhere. We believe that regular contact with the companies in which we invest is central to our investment process and we also recognise the importance of being an 'active' owner on behalf of our clients. Our approach to the seven Principles and how we apply them are set out below.

Institutional investors should:

1. **Publicly disclose their policy on how they will discharge their stewardship responsibilities.**

   JPMAM's primary activity in the investment chain is as an asset manager for both institutional and retail clients. Although we manage our equity portfolios using a number of different investment processes, we are predominantly a long-term active investor. Our aim is to produce the best risk-adjusted returns that align with our clients' objectives.

   We take a research-driven approach to sustainable investing. Although the precise methodology is tailored to each investment strategy, we believe Environmental, Social and Governance ('ESG') considerations, particularly those related to governance, can play a critical role in long-term investment strategy. As an active investment manager, engagement is an important and ongoing component of our investment process, and we view frequent and direct contact with company management as critically important. When considering investment options, we supplement our proprietary thinking with research from a variety of third-party specialist providers and engage directly with companies on a wide array of ESG issues. Our governance specialists regularly attend scheduled one-on-one company meetings alongside investment analysts to help identify and discuss relevant issues.

   JPMAM's investors and corporate governance specialists undertake four broad areas of activity, with the aim of identifying and mitigating ESG risk in our portfolios:

   - Analysis of the governance profiles of the companies in which we invest, in order to identify outliers requiring further engagement;
   - Engagement with investee companies, in order to understand issues and promote best practice;
   - Informed, investor-led proxy voting;
   - An assessment of social and environmental issues, where they have the potential to impact the valuation.

   Engagement with companies takes place on a wide range of issues, including strategy, performance, risk, capital structure, and corporate governance issues including board and oversight structures, skills, culture and remuneration. JPMAM does not outsource any of its engagement activity. Proxy votes are assessed on a case-by-case basis by governance specialists in conjunction with the analyst or portfolio manager where appropriate.

Where a company deviates from the UK Corporate Governance Code (or equivalent overseas codes, where they exist), JPMAM will always give due consideration to the explanation where it is given.

Copies of our Corporate Governance Policy are available on request, or to download from our website:-

http://am.jpmorgan.co.uk/institutional/aboutus/aboutus/corporategovernance.aspx

Although these policies apply primarily to investments in the UK and Europe and therefore principally concern accounts managed from the London office, our offices in New York, Tokyo and Hong Kong have similar guidelines, consistent with local law and best practice in these different jurisdictions. Full details are available on request.

2. Have a robust policy on managing conflicts of interest in relation to stewardship

and this policy should be publicly disclosed. As part of our broader Safeguard Policy, JPMAM has established formal barriers designed to restrict the flow of information between JPMC's securities lending, investment banking and other divisions to JPMAM's investment professionals, as well as in order to maintain the integrity and independence of our proxy voting decisions and engagement activity. We have established physical and electronic information barriers which are designed to prevent the exchange or misuse of material, non-public information obtained by various "insider" businesses of JPMC Group. Employees within an "insider" business unit are prohibited from passing on sensitive information to those in an "outside" business unit who cannot access the information. The overarching principle of JPMAM is that it is considered to be a "public area" that invests and trades in securities based upon publicly available market information and, therefore, if any member of JPMAM anywhere in the world is made an "insider", this restricts the firm globally and may not be in the interests of its clients. Occasionally, inside information may be received, for instance, as part of a pre-sounding for a forthcoming issue of securities. In these instances, we will apply our wall-crossing procedures. However, the period for which JPMAM is an insider should be as short as possible.

Before the start of any meeting or conversation we well make clear to brokers and issuers that, if they inadvertently make JPMAM "insiders", it will be detrimental to the ongoing relationship. It is therefore a condition that, where JPMAM is made an insider, the broker (or other person) providing the information should give JPMAM the opportunity to decline before being provided with any such information. Where JPMAM is made "inside", the individual(s) in receipt of such information must contact Compliance immediately. Transactions in the securities of the issuer are prohibited with immediate effect, as well as recommendations of transactions for clients or own personal accounts, and impacted securities are placed on a "Banned List" where trading activity is systematically restricted globally across the JPMAM group. These restrictions are only lifted either once the transaction has been made public, or when confirmation has been received that the information is no longer relevant.

Typical conflicts include where a JPMorgan Affiliate, or another member of the JPMC Group may be involved in a transaction, or have a material interest or

relationship with, an investee company, or where JPM personnel sit on portfolio company boards, or where we are casting proxy votes in respect of 'own' funds, or inhouse investment trusts. In these situations, we will seek guidance from our Compliance Department and/or call upon an independent third party to make the voting decision.

The full policy document relating to conflicts of interest is available to download from our website:-

http://am.jpmorgan.co.uk/institutional/aboutus/aboutus/frcstewardshipcode.aspx

3. Monitor their investee companies.

JPMAM has over 1,200 investment professionals, including over 200 career analysts, tasked with monitoring and engaging with companies and constructing our clients' portfolios. They are supported by teams of corporate governance specialists, located in the 'front office' in order to better interact with investors regarding governance and stewardship issues. Within equities, this currently comprises three professionals in London, two in New York, and two in Asia. We have also nominated ESG co-ordinators and points of contact within other asset classes, including our fixed income and global real assets divisions. We undertake several thousand company visits and one-to-one meetings each year, as well as several hundred meetings specifically to discuss ESG issues.

In London, the team maintains a proprietary database containing detailed governance models for over 700 Pan-European companies, including all FTSE100 and selected FTSE250 and other companies, which evolve over time as we engage with companies and understand issues.

These models are updated regularly, and notes of engagements with companies are retained in order to form a clear audit trail. The corporate governance team also has full access to our main research database, and publishes notes and company profiles where appropriate which are available to all of our investment professionals. For analyst-driven investment processes in London, these models are used to generate proprietary ESG rankings and ratings, which are incorporated into analysts' models and stock rankings.

Where JPMAM deems it appropriate, we will enter into active dialogue with companies, except to the extent that we may risk becoming insiders or coming into receipt of material, non-public information, which may preclude us from dealing in the shares of the company concerned (although appropriate wall-crossing procedures do exist, if deemed in the best interests of our clients).

Where appropriate, JPMAM will attend key AGMs where we have a major holding, although it should be noted that JPMAM votes at over 10,000 shareholder meetings a year in 72 markets worldwide and, clearly, this is not practicable except in very exceptional circumstances.

4. Establish clear guidelines on when and how they will escalate their stewardship activities.

JPMAM has established clear guidelines on how we escalate our engagement activities in order to protect our clients' interests. We meet routinely with the senior executives of our investee companies at least annually; in the event that we are not satisfied with either their responsiveness or strategy, we may seek to meet with the chairman or other independent director(s), or express our concerns through the company's advisers. Where appropriate, we will hold joint engagement meetings with other investors who share our concerns. We may also use our proxy votes in order to try and bring about management change. In extremis, we will consider submitting a shareholder resolution, or requisitioning an EGM in order to bring about change, or to protect our clients' interests. We also reserve the right to sell out of a stock completely if the company is unresponsive, if we feel that is in the best interests of our clients.

Decisions to escalate will always be made on a case-by-case basis, in conjunction with the analyst and/or portfolio manager, taking into account the materiality of risk in our view, combined with the direction of travel on the issue as a result of our engagement.

Catalysts for further engagement can include escalating concerns over management failure in relation to strategy, or a lack of responsiveness in relation to succession planning or board composition, typically where we feel boards are not sufficiently independent, or do not have the right diversity of skills, background and experience.

Material concerns over executive compensation can also be a trigger for escalation, especially where issues persist over more than a year, or where we have been involved in a pay consultation, and our concerns have been ignored. Other triggering events can include a company being added to an alert list by one of our specialist third-party providers, for example where a company is subject to legal fines or censure, or allegations of bribery and corruption, or where a pollution event, or other environmental issue arises.

5. Be willing to act collectively with other investors where appropriate.

Subject to applicable laws and regulations in the relevant jurisdictions, JPMAM frequently works with other investors in collective engagement exercises with companies where appropriate (for example under the auspices of the UK Investor Forum and other formal and informal bodies), in order to enhance the effectiveness of our engagement. Circumstances where such collective engagement takes place include board succession planning, remuneration and AGM-related issues, as well as broader strategy issues. The named contact for this purpose is included below, and is also available on the Stewardship page of our website.

6. Have a clear policy on voting and disclosure of voting activity.

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of JPMAM to vote shares held in its clients' portfolios in a prudent and diligent manner, based on our reasonable judgment of what will best serve the long-term interests of our clients. So far as is

practicable we will vote at all of the meetings called by companies in which we are invested. We treat every proxy on a case-by-case basis, voting for or against each resolution, or actively withholding our vote as appropriate.

JPMAM votes at over 10,000 shareholder meetings each year, in more than 72 markets worldwide. We endeavour to vote in all markets, wherever possible, unless there are certain technical reasons in overseas markets which preclude us from voting, such as share-blocking or power of attorney requirements, or unless there is a conflict of interest, in which case we may be advised not to vote by our Compliance Department. Votes are investor-led and made on a case-by-case basis, and we do not always support the board. The investment analyst or portfolio manager always has discretion to override the policy should individual circumstances dictate.

We have comprehensive proxy voting policies in each region, covering the United States, the UK & Europe, and Asia Pacific & Emerging Markets, consistent with law and best practice in these different locations. As standards of corporate governance vary widely in overseas markets, we have adopted a principles-based, rather than rules-based approach to voting in international markets, based on local corporate governance codes (where they exist) and internationally recognised standards, such as OECD Guidelines and the guidance of the International Corporate Governance Network (ICGN).

Our voting policy as it relates to UK companies is based on the revised UK Corporate Governance Code. Any company complying with its provisions can usually expect JPMAM to support its corporate governance policies. We are also a member of the UK Investment Association (IA), and take their principles and guidance into account when implementing our policy. If a company chooses to deviate from the provisions of the Code, we will give the explanations due consideration and take them into account as appropriate, based on our overall assessment of the standards of corporate governance evidenced at the company.

JPMAM retains the services of the ISS voting agency, although its analyses form only the ‘base case’ voting recommendation and we will frequently take a differing view, based on the results of our engagement activity or our own insights. We also retain the services of Ethix SRI Advisors to assist us with weapons screening and certain social and environmental issues for interested clients.

A decision to vote against can be triggered by a recommendation from our service providers, or concerns from the analyst or portfolio manager, or where a company has been identified as an outlier or lagging its peers, or has been unresponsive in our request to engage. A decision to vote against management or abstain, or to override the recommendations of our voting agent or our proxy voting policy, is always documented, along with a rationale for that decision. Except where a holding is *de minimis*, we always endeavour to inform the company of our decision in advance, in order to give them the opportunity to discuss the issues with us prior to voting.

Overall responsibility for the formulation of voting policy rests with the Proxy Committee, whose role is to review JPMAM’s corporate governance policy and practice in respect of investee companies, and to provide an escalation point for voting and corporate governance issues. The Committee is composed of senior analysts, portfolio managers and corporate governance specialists and can call upon members of legal and compliance, or other specialists, as appropriate.

There are equivalent Committees in each region which report, in turn, to a Global Proxy Committee, chaired by our Global Head of Equities.

JPMAM has disclosed its proxy voting and engagement activity to its clients for many years. We also disclose selected voting highlights and engagement activity, as well as our detailed voting record, publicly on our website. These can be viewed by following the link:-

http://am.jpmorgan.co.uk/institutional/aboutus/aboutus/frcstewardshipcode.aspx

JPMAM and its clients may participate in stocklending programmes. It is not the policy of JPMAM to recall stock on loan for routine votes, where the revenue from lending activities is deemed to be of more value to the client than the ability to vote. However, we will recall stock on loan in exceptional circumstances, in order to protect our clients' interests in the event of a particularly important or close vote. It should be noted that some of our clients participate in third-party lending arrangements directly with their custodians, which may be invisible to JPMAM.

7. Report periodically on their stewardship and voting activities.

JPMAM maintains a clear record of its proxy voting and engagement activity. We also produce detailed quarterly voting and engagement activity reports for our clients, and publish summary information on our public website. These reports provide qualitative as well as quantitative information, including commentary on our activities in relation to proxy voting, engagement, market developments and social and environmental issues.

The proxy voting function is independently verified by our external auditor as part of the ISAE 3402 review , and oversight of our broader engagement process is also verified in accordance with AAF 01/06 as part of the monitoring stipulated by our UK investment trusts.

JPMAM believes that public disclosure of certain ongoing engagement with companies would be prejudicial to that engagement activity and would not be in the best interests of our clients. In these circumstances, we may decide not to disclose that activity publicly, or refrain from reporting until after the event.

The Proxy Committee has agreed to review this approach periodically, in accordance with the Principles. Finally, it should be pointed out that this statement is intended as an overview only. Specific issues should always be directed to your account administrator or portfolio manager, or the J.P. Morgan Corporate Governance Team.

Our Statement of Compliance with the UK Stewardship Code can be viewed here:

http://am.jpmorgan.co.uk/institutional/aboutus/aboutus/frcstewardshipcode.aspx

Or follow the link to the FRC website:

https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Stewardship-Code/UK-Stewardship-Code-statements.aspx

IV. SOCIAL AND ENVIRONMENTAL

Clients entrust us to manage their portfolios and rely on our deep knowledge of markets, industries and companies. Our investment professionals engage with company management on an ongoing basis to evaluate the drivers of performance, which often include relevant ESG factors. We strive to integrate ESG factors across our investment platforms and increase the transparency around this to our clients. Through our global expertise and industry access, we identify key sustainable investing trends and share best-in-class capabilities from investment approaches to measurement.

JPMAM believes that companies should act in a socially responsible manner. They should conduct their business in a way which recognises their responsibilities to employees and other stakeholders in the long-term, as well as broader society and the environment.

We have adopted a positive engagement approach to social, environmental and sustainability issues. Thus, specific assets or types of assets are not excluded from portfolios explicitly on social, environmental or ethical criteria (unless specifically requested by clients, or required by local legislation). Rather, analysts take such issues into account as part of the mainstream analytical and stock selection process.

Although JPMAM's priority at all times is the best economic interests of its clients, we recognise that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists within the ESG Team are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to their sectors and/or industry. This analysis is then used to identify outliers within our investee companies which require further engagement. Engagement will either take place at scheduled company one-to-one meetings, or at dedicated meetings with non-executive directors, or Corporate Social Responsibility ('CSR') specialists (where they exist), or via the company's broker. Our engagement activity is reported to clients on a quarterly basis.

Where social or environmental issues are the subject of a proxy vote, JPMAM will consider the issue on a case-by-case basis, keeping in mind the best economic interests of our clients. Increasingly, shareholder proposals are being used by activist groups to target companies as a means of promoting single-issue agendas. In these instances, it is important to differentiate between constructive resolutions, intended to bring about genuine social or environmental improvement, and hostile proposals intended to limit management power, which may in fact ultimately destroy shareholder value.

In formulating our policy, we have endeavoured not to discriminate against individual companies or sectors purely on the grounds of the particular business sector in which they are involved. Thus a tobacco company or a company in an extractive industry will not be automatically marked down because their sector is perceived as 'unfriendly'.

We expect major listed companies in particular to have established a CSR Committee or similar body with responsibility for this area. Such a function should have direct access to the board and, ideally, there should be a designated main board director responsible for these issues. We would normally expect companies to publish a separate CSR Report, or to provide a CSR statement within their Annual Report, or on their website.

Controversial Weapons

The only exception to this approach is where investment in a particular sector or activity is prohibited by clients or by local legislation. Investment in landmines, cluster munitions and depleted uranium armour and ammunition (so-called 'controversial weapons') is prohibited in certain European jurisdictions and, as a result, these names are excluded from our stock universe for our entire Luxembourg-domiciled SICAV fund range. Full details are available on request.

Climate Change and Carbon Disclosure

Scientific research finds that an increasing concentration of greenhouse gases in our atmosphere is warming the planet, posing significant risks to the prosperity and growth of the global economy. In meeting our clients' needs, we consider a variety of global market risks and investment objectives, including a wide range of environmental risks and impacts they may pose to long-term portfolio returns. We recognize that climate change may create investment risk and opportunity across the various entities in which we invest on behalf of our clients, and companies that fail to manage these risks may subject shareholders to losses. To this end, we now have a the capability to calculate the carbon footprint of individual equity portfolios, in order to assist portfolio managers and respond to client questions on carbon emissions.

Climate policy risk has gained focus more recently as climate change-related laws and regulations emerge globally. For further details on our approach to these issues, please see our Investment Perspective on Climate Risk document, copies of which are available to download on our public website.

Principles of Responsible Investment

J.P. Morgan Asset Management is a signatory to the United Nations-supported Principles of Responsible Investment ('PRI'), which commits participants to six Principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. The Principles and how we deal with them are set out below:

1. Incorporate ESG into investment analysis and decision-making

JPMAM has a dedicated ESG team in London, located in the 'front office' in order to better advise analysts and portfolio managers regarding ESG issues. The ESG Team routinely benchmarks companies in our investment universe versus our Guidelines in order to identify outliers. This then drives our proxy voting and engagement activity. This engagement is ongoing and does not only occur at the time of an AGM. Fund managers in each region take non-financial issues into account as part of the investment process where they have the potential to impact the valuation. For analyst-driven investment processes in London, our proprietary ESG scores are incorporated into analysts' ratings and stock rankings.

2. Be active owners and incorporate ESG into ownership policies and practices

Investment managers in all locations undertake regular contact with senior managers of investee companies to discuss issues and promote the interests of our clients. Investment professionals in all locations also have access to specialist ESG data and resources, in order to assist them in their investment decisions. JPMAM also votes at nearly 10,000 AGMs in over 70 markets worldwide. Votes are investor-led and made on a case-by-case basis. There are

ESG policy documents available for each region, as well as a Global Policy, all of which are updated at least annually.

3. Seek appropriate ESG disclosure in investee companies

JPMAM participates in a number of initiatives aimed at improving transparency and disclosure at investee companies, as well as stock exchanges, regulators and other bodies worldwide. As investors, we continually scrutinise companies' Corporate Governance and Corporate Social Responsibility reports and encourage appropriate levels of disclosure.

4. Promote the Principles

JPMAM works both independently and with trade associations and other industry bodies, as well as other formal and informal networks, to promote the Principles within the industry.

5. Work together to enhance effectiveness

We also participate in joint investor networks such as ICGN, as well as engagement activity under the auspices of various local trade bodies, in order to enhance our effectiveness. Where appropriate, we also work with our competitors in collective engagement exercises with companies on ESG issues.

6. Report our activities

JPMAM produces detailed quarterly ESG activity reports for all of its clients, and also publishes summary information on its public website.

Partnerships and Affiliations

JPMAM is also a member of, or participant in, the Carbon Disclosure Project (CDP), the Extractive Industries Transparency Initiative (EITI), the Global Real Estate Sustainability Benchmark (GRESB), the Investor Network on Climate Risk (Ceres), the United Nations Environment Program Finance Initiative (UNEP FI), and the UN Global Compact. J.P. Morgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance. For further information, see:

www.unpri.org

www.cdproject.net

www.eiti.org

www.gresb.com

www.ceres.org

www.unepfi.org

www.unglobalcompact.org

www.equator-principles.com

Produced by:

Robert G Hardy

Managing Director

Head of Corporate Governance

+44 20 7742 5736

robert.g.hardy@jpmorgan.com

Version 19.01

Published January 2017

C. Asia ex Japan

Table of Contents

I PRINCIPLES

Corporate governance addresses the agency problems that are induced by the separation of ownership and control in the modern corporation. JPMAM is committed to delivering superior investment performance to its clients worldwide. We believe that one of the drivers of investment performance is an assessment of the corporate governance principles and practices of the companies in which we invest our clients' assets and we expect those companies to demonstrate high standards of governance in the management of their business.

We have set out below the principles which provide the framework for our corporate governance policy and proxy voting activity. Although the guidelines set out in this document apply to accounts managed from the Hong Kong and Singapore offices, our colleagues in London, New York and Tokyo have similar standards, consistent with law and best practice in these different locations.

Fiduciary Priority. Our clients appoint us to manage their assets in order to maximize the likelihood of meeting or exceeding their investment objectives at acceptable risk levels. Every decision to buy, hold or sell any security will be consistent with that overriding objective.

Stewardship and Engagement. We believe that regular contact with the companies that we invest in is central to our investment process. Our clients expect us, as their delegates, to monitor the governance of companies in which we have invested their assets. We encourage excellence in the management of companies through the considered application of best corporate governance practice.

Proxy Voting. Company management is accountable to the shareholders, our clients. It is our responsibility to ensure this is recognized through the considered use of our clients' votes.

Sustainability. We believe that non-financial factors such as social, environmental and sustainability issues can have an economic impact on our clients' investments. We expect the companies in which we invest to behave in a manner consistent with these wider obligations.

Ongoing commitment. We are committed to reviewing our corporate governance principles, policies and guidelines to ensure that they fully reflect our interpretation of best market practice.

II POLICY AND PROCEDURES

1 Proxy Committee

The JPMAM Asia Proxy Committee oversees the proxy voting process in the Asia ex Japan region. It is composed of senior officers from the investment and client services departments and supported by specialists from compliance and risk management. It meets quarterly, or more frequently as circumstances dictate and its minutes are circulated to senior management including the Global Proxy Committee to which it reports.

2 Voting Policy

JPMAM manages the voting rights of the shares entrusted to it as it would manage any other asset. It is our policy to vote in a prudent and diligent manner, based exclusively on our reasonable judgement of what will best serve the financial interests of the beneficial owners of the security. So far as is practicable we will vote at all of the meetings called by companies in which we are invested.

Our Guidelines are primarily targeted at companies listed on main stock exchanges. It is sometimes difficult for smaller companies to apply the same corporate governance standards and we would look at any issues for such companies on a case-by-case basis. We would, however, encourage them to apply the highest possible standards of governance.

At AGMs in Asia ex Japan markets, we will generally follow the recommendations of an independent proxy voting service provider for items that are of a routine and non-contentious nature. To ensure we fulfil our fiduciary obligation to always act in our clients best interests, we will review each AGM notice to check whether there are any non-routine matters such as company reorganisations/ restructurings, takeover/ merger and senior management compensation plans included therein. If any such matters are identified then we will consider each one individually so that our clients' best interests are served. The major routine matters in AGM are as follows:

1. Accept Financial Statement and Statutory Reports
2. Approve Dividend
3. Election and re-election of directors
4. Fix remuneration of directors
5. Appoint auditors and fix remunerations
6. Approve issuance of Equity or Equity-Linked Securities without pre-emptive rights
7. Approve repurchase of shares (up to 20% of issued capital)
8. Authorise reissuance of repurchased shares

Also, certain markets require that shares are blocked from trading in order to be tendered for voting purposes. In these instances, it may be in our clients' best interests to abstain from voting in order to preserve the ability to trade. For these countries, a decision will be taken on a case-by case basis in conjunction with the portfolio manager in order to determine how our clients' best interests are served.

To assist us with companies' proxy voting proposals, we have retained the services of an independent proxy voting provider, who is assigned responsibility for various functions, which may include one or more of the following: coordinating with client custodians to ensure that all proxy materials are processed in a timely fashion; providing us with a comprehensive analysis of each proxy proposal and providing us with recommendations on how to vote each proxy proposal based on our guidelines.

We have adopted procedures to recall shares on loan if a proposed major corporate event contemplates a shareholder vote to approve or to take other action. However, we may determine: (a) not to recall securities on loan if, in our judgment, the negative consequences to clients of recalling the loaned securities would outweigh the benefits of voting in the particular instance or (b) not to vote certain foreign securities positions if, in our judgment, the expense and administrative inconvenience or other burdens outweigh the benefits to clients of voting the securities.

Situations can sometimes arise where more than one JPMAM client invests in the same company or in which a single client may invest in the same company but in multiple accounts. In those situations, two or more clients, or one client with different accounts, may be invested in strategies having different investment objectives, investment styles, or portfolio managers. As a result, JPMAM may cast different votes on behalf of different clients or on behalf of the same client with different accounts.

In the event a JPMAM investment professional makes a recommendation in connection with an override, the investment professional must provide the appropriate Proxy Administrator with reasons supporting his recommendation and a certification that he received no communication in regard to the proxy that would violate either the JPMorgan Chase Safeguard Policy or written policy on information barriers, or received any communication in connection with the proxy solicitation or otherwise that would suggest the existence of an actual or potential conflict between JPMAM's interests and that of its clients and that he was not aware of any personal or other relationship that could present an actual or potential conflict of interest with the clients' interests.

Conflicts of Interest

In order to maintain the integrity and independence of JPMAM's proxy voting decisions, JPMorgan Chase has established formal barriers designed to restrict the flow of information amongst the asset management, securities, lending, investment banking and other divisions.

Where a potential material conflict of interest has been identified, the Proxy Administrator, in consultation with the Proxy Committee, will evaluate the potential conflict and make a recommendation on how to vote the proxy.

Finally, it should be pointed out that this document is intended as an overview only. Specific issues should always be directed to your account administrator or portfolio manager.

III VOTING GUIDELINES

Annual Report

Reports and accounts should be both detailed and transparent, and should be submitted to shareholders for approval. They should meet accepted reporting standards, and company accounts should employ Generally Accepted Accounting Practices. Reports should meet with the spirit as well as the letter of reporting standards, including the most recent recommendations of the International Accounting Standards Board.

The annual report should include a statement of compliance with relevant codes of best practice, in markets where they exist.

Legal disclosure varies from market to market. If, in our opinion, a company's standards of disclosure are insufficient in any particular area, we will inform company management of our concerns. Depending on the circumstances, we will either abstain or vote against the resolution concerned . Similar consideration would relate to the use of inappropriate accounting methods.

Dividends

Proposals for the payment of dividends should be presented to shareholders for approval, and should be fully disclosed in advance of the meeting. We will vote against dividend proposals if we feel that payment of the proposed dividend would prejudice the solvency or future prospects of the company.

Auditors

Auditors must provide an independent and objective check on the way in which the financial statements have been prepared and presented. We will vote against the appointment or reappointment of auditors who are not perceived as being independent.

Companies should be encouraged to distinguish clearly between audit and non-audit fees. Audit fees should never be excessive. Audit committees should keep under review the non-audit fees paid to the auditor, both in relation to the size of the total audit fee and in relation to the company's total expenditure on consultancy. A mechanism should be in place to ensure that consultancy work is put out to competitive tender. We would oppose non-audit fees consistently exceeding audit fees where no explanation is given to shareholders.

Boards

We believe that it is best practice for the roles of Chairman and Chief Executive Officer to be separate.

We are in favour of unitary boards of the type found in Hong Kong, as opposed to tiered board structures.

Boards with more than 20 directors are considered to be excessively large.

We believe that a strong independent element to a board is essential to the effective running of a company. The calibre and number of non-executive directors on a board should be such that their views will carry significant weight in the board's decisions. We believe that as a minimum, all boards should have at least three independent directors, unless the company is of such a size that sustaining such a number would be an excessive burden. We will use its voting powers to encourage appropriate levels of board independence, taking into account local market practice.

Board Committees

Where appropriate, boards should delegate key oversight functions to independent committees. The Chairman and members of any Committee should be clearly identified in the annual report.

Executive Directors' Remuneration

Executive remuneration is and will remain a contentious issue, particularly the overall quantum of remuneration. We will generally vote against shareholder proposals to restrict arbitrarily the compensation of executives or other employees.

Directors' Liability

In certain markets, this proposal asks shareholders to give blanket discharge from responsibility for all decisions made during the previous financial year. Depending on the market, this resolution may or may not be legally binding, and may not release the board from its legal responsibility.

We will usually vote against discharging the board from responsibility in cases of pending litigation, or if there is evidence of wrongdoing for which the board must be held accountable.

Directors over 70

We consider that a similar standard of care should be applied to the selection of a director over 70 as would be applied to that of any other director, although we would expect to see such a director offer him or herself for re-election each year.

Directors' Contract

Generally, we believe that directors' contracts should be of one year's duration or less.

Non-Executive Directors

As stated earlier in these guidelines, JPMAM believes that a strong independent element to a board is important to the effective running of a company. In determining our vote, we will always consider independence issues on a case-by-case basis, taking into account any exceptional individual circumstances, together with local markets' differing attitudes to director independence.

In order to help assess their contribution to the company, the time spent by each non-executive director should be disclosed to shareholders, as well as their attendance at board and committee meetings.

Audit and Remuneration Committees should be composed exclusively of independent directors.

Director Independence

We consider that a director will generally be deemed to be independent if he or she has no significant financial, family or other ties with the company which might pose a conflict, and has not been employed in an executive capacity by the company for at least the previous ten years.

Multiple Directorships

In order to be able to devote sufficient time to his or her duties, we would not normally expect a non-executive to hold more than five significant directorships at any one time. For executives, only one additional non-executive post would normally be considered appropriate without further explanation.

Non-Executive Directors' Remuneration

Non-executive directors should be paid but should not be awarded options.

Bonuses for Retiring Directors and Internal Statutory Auditors

We will generally vote Against proposals for retirement bonuses which will be paid to retirees including one or more directors or statutory auditors designated by companies as an outsider.

Issue of Equity

In most countries, company law requires that shareholder approval be obtained in order to increase the authorized share capital of the company. Proposals for equity issues will also specify whether pre-emptive rights are to be retained or suppressed or partially suppressed for the issue. As a general rule, JPMAM believes that any significant new issue of equity should first be offered to existing shareholders on a pre-emptive basis.

JPMAM will vote in favour of increases in capital which enhance a company's long-term prospects.

Issue of Debt

Reasons for increased bank borrowing powers are many and varied, including allowing normal growth of the company, the financing of acquisitions, and allowing increased financial leverage. Management may also attempt to borrow as part of a takeover defence.

JPMAM will vote in favour of proposals which will enhance a company's long-term prospects. We will vote against an increase in bank borrowing powers which would result in the company reaching an unacceptable level of financial leverage, where such borrowing is expressly intended as part of a takeover defence, or where there is a material reduction in shareholder value.

Share Repurchase Programs

Boards may instigate share repurchase or stock buy-back programs for a number of reasons. JPMAM will vote in favour of such programs where the repurchase would be in the best interests of shareholders and where the company is not thought to be able to use the cash in a more useful way.

We will vote against such programs when shareholders' interests could be better served by deployment of the cash for alternative uses, or where the repurchase is a defensive manoeuvre or an attempt to entrench management.

Mergers and Acquisitions

JPMAM always reviews mergers and acquisitions on a case-by-case basis. As a general rule, we will favour mergers and acquisitions where the proposed transaction price represents fair value, where shareholders cannot realise greater value through other means, and where all shareholders receive fair and equal treatment under the offer terms.

Voting Rights

JPMAM believes in the fundamental principle of 'one share, one vote'. Accordingly, we will vote to phase out dual voting rights or classes of share with restricted voting rights, and will oppose attempts to introduce new ones. We are opposed to mechanisms that skew voting rights, such as cumulative voting; and voting rights should accrue in accordance with the shareholder's equity capital commitment to the company.

Share Options

Best practice requires that share options be fully expensed, so that shareholders can assess their true cost to the company. The assumptions and methodology behind the expensing calculation should also be explained to shareholders.

We will generally vote against the cancellation and re-issue, re-pricing, of underwater options or the backdating of options.

Long Term Incentive Plans

A long term incentive plan can be defined as any arrangement, other than deferred bonuses and retirement benefit plans, which require one or more conditions in respect of service and/or performance to be satisfied over more than one financial year.

JPMAM normally will vote in favour of schemes with keen incentives and challenging performance criteria, which are fully disclosed to shareholders in advance, and vote against payments which are excessive or performance criteria which are undemanding.

Charitable Issues

Charitable donations are generally acceptable, provided they are within reasonable limits and fully disclosed to shareholders.

Political Issues

JPMAM does not normally support the use of shareholder funds for political donations.

Poison Pills

Poison pills or shareholder rights plans, are devices designed to defend against a hostile takeover. Typically they give shareholders of a target company or a friendly party the right to purchase shares at a substantial discount to market value, or shares with special conversion rights in the event of a pre-defined triggering event such as a outsider's acquisition of a certain percentage of stock.

JPMAM is fundamentally opposed to any artificial barrier to the efficient functioning of markets. The market for corporate control should ultimately be for shareholders, not managers to decide.

JPMAM will generally vote against anti-takeover schemes and support proposals aimed at revoking existing plans. Where such devices exist, they should be fully disclosed to shareholders who should be given the opportunity to review them periodically.

Composite Resolutions

Agenda items at shareholder meetings should be presented in such a way that they can be voted upon clearly, distinctly and unambiguously. We normally oppose deliberately vague, composite or bundled resolutions, depending on the context.

JP Morgan Asset Management
Emerging Markets and Asia Pacific Group– Asia ex Japan
Asia Proxy Committee

March 2016

D. Japan

Table of contents

Basic Policy on Corporate Governance

JPMorgan Asset Management (Japan) Ltd adopted the Japanese version of the Stewardship Code in May 2014; subsequently in August 2014, we disclosed the steps we follow with regard to the 7 principles of the Code. We recognize the importance of corporate governance and we will continue with our efforts to engage with companies as responsible institutional investors.

We also positively evaluate the Corporate Governance Code effective from June 2015, which we believe will serve to further enhance corporate governance in Japan.

J.P. Morgan Asset Management is a signatory to the United Nations Principles for Responsible Investment (UN PRI).

1. Purpose of proxy voting

JPMorgan Asset Management (Japan) Ltd (AMJ) manages the voting rights of the shares entrusted to it as it would manage any other asset. It is the policy of AMJ to vote in a prudent and diligent manner, based exclusively on our reasonable judgment of what will best serve the financial interests of the beneficial owners of the security. When exercising our vote, our aim is to evaluate the governance of the company concerned and maximize returns to shareholders over the long term.

2. Proxy voting principles

- We will vote at all of the meetings called by companies in which we are invested on behalf of our clients who have authorized us to vote.
- In principle, we will not abstain or withhold our vote. This is to prevent the worst possible outcome, a shareholder meeting failing to meet its quorum and thereby not be effective.
- It should be noted that AMJ scrutinises every proxy on a case-by-case basis, keeping in mind the best economic interests of our clients. We seek an improvement in the long term earnings or a prevention of deterioration in earnings of the company concerned.
- Agenda items at shareholder meetings should be presented in such a way that they can be voted upon clearly, distinctly and unambiguously. We normally oppose deliberately vague, composite or "bundled" resolutions. If any agenda item is couched in vague terms or lacking in explanation, so that it would be possible to interpret the item in a manner detrimental to the rights of shareholders, in principle we will not support such a proposal.
- Our engagement with a company as a shareholder is not limited to voting at the shareholders' meeting. In the course of meetings with company management, we encourage the exercise of sound management with due consideration for social, environmental and ethical issues and engagement with shareholders. For example, if an accident / incident or corporate misconduct which could negatively impact the company's economic value occurs, we will seek the implementation and announcement of improvement plans and timely disclosure to shareholders as deemed appropriate.

Corporate Governance Policy & Voting Guidelines

This document provides the proxy voting guidelines and policy. It is also meant to encompass activities such as engagement with company management. We regard regular, systematic and direct contact with senior company management, both executive and non-executive, as crucially important.

31st March 2016

JPMorgan Asset Management (Japan) Ltd.

Corporate Governance Guidelines

Distribution of income/Dividends and share buybacks
As investors, we are seeking sustainable earnings growth over the medium to long term and an expansion in shareholder value of the companies we invest in; thus we believe that concentrating solely on shareholders returns would not be appropriate. During different phases in a company's development, we understand that the balance between retained earnings, capital expenditure and investment in the business, and returns to shareholders will change.

As a general rule, we will vote against any proposal for the appropriation of profits which involves a pay-out ratio of less than 50% (after taking into account other forms of pay-outs to shareholders such as share repurchase programs), if the capital ratio is equal to or greater than 50% and there is no further need to increase the level of retained earnings. Also, even in the event that the capital ratio is less than 50%, we will vote against management if the pay-out ratio is deemed to be strikingly low (after taking into account other forms of pay-outs such as share repurchase programs) without a valid reason. We believe that, in general, companies should target a total shareholder return of 30%.
The guidelines above relating to a company's capital ratio have not been applied in the case of financial institutions; the income allocation proposals for financial institutions have been assessed on a case by case basis. We note, however, that the capital ratio in the banking industry has improved in recent years and thus believe conditions look more favorable now for returns to shareholders to be enhanced. Thus we believe that financial institutions should also target a total shareholder return of 30%. In instances where we deem that further retention of earnings is no longer required, we believe a total shareholder return greater than 50% would be appropriate.
If the appropriation of profits is not tabled as an item at the annual general meeting, in principle, we will vote against the re-election of directors, in cases where the above conditions are not met.
In addition, we will oppose the dividend proposal where we believe it will prejudice the solvency or future prospects of the company.
When making our decision, we take into account the history of the company's return to shareholders, not just the outcome of the most recent financial year.
Where a company seeks to amend its articles of association to allow the distribution of income by way of board resolution, we will generally vote against such a proposal unless the company has stated its intention of moving to quarterly dividend payments.

Boards and Directors
Election of Directors
We will generally support the election of directors. However, if the candidate(s) infringes our guidelines with regard to the independence of directors or the number of directors, we will not support the proposal.

In addition, in the case of the re-election of directors, we will vote against candidates who infringe our guidelines pertaining to the length of tenure, pay-out ratio, poorly performing companies, anti-social activities, cross shareholdings, stock options, anti-hostile takeover measures, mergers and acquisitions, capital raising, borrowing and share repurchase programmes. Also, we will not support the re-election of external board members (external directors and external statutory auditors) whose attendance at board meetings falls below 75%. Where there are no external board members, we will generally oppose the re-election of the representative director(s).

Number of Directors
Boards with more than 15 directors are deemed excessively large, and AMJ will exercise its voting powers in favour of reducing large boards wherever possible. AMJ believes a board with 15 directors or less is appropriate in Japan as well. To ensure a swift management decision-making process, in principle, we will therefore vote against a resolution for the election of directors where the premise is that the board will consist of more than 15 directors.

Director's Term of Office
Every director should be subject to a re-election process and we believe the term of office should be one year's duration or less. We well support amendment to the articles reducing the director's term of office to one year; in principle, we will vote against a proposal where the term exceeds one year.

Length of tenure
We will take the length of tenure into consideration when a director is subject to re-election. In particular, when a director who has served for a long period is offered for re-election, we will take factors such as the company's performance during that time into consideration.

Separation of Chairman and CEO
AMJ believes it is preferable if the role of Chairman and CEO is separate in Japan as well.

External Directors on the Board of Directors/Composition of the Board of Directors
We encourage the election of multiple external directors on the board of directors. Unless there are two or more external directors on the board of directors or candidates for external director at the AGM, in principle, we will vote against the election of the representative directors, such as the president of the company. When making our decision on this issue, we will not take the independence of the external director or the candidate for external director into consideration. Our decision regarding the independence of an external director will be reflected in our vote on that individual candidate.
We believe that it is not only the number of external directors which is of consequence but attach importance to the composition of the board of directors. We expect companies to have due regard to issues such as diversity and consideration should be given to achieving a suitable balance in terms of the areas of expertise of the individual board members.

Independence of external directors
Even if the candidate for external director meets the standards of local Japanese requirements, we believe the following candidates cannot be deemed independent without adequate explanation from the company; we will judge such a candidate to be subject to a conflict of interest and oppose their election as an external director.

- Was or is employed at an affiliate company
- Was or is employed at a large shareholder or major business partner
- Was or is employed at a legal firm, accounting firm, taxation firm, consultant or financial institution such as a bank where a business relationship exists with the company concerned so that a conflict of interest exists
- An external director whose tenure exceeds 10 years.

Any other candidate who also appears subject to a conflict of interest will be opposed. These criteria apply equally to directors at boards with committees, boards with statutory auditors and boards with supervisory committees.

We will generally support a proposal to change the structure of the board from a statutory auditor type to one with a board with committees. We support measures to delegate key oversight functions such as Remuneration, Nomination and Audit to independent committees. We will also generally support a change to a board with supervisory committee, provided the company provides a clear and rational explanation behind such a move.

Dismissal of Directors
In principle, we will vote against measures to make the dismissal of directors more difficult.

Election of Statutory Auditors
We will generally support the election of statutory auditors. In the case of the re-election of statutory auditors, we will vote against candidates who infringe our guidelines pertaining to anti-social activities.

Independence of external statutory auditors
Even if the candidate for external statutory auditor meets the standards of local Japanese requirements, we believe the following candidates cannot be deemed independent without adequate explanation from the company; we will judge such a candidate to be subject to a conflict of interest and oppose their election as an external statutory auditor.

- Was or is employed at an affiliate company
- Was or is employed at a large shareholder or major business partner
- Was or is employed at a legal firm, accounting firm, taxation firm, consultant or financial institution such as a bank where a business relationship exists with the company concerned so that a conflict of interest exists
- An external statutory auditor whose tenure exceeds 10 years.

Any other candidate who also appears subject to a conflict of interest will be opposed. These criteria apply equally to candidates for alternate external statutory auditors.

Director's Remuneration
The voting decision will be made in a comprehensive manner taking into account matters such as the recent trend in the company's earnings. In principle, we will support shareholder resolutions in favour of the disclosure of individual director's remuneration and bonus payments.
We support the disclosure of the structure of director's remuneration and the linkage of director's remuneration to the company's performance.
In cases where there has been anti-social activity or the company has had poor performance, votes will be cast against the re-election of directors, where this is deemed appropriate. However, where there are no other appropriate proposals, we may vote against an increase in directors' pay or the payment of bonuses.

Retirement bonus
The voting decision will be made in a comprehensive manner taking into account matters such as the recent trend in the company's earnings. In principle, we will support shareholder resolutions in favour of the disclosure of individual director's retirement bonus payments.
AMJ will vote against

- Golden parachutes
- Retirement bonus payments to external directors and external statutory auditors.

In cases where there has been anti-social activity or the company has had poor performance, votes will be cast against the re-election of directors, where this is deemed

appropriate. However, where there are no other appropriate proposals, we may vote against the payment of retirement bonuses to directors.

Stock Options
Long-term incentive arrangements, such as share option schemes and L-TIPs, should be dependent upon challenging performance criteria and there should be no award for below median performance. The terms should be clearly explained and fully disclosed to shareholders and participants. We will vote against the proposal if the terms are unclear. Deep discount stock option plans will only be supported if exercise is prohibited in the first three years following the award. We will generally vote against the cancellation and re-issue, re-testing or re-pricing, of underwater options. Transaction bonuses, or other retrospective ex-gratia payments, should not be made. In general, we will not support a proposal where the dilution from existing schemes and the new program requiring AGM approval exceeds 10%. AMJ believes that external directors and external statutory auditors, as well as third parties such as clients should not be participants in incentive schemes.
If there is no opportunity to indicate our view at the shareholders meeting and we hold a negative view regarding the stock option program, we may oppose the re-election of directors.

Appointment of external audit firms
Auditors must provide an independent and objective check on the way in which the financial statements have been prepared and presented. We will oppose an appointment where we believe a conflict of interest may exist.

Exemption from liability
Apart from those instances where local rules allow, in general, we will vote against a limitation in the legal liability of directors and statutory auditors.
We believe agreements should not be concluded with external audit firms exempting them from liability and we will oppose proposals to amend articles of association to permit the introduction of such agreements.

Poorly performing companies
During our scrutiny of management proposals at AGMs, we will be cognisant of the recent trend in a company's earnings. For example, where a company has seen a recurring decline in earnings, recorded a large loss, or continuously reported a noticeably low level of return (such as a company with a permanently low ROE), we may determine the poor performance of the company needs to be reflected in our voting activity. (We do not have a ROE target as such, but look at the level and trend in ROE when evaluating companies). In such instances, AMJ will vote against the re-election of a director where shareholder value has been negatively impacted by the poor performance attributable to mistakes made during the director's term.

Anti-social activities
This is an item included within a Japanese context. There is no strict definition of anti-social activity, but in this context refers to companies, for example, subject to official sanctions from their regulatory bodies or have violated the law during the fiscal year in question. In addition, companies which have caused severe social problems or through their actions negatively impacted earnings and caused a severe loss to shareholder value will be considered. Emphasis is placed on the possibility or otherwise of the impairment of shareholder value through these activities.

AMJ expects companies which have been involved in anti-social activities to disclose such activities to shareholders, together with the countermeasures and the remedial measures adopted. If the parties directly involved in the anti-social activity remain on the board of directors, in general, we will vote against the election of those directors and/or statutory auditors concerned. However, where there are no other appropriate proposals, we may vote against the directors' remuneration, the payment of bonuses or retirement bonuses to directors, or the award of stock options.

Cross-shareholdings
This is an item included within a Japanese context. We do not support cross-shareholdings and in principle favour their liquidation. We will refer to the company's purpose and rationale for cross-shareholdings provided in the Corporate Governance Report and in the event we believe there is insufficient rationale for the holding of equities, we will vote against the re-election of directors.

Adoption of anti-hostile takeover measures
AMJ considers such measures on a case-by-case basis. In principle we will oppose such measures, unless it is clear such measures are necessary and effective and will serve to enhance shareholder value. AMJ will generally vote against anti-takeover devices and support proposals aimed at revoking existing plans. AMJ will vote against increases in capital where the increase in authorised capital would dilute shareholder value in the long-term. Also, if management adopts other measures which fulfill the function of an anti-hostile takeover measure without seeking shareholder approval, methods of expressing a vote against management will be determined as deemed appropriate.

In a Japanese context, the following are among the steps we believe that can be viewed as "poison pill" equivalents: 1) MPO financings; 2) increases in authorized share capital without adequate explanation; 3) large scale dilution to parties other than shareholders; 4) issuance of "golden shares"; 5) deliberate changes as to the timing of re-election of directors; 6) lengthy extensions to the directors' term. From the viewpoint of the safeguarding of shareholder rights, we will oppose the re-election of directors, for example, in this context.

Issue of classified stock
We will oppose the issue of classified stock without a rational explanation regarding the purpose of such a means of fund-raising.

Increase in the authorized share capital
AMJ will vote against the increase in the authorized share capital when we believe this will be detrimental to shareholder value.

Capital Increase
Capital increases will be judged on a case-by-case basis depending on its purpose. AMJ will vote against capital increases if the purpose is to defend against a takeover.

When new shares are issued, in principle, we believe existing shareholders should be given precedence. Even if this is not the case, we will look at each instance with due care.

If there is no opportunity to indicate our view at the shareholders meeting and we hold a negative view regarding a capital increase during the fiscal year in question, we will oppose the election of directors.

Borrowing of Funds
AMJ will vote against abrupt increases in borrowing of funds if the purpose is to defend against a takeover. If there is no opportunity to indicate our view at the shareholders meeting and we hold a negative view regarding the borrowing of funds, we will oppose the re-election of directors.

Share Repurchase Programs
AMJ will vote in favour of share repurchase programs if it leads to an increase in the value of the company's shares. If there is no opportunity to indicate our view at the shareholders meeting and we hold a negative view regarding the share repurchase program, we will oppose the re-election of directors.

Mergers / Acquisitions
Mergers and acquisitions must only be consummated at a price representing fair value. If there is no opportunity to indicate our view at the shareholders meeting and we hold a negative view regarding the merger/acquisition, we will oppose the re-election of directors.

Social and Environmental Issues
JPMAM is a signatory to UN PRI based on the belief that due consideration of ESG issues as part of the investment process of evaluating companies is essential in terms of the preservation and creation of shareholder value over the mid to long term. Companies have a social responsibility towards its employees, other stakeholders, the society at large with due regard for the environment. The approach to ESG of investee companies and those companies we research will impact their mid to long term earnings and can impact their reputation; thus, we make investment decisions reflecting an ESG assessment.

We do believe, however, that where sustainability issues are the subject of a proxy vote, a distinction needs to be made between shareholder proposals which are being used by activist groups to target companies as a means of promoting single-issue agendas which can impair shareholder value and limit the power of management, and those which are constructive with the aim of improving the society and the environment in a meaningful manner. AMJ will consider the issue on a case-by-case basis, keeping in mind at all times the best economic interests of our clients. In these instances, it is important to differentiate between constructive resolutions, intended to bring about genuine social or environmental improvement, and hostile proposals intended to limit management power, which may in fact ultimately destroy shareholder value.

AMJ does not exclude specific assets or types of assets on purely social, environmental or ethical criteria (unless specifically requested by clients). We do, however, engage with company management on sustainability issues as part of the analytical process.

Conflicts of Interest
In order to maintain the integrity and independence of AMJ's proxy-voting decisions, without undue influence from business relations with investee companies and to avoid conflicts of interest, AMJ refers to the view of third party governance specialists to form an objective and rational judgment.

There is a possibility that conflicts of interest may arise with other group companies within the JPMorgan Chase (the ultimate parent company of JPMAM) group as such companies may be providing funds or acting as the underwriter for investee companies. In order to

maintain the integrity and independence of AMJ's proxy-voting decisions, JPMorgan Chase has established formal barriers designed to restrict the flow of information between its securities, lending, investment banking and other divisions to investment professionals in the Asset Management division.

Nonetheless, where a potential material conflict of interest has been identified, AMJ, within the scope permitted by regulations and with clients, will call upon an independent third-party to make the voting decision, or it will contact individual clients to approve any voting decision, or may elect not to vote.

Shareholder proposals

We will apply the same standards for all proposals with the aim of improving shareholder value. Therefore, whether the proposal has been made by management or by a shareholder will not influence our decision making.