

JPMORGAN CHASE & CO.

# Social Bond Annual Report

2022



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# Introduction

As a global financial institution operating in over 60 countries and serving millions of customers, including nearly half of U.S. households, JPMorgan Chase & Co. (together with its subsidiaries, “JPMorgan Chase” or “we”) has an important role to play in advancing a more inclusive and sustainable economy and promoting thriving neighborhoods. At JPMorgan Chase, we believe housing that individuals and families can afford, with access to economic opportunity and basic services, is the cornerstone of vibrant and resilient neighborhoods. When housing is safe, affordable and accessible, neighborhoods thrive as their residents enjoy better health, education, earnings and other measures of wellbeing.

We issued our \$1 billion inaugural social bond in 2021 and have allocated an amount equal to the net proceeds of that issuance to support affordable housing across the U.S. This report summarizes the use of proceeds and impact metrics of our inaugural social bond issuance and provides an overview of our Sustainable Bond Framework.

Sustainable bonds have an important role to play in addressing today’s social and environmental challenges, and JPMorgan Chase plays an influential role in the sustainable bond market. As of the date of this report, a JPMorgan Chase employee continues to serve on the Executive Committee that oversees the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines, as administered by the International Capital Markets Association (“ICMA”).

Sustainable bonds include:

- Green bonds, for which issuance proceeds are allocated to projects that contribute to environmental sustainability;
- Social bonds, for which issuance proceeds are allocated to projects that contribute to positive social impact; and
- Sustainability bonds, for which issuance proceeds are allocated to a combination of projects that contribute to environmental sustainability and/or positive social impact.






# Social Bond Issuance

## Sustainable Bond Framework

JPMorgan Chase’s Sustainable Bond Framework (July 2020) (the “Framework,” available on our [website](#)) governs our issuances of green, social and sustainability bonds. We intend for our Framework and any issuance by us of green, social or sustainability bonds to be aligned with the Green Bond Principles (June 2018), the Social Bond Principles (June 2020) or the Sustainability Bond Guidelines (June 2018), as applicable. Each of these principles and guidelines (collectively, the “Principles”) are voluntary guidelines that were developed by an industry working group administered by ICMA and are intended to promote integrity in the sustainable bond market through recommendations relating to transparency, disclosure and reporting. The Principles encourage issuers to structure and administer their issuances of green, social and sustainability bonds in alignment with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines, respectively.

Below is a summary of the components of our Framework related to our “Social Bonds,” which are issuances of debt securities of JPMorgan Chase for which we undertake to allocate an amount equal to the net proceeds of the issuance to Eligible Social Projects.

SUSTAINABLE BOND FRAMEWORK – SOCIAL BOND COMPONENTS	
<b>Use of Proceeds</b>	<p>JPMorgan Chase will allocate an amount equal to the net proceeds of any Social Bond issuance to “Eligible Social Projects.” This may include either the financing or refinancing of projects that meet the following eligibility criteria or lending to clients that require financing for projects if the activity meets the following eligibility criteria:</p> <ul style="list-style-type: none"> <li> Activities that promote economic development by financing small businesses in low- and moderate-income (“LMI”) geographies, as defined by the U.S. Bureau of the Census in the most recent decennial census, including support for employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crisis;</li> <li> Affordable housing, including multi-family rentals, where a majority of the project’s units are reserved for or restricted to individuals who earn under 80% of the Area Median Income (“AMI”) or under 120% of the AMI for properties located in a high-cost area as defined by the U.S. Department of Housing and Urban Development, and home lending to LMI persons; and</li> <li> Projects that promote access to education and health care in LMI geographies, such as those of education and health care-related nonprofit or public sector organizations.</li> </ul> <p>In the case of a social bond or sustainability bond issuance for which the net proceeds will be allocated to projects that are intended to address the direct or indirect effects of a socioeconomic crisis, such as the COVID-19 global pandemic, target populations for activities related to small business financing, education and health care may be expanded beyond LMI geographies or individuals.<sup>1</sup> Loans to clients that are funded under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act will not be considered to be Eligible Social Projects.</p>
<b>Process for Project Evaluation and Selection</b>	<p>Eligible Social Projects to which we allocate proceeds of any issuance of Social Bonds may include transactions that we financed, in which we invested or disbursed funds up to 24 months prior to issuance. We refer to this as the “lookback period.” Projects will be evaluated and selected by groups within JPMorgan Chase that are responsible for our sustainability initiatives as well as risk management of environmental and social concerns, including our Sustainability and Global Environmental and Social Risk Management teams. The projects will be evaluated and selected in accordance with the eligibility criteria summarized above and final selection will be documented with a framework for attestation, controls and governance.</p>

<sup>1</sup> Funding for any Eligible Social Project that is intended to address the effects of the COVID-19 global pandemic must have been disbursed by JPMorgan Chase on or after March 11, 2020 (i.e., the date on which the World Health Organization assessed COVID-19 as a global pandemic).

## SUSTAINABLE BOND FRAMEWORK – SOCIAL BOND COMPONENTS

<b>Management of Proceeds</b>	An amount equal to the net proceeds of any issuance of Social Bonds will be allocated to applicable Eligible Social Projects, or pending allocation, invested temporarily in cash, cash equivalents and/or other high quality liquid assets. If a transaction selected as an Eligible Social Project is in default, has terminated, is otherwise no longer outstanding or no longer meets our eligibility criteria, the portion of the proceeds of any issuance of Social Bonds allocated to that transaction will be reallocated to one or more other Eligible Social Projects in accordance with our internal policies and procedures.
<b>Reporting</b>	After any issuance of Social Bonds, JPMorgan Chase will prepare a public report on or about the first anniversary of our issuance that describes our allocation of the net proceeds of that issuance. We intend to publish such a report annually until the aggregate net proceeds of the relevant Social Bond issuance have been fully allocated to fund Eligible Social Projects, and thereafter, we may publish an update of any such report in our discretion. We may also publish information, where feasible, concerning measures of the expected social impact of the Eligible Social Projects.

The above description of Eligible Social Projects is for illustrative purposes only and no assurance can be provided that the proceeds of any issuance of Social Bonds by us will be allocated to fund transactions with these specific characteristics.

### *Exclusionary Criteria*

JPMorgan Chase will not knowingly allocate proceeds from any issuance of Social Bonds to – among other things – activities involving exploitation of human rights, modern slavery (e.g., forced labor or human trafficking) or child labor, or any other activity that we determine is ineligible for allocation of proceeds at the time of allocation.

## External Review

JPMorgan Chase engaged Sustainalytics<sup>2</sup> to provide a second party opinion concerning the alignment of our Framework with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines. The opinion provided by Sustainalytics is publicly available on their [website](#).

“Sustainalytics is of the opinion that the JPMorgan Chase & Co. Sustainable Bond Framework aligns with the Green Bond Principles (2018), the Social Bond Principles (2020) and the Sustainability Bond Guidelines (2018), as applicable.”

<sup>2</sup> Sustainalytics states that it is a provider of environmental, social and governance (ESG) research and analysis, and that it evaluated JPMorgan Chase's Sustainable Bond Framework and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Sustainable Bond Framework within the meaning of the Green Bond Principles (2018), the Social Bond Principles (2020) and the Sustainability Bond Guidelines (2018), which views are intended to inform investors in general, and not for a specific investor in particular.

# Inaugural Social Bond Issuance

On February 16, 2021, JPMorgan Chase issued its inaugural social bond of \$1 billion aggregate principal amount of Fixed-to-Floating Rate Notes due 2025. Building on our engagement with diverse suppliers, the co-managers for the bond offering consisted solely of Minority and Women-Owned Business Enterprise and Service-Disabled Veteran-Owned Business firms.

## Issuance Details

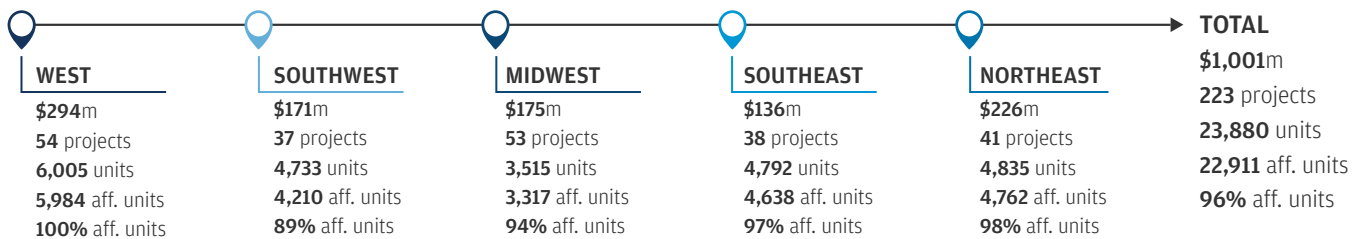
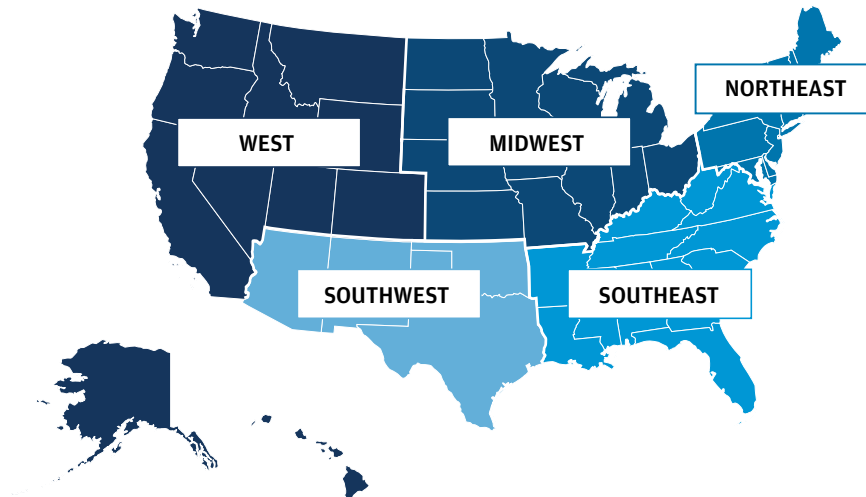
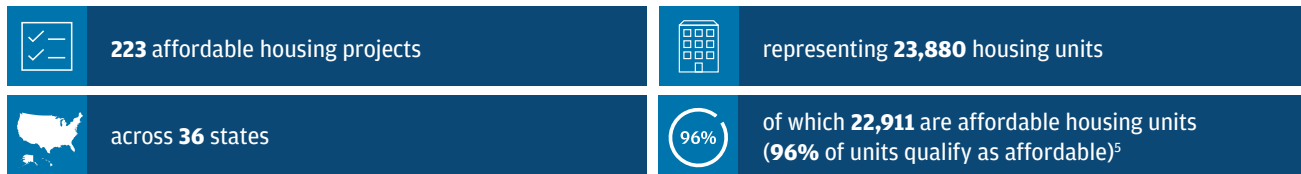
KEY ISSUANCE METRICS	
<b>ISSUER</b>	JPMorgan Chase & Co.
<b>NOTES</b>	Fixed-to-Floating Rate Notes due 2025
<b>TRANCHE</b>	Senior
<b>PRINCIPAL AMOUNT</b>	\$1,000,000,000
<b>NET PROCEEDS</b>	\$997,500,000
<b>COUPON</b>	Fixed Annual Rate of 0.563%, payable semiannually in arrears during the Fixed Rate Period (from and including February 16, 2021 to but excluding February 16, 2024); Floating Annual Rate equal to a benchmark rate (expected to be Three-Month Term SOFR) plus a spread of 0.420% per annum, payable quarterly in arrears during the Floating Rate Period (from and including February 16, 2024 to but excluding maturity).
<b>TENOR</b>	4 years
<b>CUSIP</b>	46647PBY1
<b>ISIN</b>	US46647PBY16

## Use of Proceeds and Expected Impact Metrics

As of January 31, 2022, an amount equal to the net proceeds of JPMorgan Chase's February 16, 2021 issuance of Fixed-to-Floating Rate Notes due 2025 (the "Notes") has been entirely allocated to finance or refinance the creation, rehabilitation or preservation of affordable housing projects, in alignment with the criteria for Eligible Social Projects set forth in our Framework.

The Eligible Social Projects to which net proceeds were allocated included: 1) tax-oriented investments (e.g., tax equity) within the Corporate & Investment Bank, in both under-construction and newly-completed projects, and 2) permanent loans (i.e., long-term loans which refinance construction loans) within Commercial Banking.<sup>3</sup>

In relation to these Notes, JPMorgan Chase has disbursed over **\$1 billion**<sup>4</sup> to help finance:



Note: Numbers may not sum due to rounding.

- Refer to the affordable housing eligibility criteria included in the Framework described on page 4. Determination as to whether a project met the affordable housing eligibility criteria is based on project documentation, including (i) for completed projects, Form 8609, Low-Income Housing Credit Allocation and Certification from an issuing agency and (ii) for projects under construction, tax credit reservation letters from an issuing agency and/or legal opinions on the investments that evidence the project meets the affordable housing eligibility criteria.
- The total funded amount allocated with respect to the Eligible Social Projects (\$1,001,220,816.75) reflects amounts actually disbursed by JPMorgan Chase, and such total funded amount exceeds the amount of net proceeds from the issuance of the Notes (\$997,500,000). The management assertion on page 10 of this report is given with respect to the amount of net proceeds from the issuance of the Notes.
- The number of units and affordable units are calculated based on the project documentation and include all units and affordable units supported through these projects, not JPMorgan Chase's pro rata share of units based on its share of each project's total financing. Funds allocated from the net proceeds of the Notes to these projects may represent only a portion of JPMorgan Chase's total investment in these projects.

# Project Highlights

## Cambridge Apartments

JPMorgan Chase provided a nearly **\$9 million** permanent loan (to which proceeds of the issuance of the Notes were allocated), as well as a construction loan<sup>6</sup> to support Cambridge Apartments. Cambridge Apartments contains 157 apartment units in the First Hill neighborhood in Seattle, Washington. Seventy-eight of the units are reserved for residents earning 50% or less of AMI and 79 units are reserved for residents earning 60% or less of AMI. The project includes a substantial rehabilitation of this historic structure and preserves existing affordable housing adjacent to the Seattle Convention Center. JPMorgan Chase collaborated with the Seattle Housing Authority and developer Bellwether Housing.



*Credit: Courtesy of Bellwether Housing*

## Strawberry Mansion

JPMorgan Chase provided a **\$3 million** permanent loan and **\$10 million** of tax equity (to each of which proceeds of the issuance of the Notes were allocated), as well as a construction loan to support 55 housing units located in seven buildings in the Strawberry Mansion neighborhood of north Philadelphia. The Strawberry Mansion project is a combination of apartments and townhomes with modern amenities and is sustainably designed, including Energy Star appliances and mechanical equipment. The project is part of the Philadelphia Housing Authority's Rental Assistance Demonstration program portfolio and will include a 20-year Project-Based Voucher Housing Assistance Payment contract. All units are intended to be leased to residents earning 60% or less of AMI and at least 10% of the units will be reserved for residents earning 20% or less of AMI.

<sup>6</sup> Proceeds from the issuance of the Notes were not allocated to construction loans.



### Stella / Bluewater

JPMorgan Chase provided over **\$18 million** of tax equity (to which proceeds of the issuance of the Notes were allocated) to support the construction of Stella and Bluewater. These two adjacent buildings, constructed by an experienced developer, Affirmed Housing, provide 160 units of affordable housing in the Grantville neighborhood of San Diego. Among the 160 units are 87 units with rental subsidies that are reserved for people experiencing homelessness, including 25 units specifically reserved for veterans experiencing homelessness. Forty-one of the units are reserved for residents earning 30% or less of AMI, 44 units for residents earning 40% or less of AMI, and the remainder for residents earning 60% or less of AMI.



*Credit: Courtesy of Affirmed Housing*

### Mason Place

JPMorgan Chase provided over **\$3 million** of tax equity (to which proceeds of the issuance of the Notes were allocated) to support Mason Place, a 60-unit permanent supportive housing project in Fort Collins, Colorado. Formerly a movie theater, Mason Place will comprise one- and two-bedroom units in a three-story, elevator-serviced building. All 60 units are intended to be reserved for people experiencing homelessness who earn 30% or less of AMI. Housing Catalyst, is the developer, property manager and provider of supportive services to residents including case management; teaching independent living skills; and mental health, substance abuse and employment services.



*Credit: Courtesy of Housing Catalyst*

# Management Assertion

Management of JPMorgan Chase & Co. (“JPMorgan Chase”) asserts that, as of January 31, 2022, the net proceeds of \$997,500,000 from the February 16, 2021 issuance of JPMorgan Chase’s Fixed-to-Floating Rate Notes due 2025 (the “Notes”) were allocated to finance or refinance Eligible Social Projects. JPMorgan Chase is responsible for the completeness, accuracy and validity of this management assertion.

For purposes of this assertion, Eligible Social Projects relate to projects for which JPMorgan Chase disbursed funds up to 24 months prior to the issuance of the Notes related to the financing or refinancing of 223 affordable housing projects, as described in footnote 3 on page 7 of this Social Bond Annual Report. The definition of Eligible Social Projects used in connection with the offering of the Notes, and contained in JPMorgan Chase’s Sustainable Bond Framework as summarized on page 4 of this Social Bond Annual Report, specifies additional types of eligible social projects to which the proceeds of a social bond offering by JPMorgan Chase may be allocated.

# Third Party Attestation



## Report of Independent Accountants

To the Management of JPMorgan Chase & Co.

We have examined the management assertion of JPMorgan Chase & Co. (JPMorgan Chase) on page 10 of this Social Bond Annual Report that, as of January 31, 2022, the net proceeds of \$997,500,000 from the February 16, 2021 issuance of JPMorgan Chase's Fixed-to-Floating Rate Notes due 2025 were allocated to finance or refinance Eligible Social Projects as defined in management's assertion. JPMorgan Chase's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Only the information included in footnote 3 on page 7 of this Social Bond Annual Report is part of JPMorgan Chase's management assertion and our examination engagement. The other information in this Social Bond Annual Report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion that, as of January 31, 2022, the net proceeds of \$997,500,000 from the February 16, 2021 issuance of the Fixed-to-Floating Rate Notes due 2025 were allocated to finance or refinance Eligible Social Projects as defined in management's assertion is fairly stated, in all material respects.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

New York, New York  
February 1, 2022

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PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017  
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### *Disclaimer*

This report is not, does not contain and is not intended as an offer to sell or a solicitation of any offer to buy any securities issued by JPMorgan Chase. No representation is made as to the suitability of any issuance of green, social or sustainability bonds to fulfill environmental, social and sustainability criteria required by prospective investors. Eligible Social Projects may not satisfy an investor's expectations concerning environmental, social or sustainability benefits, and may result in adverse impacts. The information contained herein is provided as of the date of this report, and JPMorgan Chase does not undertake to update any of such information.