



JPMORGAN CHASE & CO.

# Our Approach to Our Sustainable Development Target

May 2021

The long-term strength and vibrancy of the global economy—as well as the health and prosperity of people and communities around the world—depends on creating sustainable economic growth. At JPMorgan Chase & Co. (together with its subsidiaries, “JPMorgan Chase”, “we” or “the firm”), we believe that financial institutions can help catalyze this growth. Our 10-year \$2.5 trillion sustainable development target will help accelerate the low-carbon energy transition and support more inclusive growth.

Our sustainable development activities are focused in three areas:<sup>1</sup>

## Green

Supporting climate action, with the goal of accelerating the deployment of solutions for cleaner sources of energy and facilitating the transition to a low-carbon economy

## Development Finance

Mobilizing capital to advance the United Nations Sustainable Development Goals (SDGs) in emerging economies

## Community Development

Advancing economic inclusion in developed markets

This document is designed to provide our stakeholders with information about our criteria for determining what business activity is eligible to count toward our target and how we quantify the value of transactions toward our target.

## Eligible Business Activity

---

We have developed criteria for the types of business activities that are eligible to qualify toward our sustainable development target, as follows.

### OBJECTIVE

### ELIGIBILITY CRITERIA

#### Green<sup>2</sup>

Supporting climate action, with the goal of accelerating the deployment of solutions for cleaner sources of energy and facilitating the transition to a low-carbon economy

Transactions for which use of proceeds may be allocated to financing or refinancing of projects that meet the following eligibility criteria, lending to clients that require financing for projects if the activity meets the following eligibility criteria or when a client's business model directly supports one of the following:

- **Renewable energy**, including wind, solar, biogas, biomass, geo-thermal, small-scale hydro (e.g., plants with a capacity of fewer than 20 megawatts or dams with a height less than ten meters) or tidal;
- **Clean technology**, such as fuel cells or energy storage solutions;
- **Water**, including water conservation, flood control or wastewater treatment;
- **Waste management**, including pollution prevention or control, recycling and land remediation;
- **Conservation**, including management or sustainable development of terrestrial or aquatic biodiversity ecosystems or forests;
- **Sustainable transportation**, including clean mass transportation (e.g., light rail, high-occupancy vehicle [HOV] lanes, rapid bus transit, commuter rail) and alternative fuel transportation (e.g., fully electric vehicles);
- **Green buildings**, including retrofitting, rehabilitating or constructing accredited energy efficient buildings (e.g., LEED, Energy Star); and
- **Energy efficiency**, including energy efficient technologies such as heating, ventilation and air conditioning.

#### Development Finance

Mobilizing capital to advance the United Nations SDGs in emerging economies

Development finance leverages sources of finance and expertise to support socioeconomic development and quality of life in developing countries. To qualify toward our target, development finance transactions must:

- Align with our exclusions and product filters as well as the firm's [Environmental and Social Policy](#);
- Promote economic or social development in emerging markets, defined as countries eligible to borrow from the World Bank; and
- Qualify through the development gap and investment contribution steps of the [JPM DFI Methodology](#).

#### Community Development

Advancing economic inclusion in developed markets

Our community development efforts are focused on small businesses, housing, education and health care, and include our firm's five-year Path Forward commitment to advance racial equity.

- **Small business financing**, such as lending for business operations, in low- and moderate-income (LMI) communities<sup>3</sup> and/or for majority-Black and -Latinx communities;
- **Home lending** to LMI, Black and/or Latinx borrowers;
- **Affordable housing**, including investments and loans subject to government restrictions (e.g., Low-Income Housing Tax Credits) and other affordable rental units;
- **Education**, such as support for schools and other education organizations for which funding will benefit LMI communities; and
- **Health care**, such as health care-related organizations (e.g., nonprofit hospitals) for which funding will benefit LMI communities.

## Our Review of Eligible Business Activity

To be eligible, transactions must first conform with JPMorgan Chase's existing risk frameworks, including those related to credit, market, environmental and social,<sup>4</sup> reputation and regulatory risk requirements and customer onboarding (e.g., "know your client"). In addition, to support meaningful and sustainable development impact, qualified transactions are subject to review and sign-off by internal subject matter experts to verify alignment with eligibility requirements. Over time, the firm will look for opportunities to refine JPMorgan Chase's methodology.

## Types of Business Activity that May Contribute toward Our Target

---

Business activity that qualifies toward one of our three objectives includes transactions in which the firm is raising and/or extending credit and those for which we are providing advisory, risk management and other facilitation services.<sup>5</sup> Examples of the business activity that may contribute toward our target, if qualified according to our eligibility criteria, include the following (in alphabetical order):

- **Business Banking**  
Lending to small businesses in LMI communities and lending to small businesses in majority-Black and -Latinx communities for the financing of business operations, real estate and construction;
- **Commercial Banking**  
Financing for the construction or renovation of real estate and transactions for which the firm serves as sole or lead arranger for the development of commercial real estate;
- **Home Lending**  
Home purchase and refinance loans to LMI, Black and Latinx customers;
- **Investment Banking**  
Capital raising in debt and equity markets, underwriting of sustainable bonds (i.e., green, social and sustainability bonds), municipal and not-for-profit bonds, initial public offerings (IPOs), follow-on offerings (FPOs), private placements and advisory services, including those related to mergers and acquisitions (M&A);
- **Markets Activity**  
Market-making activities in commodities and derivative instruments, including certain emission contracts; and
- **Tax-oriented Investments**  
Tax credit vehicles in alternative energy and affordable housing projects.

## Quantifying Business Activity

---

We have developed an approach to quantify our sustainable development activity. The approach details how we assign a "tracking value"—the value of the transaction's contribution toward our target—for different types of business activity. We specify standards for calculating the tracking value of the firm's respective contribution in transactions where multiple firms play a role and follow best practices where possible (e.g., in the case of an advisory deal the full value of the transaction is qualified). In the case of a deal in which only part of the transaction qualifies, only the qualified portion is counted toward our target.

## Governance

---

We have established a sustainable development target governance process designed to provide accountability and assign responsibility for validating the quantification and tracking progress. This includes a cross-Line of Business and functional group responsible for approving the quantification approach, documentation and reporting associated with transactions that contribute toward the target.

## Reporting on our Progress

---

JPMorgan Chase is committed to being transparent with our stakeholders about our approach to our sustainable development target, as well as our progress toward achieving it. To that end, we intend to provide updates on these efforts and the value of transactions we have facilitated in our annual Environmental, Social and Governance Report.

## Notes

---

1. The approach described in this document also applies to our 2020 sustainable development financing commitment. In 2020, we described our areas of focus as Green, Economic Development and Social. We refined the descriptions to isolate the work of our Development Finance Institution (DFI), which is focused on advancing the United Nations Sustainable Development Goals (SDGs) in emerging economies.
2. In the case of a transaction that advances both our Green objective and either our Development Finance or our Community Development objective, the transaction will be counted toward our target only once toward the Green objective. In 2020, approximately \$5 billion in transactions were qualified as Development Finance and Green and were allocated to our Green objective.
3. LMI communities as defined by the U.S. Bureau of the Census in the most recent decennial census.
4. For more information on JPMorgan Chase's environmental and social policies and risk management processes, see the firm's Environmental and Social Policy Framework.
5. Our target does not include our Asset Management business, grantmaking or Impact Finance activities.

The information provided in this document reflects JPMorgan Chase's approach to our sustainable development target as at the date of this document and is subject to change without notice. This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties, many of which are beyond JPMorgan Chase's control. Expected results or actions may differ from the anticipated goals and targets set forth in the forward-looking statements. Factors that could cause JPMorgan Chase's actual results to differ materially from those described in the forward-looking statements can be found in JPMorgan Chase's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission. Those reports are available on JPMorgan Chase's website (<https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings>) and on the Securities and Exchange Commission's website (<http://www.sec.gov>). JPMorgan Chase does not undertake to update any forward-looking statements.