
The Evolving ESG Landscape: How JPMorgan Chase is Navigating Changes in Reporting, Regulation and Government Relations

EVENT CALL TRANSCRIPT.¹

April 17, 2024

¹ Event transcript has been edited for clarity.

OVERVIEW

Aaron Bertinetti, Head of ESG Investor Relations, moderated a panel discussion featuring discussion featuring **Michelle Mesack**, Head of Global Government Relations, **Linda French**, Global Head of Sustainability Policy and Regulation and **Alethea Burke**, Firmwide ESG Controller. **Tim Berry**, the Firm's Global Head of Corporate Responsibility, and **Stacey Friedman**, Executive Vice President and General Counsel for JPMorgan Chase, also provided opening and closing remarks, respectively.

DISCUSSION TOPICS

How the Firm has:

- Updated and enhanced disclosures in the *2023 ESG Report*
 - Enhanced controls to bring ESG data to books and records standards of financial reporting
 - Interacted with trade groups, government officials and regulators on proposed and incoming ESG-related rules
 - Navigated the politicization of ESG matters and continued to monitor imminent global elections
 - Engaged with investor groups and shareholder activists in assessing and addressing their ESG concerns
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CORPORATE PARTICIPANTS

Speakers

Tim Berry

Global Head of Corporate Responsibility, JPMorgan Chase & Co.

Stacey Friedman

Executive Vice President and General Counsel, JPMorgan Chase & Co.

Panel participants

Michelle Mesack

Head of Global Government Relations, JPMorgan Chase & Co.

Linda French

Global Head of Sustainability Policy and Regulation, JPMorgan Chase & Co.

Alethea Burke

Firmwide ESG Controller, JPMorgan Chase & Co.

Moderator

Aaron Bertinetti

Head of ESG Investor Relations, JPMorgan Chase & Co.

TRANSCRIPT

Tim Berry

Global Head of Corporate Responsibility, JPMorgan Chase & Co.

Hi everyone, thank you so much for tuning in today. My name is Tim Berry and I serve as the Global Head of Corporate Responsibility and Chairman of the Mid-Atlantic Region, as well as a member of the Firm's Operating Committee.

Across the Firm, we believe that the strength of our company is inextricably linked to the vitality of our communities. When families do well, we do well. When communities thrive, we thrive. In Corporate Responsibility, we put this philosophy into action by operating at the nexus of business, policy and community. Of course, sustainability is core to this work. Our team partners with colleagues across the Firm to set our environmental sustainability strategy. And at the heart of that is helping our clients and the communities we serve navigate challenges and realize the economic opportunities created by the transition to a low-carbon economy.

In this year's *ESG Report*, we explain how the Firm harnesses these business opportunities and mitigates risks. We also highlight our ongoing efforts to support the energy transition and sustainable development. In doing so, we are not only driving favorable conditions for the Firm's continued success, but also staying true to our North Star of running a healthy, vibrant and responsible company. The report does a fantastic job of playing out what this looks like in practice. So let me walk you through some key takeaways.

In October 2020, JPMorgan Chase announced its \$30 billion Racial Equity Commitment to help close the racial wealth gap and advance economic inclusion among historically underserved communities in the U.S. In this year's report, we are proud to share that we have already exceeded our target, reporting \$30.7 billion of progress towards our five-year commitment as of the end of last year. We know there is still lots of work ahead and we plan to continue our efforts beyond the original five-year commitment to leverage the scale and reach of our business.

In addition, we have continued to bring the full force of the Firm to our initiatives focused on careers and skills, business growth and entrepreneurship, community development, financial health and sustainability. While we are working to bolster the workforce, we are simultaneously supporting small businesses and entrepreneurs. In 2023, our Firm's Business Banking division provided \$4.8 billion in loans and lines of credit to small businesses in the U.S., including \$1.1 billion to small businesses and communities of color. And through our Founders Forward mentoring program, as of the end of 2023, more than 1,075 JPMorgan Chase employees in the U.S., U.K., France and Germany had served as mentors to women entrepreneurs, providing business strategy and leadership-development guidance that helps bring ideas to life.

This year's report also covers how we are continuing to support energy security and the ongoing transition to low-carbon energy sources. In 2023, amidst ongoing global uncertainty, we expanded our Oil & Gas End Use target to an Energy Mix target, presenting a more comprehensive view of our clients' decarbonization efforts. We also updated our Auto Manufacturing, Electric Power and Oil & Gas operational emissions-intensity reduction targets to align with Net Zero by 2050 and added two sectors, Shipping and Aluminum. But we didn't stop there. Looking inward at how we could improve our own operational sustainability, we continued efforts to minimize our environmental impacts across our corporate offices, data centers and branch network.

And last but certainly not least, we're making important progress towards our \$2.5 trillion Sustainable Development Target, which includes actions that support our Green, Development Finance and Community Development objectives. Since 2021, we have now financed and facilitated \$675 billion towards our target, including \$242 billion towards our \$1 trillion Green objective. In keeping with how we operate across the Firm, we remain focused on long-term results, not short-term victories. We will support our clients in achieving their Sustainable Development goals, full stop.

From these examples and the report's truly rich material, I hope you can see our commitment not just to deploying funding that aligns to the Firm's values, but more importantly, maximizing our impact and contributing to positive outcomes for all of our stakeholders. Through our business and philanthropic endeavors, we are proud to open doors to opportunity to our diverse workforce, clients, customers and communities. And we will continue to do so, furthering our track record of maintaining strong financial performance and delivering for you, our investors.

With that, I'm excited to introduce our Head of ESG Investor Relations, Aaron Bertinetti, who will moderate today's panel. Thank you.

Aaron Bertinetti

Head of ESG Investor Relations

Thank you, Tim, and welcome to you all for joining us today. My name is Aaron Bertinetti. I'm Head of ESG Investor Relations at JPMorgan Chase. And it's my pleasure to host today's event on behalf of you all.

As Tim made clear, we have a North Star for why we do what we do and the [ESG Report](#) clearly articulates the benefits this has for our customers, clients, communities and our shareholders. In advance of this event, we have also published a brief [investor deck](#), summarizing the key highlights from the *ESG Report*. While we will not go through the deck today, I want to draw your attention to a few things.

We have enhanced our disclosure on how our Energy Mix target works in practice and how to understand our absolute emissions disclosure, which does disclose our financed and facilitated emissions for Oil & Gas Scope 3. We also became the first large bank in North America to decide to disclose the clean-energy financing ratio. We are excited to provide that additional transparency later this year. I'm also excited to announce a new way for our investors to assess our ESG data directly from the company. [Data tables](#) for the information within our *ESG Report* will shortly be made available on our Investor Relations [website](#).

Now, to today's event. The topic is focused on the evolving landscape for ESG and how we as a Firm are navigating changes in reporting, regulation and government relations. I will moderate the panel on your behalf. If you have not already submitted a question, please feel free to do so via Zoom. Today's panel will conclude shortly after 11:50, at which point I will hand over to our General Counsel, Stacey Friedman.

Stacey's remarks are highly relevant to today's topic, proxy season and the growing level of interest and debate on ESG matters. She will also discuss how we consider shareholder feedback and proposals. It is rare for any general counsel to speak at such an investor forum, and I can assure you that it is well worth the wait. I would strongly encourage you to do so.

And now to our panel. In the middle — I'm going to mix it up here — in the middle, we have Linda French, who is the Global Head of Sustainability Policy and Regulation. Linda leads the team's engagement globally on sustainability-related financial policy and regulation and prior to joining the Firm, Linda led the Investment Company Institute's global engagement of policy issues related to sustainable finance and ESG investing. Linda also worked in private law practice, at the SEC and in the asset management industry. Linda is an Adjunct Professor at Georgetown Law School and serves on the board of the Environmental Law Institute.

Alethea Burke, to the right of Linda, Alethea, is the Firmwide ESG Controller sitting within the Office of the Controller and has been with the Firm for over 20 years. Alethea partners with key stakeholders across the Firm in developing our ESG reporting operating model. Alethea also leads the production of the Firm's annual *ESG* and [Climate Reports](#), as well as the reporting for the Net Zero-aligned financing targets, the Sustainable Development Target and the Racial Equity Commitment.

Michelle Mesack, immediately to my right, is the Head of Global Government Relations. Michelle is responsible for managing all of JPMorgan Chase's government relations and public policy functions. Previously, Michelle served as Head of U.S. Government Relations, overseeing the Firm's activities with policymakers in Washington as well as in state capitals and local governments. Michelle has previously served as senior counsel on the Senate Banking Committee and lead advisor to the Chairman, as well as several roles within the House of Representatives, including in House leadership. In the private sector, Michelle was also a senior member, of the Government Affairs team, of the Investment Company Institute and as an investment management attorney representing asset management clients at K&L Gates.

On behalf of our audience, thank you to Michelle, Linda and Alethea for joining us today. So, Michelle, we'll start with you. I don't know if you've heard, but there's an election this year. Our investors certainly like to point that out. And so first, obviously we're focused on what we're doing in terms of disclosing ESG-related information. But in the [Annual Letter](#) that Jamie Dimon, our CEO and Chairman, put forward, last week, he made the point that for whatever we do, there's a big reliance of also needing the government to do things. Given your role and given the questions we're getting from investors, I'm just going to go straight from the top. How do you actually envisage two very divergent outcomes between a Trump administration and a Biden administration? And how would that actually affect the landscape for ESG?

Michelle Mesack

Head of Global Government Relations

Yeah, thanks. Thanks, Aaron, and thanks for having me here today. It is a big election year. And we do have two very stark choices on the ballot, especially when it comes to ESG. So for Biden, I think it's no surprise that the environment has been one of his top priorities and we would expect that to continue in a second Biden administration. He has a lot of tools at his disposal as the leader of the administration, so we would expect to see him to continue a rulemaking agenda that's focused on the environment. We saw that playing out, especially this term, with the climate disclosure rule, which required companies to disclose more risks and climate-related risks in their financial statements. We would expect to see this in terms of global leadership and his engagement on the global stage to try to coalesce other governments around the need to focus on climate change, including in the Paris Agreement and other international forums. We would also continue to see this through enforcement actions. He's made environmental justice, for example, a big plank of his agenda and we should see the DOJ continue to go after environmental justice enforcement actions throughout the country. And finally, he has a lot of tools available to him just through his executive authority. So he has really taken all of government and asked every single agency to focus on climate change, regardless of whether it's the EPA or a different agency.

Now, with Trump, you would expect the reverse. He has not prioritized the environment quite the same way, but he has the same tools at his disposal, so we would expect him to use those tools in different ways. First, on rulemakings. Any rulemaking that's not in effect and in full force would be on the table for potentially being revised. Second, in terms of international engagement, we saw it in Trump administration number one that he withdrew from the Paris Agreement. We should expect him to continue that pull back from engaging on the international stage. Third, again, executive actions, you can do a lot in terms of — without Congress, without rulemaking about where the government focuses when you are in charge of the administration. He can reduce things like climate hubs in administrative agencies, he can reverse executive orders that Biden put in place to focus on environmental reviews, for example, permitting for infrastructure projects. And finally, for companies, we would not be surprised — I don't know for sure, but we've seen the states, for example, focus a lot on company memberships and organizations that focus on the climate, like NZBA. You could see an administration also scrutinizing memberships in those organizations for antitrust purposes. So definitely two very different scenarios in 2025.

Aaron Bertinetti

Head of ESG Investor Relations

Yeah, and I suspect we'll have a lot more questions — probably regarding that, whether it's today or at a later date. We certainly hear from our investors a lot. I want to bring Linda into the conversation here. Distinct from government relations, you obviously have a dual mandate in your role. There's externally, where you're dealing with the regulators themselves and trying to have a constructive dialogue with them and then internally, actually working with our senior leaders to try and figure out: how do we navigate this space and then implement it? I've got a question here that is trying to understand: how in your role at the Firm, do you work around the sustainability-related financial, policy and regulation space?

Linda French

Global Head of Sustainability Policy and Regulation

So I lead the Firm's global engagement on climate and sustainability-related financial policy and regulation, which, I think it's important to make that distinction: it's financial policy and regulation. This very much looks like, for example, disclosure, where we're seeing a lot of policymaker and regulatory interest globally in corporate disclosure related to sustainability and climate issues. Bank-related disclosure, for example: also seeing a lot of banking regulators looking globally at how banks are managing climate risk. The degree to which banking regulators should be overseeing our decarbonization targets and our strategy on climate. Also seeing increasing interest from regulators around the concept of transition finance. So how are banks deploying capital in support of transition and where have the barriers kind of been and blockers with respect to deploying that finance? And then also voluntary carbon markets — a lot of regulatory interest of there as well.

So, the dual mandate is really around, on the one hand, externally making sure that we are positioned to be a constructive voice as regulators are thinking about how to achieve policy objectives in a way that is well-tailored and that also works for when you're thinking about us as this global financial institution, operating in all these different jurisdictions and needing to have a cohesive, global coordinated view of what that looks like and all those different moving pieces. And then at the same time, from the internal perspective, working across stakeholders, internally, to be able to really deeply understand the implications of new proposed rules or regulatory trends, because we need to both be able to communicate that feedback to the regulators — but also so that as the Firm, we're prepared in terms of regulatory and direction of travel. And no one is surprised kind of when a final rule comes out. And that's where, too, I think it's important to flag my dual-reporting structure, where I report to the Global Head of Sustainability. And then also with a dotted line to the Global Head of Regulatory Policy in Michelle's organization. So bringing that together, how we're thinking as a Firm about our sustainability strategy and also how we are thinking about that engagement with the policy and regulatory dialogue.

Aaron Bertinetti

Head of ESG Investor Relations

Fantastic. That gives me a perfect segue to Alethea. Alethea, you sit with, and forgive the analogy, where that ESG sausage is made. Obviously we're talking externally. We all talk externally. And then unfortunately for you, you need to figure out how we actually communicate that in terms of reporting and structuring data. Most people understand the Controller as having responsibility really for oversight of management, financial and regulatory reporting. Could you explain a little bit about how we came to the decision as a Firm that we actually needed an ESG Controller and what that role actually entails?

Alethea Burke

Firmwide ESG Controller

Yes. It speaks to how seriously we're taking ESG reporting and disclosure. We want to make sure that anything we put out in the ESG space is of the same caliber as what we do externally for our financial disclosures. This started from the beginning and my journey into the ESG reporting space started with the setup of process and controls for the \$30 billion Racial Equity Commitment. We adapted a lot of what we had in terms of rigor and discipline over the reporting process. We added financial, process controls, attestation, similar to what we do for SEC reporting and we've since applied that to our production process of the annual *ESG Report* and the *Climate Report*. The alignment into Controllers really speaks to formalizing that operating model and ensuring the right process and controls are set up for ESG reporting going forward. And this is where that expertise has always existed.

Aaron Bertinetti

Head of ESG Investor Relations

So, I've got a quick follow-up here from the audience. And forgive me for looking at the laptop as I get questions coming in. How will the enhanced Controllers' oversight of ESG data impact your team's role as it is related to both CSRD in Europe, California with climate reporting and of course the SEC rule around climate? How are you actually preparing for that?

Alethea Burke

Firmwide ESG Controller

Yes, so this is where the alignment into the Controllers' organization will benefit us. We have the expertise in implementing new regulatory reports and disclosures. We have muscle memory that we can adapt and make sure we're ready for the different disclosure regime. We have several implementation programs that we've already launched for CSRD and now SEC reporting, to make sure that we're ready. Those implementation programs have cross-functional working groups. We partner with Linda and her team as we digest the reporting requirements and consider things about the different materiality assessments and frameworks that that have been associated with those disclosures.

We also have a Senior Leader Forum that's been involved in helping to provide direction, challenge and guidance on our disclosure-design choices as we think about CSRD and SEC as well as the materiality frameworks. And we've been partnering cross-functionally with all the teams that haven't been necessarily engaged in external financial reporting on what process controls that they need to have. And looking at dry runs, data collection, to prepare for those disclosure requirements, as well as building out our reporting infrastructure and data strategy so that we are prepared for that first-year compliance, as well as thinking about what assurance will look like and what will we need to support assurance requirements down the road.

Aaron Bertinetti

Head of ESG Investor Relations

Right. I think your role really does speak to that sort of maturing of the ESG space and that move of getting it in the Finance organization and having that books and records standard of the way that we look at this information.

Alethea Burke

Firmwide ESG Controller

Yes, absolutely.

Aaron Bertinetti

Head of ESG Investor Relations

Yeah, obviously you're going to be very busy with this role, so I apologize for us now, probably spending some time talking about all the other things that are going to come your way. But I'll flip it back to Linda here, quickly. I've got a question. We've just talked about being operationally ready. But as investors are quick to point out, there's a bunch of challenges to a number of these rules, including the SEC climate rule. So how do we actually engage with regulators and what is our role that we play when we're talking to them about rules like the SEC climate rule?

Linda French

Global Head of Sustainability Policy and Regulation

Yeah. So in a sense: how is the sausage made on my end?

Aaron Bertinetti

Head of ESG Investor Relations

Exactly, there you go. We're sticking with it.

Linda French

Global Head of Sustainability Policy and Regulation

So I think having worked at a regulator, I think it's really important to understand that the regulators actually want feedback because they want to get this right. And in many cases, when you're talking about climate- or sustainability-related financial policy or regulation, it is outside of their traditional wheelhouse, so to speak. So it is incredibly important for industry to do the legwork to understand the implications of a proposed new rule and then deliver that feedback. For example, from our end, when a proposed rule is coming out, we are having all of the conversations internally and using a lot of the expertise that we already have. So for example, from Alethea's team: disclosure that we're already doing, in different jurisdictions, experience we have with voluntary disclosure to understand when we're trying to digest a new proposed, disclosure regulation, for example. And then taking all of that feedback, flagging challenges, either where something is, we think, maybe not going to effectively meet the policy objective of the regulator or where there are operational issues or legal issues and then also bringing that global perspective that we have as well. And thinking about: the regulator really wants feedback from a very broad set of stakeholders and they want to understand where they got it right, where they got it wrong. How it can be better tailored and be more effective — and then weigh all of that feedback that they're getting from all those different constituencies before they think about finalizing the rule. So it is: when I think about that broader process and, very much, for example, we use trade associations. And thinking about different trades representing different — or having different expertise. So bank-specific trades versus accounting-specific, etcetera.

Aaron Bertinetti

Head of ESG Investor Relations

So, that's high level with regulators. Our next question is: so that's at the federal level. We obviously spend — and our investors and analysts acknowledge the importance of — regulation at that level, in particular for a bank. But, obviously we've got gridlock in Congress. But there's been a lot of action at the state level, whether it's pro- or anti-ESG. Certainly the California climate rule that we just talked about has a lot of implications for our reporting. Our investors, unsurprisingly, both before this event and during this event, are going to note the increasing politicization of ESG. We talked about the federal kind of landscape. So crystal ball time 2025. What do you see at the state and local level?

Michelle Mesack

Head of Global Government Relations

Yes. The polarization that you talk about is never more evident than when you go out to the states. Because as you mentioned, at the federal level, it's still fairly divided. Right now, of course, we have divided government. But even if you had a sweep of the House, the Senate and the presidency, you still end up with very close margins. You end up in a Senate that still needs 60 votes. In the states, it's a completely different landscape. You have 78% of states that are actually under one-party control, meaning that the governor and the legislature are controlled by one party.

Aaron Bertinetti

Head of ESG Investor Relations

Sorry. What number?

Michelle Mesack

Head of Global Government Relations

78%.

Aaron Bertinetti

Head of ESG Investor Relations

I think that would be — I mean that's shocking to me — that's shocking maybe to a lot of our audience.

Michelle Mesack

Head of Global Government Relations

It's a lot. And a huge majority, I want to say two-thirds, where there are actually supermajorities in legislature. So it's not just by a little bit that these one-party control. It is by a lot. And so you see the polarization and the different policy approaches fully on stage when you're looking at the states. And they're active on ESG issues. And this is where we see it the most. I would say that it peaked, their activity on ESG issues, in 2022, but we've continued to see it in 2023, 2024. And we believe that in 2025, it's going to continue to be a very strong theme and it poses a real challenge for us, for other companies, because you are: we're, of course, a national bank. And so we have to comply with laws in every state. And you have conflicting laws, often conflicting policy goals, conflicting messages from our stakeholders in those states, depending on whether they are red or blue states. So, for example, of course, we have Texas, who has been sending very strong messages that they want to ensure that traditional energy sources like oil and gas continue to be able to access financing. They have what they call Fair Access laws, which say that banks cannot boycott or discriminate against an entire industry. And then in California, we have very strong policy signals that they would like to move the transition along much more quickly and transition away from oil and gas and would like to see more clean energy focus, which we've seen in the disclosure rule, but we've seen it in other policy pushes as well. So it's really tricky. And it's not just in the environment. We see this in firearms, you see this in other ESG areas.

And just kind of kind of doubling down on what Linda said around our Firm's approach — we always find value no matter what policy objective a policymaker has — in talking to them. So we will never base our decision based on the politics of the day or bend to political winds. We make Firm decisions based on facts, based on what's reasonable and achievable and what's in the best interest of our company. But we also welcome discussions with policymakers no matter what their view. And we want to educate them about what we are seeing and about our expertise. We would like to engage in discussions with them about their concerns. And that is just our general approach at the federal, state and regulatory level with all policymakers.

Aaron Bertinetti

Head of ESG Investor Relations

That brings me to my next question. We're getting some coming in by the audience. So do feel free to submit questions via Zoom. Linda, so we've talked federal, we talked state, we've talked local, with Michelle.

You just talked previously about regulators. Another one that we've had a lot of interest on, including shareholder proposals in the past: trade associations. So, what's the role of a trade association? Why do we engage with them? What benefits do they bring?

Linda French

Global Head of Sustainability Policy and Regulation

Well, having worked at a trade association also and spending a lot of time with our trade associations, they play an incredibly important role in the overall regulatory policy and process. Because if you're thinking about it: the regulator doesn't want feedback from thousands of individual companies. What they want is consolidated feedback from different constituencies that they can take. And then in a way, consider, as they're looking at finalizing a rule. And trade associations also have a lot of in-house niche expertise. That's really important. Thinking about the resources that are required to write, as a Firm, our own comment letter, for example, on a proposed regulation versus working with our trade associations. And then, also, I think it's important to flag that using our own voice can sometimes be counterproductive. And that's where, to state the obvious, climate-related financial regulation is heavily politicized. And there's often this assumption that any climate-related financial regulation is good for Net Zero outcomes. When at the end of the day: it's financial regulation. And like any other financial regulation where regulators are going to get some of it right, they're going to get some of it wrong. And they're trying to achieve a policy objective, but they don't necessarily know exactly how to get there. And they really need that feedback. And so thinking about the very broad spectrum of trade associations that we work with, and for some of them, we are the core constituency. And then there are others where we are very much not the core constituency. And we're one of many, many voices. So, as we're thinking about how to articulate issues and considerations for regulators, we are very much thinking about which trades represent which constituencies and working with them, with that in mind.

Aaron Bertinetti

Head of ESG Investor Relations

So, it's funny, this is not a surprise that we're going to get this question. So great we work with trade associations. How do we, I suppose, reconcile that with the fact that, often, a trade association — well, not often, but sometimes — a trade association is going to have a different view than what we do. So there is a perceived misalignment of values between our Firm and the trade group?

Linda French

Global Head of Sustainability Policy and Regulation

And that's where I think there is this common misconception that we can or should have all of our trades represent our voice exactly. And versus when you're looking across, again, at who is the core constituency of a trade. And I think a good example is our U.S. banking trades. So, we're a member of three U.S. banking trades. You have the Financial Services Forum, which is the U.S. G-SIBs. We are their core constituency. We have a very strong voice. Then you have Bank Policy Institute, BPI. They represent a broader tent, including a number of foreign banks. So we have a seat at that table, but at the same time, there are still a lot of different interests kind of in the mix there. And then, third, you have American Bankers Association, ABA. They represent all the banks in the U.S. and they are really the voice of the regional and smaller banks. So, thinking about it: we would not actually ask ABA to be our voice on something in a way that would not be representing their smaller or regional bank members. Because it is important that the regulator hears that feedback from the regional and smaller banks, even if it's feedback that is tough, that the regulator doesn't want to hear, because that's an important part of the process.

I think the one other thing that I want to mention, because I hear this come up a lot on my end, is this idea of ensuring alignment with our publicly stated goals on climate and this misconception that climate-related financial regulation can somehow be deemed to be aligned with 1.5 degrees or not aligned. And, I don't know that that's possible to do because not all financial climate-related financial regulation is actually well-tailored to deliver on the intended policy objective. And, just as one example we've seen — green taxonomies, globally, that were intended to increase investment in green economic activity — that have not achieved that objective and have instead resulted in compliance exercises that have diverted company resources away from pursuing sustainability outcomes. So I think it's not as simple and straightforward as it's often perceived to be. And instead, the way that we're thinking about it is: we need to deeply understand what are the implications of this regulation at the same time as looking at our strategy on climate and figuring out kind of where we can provide feedback around better achieving the intended policy objectives.

Aaron Bertinetti

Head of ESG Investor Relations

Understood. Maybe I'll bring the focus back internally, because we've spent quite a lot on the external side.

So Alethea, we go out, we do all this activity. We end up with the ingredients for the sausage we mentioned earlier. We obviously published the *ESG Report* today, also announced that your team has enabled us to also put forward the data tables for our investors so they can just take the data and have the assurance that it's accurate and it's direct from us, which I think is very important. One of the questions that we get is: how do we actually determine what's decision useful.? How do we determine which information we disclose and which information we don't?

Alethea Burke

Firmwide ESG Controller

Yes, so the sausage-making starts months in advance of the report launch and involves a number of stakeholder groups across the Firm. We look at areas of interest, internally. We also work with your team to understand what's relevant to different audiences externally. We also look at industry frameworks like SASB and GRI. They're not perfect, but they do inform some of our approach. The focus of the report, as Tim mentioned in his opening, is to highlight business opportunities: how we mitigate risk and our ongoing efforts to enhance accountability, transparency and engagement. Across the report, we share our strategy and impact driven by business activities as well as efforts in our corporate functions. We continue to include progress every year on our \$2.5 trillion Sustainable Development target and our \$30 billion Racial Equity Commitment. But we've also developed an independent review and validation process to support all of the information that goes into the report and we've had to make decisions about something not being operationally ready, or if there's data challenges on a certain metric, to not disclose into the report this year. And so we'll continue to have that challenge and ensure the report has the right level of information and that there's accuracy and integrity behind it.

Aaron Bertinetti

Head of ESG Investor Relations

And just as a quick cheat sheet, I should say, for our investors: can you just pick a couple of key examples in terms of disclosures that is new this year?

Alethea Burke

Firmwide ESG Controller

Yeah, so we have a number of case studies that we've included in the report as tangible examples of the Firm's expertise, how we're using our capital, data and resources to contribute to the markets that we operate in. Within our Sustainable Development Target update this year, we chose examples with our case studies that mutually support both environmental and social objectives. We also, as you mentioned at the top of the call, enhanced disclosure around Energy Mix and clarifying the factors that impact our progress towards the target. And this obviously is an enhancement from our *Climate Report* that came out last year.

We've also been making a number of efforts internally to better understand and measure impact and we've included some outcome measures in this year's report, such as the number of affordable housing units related to investments that we've made as an organization.

Aaron Bertinetti

Head of ESG Investor Relations

There you go. Michelle, for the last question, before we go to a live audience for more live audience questions, I've got a few that have come in. We've talked about that landscape. We've talked about the reporting landscape. But the billion dollar question, particularly for sell-side analysts as well as for our buy-siders, is: what happens to the clean-energy tax incentives that we got out of the Inflation Reduction Act, if there is a change in administration? What are we seeing as potential outcomes and how we actually thinking about adjusting what we do as a Firm in the context of our climate strategy, if there is a change?

Michelle Mesack

Head of Global Government Relations

Yes. So the Inflation Reduction Act was Biden's signature piece of legislation and it is funding billions of dollars clean-energy projects. So it is very significant. I can't make any predictions, obviously, for what would happen under a Trump presidency around that funding. However, I will say with certainty that fiscal policy is going to be top of mind for policymakers in 2025, regardless of who is president. The debt ceiling will be reached again probably around mid-2025. We think Tax Cuts and Jobs Act, the individual tax rates, the lowering of the individual tax rates that was passed in 2017, will expire at the end of 2025 and there will be bipartisan support to keep those tax rates where they are, which means that you're going to have Congress grappling with a big spending bill, and how do you pay for those tax cuts? And so fiscal policy will be top of mind, and folks will be looking for ways to pay for some of these priorities, like tax rates. To the extent that the Inflation Reduction Act has not — all the funds that have been obligated have been appropriated under it have not been obligated, meaning they have not gone out the door — it is possible for Congress to consider reallocating those. What is interesting is that a lot of that money, a lot of the projects that they are funding are going to rural areas. You have projects like solar, wind, biofuels that tend to need big rural swaths of land and those tend to be in red states. So kind of unclear what kind of support there would be for changing the Inflation Reduction Act, even though a lot of Republicans may not at a macro level be for it. If there were a lot of funds coming into individual states, which usually, means economic growth, jobs and generally good things, if you're a politician in that state, there may not be as much support. So, unclear exactly what happens, but I think it will be a top piece of conversation next year if Trump wins. Again, just underscoring that no matter who is in seat, in the administration, in Congress, the Firm is always going to engage with whoever that is. We think that it's really important that we bring our perspective, our experience working with clients and working in these areas to bear in the public policy debate. Jamie talks about it a lot. And so we will be engaged no matter who is in power and who and what topics are on the table.

Aaron Bertinetti

Head of ESG Investor Relations

So we've got this interesting question that I think I'm going to bring you back into in a minute. But I'll start with Linda. So, we have a question from a buy-sider, about the divergence that we've seen between European and North American banking regulators, particularly in terms of integrating climate risk and capital rules and capital requirements. Their observation is: Europe's driving the agenda and that the Fed has proceeded in a more measured way. That's not my words, that's the words of the question. How do you think this plays out over the next three to five years? And do you see the potential of U.S. firms maybe outperforming financially, in the long run, as climate laggards in Europe deal with the additional capital headwinds?

Linda French

Global Head of Sustainability Policy and Regulation

So that's a tough question. I think.

Aaron Bertinetti

Head of ESG Investor Relations

Tougher than the election question?

Linda French

Global Head of Sustainability Policy and Regulation

Yes. I think it goes to more broadly that: one of the major challenges in this space right now is that our climate strategy is global. We don't have local climate strategies. And so when we're thinking about, for example, when I say we don't have local climate strategies, I mean, we don't have climate targets at the local legal entity level. It's decarbonization targets at the global level, because that's what makes sense for our business. And, thinking about when you've got different jurisdictions going different ways: how we both communicate to regulators around how we're thinking about things, why we're thinking about them that way, trying to avoid challenging implications that, again, won't achieve the ultimate kind of policy objective that we think they're aiming at, and then being able to communicate that, bring our expertise to the table and try and inform the process. But, going back to the question, I think that the question is a very good observation and that is going to be, I think, one of the big challenges over the next few years.

Aaron Bertinetti

Head of ESG Investor Relations

So I might bring it back to you, as I promised. So we just spent a lot of time talking about the U.S. I just made Linda talk about elsewhere. So your turn. What are the potential impacts on the bank of — ignoring the U.S. election — I think there are 100 elections happening globally this year. So, I'm not asking you to go through each and every one, but just thematically: how do we think about that as a bank? With all the election activity happening this year in a lot of major markets?

Michelle Mesack

Head of Global Government Relations

Yeah. It is the largest election year, I think, in history. We have — I'm trying to remember the number — it's an amazing amount of the world is actually going to the polls this year. We're obviously tracking all of them. And they have a lot of impacts for our Firm. I would say in Europe, just to build on what Linda was saying in Europe, we actually are seeing a pull back from the Green Party. So that doesn't mean that there's going to be a full walk away in terms of focus on sustainability. But I think we could end up seeing a little bit more focus on financial market competitiveness in Europe and potentially a little less of a focus on environmental issues. Again, not saying they're walking away from them, but just not quite as much passion for them as much as that we've seen when the Green Party has had more of the coalition.

Aaron Bertinetti

Head of ESG Investor Relations

So my next question here, which is, again unsurprisingly related, but I'm going to use it one more time, I promise, which is: we don't want to greenwash the sausage. The question we actually have here is: how do you ward off greenwashing concerns?

Alethea Burke

Firmwide ESG Controller

Yes. So we have a ton of focus on ensuring the accuracy and quality of our data. And when we think about transactions that the Firm does and even the ones we count towards our \$1 trillion sub-objective for Green within the Sustainable Development Target, we go through additional due diligence on transactions and look at — and ensure — that we're mitigating any risk of greenwashing the sausage, as you say. So again, it speaks to the efforts the control organization always does, which is accuracy, integrity of our reporting and what we put out externally. So we'll challenge and we'll make sure we're not including things that could be considered greenwashing.

Aaron Bertinetti

Head of ESG Investor Relations

The next question is, and I probably have time for maybe two more questions, is: are emerging topics like biodiversity and nature capital equally political, like climate change? Maybe start with you, Michelle.

Michelle Mesack

Head of Global Government Relations

Yeah, I think that they are they're definitely issues that are on — especially when you're looking at Biden's policy agenda — they're on his agenda. They have not gotten quite as much attention, I would say, as the transition. But you see Biden focusing on land conservation, for example, for biodiversity reasons. You definitely see it from the European policymakers who focus on it. So I think that is a growing trend that we will see the focus more and more over the next couple of years.

Aaron Bertinetti

Head of ESG Investor Relations

Do we see anything at the state level at all?

Michelle Mesack

Head of Global Government Relations

Not really at the state level. They're starting to explore it, I think on the left, but nothing that's really gotten a ton of traction.

Aaron Bertinetti

Head of ESG Investor Relations

Understand. This question, I might just quickly take myself. It was mentioned at the start, and I know that Stacey Freedman will actually talk to this in a few minutes, specifically to how we engage with shareholder proponents. We have an asset manager asking: please elaborate on the company's decision to disclose the clean-energy-supply financing ratio going forward. And I might also involve you, Alethea.

Having been involved in that negotiation, I can tell our investors: the reality is we're dealing with a long-term investor. We've had a lot of very good engagements with the Comptroller over a long period of time. They weren't asking us to change our business practices or prescribing something. They were very pragmatic. And it was something that was aligned with what we've been doing anyway, which kind of speaks to the work that you're talking about, Alethea. I don't know whether you want to give any kind of color about — okay, so we get to that point sometime later this year where we need to report on that, the type of controls we put around that climate data?

Alethea Burke

Firmwide ESG Controller

Yeah. So, we'll have data-integrity controls, looking at all of the inputs, that go into the calculation. We'll do a number of reviews across the Firm with stakeholders in terms of our reporting methodology and ensuring alignment across the organization on how we think about that ratio. And then, it'll get funneled through into our reporting process for the *Climate Report* and that has tiered reviews within the organization of those who provide the data, as well as the leadership across the organization, to see how it manifests in the disclosure. And all of that goes through attestation and signoff before we put it out the door.

Aaron Bertinetti

Head of ESG Investor Relations

Great. I'm going to squeeze in one more question. I've got one minute. So, this one is, are JPMorgan European affiliates under the scope of the CSRD directive and is it mandatory for us as a Firm to present in the sustainability report?

Alethea Burke

Firmwide ESG Controller

Yes. So we will have a disclosure for CSRD. We have one legal entity that's in first-year compliance. There will be other legal entities that will be required to disclose over the next several years and then the Firm comes into disclosure requirements in 2029 on 2028 data.

Aaron Bertinetti

Head of ESG Investor Relations

Fantastic. Well, I think I've managed to get through a bunch of questions. I'm going to see very quickly, I think that's it. I'm being told that's the time. So, I think that is the last question we have time for today. So thank you very much to all of you as our panelists for a great discussion on how we're actually navigating what is a very dynamic landscape. I'm sure you're all going to be very busy, as am I, in the months and years to come. Thank you also to our audience and your questions. If we didn't get to your question, my apologies, we do have a surplus of questions. You should feel free to reach out to myself or the Investor Relations team. We are always happy to engage. You can also find transcripts from all of our ESG events on our Investor Relations website. And following our final speaker, a QR code will appear that you can use to send us feedback on today's event.

It is now my pleasure to introduce you to Stacey Friedman, Executive Vice President and General Counsel for JPMorgan Chase and a member of the Firm's Operating Committee. As General Counsel, Stacey is responsible for the Firm's exposure to legal risk across the globe, including litigation and enforcement matters, advising on products and services and advocacy in connection with proposed laws, rules and regulations. Please welcome Stacey Friedman.

Stacey Friedman

Executive Vice President and General Counsel, JPMorgan Chase & Co.

Good morning and thank you for joining us today. Environmental, social and governance-related matters have been a growing area of interest for our investors and the diverse set of our stakeholders. Our investors and stakeholders have wide-ranging views on these matters. So today, I'd like to outline our Firm's approach in the context of how we conduct our business, how we think about policy in this area and how we engage with our shareholders.

On the business side, our long-term investors know us well. JPMorgan provides financial services for individuals and industries across geographies. We proudly serve more than 80 million households, 6.4 million small businesses in the United States and hundreds of thousands of companies in critical economic sectors. And we do not make decisions based on political or social agendas. We deal in facts. We work with shareholders, clients, customers and communities to fulfill banking's essential purpose of helping people, businesses of all sizes and vital institutions like schools, hospitals and governments, achieve their goals. We do not make our decisions on who we're going to work with or who we're not going to work with because of political, social or religious viewpoints, period.

As for sustainability, we aim to support inclusive, sustainable economic growth because we believe that our businesses thrive when all communities we serve do the same. We strive to build this actual commitment into our Firm's governance, into our structures, through oversight, through management and a culture of accountability. So, for example, when you look at our target, like our \$2.5 trillion Sustainable Development Target, we got to that because we independently assessed what's reasonable, what's achievable, what will serve the best interests of our businesses and our clients, and then as we've worked against that target, we've continuously measured, monitored and assessed our progress and adjusted as the landscape for sustainable development evolves. And we work with a broad range of organizations that advance various interests every day.

At the end of the day, however, our decisions are always made independently. We don't boycott. We decide where and how to compete by assessing risk and opportunity. And the decisions we make are in service of the long-term interest of our Firm and its shareholders.

Moving to the more macro view, we take the same approach when thinking about policy. We believe that markets and economies of all sizes benefit when free and fair enterprise thrives. That creates innovation, that creates competition, it maximizes shareholder value. And we believe that policies that bring together free enterprise to help achieve sustainability with government and other participants, that's how we achieve our goals. We do not believe in weaponizing businesses to advance social or political agendas. When that happens, it's often the communities and customers who suffer, and that's why we believe the best answers reside in engagement in discourse over policy. We believe that we are most successful when we're working closely with government and other stakeholders. And indeed, throughout history, we've engaged with officials from all parties, companies in all industries and shareholders of all stripes in an effort to address the world's and our company's most pressing needs.

And we value engagement not just in policy, but on the shareholder front. Our Board and senior management spend a significant amount of time engaging with our shareholders all year. This isn't just about proxy season. It is part of how we run our Firm.

With respect to shareholder proposals, I can assure you we carefully consider each proposal. Of course, the Board focuses on its fiduciary duty to advance long-term financial interests of shareholders. But more specifically, we engage with proponents to better understand their views. We weigh the relevance of the subject matter of their proposal in the context of our business and its value to long-term shareholders. We consider the potential costs and benefits and importantly, when a proposal does make a pragmatic and well-evidenced case, we have a strong track record of agreeing.

This year, this included an agreement with the New York City Comptroller. The Comptroller engaged with us constructively, actually for years on climate matters, and they always thought about them as a long-term shareholder, what it would mean for other long-term shareholders as well. So when they came to us to request that we disclose a clean-energy financing ratio, we viewed that as reasonable. We viewed it as pragmatic. And we viewed it as part of an ongoing dialogue. They didn't prescribe how we should conduct our business. It wasn't in conflict with long-term investor goals and it made a lot of sense to us.

Indeed, today, if you look at the *ESG Report* that we just issued, it reflects actually a lot of good feedback we've received over the years that comes from constructive dialogue with many people who are here today and shareholders broadly. But the fact is, we've also faced increasing proposals over many years. And many of the proposals we receive provide no assessment of how they promote the interests of shareholders. Some proposals provide no empirical evidence of financial effectiveness. Some proposals have solutions without identifying a failure or a material problem. Some ask us to adopt practices that aren't common among our peers and there are others that are based on assertions about the Firm that we believe are inaccurate or misleading. And those proposals we don't support.

Now, this does not detract from our core view. We strongly value shareholder engagement. We acknowledge the diverse opinions and have grown and improved as a company because of engagement with our shareholders. And as shareholders themselves fulfill their responsibility to independently review these proposals, we urge you to evaluate them as we did. Examine the facts. Weigh the relevance of the subject matter to our business. Weigh the costs of the proposal and assess whether the proposal has put forward evidence that will contribute to long-term shareholder value.

In short, our Firm is dedicated to sustainability in our business operations. We've woven it into our governance and oversight. We advocate for it

in policy matters. And as fiduciaries when it comes to shareholder engagement, we make fact-based, independent decisions, always prioritizing the long-term interests of our shareholders.

We're grateful for the valuable insights gained through constructive shareholder engagement. It helps us grow. It helps us improve. And we thank you for your ongoing support and commitment to our pursuit of sustainable, inclusive growth and long-term shareholder value. On behalf of the Firm, we appreciate your continued engagement with JPMorgan Chase.

Disclaimer

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