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

DIVISION OF
CORPORATION FINANCE

March 29, 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 concerning the shareholder proposal (the "Proposal") submitted to JPMorgan Chase & Co. (the "Company") by William L. Rosenfeld (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated January 19, 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: William L. Rosenfeld
***

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

March 29, 2018

Response of the Office of Chief Counsel
<u>Division of Corporation Finance</u>

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

The Proposal requests that the board report to shareholders an analysis of how the Company's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(d). Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rules14a-8(d) and 14a-8(f).

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(7). Accordingly, we do not believe that the Company may omit 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.

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January 19, 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 William L. Rosenfeld

Dear Ladies and Gentlemen:

I submit this letter in response to the January 12, 2018, letter (the "Letter") from Martin Dunn of Morrison & Foerster LLP submitted on behalf of JPMorgan Chase & Co., ("JPMorgan") which requests No-Action confirmation from the staff (the "Staff") of the Division of Corporation Finance of the U.S. Securities and Exchange Commission (the "Commission") for omitting my shareholder proposal (the "Proposal") from JPMorgan's proxy materials for its 2018 Annual Meeting of Shareholders.

Number of Words in the Proposal

JPMorgan is incorrect in its claim that the Proposal exceeds the allowed 500 words. JPMorgan arrives at its incorrect conclusion saying the Proposal "exceeds the 500-word limitation in Rule 14a-8(d), even under a conservative count." However, JPMorgan does not use "conservative" rules to count words, but rather applies non-standard rules of word counting, at odds with normal dictionary usage. Although it seems unworthy to discuss JPMorgan's counting gymnastics, I will do so because of the No-Action request of JPMorgan.

On November 24, 2017, the Proposal I submitted to JPMorgan was reported by MS-Word to be 499 words, not including the title, but including the heading words "WHEREAS" and "RESOLVED," for a net total of 497 words. On December 1, JPMorgan notified me of its concern that the Proposal text exceeded 500 words. JPMorgan did not indicate its word counting method, but nonetheless, I resubmitted the Proposal on December 4, reducing the text by 10 words, with MS-Word reporting 489 words, which results in a net word count of **487 words** after excluding the heading words WHEREAS and RESOLVED. (JPMorgan's No-Action request letter agrees that these two words should not be included in the word count.)

Although my December 4 letter to JPMorgan stated that "I would be pleased to meet with you to address any concerns you may have," JPMorgan did not contact me about its proposed word counting rules until sending a copy of its No-Action Letter to the SEC on January 12, 2018. I would have much preferred to work out word counting differences directly with JPMorgan during the 14 day correction period that ended December 15, and before involving the SEC Staff, as the SEC requests disagreeing parties do. However, since JPMorgan did not provide that opportunity, I address word counting rules here.

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

JPMorgan's No-Action request Letter has described five counting rules that, if accepted, would increase the word count of the Proposal. Based on these five rules, JPMorgan specifies adding 21 to the word count, detailed below, and reports the resulting total as 512. JPMorgan's total of 512 is 4 words higher than the total of 487+21=508 words, using the specific word additions identified by JPMorgan. Since JPMorgan has not specified the explanation for the additional 4 words, I cannot respond at this time regarding these 4 words.

The Staff should reject each of the five rules specified by JPMorgan, as explained below, and not agree that the Proposal exceeds the 500-word limitation that would allow it to be excluded from JPMorgan's 2018 Proxy Materials.

1. **Eight words**: JPMorgan says it counts the words in the title, "Proposal to Report on Investments Tied to Genocide," arguing that the cover letter to the Proposal submission asks that JPMorgan use that title "in all references in the proxy materials." This request was intended to ensure that JPMorgan not refer to the Proposal in some non-specific or generic form in the proxy materials, in the sentence that introduces the proposal body and phrase for the proposal on the proxy ballot. For example, we hoped to avoid JPMorgan inadequately listing the Proposal on the ballot as "a human rights" proposal or as "a shareholder" proposal. This concern is real, as in the 2013 JPMorgan proxy ballot. In 2013, JPMorgan inadequately listed on its proxy ballot the proposal on genocide-free investing, listed it as "Adopt procedures to avoid holding or recommending investments that contribute to human rights violations." However, the actual proposal language said "… substantially contribute to genocide or crimes against humanity," rather than some generic, undefined "human rights violations." Given this experience, the cover letter for this year's Proposal sought to ensure that JPMorgan fairly list the Proposal in its proxy materials. JPMorgan should refer to the Proposal in its proxy materials as requested, but it should not count the words in those references (such as on the proxy ballot or the text that introduces the Proposal) as if those 8 words were part of the body of the Proposal. JPMorgan uses this approach itself, as demonstrated by the fact that the title of the 2013 proposal was not included in the body of the proposal in the proxy materials that JPMorgan prepared and published. The title of the 2018 Proposal is clearly descriptive, rather than argumentative. Therefore, in accordance with prior Staff bulletins, those 8 words may be rightly excluded from the overall word count.
2. **Two words**: JPMorgan says it counts each percent symbol as separate words, relying on *Intel Corp.* (Mar. 8, 2010). I believe that it would be appropriate for the Staff to revisit this past position. In the Proposal, there are two examples, "7%" and "88%," both of which are concise and specific numeric concepts. It would be odd to understand these terms as the number being an adjectival modifier of the noun "percent." It may make sense to see "7" modifying the word "cats" in the two word phrase "7 cats," but that parallel breaks down with 7%, as we do not have 7 percents. Further, a number with multiple digits should clearly be recognized as a single word, whether "8" or "88" or "888" or "8888." Such numbers could be much long than "7%," yet it should be clear that each of those is a single word. However, if the Staff declines to revisit its past position, then the word count in the Proposal increases by 2 words.
3. **Five words**: JPMorgan says it counts hyphenated terms as multiple words, relying on *Minnesota Mining & Manufacturing Co*. (Feb. 27, 2000). JPMorgan says that that "proposal contains 504 words, but would have contained 498 words if hyphenated words

and words separated by "/" were counted as one word." However, the Staff reply letter in that case did not indicate the word counting method it used or its count of the words. Further, the text of the proposal in *Minnesota Mining & Manufacturing Co*. included unusual hyphenations, including "51%-support," "tenure-independence," and "against-votes." These unusual constructs, alone, may have been the source of the Staff's determination in *Minnesota Mining & Manufacturing Co*.

In contrast my Proposal uses three hyphenated terms -- "**genocide-free**" used 3 times, "**government-sponsored**" used 1 time, and "**decision-making**" used 1 time. The Chicago Manual of Style (and other style guides) define the normal use of compound words, including hyphenated words. For example, "genocide-free investing," "government-sponsored genocide," and "decision-making processes" all follow the style rule of using a hyphenated compound word for the compound adjective before a noun. The Staff should accept this usage as reasonable. It is hard to imagine that the use of these terms as part of an unfettered scheme to avoid the 500 word requirement of shareholder proposals.

"Genocide-free" is a regular compound word in the name "genocide-free investing" which Investors Against Genocide has been advocating for 10 years, and "genocide-free" has appeared in online and print publications widely, including such news sources as NY Times, Bloomberg, CNN, Reuters, and Financial Times. "Government-sponsored" is a regular compound word in common usage, is used by the U.S. government (e.g. https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/gov.pdf, https://www.ncsha.org/advocacy-issues/housing-government-sponsored-enterprises-gses) and is listed as an adjective in dictionaries (e.g. https://dictionary.cambridge.org/us/dictionary/english/government-sponsored). "Decision-making" is a regular compound word in common usage and is listed as a noun in dictionaries (e.g. https://www.merriam-webster.com/dictionary/decision-making).

Each of the 3 uses of genocide-free" should be counted as 1 word, not 2 words as JPMorgan proposes. The single uses of "government-sponsored" and "decision-making" should each be counted as 1 word, not 2 words as JPMorgan proposes.

4. **Four words**: JPMorgan says it counts "U.S." and "TIAA-CREF" as multiple words, arguing that "each letter in an acronym is simply a substitute for a word, to conclude otherwise would permit proponents to evade the clear limits of Rule 14a-8(d) by using acronyms rather than words." However, these two terms are obvious, commonly known *names* .in their own right, not merely as a shorthand that readers replace by always saying the full name. They are useful words as names, in and of themselves. Using the words that are actually used as the names of things is hardly a way to "evade the clear limits of Rule 14a-8(d)" as JPMorgan argues.

JPMorgan admits that U.S. "is universally understood," which is why U.S. is understood as one word. "US" is even used in compound words, such as "US-based." "U.S." is clearly one word with a pronunciation different from "United States." It is irrelevant that there is another name for the U.S. that is two words ("United States") and irrelevant that there is another name for the U.S. that is four words ("United States of America"). Further, style guides recommend using the abbreviated word when using it as an adjective, such as the 3 usages in the Proposal -- “U.S. sanctions.” Each of the 3 uses of “U.S” should be counted as 1 word, not 2 words as JPMorgan proposes.

Similarly, TIAA-CREF has been the name of a company (though it renamed itself TIAA recently). It is irrelevant that TIAA-CREF had other names, since TIAA-CREF was its name and that company and the public referred to it by that name. For example, one of the legal entities of TIAA-CREF was “TIAA-CREF Individual & Institutional Services, LLC.” The single use of “TIAA-CREF” should be counted as 1 word, not 2 words as JPMorgan proposes.

5. **Two words**: JPMorgan says it counts each date that references a day, a month and a year as three words. It argues that “9/15/2017” should be counted as three words. However, it is easy to see how that approach is incorrect, since “9/15/2017” has meaning as a specific thing, a date, but “9” by itself does not, and “15” by itself does not. Only compounded together with “2017” does the compound number make the word that they together represent -- the date 9/15/2017. (The situation is similar to numbers with multiple digits; only compounded together do the multiple digits represent the number word; the number 1,234,567 is one word, not 7 words.) English is full of such combining forms which get their meaning from their components, but only when they are put together in a word. The single use of 9/15/2017 should be counted as 1 word, not 3 words as JPMorgan proposes.

JPMorgan also notes that it counted the numbers (e.g., 1, 2, 3) and letters (e.g., a, b, c) separating and enumerating the “Whereas” clauses as separate words. We use the same counting method, as does MS-Word.

Should the Staff not agree with some of the reasoning above, I ask that the Staff calculate the adjustment to the 487 word count for the Proposal as appropriate and <u>not</u> agree that the Proposal exceeds the 500-word limitation that would allow it to be excluded from JPMorgan’s 2018 Proxy Materials.

Ordinary Business

People concerned with genocide-free investing have been submitting shareholder proposals since 2007 and companies have also been asking the SEC to exclude these proposals since then. In November 2007 Fidelity claimed the proposal dealt with ordinary business. In February 2011, JPMorgan claimed the proposal was materially false and misleading. In February 2012 ING claimed the proposal dealt with ordinary business. In December 2013, Franklin Resources claimed the proposal dealt with ordinary business. In January 2014 JPMorgan claimed the proposal was not significantly related to the fund’s business. In each of these cases, the SEC ruled that the proposal could not be excluded on these grounds. Some of these cases were decided by the Division of Investment Management and others by the Division of Corporate Finance but the rulings have been consistently against exclusion of the proposals. In particular, the Staff response to Franklin Resources in December 2013 stated,

> “In our view, the proposal focuses on the significant policy issue of human rights and does not seek to micromanage the company.”

I will not revisit these detailed arguments since they are well documented in the existing correspondence. I believe the overriding issue in each case is that the proposal represents a significant social policy issue. Rule 14a-8(i)(7) states that a proposal may not be excludable if it "would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." Genocide-free investing is clearly such an issue.

Here are just a few of the highlights of the public interest in genocide-free investing, compiled in a whitepaper from 2014.[1] Beginning in 2005 there has been a broad, public campaign to respond to the genocide in Sudan. Many millions of shareholders have voted for genocide-free investing when it has been on the ballot. In 2012 when shareholders were presented with the proposal and management took a neutral position, shareholders overwhelmingly voted in favor of the proposal (with 59.8% for, 10.7% against, and 29.5% abstaining).[2] 30 states[3] and more than 60 colleges[4] decided to divest from oil companies involved with Sudan. Both houses of Congress unanimously passed the Sudan Accountability and Divestment Act of 2007.[5] Market research has confirmed the importance of the issue to the public, with 88% of Americans indicating they would like their mutual funds to be genocide-free.[6]

Although the crisis in Sudan is not often in the news in recent days, that crisis continues. Furthermore, the company highlighted in my Proposal, CNPC/PetroChina, is not only continuing to help fund ongoing government-sponsored genocide and crimes against humanity in Sudan, but the CNPC/PetroChina group is also partnering with both Syria and Burma, thereby helping fund mass atrocities by those governments.

Prior proposals asked the companies "to prevent holding investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity". Because of JPMorgan's past resistance to this request and, in my opinion, failure to provide substantive reasons for this resistance, I elected to make a much simpler request of JPMorgan in my Proposal for 2018, with a Resolved section stating:

> *Shareholders request that the Board of Directors report to shareholders, at reasonable expense and excluding confidential information, an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values.*

I understand that the Commission has 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). How could a request for a report, asking JPMorgan to relate its published corporate values to a significant social policy issue interfere with JPMorgan's ordinary business? It seems likely that JPMorgan will spend more with its outside counsel to suppress the proposal than it would simply responding.

In earlier genocide-free investing shareholder proposals we reference CNPC/PetroChina as a clear and commonly recognized example of a company substantially contributing to genocide or

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1 https://www.investorsagainstgenocide.org/files/2014-0716-White-Paper-on-genocide-free-investing.pdf

2 ING Emerging Countries proxy voting results from June 28, 2012 , http://www.sec.gov/Archives/edgar/data/895430/000117152012001135/ex99-77c.htm

3 "States that divested from Sudan," http://www.investorsagainstgenocide.org/statesthat-divested-from-sudan/

4 "Colleges and universities that divested from Sudan," http://www.investorsagainstgenocide.org/colleges-and-universities-that-divested-from-sudan

5 http://www.govtrack.us/congress/bill.xpd?bill=s110-2271

6 https://www.investorsagainstgenocide.org/files/KRC-research-results-from-2010-and-2007.pdf

crimes against humanity. To my knowledge, every state, every college and every fund (including those from TIAA-CREF and T. Rowe Price) that divested holdings as a result of human rights abuses in Sudan, divested from CNPC/PetroChina. In this proposal we mentioned CNPC/PetroChina in the resolved clause because we seek to avoid a high level response from JPMorgan that fails to address the underlying issue. I am puzzled about how JPMorgan can claim the corporate values referenced in my Proposal, while still remaining a large investor in a company that represents such an extreme contradiction of those values.

If the Staff, for any reason, is concerned about the reference to CNPC/PetroChina in the Resolved sentence of my Proposal, then I would be happy to remedy that problem, simply by removing that clause from the Resolved sentence of the Proposal. Again, had JPMorgan been primarily concerned with the mention of CNPC/PetroChina in the resolved clause and approached us, we would have readily agreed to such a change. Unfortunately JPMorgan did not engage with us, as the Staff requests. Had they done so we could have saved all parties considerable effort.

Conclusion

For the reasons discussed above, we believe the Proposal conforms to the requirements of Rule14a-8 and should be included in JPMorgan's 2018 Proxy Materials. If I can be of any further assistance on this matter, please do not hesitate to contact me.

Sincerely,

William L. Rosenfeld

cc: Martin Dunn, Morrison & Foerster LLP

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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 William L. Rosenfeld

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 William L. Rosenfeld (the "***Proponent***") 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 Proponent.

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

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 William L. Rosenfeld via email at *** .

I. PROCEDURAL HISTORY

November 24, 2017	A proposal, dated November 24, 2017, is received by the Company from the Proponent via email (referred to herein as the "***Initial Proposal***"). *See* Exhibit A.
December 1, 2017	The Company notifies the Proponent via email of the requirements of Rule 14a-8(d), its view that the Proponent's submission failed to meet the requirements of that paragraph of the rule, and the requirement that those deficiencies be cured within 14 days of receipt of the Company's notice. *See* Exhibit B.
December 4, 2017	A first revised proposal is received by the Company via email. *See* Exhibit C.
December 4, 2017	A second revised proposal is received by the Company via email (referred to herein as the "***Proposal***"). *See* Exhibit D.
December 15, 2017	The 14-day deadline for responding to the Company's notice of the eligibility and procedural deficiencies passes without the Proponent submitting any additional revisions to the Proposal.

II. THE PROPOSAL

On December 4, 2017, the Company received a letter from the Proponent containing the Proposal for inclusion in the Company's 2018 Proxy Materials. The Proposal reads as follows:

> *"**WHEREAS***
>
> *We believe that JPMorgan should reconcile its investment practices with its published values because:*
>
> 1. *In 2011 - 2014, JPMorgan opposed the "genocide-free investing" proposal which asks the firm to avoid investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity.*
>
> 2. *JPMorgan's resistance to "genocide-free investing" is inconsistent with its corporate values because JPMorgan:*
>
>   a. *Publicizes that it "supports fundamental principles of human rights across all lines of its business and in each region of the world;"*

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

b. *Commits to the "development of best practices relating to the promotion of human rights;"*

c. *Seeks "to incorporate respect for human rights and demonstrate a commitment to fundamental principles of human rights through our own behavior;"*

d. *Is a signatory to the UN Principles for Responsible Investment, through which JPMorgan agrees to "incorporate ESG issues into investment analysis and decision-making processes" and "better align investors with broader objectives of society;"*

e. *Uses "risk management processes and procedures to consider human rights and other reputational issues," but disregards connections to genocide, an inherent risk factor;*

f. *Claimed it "fully abides by [U.S. sanctions] restrictions in letter and spirit," yet for years knowingly made investments that, while legal, are inconsistent with U.S. sanctions that prohibited transactions relating to Sudan and Syria's petroleum industries;*

g. *Has a "Know Your Customer" program to avoid relationships with companies that jeopardize JPMorgan's reputation, yet senior managers claimed complete ignorance of PetroChina even after voting against shareholder proposals that focused explicitly on PetroChina.*

3. *Examples demonstrate that JPMorgan inadequately protects shareholders from investments in companies connected to genocide because JPMorgan and funds it manages:*

a. *Are large holders of PetroChina (1.4 billion shares, 7% of shares outstanding, 9/15/2017.) PetroChina is the publicly traded arm of its controlling parent, CNPC, which is Sudan's largest oil partner, and thereby helps fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, and thereby helps fund that government's mass atrocities.*

b. *Have been one of the world's largest holders of PetroChina since 2005, even after Investors Against Genocide raised this issue with JPMorgan in 2007, despite knowing PetroChina's connection to funding genocide in Sudan, and despite knowing that U.S. sanctions explicitly prohibited American companies from doing* *business with Sudan's oil industry and still prohibit American companies from doing business with Syria's oil industry.*

4. *Other large financial firms, including T. Rowe Price and TIAA-CREF, have policies to avoid investments tied to genocide.*

5. *KRC Research's 2010 study showed that 88% of respondents want their mutual funds to be genocide-free. Details are available at www.investorsagainstgenocide.org/resources.*

RESOLVED

Shareholders request that the Board of Directors report to shareholders, at reasonable expense and excluding confidential information, an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values."

III. EXCLUSION OF THE PROPOSAL

A. Bases for Excluding the Proposal

As discussed more fully below, the Company believes it may properly omit the Proposal from its 2018 Proxy Materials in reliance on the following bases:

- Rule 14a-8(f), as the Proposal exceeds 500 words and the Proponent failed to correct this deficiency despite the Company's clear and timely notice; and

- 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(f), as the Proposal Exceeds 500 Words and the Proponent Failed to Correct This Deficiency Upon Request After Receiving Proper Notice Under Rule 14a-8(f)(1)

The Company may exclude the Proposal pursuant to Rule 14a-8(f)(1) because the Proposal violates the 500-word limitation imposed by Rule 14a-8(d) and the Proponent failed to correct this deficiency after proper notice.

Rule 14a-8(d) provides that a proposal, including any supporting statement, may not exceed 500 words. The Staff has explained that "[a]ny statements that are, in effect, arguments in support of the proposal constitute part of the supporting statement" for purposes of the 500-word limitation. Staff Legal Bulletin 14 (July 13, 2001) ("***SLB 14***"). On numerous occasions, the Staff has concurred that a company may exclude a shareholder proposal under Rules 14a-8(d) and 14a-8(f)(1) because the proposal exceeds 500 words. *See, e.g.*, *Amoco Corp*. (Jan. 22, 1997) (permitting the exclusion of a proposal under the predecessors to Rules 14a-8(d) and 14a-8(f)(1) where the company argued that the proposal included 503 words and the proponent stated that it included 501 words); *see also General Electric Co.* (Dec. 30, 2014); *Danaher Corp.* (Jan. 19, 2010); *Pool Corp.* (Feb. 17, 2009); *Procter & Gamble Co.* (July 29, 2008); *Amgen, Inc.* (Jan. 12, 2004) (in each instance concurring in the exclusion of a proposal under Rules 14a-8(d) and 14a-8(f)(1) where the company argued that the proposal contained more than 500 words).

Rule 14a-8(f)(1) permits a company to exclude a shareholder proposal from the company's proxy materials if a shareholder proponent fails to comply with the eligibility or procedural requirements under Rule 14a-8, provided that the company has timely notified the proponent of any eligibility or procedural deficiencies and the proponent has failed to correct such deficiencies within 14 days of receipt of such notice. The Company received the Initial Proposal from the Proponent on November 24, 2017, via email, which exceeded 500 words. The Company gave notice to the Proponent within 14 days of the Company's receipt of the Initial Proposal that the Proponent had not met the procedural requirements of Rule 14a-8(d). The Company's notice included:

- A description of the procedural requirements of Rule 14a-8(d);

- A statement explaining that the proposal submitted by the Proponent did not satisfy the procedural requirements of Rule 14a-8(d) – *i.e.*, "Your Proposal, including the supporting statement, appears to exceed this 500-word limitation."

- A description of the required action – *i.e.*, "your submission is required by Rule 14a-8 to be reduced to 500 words or less to be considered for inclusion in JPMC's proxy materials."

- A statement calling the Proponent's attention to the 14-day deadline for responding to the Company's notice – *i.e.*, "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," and

- A copy of Rule 14a-8 <u>and</u> SLB 14F.

In response to the Company's notice, the Proponent submitted the Proposal via email to the Company. Consistent with Staff precedent, the Company is of the view that the Proposal may be excluded from the 2018 Proxy Materials because the Proposal, including the "whereas" clauses, exceeds the 500-word limitation in Rule 14a-8(d), even under a conservative count. In arriving at this calculation:

- We have counted the title, "Proposal to Report on Investments Tied to Genocide," because the Proponent requests on his submission's cover page that the Company "ensure that the title of this proposal in all references in the proxy materials is to 'Proposal to Report on Investments Tied to Genocide."[1]

- We have counted each symbol (including "%") as a separate word, consistent with *Intel Corp.* (Mar. 8, 2010) (stating that, in determining that the proposal appears to exceed the 500-word limitation, the company "counted each percent symbol and dollar sign as a separate word").

- We have treated hyphenated terms as multiple words. *See Minnesota Mining & Manufacturing Co*. (Feb. 27, 2000) (concurring with the exclusion of a shareholder proposal under Rules 14a-8(d) and 14a-8(f)(1) where the proposal contains 504 words, but would have contained 498 words if hyphenated words and words separated by "/" were counted as one word). Accordingly, we have counted each iteration of "genocide-free," "decision-making," and "government-sponsored" as two words.

- We have counted "U.S." and "TIAA-CREF" as multiple words.[2] Because each letter in an acronym is simply a substitute for a word, to conclude otherwise would permit proponents to evade the clear limits of Rule 14a-8(d) by using acronyms rather than words. We believe that the familiarity of an acronym is an arbitrary distinction and is irrelevant as to whether it represents one or multiple words. The acronym "U.S.," for example, is universally understood as referring to the term "United States," a term that is two words. The acronym "TIAA-CREF" was counted as two words.

- We have counted each date that references a day, a month and a year as three words. For example, we have counted "9/15/2017" as three words.

- We have counted the numbers (*e.g.*, 1, 2, 3) and letters (*e.g.*, a, b, c) separating the "Whereas" clauses as separate words.

The Initial Proposal was submitted to the Company via email on November 24, 2017. The Initial Proposal exceeded 500 words. *See* Exhibit A. Within 14 days of receipt of the Proposal, on December 1, 2017, the Company properly gave notice to the Proponent that the Initial Proposal exceeded 500 words and did not satisfy the procedural requirement of Rule 14a-8(d). The Company's notice further advised the Proponent that he must satisfy the procedural requirement of Rule 14a-8(d) by revising the Initial Proposal so that it contained 500 words or

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[1] We have not counted "Whereas" or "Resolved" because the phrases appear to be used as a heading, as they are on separate lines and bolded.

[2] We note that even if each acronym were counted as a single word, the Proposal would still contain more than 500 words.

less. *See* Exhibit B. In response to the Company's notice, the Proponent submitted via email the Proposal. *See* Exhibit D. The Proponent's email indicated his belief that the Proposal satisfies the procedural requirements under Rule 14a-8(d) to submit a shareholder proposal, *i.e.*, "[a]ttached is a revised proposal . . . reflecting your requested changes." *See* Exhibit C and Exhibit D. However, the Proposal fails to satisfy the Proponent's procedural requirements under Rule 14a-8(d) to submit a shareholder proposal because the Proposal exceeds 500 words – it is 512 words in length. To date, the Proponent has not provided the Company with a revised proposal that is 500 words or less. Accordingly, the Company is of the view that it may exclude the Proposal from its 2018 Proxy Materials in reliance on Rule 14a-8(d) and Rule 14a-8(f)(1), as it exceeds the 500-word limitation.

C. 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 stockholder 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).[3] *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

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[3] 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.

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 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 containing "an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values." 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 to address the Company's policies for investments in particular companies, including more specifically its investments in

CNPC/PetroChina. As such, the Proposal seeks to micromanage management's investment 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, custody services, and private equity. As such, the Company's decisions with respect to the services it provides to clients and in which companies it chooses to invest on behalf of its clients in the asset management business, 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 in which companies the Company will invest, and the policies underlying those investment decisions. Discussions regarding the Company's policies and procedures for making investment decisions are a regular agenda item at routine management meetings, and management periodically updates the Board of Directors on key factors underlying the Company's investment guidelines. Management focuses extensively on establishing appropriate standards for making investments, which are then considered on a day-to-day basis by management and employees who are making the investment 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 investment decisions a prohibition against holding shares of a particular issuer (CNPC/PetroChina) and consideration of a potential customer's "ties to genocide or crimes against humanity," which would significantly impact the day-to-day decision making of the Company regarding how it chooses in which companies to invest. Each of the Company's decisions regarding the appropriate policies and practices to implement with respect to investment, and decisions with respect to the investments to which the Company will commit 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 investment decisions requires analysis of numerous factors, including the prospects for a particular company, the appropriate level of return to seek from an investment, the risk to the Company with respect to the investment, legal and regulatory compliance and competitive factors, among others. Company personnel similarly must consider those and other factors in making specific decisions regarding whether, and to what extent, the Company should provide certain services to clients and invest in a particular company, on behalf of customers in the asset management business.

The Proponent seeks to dictate that the Company cannot hold shares of PetroChina, at the direction of its customers as part of its custody business or otherwise, even if the investment otherwise meets all of the myriad conditions established in the Company's policies and procedures. The Proposal further seeks to require the Company to review its policies and practices relating to investments in companies tied to genocide or crimes against humanity, and to evaluate specifically its investments in CNPC/PetroChina. These requests within the Proposal would clearly impact the Company's policies and procedures with respect to how the Company evaluates each and every potential investment and the ongoing decisions the Company makes with respect to those potential investments. Those Company decisions involve complex, day-to-day operational determinations of management that are dependent on management's underlying expertise. As the Proposal seeks to address the Company's investment in a particular entity (CNPC/PetroChina), as well as the Company's investment practices in "companies tied to genocide or crimes against humanity," 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 Investment Decisions 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 determining the particular products and services a company provides to its customers is excludable under Rule 14a-8(i)(7) as a component of "ordinary business."

The Proposal requests that the Company's Board of Directors prepare a report regarding "investments in companies tied to genocide or crimes against humanity" and to specifically address the consistency of its investment in CNPC/PetroChina with its "published corporate values." Further, the "Whereas" clauses state that:

- "JPMorgan should reconcile its investment practices with its published values"; and

- "JPMorgan inadequately protects shareholders from investments in companies connected to genocide."

It is well established in Staff precedent that a company's decisions regarding its products and services 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 relates directly to the Company's decisions with respect to the services it provides to its clients.

The Proposal requests that the Company publish a report regarding investments in companies tied to genocides or crimes against humanity, with particular emphasis on the Company's investments in CNPC/PetroChina. 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 that the report provide a "reconcil[iation of] its investment practices with its published values," noting that "JPMorgan inadequately protects shareholders from investments in companies connected to genocide" and "[o]ther large financial firms . . . have policies to avoid investments tied to genocide," and specifically requests an examination of the Company's policies with respect to "investments in companies tied to genocide or crimes against humanity" and its investments in CNPC/PetroChina. 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, custody services, and private equity. As the clear fundamental purpose of the Proposal is for the Company to have policies to "avoid investments tied to genocide," as reflected in the Whereas clause regarding the policies of "other large financial firms," the Proposal would clearly impact how the Company evaluates investments on behalf of its asset management customers and the services it provides to its clients, 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 to protect human rights, as described in this letter, the decision-making process relating to the services it provides and investments by the Company on behalf of its clients, 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 decisions a financial institution makes with respect to products and services 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 with respect to the financial services it provides its customers. As was the case in *JPMorgan Chase & Co.*, the Proposal seeks to prohibit a particular business practice – "avoid[ing] investments tied to genocide" such as policies employed by "other large financial firms." As such and consistent with *JPMorgan Chase & Co.*, the Proposal clearly relates to the Company's decisions regarding its services and its investments on behalf of its asset management 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 stockholder 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 a 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 matters of the Company's decisions as to which services it provides clients and in which companies it will invest on behalf of customers. The Company's view is supported by the language of the "Whereas" clauses, in which the Proponent specifically requests that the report requested by the Proposal should "reconcile its investment practices with its published values" because "JPMorgan inadequately protects shareholders from investments in companies connected to genocide." Such a request would clearly impact how the Company evaluates the services it provides to clients and potential investments, which is a day-to-day operational determination of management and is fundamental to decisions the Company's management makes with regard to the services the Company provides and how it will invest funds on behalf of its asset management customers. 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 how it will invest funds of its customers:

- In the first Whereas clause, the Proposal notes "JPMorgan's resistance to 'genocide-free investing'";
- In the fourth Whereas clause, the Proposal points out that "[o]ther large firms . . . have policies to avoid investments tied to genocide"; and
- In the fifth Whereas clause, the Proposal references that "KRC Research's 2010 study showed that 88% of respondents want their mutual funds to be genocide-free."

Although the Company has existing due diligence processes for transactions involving certain industries and activities, including activities that may affect human rights, the decision to implement those processes was made as part of management's day-to-day determinations on investment practices. The implementation of processes and procedures regarding how the Company evaluates the services it provides and in which companies to invest is a day-to-day operational determination of management and is fundamental to decisions the Company's management makes with regard to how the Company will provide particular services (*i.e.*, custody and investment services it provides to its customers). As the Proposal relates, at least in part, to the Company's ordinary business operations of making investment decisions on behalf of its asset management customers and providing certain services, 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, to ordinary business matters relating to the day-to-day decisions regarding how to invest funds on behalf of its asset management customers and what services to provide its clients, 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[4] 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

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[4] 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.

efforts with respect to social matters, including human rights. In addition, the Company's General Counsel met with the Board and discussed the Company's efforts with respect to human rights, including the Company's various policies and frameworks concerning these matters, including:

- the Company's Human Rights Statement (attached as Exhibit E);
- the Company's Asset Management ("***AM***") business' Sustainable Investing Statement (attached as Exhibit F); and
- AM's Corporate Governance Policy & Voting Guidelines (attached as Exhibit G).

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, custody services, 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 services the Company offers, including investment services, which is the focus of the Proposal. The Board also considered the many capacities in which the Company holds securities. The Company may hold shares in certain companies attributable to the Company's custody business, where the Company does not hold the shares outright but instead holds them as a custodian or agent at the direction of its clients, who are the share owners. In this capacity, the Company does not exercise investment or voting control over such shares. The Company's asset management business may invest in certain companies or assets on behalf of clients. In this capacity, the Company acts as a fiduciary, and is precluded from excluding specific assets or types of assets from portfolios solely on the basis of environmental or social issues, unless specifically requested by clients or required by law. In addition, the Board considered financial information provided by management regarding the Company's investment activities that could be impacted by the Proposal. Further, the Board reflected on the past views of shareholders, who – in annual meetings held in 2013, 2012 and 2011 – provided little support for the shareholder proposals regarding human rights issues, with shareholder approval for each proposal between 7% and 9%.

While the Board has considered issues regarding the impact of the Company's business practices on human rights matters 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 human 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).

IV. 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 /RZ

Martin P. Dunn
of Morrison & Foerster LLP

Attachments

cc: William L. Rosenfeld
Molly Carpenter, Corporate Secretary, JPMorgan Chase & Co.

Exhibit A

From:	Bill Rosenfeld
To:	Corporate Secretary; Carpenter, Molly
Subject:	Shareholder Proposal
Date:	Friday, November 24, 2017 1:52:53 PM
Attachments:	JPMorgan Shareholder Proposal 2017.pdf

Ms. Carpenter -

Attached is my cover letter, proof of ownership, and shareholder proposal for you upcoming shareholder meeting.

Also sent by fax and US mail. Please confirm receipt.

Bill

***

November 22, 2017

Office of the Secretary – Molly Carpenter
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017-2070

Via Fax: 212-270-4240 and email (corporate.secretary@jpmchase.com)

Dear Secretary:

I am writing to submit the attached shareholder proposal for inclusion in JPMorgan's next proxy statement and for presentation at the next shareholder meeting.

I hold 773 shares of JPMorgan Chase & Co. (JPM) in my E*TRADE Roth IRA Account. I have held these shares continuously for over one year. I am attaching a copy of a letter from E*TRADE confirming my continuous ownership of shares with a market value in excess of $2,000 since 2007. I intend to continue to hold the securities through the date of the 2014 meeting of shareholders.

Please ensure that the title of this proposal in all references in the proxy materials is to "Proposal To Report On Investments Tied To Genocide".

Please confirm receipt of this letter. If for any reason you choose to exclude this proposal from your proxy please notify me at the above address.

I would be pleased to meet with you to address any concerns you may have.

Thank you for your consideration.

Sincerely,

W Rosenfeld

William L. Rosenfeld

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

E*TRADE Financial Corporation
PO Box 484
Jersey City, NJ 07303

tel 1-800-ETRADE-1
www.etrade.com

November 22, 2017

William L. Rosenfeld
***

Re: E*TRADE Securities Account XXXX- ***

Dear William L. Rosenfeld,

This letter is in response to your request for confirmation of the shares of JPMorgan Chase & Co. (JPM) held in E*TRADE Securities account XXXX- ***

Account number XXXX- *** is a Roth IRA brokerage account registered in the name of William L. Rosenfeld. This account was opened on October 13, 2010, and is currently in good standing. Please accept this letter as confirmation that, as of the time this letter was prepared on November 22, 2017, the above-referenced account held 773 shares of JPMorgan Chase & Co. (JPM). These shares were purchased on January 29, 2007, and have been held continuously in the account since that date. In addition, the shares have maintained a value in excess of $2,000.00 over the last year.

Please note that E*TRADE Security LLC's Depository Trust Company (DTC) number is 0385.

E*TRADE Securities LLC is committed to providing quality customer service. We hope that this information satisfies your request. Should you have any further questions, please feel free to contact a Financial Services Representative at 1-800-ETRADE-1, 24 hours a day, seven days a week.

Sincerely,

Shawn Astin
Correspondence Department

PLEASE READ THE IMPORTANT DISCLOSURES BELOW.

The E*TRADE Financial family of companies provides financial services including trading, investing and banking products and services to retail customers.

Securities products and services are offered by E*TRADE Securities LLC, Member FINRA/SIPC.

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

Proposal To Report On Investments Tied To Genocide

WHEREAS

We believe that JPMorgan should reconcile its investment practices with its published values because:

1. In 2011 - 2014, JPMorgan opposed the "genocide-free investing" proposal which asks the firm to avoid investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity.

2. JPMorgan's resistance to "genocide-free investing" is inconsistent with its corporate values because the company:
   a) Publicizes that it "supports fundamental principles of human rights across all lines of its business and in each region of the world;"
   b) Commits to the "development of best practices relating to the promotion of human rights;"
   c) Seeks "to incorporate respect for human rights and demonstrate a commitment to fundamental principles of human rights through our own behavior;"
   d) Is a signatory to the UN Principles for Responsible Investment, through which JPMorgan agrees to "incorporate ESG issues into investment analysis and decision-making processes" and "better align investors with broader objectives of society;"
   e) Uses "risk management processes and procedures to consider human rights and other reputational issues associated with our businesses," but disregards connections to genocide, an inherent risk factor;
   f) Claimed it "fully abides by [U.S. sanctions] restrictions in letter and spirit," yet for years has knowingly made investments that, while legal, are inconsistent with U.S. sanctions that prohibited transactions relating to Sudan and Syria's petroleum industries;
   g) Has a "Know Your Customer" program to avoid relationships with companies that jeopardize JPMorgan's reputation, yet senior managers claim complete ignorance of PetroChina even after voting against shareholder proposals that used PetroChina as their focus.

3. Examples demonstrate that JPMorgan inadequately protects shareholders from investments in companies connected to genocide because JPMorgan and funds it manages:
   a) Are large holders of PetroChina (1.4 billion shares and 7% of shares outstanding as of 9/15/2017.) PetroChina is the publicly traded arm of its controlling parent, CNPC, which is Sudan's largest oil partner, and thereby helps fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, and thereby helps fund that government's mass atrocities.
   b) Have been one of the world's largest holders of PetroChina since 2005, even after Investors Against Genocide raised this issue with JPMorgan in 2007, despite knowing PetroChina's connection to funding genocide in Sudan, and despite knowing that U.S. sanctions explicitly prohibited American companies from doing business with Sudan's oil industry and still prohibit American companies from doing business with Syria's oil industry.

4. Other large financial firms, including T. Rowe Price and TIAA-CREF, have policies to avoid investments tied to genocide.

5. KRC Research's 2010 study showed that 88% of respondents want their mutual funds to be genocide-free. Details are available at www.investorsagainstgenocide.org/resources.

RESOLVED

Shareholders request that the Board of Directors report to shareholders, at reasonable expense and excluding confidential information, an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values.

From:	Bill Rosenfeld
To:	Corporate Secretary; Carpenter, Molly
Subject:	Re: Shareholder Proposal
Date:	Friday, November 24, 2017 2:33:12 PM
Attachments:	JPMorgan Shareholder Proposal 2017 - Cover Letter.pdf

Ms. Carpenter -

Attached is a corrected cover letter. I will "hold the securities through the date of the 2017 meeting of shareholders".

Bill

On Fri, Nov 24, 2017 at 1:52 PM, Bill Rosenfeld < *** > wrote:

> Ms. Carpenter -
>
> Attached is my cover letter, proof of ownership, and shareholder proposal for you upcoming shareholder meeting.
>
> Also sent by fax and US mail. Please confirm receipt.
>
> Bill

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

***

November 22, 2017

Office of the Secretary – Molly Carpenter
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017-2070

Via Fax: 212-270-4240 and email (corporate.secretary@jpmchase.com)

Dear Secretary:

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Please confirm receipt of this letter. If for any reason you choose to exclude this proposal from your proxy please notify me at the above address.

I would be pleased to meet with you to address any concerns you may have.

Thank you for your consideration.

Sincerely,

W Rosenfeld

William L. Rosenfeld

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

Ashton, Deb

From:	Bill Rosenfeld ***
Sent:	Friday, November 24, 2017 2:52 PM
To:	Corporate Secretary; Carpenter, Molly
Cc:	Eric Cohen
Subject:	Re: Shareholder Proposal
Attachments:	JPMorgan Shareholder Proposal 2017 - Cover Letter.pdf
Categories:	EXTERNAL

Third time is the charm. Attached is the corrected cover letter with the 2018 meeting of shareholders.

Bill

On Fri, Nov 24, 2017 at 2:32 PM, Bill Rosenfeld *** wrote:

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

***

November 22, 2017

Office of the Secretary – Molly Carpenter
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017-2070

Via Fax: 212-270-4240 and email (corporate.secretary@jpmchase.com)

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Please confirm receipt of this letter. If for any reason you choose to exclude this proposal from your proxy please notify me at the above address.

I would be pleased to meet with you to address any concerns you may have.

Thank you for your consideration.

Sincerely,

W Rosenfeld

William L. Rosenfeld

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

Exhibit B

From:	Corporate Secretary
To:	"Bill Rosenfeld"
Cc:	"Eric Cohen"; Carpenter, Molly
Subject:	JPMC Shareholder Proposal (Rosenfeld)
Date:	Friday, December 01, 2017 2:56:34 PM
Attachments:	Rosenfeld acknowledgement - deficiency_(12912337)_(1).pdf SLB 14F (2017)_(12790357)_(1).pdf Rule 14a-8 (2017)_(12790355)_(1).pdf

- External Email -

Dear Mr. Rosenfeld
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.

Regards
Irma Caracciolo

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

From: Bill Rosenfeld [mailto ***
Sent: Friday, November 24, 2017 2:52 PM
To: Corporate Secretary <corporate.secretary@jpmchase.com>; Carpenter, Molly <molly.carpenter@jpmchase.com>
Cc: Eric Cohen ***
Subject: Re: Shareholder Proposal

Third time is the charm. Attached is the corrected cover letter with the 2018 meeting of shareholders.

Bill

On Fri, Nov 24, 2017 at 2:32 PM, Bill Rosenfeld *** wrote:

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

Bill

JPMORGAN CHASE & CO.

Molly Carpenter
Corporate Secretary
Office of the Secretary

December 1, 2017

VIA EMAIL & OVERNIGHT DELIVERY

Mr. William L. Rosenfeld
***

Dear Mr. Rosenfeld:

I am writing on behalf of JPMorgan Chase & Co. ("JPMC"), which received from you (the "Proponent") via email on November 24, 2017, the shareholder proposal titled "Proposal to Report on Investments Tied to Genocide" (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.

Ownership Verification

Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that each shareholder proponent must submit sufficient proof that it has continuously held at least $2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the shareholder proposal was submitted. JPMC's stock records do not indicate that the Proponent is the record owner of sufficient shares to satisfy this requirement. In addition, the proof of ownership letter from E*Trade Financial does not appear to be sufficient to satisfy the provisions of Rule 14a-8(b) because it provided proof of ownership by the Proponent as of November 22, 2017, two days prior to the date (November 24, 2017) on which your proposal was submitted via email.

To remedy this defect, you must submit sufficient proof of ownership of JPMC shares. As explained in Rule 14a-8(b), sufficient proof may be in one of the following forms:

- A written statement from the "record" holder of the shares (usually a broker or a bank) verifying that, as of the date the Proposal was submitted (i.e., November 24, 2017), the Proponent continuously held the requisite number of JPMC shares for at least one year.
- If the Proponent has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting ownership of JPMC shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that the Proponent continuously held the required number of shares for the one-year period.

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

To help shareholders comply with the requirement to prove ownership by providing a written statement from the "record" holder of the shares, the SEC's Division of Corporation Finance (the "SEC Staff") published Staff Legal Bulletin No. 14F ("SLB 14F"). In SLB 14F, the SEC Staff stated that only brokers or banks that are Depository Trust Company ("DTC") participants will be viewed as "record" holders for purposes of Rule 14a-8. Thus, you will need to obtain the required written statement from the DTC participant through which your shares are held. If you are not certain whether your broker or bank is a DTC participant, you may check the DTC's participant list, which is currently available on the Internet at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx. If your broker or bank is not on DTC's participant list, you will need to obtain proof of ownership from the DTC participant through which your securities are held. You should be able to determine the name of this DTC participant by asking your broker or bank. If the DTC participant knows the holdings of your broker or bank, but does not know your holdings, you may satisfy the proof of ownership requirement by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held by you for at least one year – with one statement from your broker or bank confirming your ownership, and the other statement from the DTC participant confirming the broker or bank's ownership. Please see the enclosed copy of SLB 14F for further information.

Proposal Exceeds 500 Words

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

For your reference, enclosed is a copy of SEC Rule 14a-8 and SLB 14F.

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.

Sincerely,

Enclosures:
Rule 14a-8 of the Securities Exchange Act of 1934
Division of Corporation Finance Staff Bulletin No. 14F

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

<u>Rule 14a-8 –– Proposals of Security Holders</u>

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.

Division of Corporation Finance
Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

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 calling (202) 551-3500 or by submitting a web-based request form at https://tts.sec.gov/cgi-bin/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 regarding:

Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;

Common errors shareholders can avoid when submitting proof of ownership to companies;

The submission of revised proposals;

Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and

The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding 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 and SLB No. 14E.

B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder 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 shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.[1]

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.[2] Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.[3]

2. The role of the Depository Trust Company

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.[4] The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.[5]

3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.[6] Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements.

Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8[7] and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,[8] under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at http://www.dtcc.com/~/media/Files/Downloads/client-center/DTC/alpha.ashx.

What if a shareholder's broker or bank is not on DTC's participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.[9]

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "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" (emphasis added).[10] We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

"As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."[11]

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8(c).[12] If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.[13]

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,[14] it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] 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 [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.[15]

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.[16]

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

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[1] *See* Rule 14a-8(b).

[2] For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as

compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. *See* Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

[3] If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

[4] DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. *See* Proxy Mechanics Concept Release, at Section II.B.2.a.

[5] *See* Exchange Act Rule 17Ad-8.

[6] *See* Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

[7] *See KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden,* 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

[8] *Techne Corp.* (Sept. 20, 1988).

[9] In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. *See* Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

[10] For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

[11] This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

[12] As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

[13] This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

[14] *See, e.g.*, Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

[15] Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

[16] Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

<u>Exhibit C</u>

Ashton, Deb

From: Bill Rosenfeld ***
Sent: Monday, December 04, 2017 12:14 PM
To: Corporate Secretary
Cc: Eric Cohen; Carpenter, Molly
Subject: Re: JPMC Shareholder Proposal (Rosenfeld)
Attachments: 2018 JPMorgan Submission.pdf

Categories: EXTERNAL

Ms. Caracciolo -

Attached is a revised proposal and proof of ownership reflecting your requested changes.

Bill

On Fri, Dec 1, 2017 at 2:56 PM, Corporate Secretary <corporate.secretary@jpmchase.com> wrote:

Dear Mr. Rosenfeld

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.

Regards

Irma Caracciolo

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

From: Bill Rosenfeld [mailto: ***
Sent: Friday, November 24, 2017 2:52 PM
To: Corporate Secretary <corporate.secretary@jpmchase.com>; Carpenter, Molly <molly.carpenter@jpmchase.com>
Cc: Eric Cohen ***
Subject: Re: Shareholder Proposal

Third time is the charm. Attached is the corrected cover letter with the 2018 meeting of shareholders.

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

Bill

On Fri, Nov 24, 2017 at 2:32 PM, Bill Rosenfeld *** wrote:

Ms. Carpenter -

Attached is a corrected cover letter. I will "hold the securities through the date of the 2017 meeting of shareholders".

Bill

On Fri, Nov 24, 2017 at 1:52 PM, Bill Rosenfeld *** wrote:

Ms. Carpenter -

Attached is my cover letter, proof of ownership, and shareholder proposal for you upcoming shareholder meeting.

Also sent by fax and US mail. Please confirm receipt.

Bill

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

***

December 4, 2017

Office of the Secretary – Molly Carpenter
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017-2070

Via Fax: 212-270-4240 and email (corporate.secretary@jpmchase.com)

Dear Secretary:

Responding to your letter of December 1, 2017, I am writing to submit the attached revised shareholder proposal for inclusion in JPMorgan's next proxy statement and for presentation at the next shareholder meeting.

I hold 773 shares of JPMorgan Chase & Co. (JPM) in my E*TRADE Roth IRA Account. I have held these shares continuously for over one year. I am attaching a revised letter from E*TRADE confirming my continuous ownership of shares with a market value in excess of $2,000 since 2007. I intend to continue to hold the securities through the date of the 2018 meeting of shareholders.

Please ensure that the title of this proposal in all references in the proxy materials is to "Proposal To Report On Investments Tied To Genocide".

Please confirm receipt of this letter. If for any reason you choose to exclude this proposal from your proxy please notify me at the above address.

I would be pleased to meet with you to address any concerns you may have.

Thank you for your consideration.

Sincerely,

William L. Rosenfeld

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

E*TRADE FINANCIAL

E*TRADE Financial Corporation
PO Box 484
Jersey City, NJ 07303

tel 1-800-ETRADE-1
www.etrade.com

December 4, 2017

William L. Rosenfeld
***

Re: E*TRADE Securities Account XXXX- ***

Dear William L. Rosenfeld,

This letter is in response to your request for confirmation of the shares of JPMorgan Chase & Co. (JPM) held in E*TRADE Securities account XXXX- ***

Account number XXXX- *** is a Roth IRA brokerage account registered in the name of William L. Rosenfeld. This account was opened on October 13, 2010, and is currently in good standing. Please accept this letter as confirmation that, as of the time this letter was prepared on December 4, 2017, the above-referenced account held 773 shares of JPMorgan Chase & Co. (JPM). These shares were purchased on January 29, 2007, and have been held continuously in the account since that date. In addition, the shares have maintained a value in excess of $2,000.00 over the last year.

Please note that E*TRADE Security LLC's Depository Trust Company (DTC) number is 0385.

E*TRADE Securities LLC is committed to providing quality customer service. We hope that this information satisfies your request. Should you have any further questions, please feel free to contact a Financial Services Representative at 1-800-ETRADE-1, 24 hours a day, seven days a week.

Sincerely,

Shawn Astin
Correspondence Department

PLEASE READ THE IMPORTANT DISCLOSURES BELOW.

The E*TRADE Financial family of companies provides financial services including trading, investing and banking products and services to retail customers.

Securities products and services are offered by E*TRADE Securities LLC, Member FINRA/SIPC.

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

Proposal To Report On Investments Tied To Genocide

WHEREAS

We believe that JPMorgan should reconcile its investment practices with its published values because:

1. In 2011 - 2014, JPMorgan opposed the "genocide-free investing" proposal which asks the firm to avoid investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity.
2. JPMorgan's resistance to "genocide-free investing" is inconsistent with its corporate values because JPMorgan:
   a) Publicizes that it "supports fundamental principles of human rights across all lines of its business and in each region of the world;"
   b) Commits to the "development of best practices relating to the promotion of human rights;"
   c) Seeks "to incorporate respect for human rights and demonstrate a commitment to fundamental principles of human rights through our own behavior;"
   d) Is a signatory to the UN Principles for Responsible Investment, through which JPMorgan agrees to "incorporate ESG issues into investment analysis and decision-making processes" and "better align investors with broader objectives of society;"
   e) Uses "risk management processes and procedures to consider human rights and other reputational issues," but disregards connections to genocide, an inherent risk factor;
   f) Claimed it "fully abides by [U.S. sanctions] restrictions in letter and spirit," yet for years knowingly made investments that, while legal, are inconsistent with U.S. sanctions that prohibited transactions relating to Sudan and Syria's petroleum industries;
3. Has a "Know Your Customer" program to avoid relationships with companies that jeopardize JPMorgan's reputation, yet senior managers claimed complete ignorance of PetroChina even after voting against shareholder proposals that focused explicitly on PetroChina.
   Examples demonstrate that JPMorgan inadequately protects shareholders from investments in companies connected to genocide because JPMorgan and funds it manages:
   a) Are large holders of PetroChina (1.4 billion shares, 7% of shares outstanding, 9/15/2017.) PetroChina is the publicly traded arm of its controlling parent, CNPC, which is Sudan's largest oil partner, and thereby helps fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, and thereby helps fund that government's mass atrocities.
   b) Have been one of the world's largest holders of PetroChina since 2005, even after Investors Against Genocide raised this issue with JPMorgan in 2007, despite knowing PetroChina's connection to funding genocide in Sudan, and despite knowing that U.S. sanctions explicitly prohibited American companies from doing business with Sudan's oil industry and still prohibit American companies from doing business with Syria's oil industry.
4. Other large financial firms, including T. Rowe Price and TIAA-CREF, have policies to avoid investments tied to genocide.
5. KRC Research's 2010 study showed that 88% of respondents want their mutual funds to be genocide-free. Details are available at www.investorsagainstgenocide.org/resources.

RESOLVED

Shareholders request that the Board of Directors report to shareholders, at reasonable expense and excluding confidential information, an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values.

<u>Exhibit D</u>

Ashton, Deb

From:	Bill Rosenfeld ***
Sent:	Monday, December 04, 2017 12:48 PM
To:	Corporate Secretary
Cc:	Eric Cohen; Carpenter, Molly
Subject:	Re: JPMC Shareholder Proposal (Rosenfeld)
Attachments:	2018 JPMorgan Submission.pdf
Categories:	EXTERNAL

Ms. Caracciolo -

Sorry for the confusion. There was a formatting error in the proposal I just sent. Please use the attached.

Bill

On Mon, Dec 4, 2017 at 12:13 PM, Bill Rosenfeld *** wrote:

Ms. Caracciolo -

Attached is a revised proposal and proof of ownership reflecting your requested changes.

Bill

On Fri, Dec 1, 2017 at 2:56 PM, Corporate Secretary <corporate.secretary@jpmchase.com> wrote:

Dear Mr. Rosenfeld

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.

Regards

Irma Caracciolo

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

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Attached is my cover letter, proof of ownership, and shareholder proposal for you upcoming shareholder meeting.

Also sent by fax and US mail. Please confirm receipt.

Bill

recipient, please delete this message and notify the sender immediately. Any unauthorized use is strictly prohibited.

***

December 4, 2017

Office of the Secretary – Molly Carpenter
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017-2070

Via Fax: 212-270-4240 and email (corporate.secretary@jpmchase.com)

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Please ensure that the title of this proposal in all references in the proxy materials is to "Proposal To Report On Investments Tied To Genocide".

Please confirm receipt of this letter. If for any reason you choose to exclude this proposal from your proxy please notify me at the above address.

I would be pleased to meet with you to address any concerns you may have.

Thank you for your consideration.

Sincerely,

William L. Rosenfeld

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

E*TRADE FINANCIAL

E*TRADE Financial Corporation
PO Box 484
Jersey City, NJ 07303

tel 1-800-ETRADE-1
www.etrade.com

December 4, 2017

William L. Rosenfeld
***

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Dear William L. Rosenfeld,

This letter is in response to your request for confirmation of the shares of JPMorgan Chase & Co. (JPM) held in E*TRADE Securities account XXXX ***

Account number XXXX- *** is a Roth IRA brokerage account registered in the name of William L. Rosenfeld. This account was opened on October 13, 2010, and is currently in good standing. Please accept this letter as confirmation that, as of the time this letter was prepared on December 4, 2017, the above-referenced account held 773 shares of JPMorgan Chase & Co. (JPM). These shares were purchased on January 29, 2007, and have been held continuously in the account since that date. In addition, the shares have maintained a value in excess of $2,000.00 over the last year.

Please note that E*TRADE Security LLC's Depository Trust Company (DTC) number is 0385.

E*TRADE Securities LLC is committed to providing quality customer service. We hope that this information satisfies your request. Should you have any further questions, please feel free to contact a Financial Services Representative at 1-800-ETRADE-1, 24 hours a day, seven days a week.

Sincerely,

Shawn Astin
Correspondence Department

PLEASE READ THE IMPORTANT DISCLOSURES BELOW.

The E*TRADE Financial family of companies provides financial services including trading, investing and banking products and services to retail customers.

Securities products and services are offered by E*TRADE Securities LLC, Member FINRA/SIPC.

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

Proposal To Report On Investments Tied To Genocide

WHEREAS

We believe that JPMorgan should reconcile its investment practices with its published values because:

1. In 2011 - 2014, JPMorgan opposed the "genocide-free investing" proposal which asks the firm to avoid investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity.
2. JPMorgan's resistance to "genocide-free investing" is inconsistent with its corporate values because JPMorgan:
   a) Publicizes that it "supports fundamental principles of human rights across all lines of its business and in each region of the world;"
   b) Commits to the "development of best practices relating to the promotion of human rights;"
   c) Seeks "to incorporate respect for human rights and demonstrate a commitment to fundamental principles of human rights through our own behavior;"
   d) Is a signatory to the UN Principles for Responsible Investment, through which JPMorgan agrees to "incorporate ESG issues into investment analysis and decision-making processes" and "better align investors with broader objectives of society;"
   e) Uses "risk management processes and procedures to consider human rights and other reputational issues," but disregards connections to genocide, an inherent risk factor;
   f) Claimed it "fully abides by [U.S. sanctions] restrictions in letter and spirit," yet for years knowingly made investments that, while legal, are inconsistent with U.S. sanctions that prohibited transactions relating to Sudan and Syria's petroleum industries;
   g) Has a "Know Your Customer" program to avoid relationships with companies that jeopardize JPMorgan's reputation, yet senior managers claimed complete ignorance of PetroChina even after voting against shareholder proposals that focused explicitly on PetroChina.
3. Examples demonstrate that JPMorgan inadequately protects shareholders from investments in companies connected to genocide because JPMorgan and funds it manages:
   a) Are large holders of PetroChina (1.4 billion shares, 7% of shares outstanding, 9/15/2017.) PetroChina is the publicly traded arm of its controlling parent, CNPC, which is Sudan's largest oil partner, and thereby helps fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, and thereby helps fund that government's mass atrocities.
   b) Have been one of the world's largest holders of PetroChina since 2005, even after Investors Against Genocide raised this issue with JPMorgan in 2007, despite knowing PetroChina's connection to funding genocide in Sudan, and despite knowing that U.S. sanctions explicitly prohibited American companies from doing business with Sudan's oil industry and still prohibit American companies from doing business with Syria's oil industry.
4. Other large financial firms, including T. Rowe Price and TIAA-CREF, have policies to avoid investments tied to genocide.
5. KRC Research's 2010 study showed that 88% of respondents want their mutual funds to be genocide-free. Details are available at www.investorsagainstgenocide.org/resources.

RESOLVED

Shareholders request that the Board of Directors report to shareholders, at reasonable expense and excluding confidential information, an analysis of how JPMorgan's published corporate values align with its policies regarding investments in companies tied to genocide or crimes against humanity, and specifically explain how its investments in CNPC/PetroChina are consistent with its published corporate values.

Exhibit E

HUMAN RIGHTS

JPMorgan Chase supports fundamental principles of human rights across all our lines of business and in each region of the world in which we operate. JPMorgan Chase's 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.

JPMorgan Chase's relationships with our employees, clients and suppliers, and with the countries and communities in which we operate, are intended to reflect the principles, policies, codes and accords set forth and referred to in this Human Rights Statement. Our conviction with respect to responsible, honest and ethical behavior informs our Code of Conduct and the character of our company is defined by the personal integrity and honesty of our employees.

> "We believe we can play a constructive role in helping to promote respect for human rights"

JPMorgan Chase has adopted the Wolfsberg Principles and is one of the founders of The Carbon Principles for understanding carbon risk. Our asset management business has adopted the United Nations Principles for Responsible Investing and the Extractive Industries Transparency Initiative. JPMorgan Chase has also published an Environmental and Social Policy Framework which includes implementation of the Equator Principles for certain transactions and which, through the International Finance Corporation's environmental and social Performance Standards, addresses issues such as labor and working conditions, community health and safety, land acquisitions and resettlement, and the treatment of indigenous peoples.

JPMorgan Chase believes it is the role of government in each country to protect the human rights, including the safety and security, of its citizens. However, we believe we can play a constructive role in helping to promote respect for human rights by our own actions and by seeking to engage with the governments of the countries with and in which we operate. Further, we acknowledge the Guiding Principles on Business and Human Rights as the recognized framework for corporations to respect human rights in their own operations and through their business relationships.

JPMorgan Chase complies with applicable international and local legal requirements in the countries in which we operate. Where local law conflicts with the principles contained in this Human Rights Statement, JPMorgan Chase complies with local requirements while, at the same time, seeking ways to uphold the principles set forth in this Human Rights Statement.

While JPMorgan Chase recognizes that it is the responsibility of each client and supplier to define its own policy and approach to the issue of human rights, we believe such relationships provide an opportunity for the development of best practices relating to the promotion of human rights. In our client relationships we seek to incorporate respect for human rights and demonstrate a commitment to fundamental principles of human rights through our own behavior. We seek to engage with suppliers whose values and business principles are consistent with our own and through our procurement policies and standards seek to encourage behavior by our suppliers that is consistent with the principles set forth in this Human Rights Statement.

JPMorgan Chase is committed to respecting the human rights of our employees through our internal employment policies and practices, such as our Global Privacy Policy, which protects the personal information of employees and our health, family care and diversity plans and programs.

As part of our broad effort to ensure that respect for human rights is integrated into the business of the firm, JPMorgan Chase has adopted policies and procedures designed to ensure compliance with legal requirements and which seek to prevent our products and services from being used for improper purposes. Such policies and procedures include those contained in our Code of Conduct, our Anti-Corruption, Anti-Money Laundering, Anti-Bribery, and Know Your Customer and counter-terror financing policies. JPMorgan Chase is additionally subject to laws and regulations prohibiting commerce with certain countries, organizations and individuals.

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 UNIVERSAL DECLARATION OF HUMAN RIGHTS

Exhibit F

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.

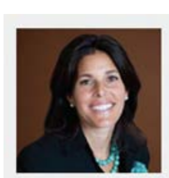
As Austin Forey, a senior emerging markets portfolio manager and member of our Sustainable Investment Leadership Team (SILT), recently said, "There are three very simple reasons we need to think about ESG: we have a responsibility to consider the broader consequences of our investment choices; it is 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

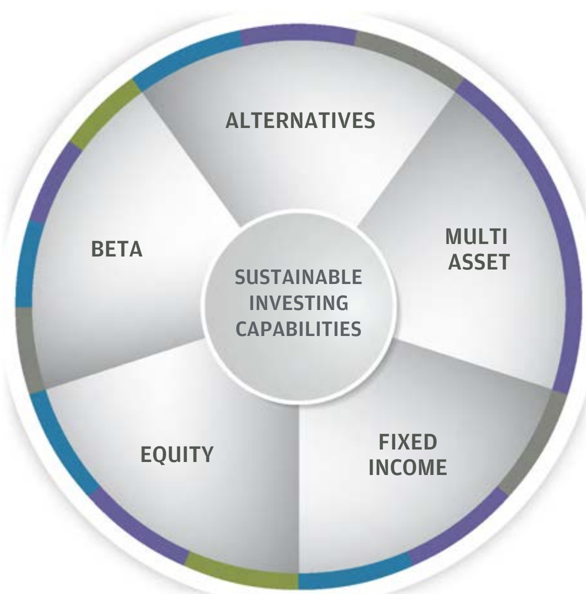
Systematic and explicit consideration of ESG factors in the investment decision-making process, such as:

- 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

J.P.Morgan
Asset Management

Exhibit G

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

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

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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

Corporate Governance Policy & Voting Guidelines

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J.P.Morgan
Asset Management

C. Asia ex Japan

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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

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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.