

RESOLVED that shareholders of JPMorgan Chase & Co. (“JPMorgan”) urge the Board of Directors to oversee a racial equity audit analyzing JPMorgan’s adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on JPMorgan’s website.

#### SUPPORTING STATEMENT

High-profile police killings of Black people—most recently George Floyd—have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the COVID-19 pandemic have focused the attention of the media, the public and policy makers on systemic racism, racialized violence and inequities in employment, health care, and the criminal justice system. In October 2020, JPMorgan committed \$30 billion over five years to further racial equity.

JPMorgan has a conflicted history when it comes to addressing racial injustice within the communities it serves. The company has faced several lawsuits related to discriminatory lending practices against communities of color, including a federal lawsuit that settled for \$55 million related to mortgage discrimination. JPMorgan has closed numerous branches in majority-Black communities, reducing its number of branches to 22.8% from 2010 to 2018. A widely publicized 2019 *New York Times* article documented JPMorgan’s overt discriminatory practices against both its clients and employees, including the belittling of a Black client as “somebody who is coming from Section 8.”<sup>1</sup> More recently, by the end of the first round of the Paycheck Protection Program (“PPP”), 70% of the loans issued by JPMorgan, the nation’s largest PPP issuer, went to majority white congressional districts.

The company also faces several lawsuits from Black and Hispanic employees alleging they were assigned poorer, less profitable locations or lower income branches. In early 2020, a proposed class action was filed alleging JPMorgan had a “segregated employment policy” that placed Black personal bankers in lower income branches and offered them fewer promotional opportunities. That case has been stayed pending arbitration. The company also faces a pending suit related to claims made by a long-time Black secretary of being subject to repeated bullying and microaggressions by other JPMorgan employees.

JPMorgan’s charitable contributions are not fully aligned with its public statements. JPMorgan has contributed to police foundations in New York and New Orleans, which bypass normal procurement processes to buy equipment for police departments, including surveillance technology that has been used to target communities of color and nonviolent protestors.

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<sup>1</sup> Emily Flitter, *New York Times*, “This is what racism sounds like in the banking industry,” December 14, 2019, available at <https://www.nytimes.com/2019/12/11/business/jpmorgan-banking-racism.html>.

A racial equity audit would help JPMorgan identify, prioritize, remedy and avoid adverse impacts on nonwhite stakeholders and communities of color. We urge JPMorgan to assess its behavior through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism.