

Transcription of intervention by Dr. Francesco Cardinali

Francesco Cardinali: Thank you, Professor Tarantola, for the invitation. Thank you for the foundation as well for promoting the debate around the role of the business in today and tomorrow's society. I'm honoured as well to represent J.P. Morgan in this gathering. I will try to convey to give our views, our perspective, our global ways of addressing this matter that are at the very heart of the J.P. Morgan culture. As you know, all the employees of J.P. Morgan feel under pressure with the presence of Jamie Dimon as our CEO and we try to do really our best.

I listened with very much interest to Mr. Gros-Pietro's remarks and I completely share his views at large. It is very evident that our society is becoming more and more polarized with too many people that have been left behind. There is a big disparity between those that are sharing in and those that are actually locked out of a growing economy, driving the wedge much deeper. For example, and I quote some data from the U.S., the typical American family has today a lower net worth than 20 years ago. For every \$100 in a white family's wealth today, black families hold only \$5. The system is really failing. On top of it, we see younger generations that feel excluded. They cannot access the opportunities provided by the economic growth and they need a way to actually get into the workplace.

In the middle of all this disparity, we do believe that business has a fundamental responsibility to do much more. We need to make the system work for more people. A healthier and, the way we call it is an inclusive growth is needed. If everyone has a fair shot at participating and sharing in the rewards of growth, I'm sure that the economy would be much stronger and the society would also be much more cohesive.

To make this happen it requires that all ourselves, all the business leaders should back short termism and look and think about the long-term approach. It's become a business imperative. Mr. Gros-Pietro mentioned the statement of the Business Roundtable. He went through it, so I'm not going to repeat it. It's a very important statement from 180 CEOs of leading U.S. companies that are committing to create value

not just for shareholders but for all the stakeholders: customers, employees, suppliers but especially the communities in which the companies operate. It's a call to action and it's time to do it now.

You all know, probably, J.P. Morgan. You know we are probably one of the biggest banks globally. We are fully committed to what we call return on community. This is our mantra in corporate responsibility. What does return on community mean? We are making intentional strategic and very sizeable investment to lift the people that have been left behind. We don't just do the investment. We measure our returns and we see how we improve individual lives within the communities where we live. Also, by simply looking at number of jobs created, units of affordable houses created or preserved, small businesses launched, young people getting into the workforce that's the way we approach the corporate responsibility. The best way we can do it is to apply our resources and capabilities- I mean, where we are strong as a bank- to drive inclusive growth.

There are four key areas where our corporate responsibility philosophy is focused. One is jobs and skills. Two is small business expansion. Three, financial health and education. Four, neighbourhood revitalization. Not just neighbourhood but also entire city. The advance in city is probably the breakthrough corporate responsibility strategy for J.P. Morgan, and I will touch base on it later on. Overall, we plan to invest up to 2023 \$1.7 billion globally with the mission of driving inclusive growth in the communities around the world. The results that we want to obtain are essential to our long-term success as a firm. We do believe that if our communities do well, our company does well.

There is a note from a Harvard Business School professor that thinks that JPMorgan Chase is probably one of the most unique and powerful corporate responsibility strategies but is not... What he points out is that our strategy is not a charity but it's a real investment, and that's why it's going to be sustainable for the long term.

I'll touch base briefly on the four drivers of our philosophy. Jobs and skills, the first one. In a very rapidly changing economy and business

environment, we all know that it requires foundational digital industry-specific technical skills to access good jobs but also to progress in individual careers. We estimate that by 2030, 370 million workers globally will either need to change jobs or they need to upgrade their skills if they want to advance in their career path.

To tackle this, as J.P. Morgan, we are going to invest \$350 million in a 5-year global initiative which is called New Skills at Work 2.0, a program through which we will do philanthropic investments across all the countries where we operate in local education, job training for every people of diverse background: women, people of colour, young people, returning citizens, again, to upgrade the digital industry-specific technical skills. More importantly, we also spend a lot of time and a lot of capital to train ourselves in the company. We are more than 270,000 employees and we invest \$250 million a year to, again, upgrade the skills of all our workforce.

The second driver is the small business expansion. Being a bank, of course, we are very close to support and invest together with entrepreneurs. We basically decided to invest roughly \$150 million especially to help people in need when they do a venture or an entrepreneurship activity; women, minorities, young entrepreneurs. The further line which is very important is the financial health and education. We all know that low-income people don't have a basic financial education but they may be also one expense away from a financial crisis. What we do, we create, wherever we are, different types of initiatives from training in the branches, from application, from gathering together to try to provide this basic financial education to many, many low-income people and somehow help them to manage their daily financial lives.

Last one is the neighbourhood revitalization. For us, it's key to make sure the disadvantaged areas receive help in promoting and building good schools, adequate housing, job opportunities. We do this not just in small neighbourhoods. We decide sometimes to invest in real cities even with very sizeable amounts of investment. In this type of projects which are part of the Advancing Cities program, the four drivers come all together and the big capital philanthropic investment of J.P. Morgan

is put at work. The three or four examples are Detroit, Chicago, the greater Washington, the greater Paris.

There will be more cities that are going to be targeted across the globe, not just in the U.S. We could not do this without the help of all our employees. As I said before, we are 270,000 employees. At least 60,000 employees they volunteer their time. They spend roughly 400,000 hours per year spending time outside work to help in the corporate responsibility program of J.P. Morgan.

I'll just want to touch briefly- I know I'm almost running out of time- what we do here in Italy not to give you the impression that we are a global and American bank, but we are very local. We have a very strong philanthropic program in Italy for the past few years. Just in 2019 we had more than 2,200 people. There are three lines of action. One is to improve the career pathways of young students. Two is support young and adults already at work, again, to improve their skills. The third one is to help migrant entrepreneurs to develop their start-up.

We do this together with several philanthropic Italian organizations: Fondazione Cariplo, Fondazione Clerici, [inaudible 03:28:55] but also the Comune. We work closely with Comune di Milano. We have two important initiatives. One is the school challenge, which is a J.P. Morgan global program whereby we select classes of different schools, especially around the outskirts of Milan, and we basically run an entrepreneurship challenge. The Comune di Milano define a problem of the city. These teams will have to find a business model to sort it out. Each of us employees are devoted and dedicated to each of the team and the students work together with us. The second is the advancing young professional. We take every year 15 students from schools in the south of Italy and they come to work at J.P. Morgan here in Milan for two weeks. Then we mentor them for a full year after the time they stay with us.

Also, in Italy we have 170 people, 80% of the employees are dedicated to the program. I'm just finishing with two lines of our CEO that really encompass the philosophy of J.P. Morgan in the corporate responsibility.

"We know business alone cannot solve today's biggest challenges, but we believe firmly we must step up and work with governments and community leaders to offer a solution. The private sector has tremendous capacity to expand opportunity for those who need it most, and it's a role and a responsibility we should embrace. When we play the opportunity long game, we all win." With that, again, I thank everyone. Thank you for your attention.