Principles of Internal Governance and Asset Stewardship

1. Organisational & Investment Approach

1. J.P. Morgan Asset Management Competencies

J.P. Morgan Asset Management (JPMAM) has a long and distinguished history. Our firm has been built on a steadfast commitment to the principle of always putting our clients' interests first – a commitment that continues today. This is the foundation of our business.

In Australia, we have dedicated asset management teams in Sydney and Melbourne working on behalf of both retail and institutional investors. Our exceptional breadth and depth of investment expertise, our commitment to providing a local service and tailoring solutions to meet the needs of our clients sets us apart.

JPMAM is committed to ensuring that each client achieves first-class investment results by providing the following competitive advantages:

Capital markets knowledge

With our global resources and understanding of institutional investments, we connect the markets with client portfolios across varying economic cycles and regions. Our capital markets knowledge enables us to share a wealth of insights, including original research, commentary and analyses of future financial and economic environments and their impact on client portfolios.

Fiduciary heritage

As a fiduciary, we put the goals and interests of our clients first. Our client-centric investment culture and fiduciary heritage are part of everything we do. Our experience managing investments on behalf of the world's most sophisticated organizations, including corporations, pension funds, endowments, foundations, insurers and sovereigns, demonstrates the trust so many institutional investors have placed in us.

Rigorous risk control

Our strong fiduciary culture supports clients by giving them integrated portfolio, analytics and risk management processes to help protect their investments. All investment decisions are made by teams of skilled, experienced professionals using stringent buy/sell disciplines and clearly defined models. Our risk control also extends beyond investments to include operational risk control, contingency planning and disaster recovery.

Global Investment expertise

We believe in providing a depth and breadth of experts and solutions to help solve client investment challenges. More than 1,000 highly experienced analysts, traders and investment professionals bring our best ideas, solutions and services to our clients. Located on-the-ground in over 20 countries, our experts are highly knowledgeable about the local markets, regulations and trends. Their deep, regional insights help to uncover opportunities with the objective of generating alpha.

Proprietary research

Our global network of highly respected career research analysts conduct extensive macroeconomic and fundamental analysis, incorporating our assessment of asset classes, regulatory events and the political climate. Analysts have the ability to communicate with and leverage the insights of their regional counterparts, gaining a truly global and unified perspective.

Range of Investment services

We place our powerful resources at our clients' disposal through our diverse range of products and services that include pension fund management, charitable management, institutional cash management, reserves management, third-party distribution and pooled fund management.

Proactive Partnerships

J.P. Morgan believes in proactive partnerships and a culture that fosters a client's long-term success. Dedicated client advisors work closely with clients, serving as a strategic partner who fully understands their business, encourages collaboration and consistently brings new insights and solutions. Acting as the "hub" for our global network, the client advisor facilitates connections across the organization and access to the most current thinking and strategies.

Leadership position

J.P. Morgan is a leading voice in institutional asset management and a major player in all the global markets. Our presence provides access to essential market information, central bankers, research and technology, plus the ability to negotiate highly competitive pricing for our clients' transactions.

2. Purpose and Values for Clients

"JPMAM is committed to understanding our clients' investment objectives and applying our intellectual capital to deliver superior investment outcomes." - George Gatch, CEO, J.P. Morgan Asset Management.

With a heritage of more than two centuries, a broad range of core and alternative strategies, and investment professionals operating in every major world market, we offer investment experience and insight that few other firms can match.

Throughout its long and distinguished history, Asset Management has been steadfastly committed to putting its clients' interests first. This fiduciary responsibility defines our relationship with clients and forms the basis of every decision we make on their behalf. This core principle is the foundation of our business as we work to understand our clients' needs, offer informed advice and execute strategies to generate excess returns and provide world-class client solutions.

3. Ownership

JPMorgan Chase & Co. (JPMorgan Chase) is the ultimate parent company of the investment management businesses operating under the brand of JPMAM.

JPMorgan Chase is a publicly quoted company on the New York and London Stock Exchanges, in which directors and employees of JPMAM own shares.

The table below shows the top 10 shareholders of JPMorgan Chase as at 30 June 2021.

Directors and employees own shares in the firm's parent company, JPMorgan Chase. Specific ownership positions are unavailable for disclosure. As at 30 June 2021, employees of JPMorgan Chase held 3.1% of shares outstanding (latest information available). This number excludes outstanding stock options.

J.P. Morgan Asset Management Australia Ltd (JPMAMAL) operates as a subsidiary of J.P. Morgan Asset Management (Asia) Inc.

Management & Governance

JPMAM has operational independence for devising and implementing global business strategy for the asset management business.

Three committees have responsibility for governance within JPMAM:

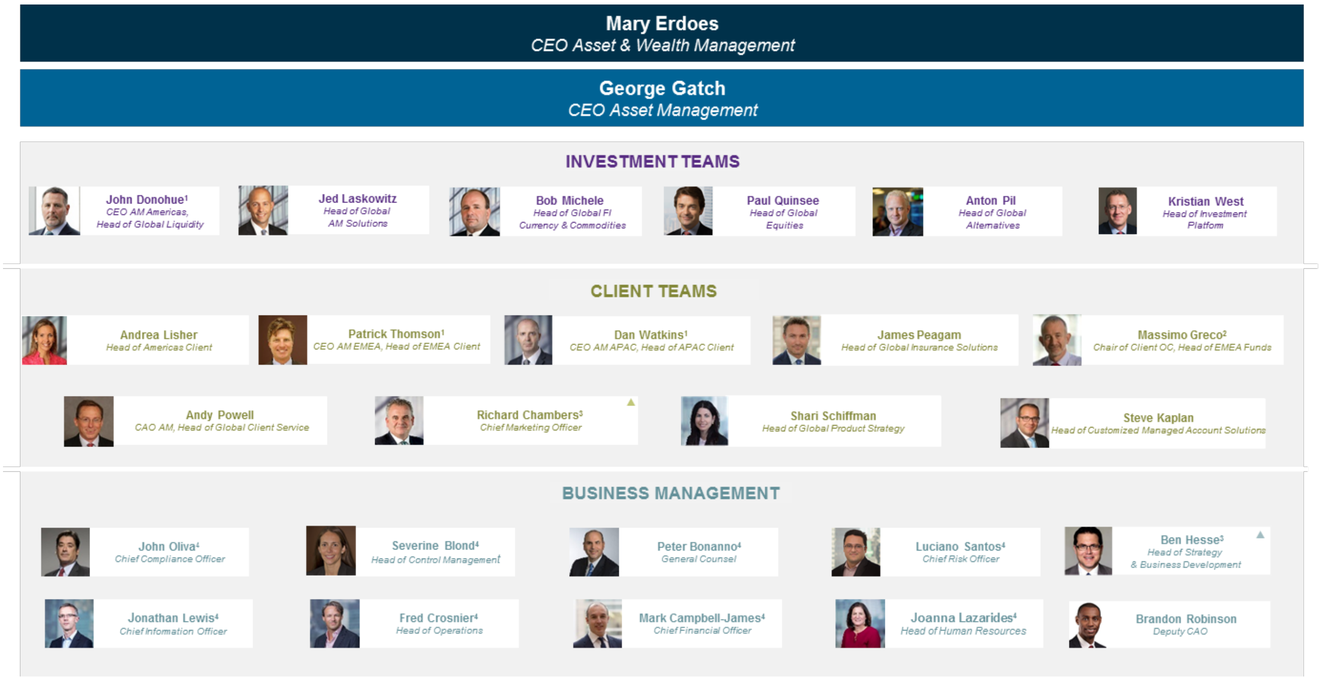
- Asset Management Operating Committee
- Asset Management Clients Operating Committee
- Asset Management Investment Committee

Institution Name	% of Ownership
The Vanguard Group, Inc.	8.92%
BlackRock Inc.	6.51%
The Capital Group Companies, Inc.	5.19%
State Street Corporation.	4.85%
Bank of America Corporation	1.79%
Wellington Management Company LLP	1.73%
FMR LLC	1.64%
Geode Capital Management, LLC	1.56%
Northern Trust Corporation	1.31%
Morgan Stanley & Co. Inc.	1.28%

Source: Nasdaq, 30 June 2021

4. Key Management & Investment Personnel

The diagram below summarises the key senior business and investment management personnel for JPMAM as at 30 September 2021:



[1] Has responsibility as Regional CEO.
[2] Reporting line to Head of EMEA Clients.
[3] Additional reporting line to AWM CEO.
[4] Reporting line to functional head.

2. Internal Governance

1. Ethical conduct and professional practice

We make every effort to maintain our long-established reputation as one of the world's most highly regarded financial providers. Compliance and ethics are business issues, and responsibility for compliance with regulations and policies rests with every employee. All employees are required by JPMorgan Chase's policies to adhere to the highest standards of integrity and fair dealing, and to act in full compliance with the spirit as well as the letter of the law. The violations of any laws that relate to the operation of our business or our Code of Conduct or failure to cooperate with an internal investigation may result in corrective action, up to and including immediate dismissal. The Firm will take all necessary actions to enforce the Code.

Compliance with the Code of Conduct forms one of the terms of employment for JPMorgan Chase employees, who are required to reaffirm their compliance on an annual basis.

Breaches of the Code are investigated by a team consisting of Audit, Compliance, and Security Services. JPMAM view breaches as very serious and may lead to the dismissal of the employee involved.

2. Personal trading

The JPMAM Personal Investment Policy applies to all JPMAM employees and their associated accounts and sets out requirements for personal investing. All investments except money market funds are subject to a minimum holding period of 60 calendar days so that employee transactions are oriented toward long-term investment. A summary of the core requirements for personal trading is as follows:

- With limited exceptions, all personal account transactions of employees and their associates must be pre-cleared by the employee's line of business manager and the Compliance department.
- Potential client trading conflicts are reviewed by Compliance prior to approving or declining an employee's request to trade. Employees are always required to put client interests before their own and to avoid any conflict of interest or appearance of conflict with JPMAM activities. Pre-clearance procedures are in place to monitor these conflicts of interest. They include:
  - *Blackout periods* – Employees may be restricted from conducting personal investment transactions during certain periods and may have their transactions reversed after-the-fact. This is done to avoid even the appearance of benefitting from information concerning investment activity on behalf of client accounts, regardless of any personal benefit to the employee concerned. Additionally, research employees are subject to a Research Blackout Period after visiting a company or having any other contact with that company for research purposes.
  - *Banned list* – When any of our investment management businesses are aware of unpublished price-sensitive information about a company, the issuer and its related securities may be put on a confidential "banned list." Employee trading is prohibited until the information is made public.
  - *Insider dealing* – Employees must never deal in any securities or collective investment schemes based on unpublished price-sensitive information ("inside information").
  - *Counselling and procuring* – If employees are not permitted to deal for any reason, they may not communicate with or procure any other person to trade, except in the proper course of their employment.
  - *Dealing ahead of a customer's order* – Employees must not deal for themselves before a customer's order if they know JPMAM has accepted such orders or is about to deal for a client in the exercise of discretion. Employees also cannot deal for themselves if they know of a change in a security's or company's ranking or have any sensitive information that has not been circulated throughout JPMAM. If they know of open or recently executed orders arising from an investment decision or ranking change, they must not buy or sell such securities for their own accounts five business days before or after those trades.

Compliance also performs post-trade monitoring of employee transactions on an ongoing basis to identify any client conflicts of interest following approved employee trade requests.

3. Management of conflicts of interest to ensure client interests take priority (including gifts and entertainment)

JPMAM is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. We have in place policies and procedures in order to safeguard our clients' interests.

JPMAM is part of the JPMorgan Chase Group which is a multi-service banking group, providing to its clients all forms of banking and investment services. As a result, like any financial services group, we have or may have conflicts of interest in relation to various activities. However, the protection of our clients' interests is our first concern and so our conflicts policy sets out how:

- JPMAM identifies circumstances which may give rise to conflicts of interest including a material risk of damage to our clients' interests; and
- JPMAM have established and will maintain appropriate mechanisms and systems to manage those conflicts.

Giving and receiving of gifts and entertainment to or from those doing business, or intending to do business, with JPMAM can give rise to a real or apparent conflict of interest and therefore, is prohibited, subject to certain limited exceptions.

4. Risk management and compliance;

Risk is an inherent part of JPMorgan Chase's business activities. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Firm.

Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm's approach to risk management covers a broad spectrum of risk areas, such as credit, market, liquidity, model, structural interest rate, principal, country, operational, and reputation risk with controls and governance established for each area, as appropriate.

The Firm believes that effective risk management requires:

- Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Firm;
- Ownership of risk management within each line of business and corporate functions; and
- Firmwide structures for risk governance.

The Firm's Operating Committee, which consists of the Firm's Chief Executive Officer (CEO), Chief Risk Officer (CRO) and other senior executives, is responsible for developing and executing the Firm's risk management framework.

The Firm strives for continual improvement through ongoing employee training and development, as well as talent retention. The impact of risk and control issues are carefully considered in the Firm's employee performance evaluation and incentive compensation processes.

5. Error correction policy;

JPMAM Operational Risk Event Escalation Procedure defines an error as an Operational Risk event where 'an incidence or occurrence, regardless of financial impact, that is a symptom of a failed internal process or control or that prevents successful completion of an internal process, causing its actual outcome to differ from original expectations'. All employees are responsible for minimising the potential of these events and ensuring that those identified are escalated, reported as appropriate and corrected promptly.

Our comprehensive error tool records all errors identified, including investment errors detected by our automated guideline monitoring systems. The responsible department is required to input an error report, which includes specific details of the error event, corrective action taken, a calculation of any compensation payable, and subsequent preventative changes to controls and procedures. For material errors, compensation calculations are reviewed by risk management. The level of management to which error reports need to be escalated for approval is determined by the actual or potential monetary impact.

The Oversight & Controls team advises the business to ensure that the error reporting process is adequately followed, and payment of compensation is contingent upon completion of these reporting and approval processes.

6. Brokerage and commissions;

The use of equity trading commissions to purchase goods and services in addition to the execution service provided by the executing broker is referred to in some jurisdictions as 'soft dollar arrangements'. For accounts considered in scope of the MiFID II Directive from 1st January 2018, our Equities, Fixed Income and Multi-Asset Solutions platforms transitioned the costs associated with the purchase of external research from being paid for by trading commissions to being paid for directly by JPMAM (i.e. they will not use soft dollars). For non-MiFID II accounts the cost of external research will continue to be paid via bundled trading commissions.

7. Equitable asset valuation and pricing;

Policies and procedures for fair valuation pricing have been established and may be invoked when such sources are not available or supply prices which are unreliable, that is prices which could not reasonably be expected to be achieved in actual market transactions.

Fair Valuation Pricing Committees, which include representatives of the pricing team, risk management, compliance and investment directors, devise and apply appropriate alternative pricing procedures. These take into account factors such as general market proxies, recently dealt prices of specific instruments, dealt prices of securities of comparable quality and type, indicative bids from brokers and estimates of sector specific analysts. The performance of the process is monitored by back testing, in which fair value prices are compared with subsequent reliable market prices or prices subsequently achieved in sales. The fair valuation process is subject to periodic reviews by external auditors.

8. Best execution and trade allocation;

JPMAM has policies and procedures in place to ensure that it is able to achieve best execution in accordance with applicable laws and regulations for its clients. This is achieved in a number of ways but begins with a centralised trading team that is segregated by systems from portfolio managers as well as operations.

The facilities available in today's marketplace allow JPMAM to use a variety of methods to execute client transactions, which include the following: engaging full service brokers; transacting directly with dealers and market makers; and making use of electronic communication networks (ECNs). An execution venue may include a broker, dealer, exchange, ECN, dark pool, crossing network, alternative trading system, multifaceted trading facility (MTF), over the counter market maker/dealer, or any other such recognized place/method of transacting.

In addition the way in which JPMAM executes transactions on behalf of clients may depend on the asset class. For example, execution venues for an equity trade will likely be different than those for fixed income transactions, which are typically executed directly with dealers. The selection of any particular method to execute a client trade must be consistent with JPMAM's fiduciary obligation to obtain the best result for its clients.

When executing orders in financial instruments on behalf of clients, JPMAM will take all reasonable steps to achieve best execution. JPMAM has in place processes which are designed to obtain the best possible execution result on a consistent basis, taking into consideration relevant following factors:

- The execution venues available for such instruments
- Price, costs and commission rates charged (Note: Commission rates apply to the Equity business, not to the Fixed Income business. In Swap Execution Facilities or SEFs, a fee is charged but is typically not passed to the client. Any fee passed to a client is evaluated as part of the best execution review.)
- Speed of execution or priority placed upon an order by the portfolio manager or client
- Likelihood of execution and settlement
- Relative size of the order
- Confidentiality provided by a counterparty
- Consistent quality of overall service from the counterparty
- The nature of, or any consideration relevant to the order

When assessing the relative importance of these factors, JPMAM will also consider the characteristics of the client; the client order; the financial instruments that are the subject of the order; and the execution venues to which the order can be directed. JPMAM seeks to manage portfolios in the best interest of clients and to obtain the best relative value given a client's account objectives.

Ordinarily, price and costs together will merit high relative importance in achieving best execution, but other factors may take precedence, where for example speed of execution may be more important due to the nature of the order, or client cash flow requirements, or the trade is large compared to the liquidity of the relevant instrument.

Achieving best execution is critical to fulfilling our clients' performance expectations. In seeking best execution, we not only strive to minimize transaction costs (bid / offer spreads), we also consider the full range and quality of a broker-dealer's services in selecting counterparties, including: the broker's execution capabilities; the broker's reliability for prompt, accurate confirmations and on-time delivery of securities; the broker-dealer firm's financial condition; the broker's ability to provide access to new issues; as well as the quality of research services and sales coverage provided.

JPMAM's experience, size and presence in the marketplace are competitive advantages that enable us to minimize transaction costs and achieve best execution.

9. Remuneration policy

Pay Mix

Our compensation program is comprised of a competitive base salary and incentives generally in the form of cash and long-term awards. Long-term awards are generally in the form of JPMorgan Chase Restricted Stock Units ("RSUs"), and additionally, for select AM employees, awards under a Mandatory Investor Plan ("MIP"). Long-term awards as a percentage of an individual's total incentive compensation ranges from 0% to 60%, depending on pay level. RSU & MIP awards vest and are delivered over a 3 year period and, as such, are intended to motivate and reward future performance and reinforce the long-term value that can be attained if the Firm continues to meet its objectives. Vesting of both awards is subject to continued employment terms. Comprehensive recovery provisions enable us to cancel or reduce unvested awards, or require repayment of cash or equity compensation already paid.

Provisions Specific to Investment Professionals in Asset Management

MIP awards for the Investor population (Portfolio Managers and Research Analysts) provide for a rate of return equal to that of the funds that the Investors manage. The goal of MIP is to align the Investors' pay with that of their client's experience and provide a direct link between how the Investors perform to how they are paid.

100% of the Investor's long term incentive compensation is eligible for MIP and depending on the level of compensation, 20% or 50% needs to be aligned with specific fund they manage as determined by their respective Investment Committee member. The remaining portion of the overall amount is electable and may be treated as if invested in any of the other funds available in the plan or can take the form of RSUs.

Performance is the most critical factor in determining the amount, if any, of total incentive compensation that will be awarded to an Investor. Each Investor's performance is evaluated annually, including, but not limited to:

- blended investment performance relative to competitive indices, generally weighted more to the long-term
- individual contribution relative to the client's risk / return objectives
- adherence with the firm's compliance, risk and regulatory procedures

An individual performance assessment using the above in addition to overall performance of the business unit and investment team is integrated into the final assessment of pay for an Investor.

10. Sharing Concerns and Reporting Violations

The purpose of JPMorgan Chase & Co's Code of Conduct – Sharing Concerns and Reporting Violations – Australia Supplement (Supplement) is to address Part 9.4AAA of the Corporations Act 2001 (Cth) and Part IVD of the Taxation Administration Act 1953 (Cth) (collectively, Whistleblowing Laws) requirements with respect to providing mechanisms for the reporting of potential and actual wrongdoing at work or related to the Firm, and to outline the statutory protections available to such whistleblowers.

Whilst the company makes and continues to make every effort to conduct its business strictly in accordance with its statutory obligations and good business practice, occasions may arise when employees may have a legitimate concern that JPMAM or its employees have failed to adhere to their obligations in some way. In such situations, employees are encouraged to raise concerns by following the Supplement.

Issues that employees should report include any potential or actual violations of the Code of Conduct, any internal Firm policy, or any law or regulation related to the business of JPMAM and its affiliates. This includes any potential or actual illegal conduct, or conduct that violates the principles of the Code of Conduct by customers, suppliers, consultants, employees, other business partners or agents. The Firm has a number of ways through which employees can share concerns and report violations, as set out in the Supplement.

Those reporting a concern in good faith can do so anonymously and will be subject to non-retaliation and other protections to prevent retaliation and intimidation as a result of their reporting.

Furthermore, other parties can lodge a report such as a relative of a JPMAM employee and an individual or relative of an individual suppling services or goods to JPMAM.

11. Training and development

Professional training is an integral part of the culture at JPMAM. As such, we offer a range of opportunities to support firmwide and individual needs and interests. We finance education ranging from undergraduate courses to MBA programs and encourage our professionals to gain the CFA (Chartered Financial Analyst) status. Continual training in investment theory and portfolio management techniques is available through seminars to investment teams. Additionally, outside consultants provide their expertise in specialty areas. We strive to maintain an environment that encourages our professionals to chart new courses for their own development.

Portfolio managers – JPMAM is dedicated to maintaining experienced portfolio management teams with talented and well-seasoned professionals from around the globe, who have proven track records of unique investment insights. Once on board, these individuals work directly with experienced team members and, in so doing, quickly develop a broad yet focused understanding of the firm's investment philosophy and decision-making process. As their product expertise increases, these individuals are afforded a deeper impact on our investment process.

Traders – Traders' initial training is spent placing deposits and trading in foreign exchange markets. Their responsibility increases with experience as they are introduced to new markets by senior traders. Each trader is assigned by asset category.

Research analysts – Research is regarded as a career path for our analysts, not a "stepping stone" to becoming a portfolio manager. New analysts typically have three to five years of experience with other firms before joining JPMAM. For these individuals, training consists largely of acquainting them with JPMAM's valuation method, modelling systems, and research time frame. Occasionally individuals with less experience, holding an MBA degree but with as little as a year in research, are hired. These professionals are first assigned a smaller sector or subset of a larger sector, but are charged with research responsibility from the start. Typically, a less experienced analyst will perform studies on his or her sector or subsector, and then use that information as a framework for performing micro-analysis on the securities within that sector. The analyst works closely with more seasoned analysts who are responsible for other portions of that sector. Our goal is to provide all new analysts with excellent on-the-job training, acquainting them with JPMAM's fundamental approach while holding them accountable for research decisions from the very beginning.

To ensure that JPMAMAL meets its requirements as an Australian Financial Services Licence (AFSL) holder providing financial services, JPMAMAL's representatives are required to have the appropriate knowledge and skills to competently perform their roles of providing financial services, as required under s912A(1)(f) of the Corporations Act. Representatives are employees or contractors of JPMAMAL that provide financial services on behalf of JPMAMAL. JPMAMAL has implemented the Training of Representatives – Australia Procedure, which sets out how the requirements are met.

The Policy outlines:

- The requirement that employees complete a minimum of 20 hours of training per annum of which 5 must be compliance related;
- The requisite knowledge and skills required to be competent and adequately trained to provide financial services;
- The maintenance of training records and supporting evidence; and
- The degree of structure required in order for training to qualify toward the training requirement.

12. Complaints and dispute resolution.

JPMAMAL regards all customer complaints seriously and reviews them independently and objectively with consideration given to JPMAMAL's fiduciary obligations owed to its clients. A complaint is defined as any expression of dissatisfaction whether orally or written, and whether justified or not about the provision of, or failure to provide financial services activity such as any investment sales practice or administration related communication by, or on behalf of, a client. When a communication that might be considered a complaint is received, it must be handled in a courteous and professional manner with due care and sensitivity.

The JPMorgan Chase Complaint Policy – Firmwide and the Asset Management Supplement, along with the Complaint Handling Procedure – Australia, address the JPMAMAL client complaints process including complaint;

- receipt;
- investigation;
- resolution;
- response;
- recording-keeping; and
- reporting.

As JPMAMAL provides financial services to retail clients, it is required to have a dispute resolution system and be a member of an external dispute resolution body. This is required under the Corporations Act (s912A(1)(g)).

3. Asset Stewardship

J.P. Morgan Asset Management's (JPMAM) primary activity is to provide asset management services to our clients. We are predominantly a long-term active investor, whose aim is to produce the best risk-adjusted returns that align with our clients' objectives. In discharging this role, we believe that all assets entrusted to us should be managed according to the highest principles of stewardship. As such we have developed a comprehensive stewardship framework which includes: the active monitoring of investee companies in terms of their strategy, operations, risk management and governance; the informed voting of proxies at shareholder meetings; and an assessment of their environmental, social and governance (ESG) policies and practices for determining suitability for investment. This framework should be read in the context of both our Equity and Fixed Income processes, as well as the applicable investment processes in our Alternatives and Multi-Asset divisions. Unless stated otherwise, it applies to all our operations globally.

As an active asset manager, engagement is a critical component of our investment approach, and we view frequent and direct contact with company managements as vitally important. When considering investment options, we supplement our extensive proprietary research with input from third-party specialist providers and we engage directly with companies on a wide range of issues. Our investment stewardship specialists regularly attend scheduled one-on-one meetings alongside investment analysts to drive our ESG agenda.

In an ongoing effort to make our engagement more targeted, we have identified five main investment stewardship priorities. These are: governance; strategy alignment with the long term; human capital management; stakeholder engagement; and climate risk. We believe that all these priorities have universal applicability and will stand the test of time. Within each priority area, we have identified a number of related themes that we are seeking to address over a shorter timeframe. These themes will evolve over time, as we engage with investee companies to understand issues and promote best practices. By cross-referencing our analysts' proprietary assessments with holdings data and an assessment of materiality versus our five priorities, we have generated a target lists of companies for engagement on each topic. This allow us to track our engagement more effectively and monitor engagement outcomes. More information on the five priorities can be found in our Investment Stewardship white paper Promoting sustainability through investment-led stewardship.

This combination of long-term priorities and evolving, shorter-term themes provides us with a structured and targeted framework to guide our portfolio managers, analysts, and investment stewardship specialists as we engage with investee companies around the world.

1. Monitoring of company performance

Effective monitoring of company performance is an essential element to our investment approach. JPMAM has over 1,100 investment professionals, including over 200 career analysts, tasked with analysing investments across the full spectrum of opportunities. As active investors, we invest considerable resources in our research capabilities, and our analysts and portfolio managers are expected to enter into a regular dialogue with investee companies, to ensure we understand all aspects of their businesses.

Our analysts and portfolio managers are supported by investment stewardship specialists in each region to help drive our stewardship agenda. Engagement takes a variety of forms including face-to-face meetings, virtual meetings, letters and consultations. As part of our engagement we seek to:

- Keep up to date with the main drivers of each company's operating and financial performance;
- Question senior management on strategic priorities, to gain assurance that projects can be managed without giving rise to undue risks;
- Remain fully briefed on the internal and external risk factors, including ESG risks, which may impact the company's outlook; and
- Ensure that the leadership of each investee company, and its corporate governance structures, adhere to best practice.

Our dialogue with investee companies only seeks to make use of information which has been publicly disclosed. However, it is possible that as a result of our engagement, we gain access to information that has not previously been disclosed. JPMAM has well defined procedures to ensure that any such information that is received is protected until it has been brought into the public domain. Where we come into receipt of material, non-public information (MNPI), either advertently (where we choose to become insiders to facilitate a specific corporate action), or inadvertently (as a result of an error or lapse in communications policy), the relevant security is placed on a Banned List and all dealings are suspended firm-wide until the information has been publicly disclosed. Given the limitations this places on our ability to transact in such names, we only seek to gain access to MNPI in specific circumstances, where we believe this to be in the best interests of our clients.

In order to make our engagements as effective as possible, we have developed a reporting framework to help us prioritize issues and track our progress. We have also introduced a tracking system to assist in measuring the responsiveness of companies. This has resulted in a structured process, which breaks down into a two-step engagement approach.

Companies that we are happy to own in client portfolios, but which may have low or medium priority ESG issues that we wish to better understand, are tracked on our **Maintain** list of engagements. This means that the investment stewardship teams are maintaining an ongoing dialogue with the company on a specific issue, until such time as our investors are comfortable that the issue has been mitigated or resolved. Names can be added to the Maintain list at any time. If engagement on the issue is not progressing to our satisfaction, or if the company is unresponsive, then that name can be escalated to the **Focus** list.

An entry on the Focus list means that we have identified an issue of concern, typically in relation to our five Engagement Priorities, which is sufficiently material to warrant a higher level of engagement. Moreover that name is likely to be held in sufficient size to make our engagement more impactful. In dealing with this issue the stewardship team, in conjunction with a relevant analyst or portfolio manager, will prepare a detailed engagement plan, with an agreed objective, as well as a timeline and the key milestones we would like to see achieved. The Focus list is reviewed at least annually. At the time of the review decision will be made for individual company on the list. We will either remove a company from the Focus list, extend its engagement period, or escalate the issue further.

2. Company engagements and escalation pathways

JPMAM has clear guidelines on how we should escalate our engagement activities. In the event that concerns, which have been raised with company representatives have not been adequately dealt with, we will seek further meetings with the board – ideally the chairman or the lead independent director - or express our concerns directly through the company's advisers.

JPMAM takes the view that divestment from a company purely for stewardship reasons is unsatisfactory in that it leaves us with little influence over that company's future behaviour and direction. We prefer to remain invested whilst engaging with companies in a collaborative and constructive manner. At the same time, in instances where constructive engagement has reached its limits we have a number of escalation options open to us.

This may include holding joint engagement meetings with other investors who share our concerns. We will also use our proxy votes to encourage a more positive response from management. In extremis, we will consider submitting a shareholder resolution, or requisitioning an EGM in order to bring about the desired change. At the same time, we reserve the right to sell out of a holding completely, if we feel that this is in the best interests of clients.

Decisions to escalate will always be made on a case-by-case basis, in conjunction with our analysts and portfolio managers, taking into account the materiality of the risk concerned. Catalysts for escalation can include concerns over management's failings in relation to corporate strategy, or a lack of responsiveness in relation to succession planning or board composition. Material concerns over executive compensation can also be a trigger for escalation, especially where issues persist, or where we have been involved in a pay consultation, and our views have been ignored.

Any proposed engagement can be escalated to the applicable Proxy Voting Committee for review and approval, to ensure that it aligns with the focus and objectives of the relevant beneficial owners.

3. Environmental, Social and Governance considerations affecting the investment decision making process

As long term stewards of our clients' capital we have a fiduciary responsibility to help our clients preserve and grow their investments. To do this, we need to consider all risk factors that can affect a company's future profitability and value, and we need to consider the impact of all decisions that we make in our portfolios on our clients' behalf. As part of this, we believe that a consistent assessment of environmental, social and governance (ESG) factors is a critical part of the investment process.

As a Firm, JPMAM embraces a number of different investment methodologies and approaches. Some strategies collect and deploy ESG data in a highly systematic way to produce rankings used in security selection and portfolio construction. Other strategies use data more qualitatively, through fundamental research. As a global active manager utilizing a variety of investment styles, we seek to integrate ESG factors in a manner which is consistent with the processes themselves, from the purely quantitative to those based on a combination of fundamental research and qualitative judgments. We do not apply a uniform approach to ESG integration. Instead, we focus on the integrity of the processes themselves.

These nuances reflect our belief that that ESG information should be used in a way that is material and relevant to each investment process. The framework, which underpins all of our strategies, encompasses: a) the proprietary, forward-looking research of material ESG factors, as key drivers of our stock selection and portfolio construction processes; b) the documentation of proprietary views across asset classes and investment methodologies and; c) the systematic monitoring of ESG risks at each stage of our investment management approach. For more information on how we incorporate ESG considerations in our investment decision making processes, please refer to our ESG Integration brochure that highlights the integration approach (to be further updated in 2022) ESG Integration Brochure.

4. Proxy 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 client portfolios in a prudent and diligent manner, based on our reasonable judgment of what will best protect the long-term interests of our clients. We have developed detailed regional proxy voting guidelines, which lay out our approach to voting in reach region. Our guidelines provide that we will vote proxies on a case-by-case basis, voting for or against each resolution, or actively withholding our vote as appropriate.

Globally, JPMAM votes at nearly 8,000 shareholder meetings each year, in more than 80 markets worldwide. We endeavour to vote in all markets, wherever possible, unless there are technical reasons that preclude us from doing so, such as share-blocking or power of attorney requirements. Votes are investor-led and are implemented systematically according to our operating procedures. Our investment specialists have the ability to override general policy should individual circumstances dictate.

We have voting policies for each region, covering (1) North America, (2) EMEA (3) Asia ex-Japan and (4) Japan, which are consistent with the practices prevailing in these different locations. As standards of corporate governance vary widely, we have adopted a principles-based, rather than rules-based, approach to voting, based on local corporate governance codes and internationally recognized standards, such as those of the OECD, and the International Corporate Governance Network (ICGN).

Responsibility for the formulation of voting policy in each region rests with regional proxy voting committees, whose role is to review local corporate governance policies and practices and to provide a focal point for corporate governance issues. Each committee is typically composed of senior analysts, portfolio managers, investment stewardship specialists and also members of our risk, legal and compliance departments. To learn more, please read our Global Proxy Voting Procedures and Guidelines.

Where a potential material conflict of interest has been identified, JPMAM may call upon an independent third-party to make voting decisions; or it may contact individual clients to approve voting decisions; or it may elect not to vote for master feeder funds.

Stock which is lent out cannot normally be voted, as the right to vote is effectively passed on to the borrower as part of the stock lending transaction. For routine voting, JPMAM may view the revenue derived from the lending activity to be of more value to the client than the ability to vote. However, we reserve the right to recall stock on loan, where circumstances dictate, so that client interests can be protected.

5. Collaborative engagements with other investors, including industry groups and associations;

Subject to relevant laws and regulations, JPMAM may work with other investors in collective engagement actions, if we believe this to be in the best interests of our clients. This may take the form of direct engagement with specific shareholders or groups of shareholders. Or it may take the form of indirect engagement through industry bodies and associations.
Issues on which such collaborations may take place include, but are not limited to: board succession planning, merger and acquisition related issues, executive remuneration, and climate disclosure. This engagement may take a variety of forms including meetings, telephone conversations, letters and consultations.

Since February 2020, JPMAM has been a signatory to Climate Action 100+ (“Climate Action 100”). Climate Action 100 is “an investor initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change.” Climate Action 100 focuses on companies that are ‘systemically important emitters’, (i.e., accounting for two-thirds of annual global industrial emissions), as well as companies with “significant opportunity to drive the clean energy transition.”

As a Client Action 100 signatory, JPMAM has been engaging in a number of Climate Action 100 target companies, in collaboration with other signatories, each year.

To further strengthen our engagement on climate-related topics, JPMAM jointed the Asia Investor Group on Climate Change (AIGCC) in April 2021. AIGCC is one of the five investor networks that help coordinate the Climate Action 100. In addition, AIGCC also has its own Asia-specific climate initiatives.

6. Policy advocacy including participation with industry groups and associations

We aim to maximize our impact by driving thought leadership and innovation as members of a number of industry groups and trade associations. As part of this, we come into contact with Regulators and are able to advocate for policy change as circumstances dictate.

We recently completed an audit of our trade association memberships. Current memberships include:

- Institutional Investors Group on Climate Change (IIGCC)
- International Corporate Governance Network (ICGN)
- Principles of Responsible Investment (PRI)
- Asian Corporate Governance Association (ACGA)
- The Investment Association's Investor Forum.
- Institutional Investor's Group on Climate Change
- Climate Action 100+
- Asia Investor Group on Climate Change
- 30% Club's Investor Forum

7. Client engagement, education and communication regarding Investment Stewardship.

Sharing best practice across the firm is part of the function of the Sustainable Investing Team and the Sustainable Investing Leadership Team (SILT). Over the past two years we have held mandatory ESG training for all JPMAM employees and we have reinforced this in large forums held across the firm, including those attended by clients. These events have focused on our philosophy to ESG, our approach to ESG integration, and our specialist ESG capabilities together with our ongoing research.

JPMAM publicly discloses elements of our proxy voting and engagement activities through quarterly reports and white papers. We also produce detailed quarterly voting and engagement activity reports for clients, if requested. These reports provide qualitative as well as quantitative information, including commentary on proxy voting, engagement, market developments and social and environmental issues.

We have hosted a number of client events focusing on ESG issues as they apply to different asset classes, in order to promote better understanding of salient industry themes, updates on key strategies, and technical training on new products. We have also developed educational podcasts on Investment Stewardship topics which are available via the J.P. Morgan Asset Management Centre for Investment Excellence. As part of our communication program we published our first firm-wide annual Stewardship Report in early 2021.

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