

# Task Force on Climate-Related Financial Disclosure

## J.P. Morgan Asset Management

### 2022 Inaugural Report – Hong Kong Addendum

#### Introduction From Ms. Elisa Ng, Head of AM, JPMAM (Hong Kong)

J.P. Morgan Asset Management Hong Kong (“**JPMAM (Hong Kong)**”) is an asset manager, operating in Hong Kong as part of J.P. Morgan Asset Management (“**JPMAM**”). J.P. Morgan Asset Management is the marketing name for the investment management businesses of JPMorgan Chase & Co. and its affiliates worldwide.

Within JPMAM (Hong Kong), JPMorgan Funds (Asia) Limited (“**JPMFAL**”) with assets under management of \$28.6b USD as of 31<sup>st</sup> December, 2021, acts as the manager of the JPMorgan Funds (Unit Trust Range) and JPMorgan Provident Funds. JPMorgan Asset Management (Asia Pacific) Limited (“**JPMAM(AP)L**”) with assets under management of \$131.8b USD as of 31<sup>st</sup> December, 2021, is delegated with investment management responsibilities for JPMorgan Funds (Unit Trust Range) and JPMorgan Provident Funds. It also acts as the manager of JPMorgan SAR Funds, whilst also providing investment management and advisory services to other mutual funds and segregated accounts.

This Hong Kong Addendum is complementary to and should be read in conjunction with Task Force on Climate-Related Financial Disclosure – J.P. Morgan Asset Management 2022 Inaugural Report (the “**Global AM TCFD Report**”), and together with this Hong Kong Addendum, this

“**Report**”). They together provide disclosure in accordance with the Circular to licensed corporations – Management and disclosure of climate-related risks by fund managers issued by the Hong Kong Securities and Futures Commission in August 2021.

Recognizing that climate-risk is the pre-eminent environmental risk, we have aligned this Report to the recommendations of the Task Force on Climate-Related Financial Disclosures (“**TCFD**”), specifically its Supplemental Guidance for Asset Managers.

I am proud of the progress we have made in addressing climate change as an important component of our sustainability strategy, and look forward to providing further updates on our journey towards our climate-related targets.

We hope you find this report informative.



**Ms. Elisa Ng,**  
Head of AM Hong Kong,  
Head of HK Funds and Institutional Business

## Governance

### Board

The Boards of JPMAM(AP)L and JPMFAL are chaired by Mr. Edwin Chan, Chief Administrative Officer of J.P. Morgan Asset Management Asia Pacific, with the role of each Board to effectively oversee and manage the respective legal entities’ businesses. Both Boards of JPMAM(AP)L and JPMFAL meet on a quarterly basis.

Board-level oversight on climate-related risks and opportunities follows the framework adopted by JPMAM globally. For details, please refer to the “Governance – Board Oversight” section of the **Global AM TCFD Report**. In particular, the Boards of JPMAM(AP)L and JPMFAL provide oversight on senior management and the respective legal entities’ business activities and controls. The oversight comprises sustainability-related matters, including climate risk management for managed funds.

Sustainable Investing Oversight Committee (SIOC) (as further detailed below) is responsible for overseeing progress against climate-related goals (e.g. Net Zero Asset Managers Initiative) and is chaired by JPMAM's Global Head of Sustainable Investing. With respect to climate-related issues, meeting minutes and updates from SIOC relating to environmental, social and governance (ESG) integration, targets and performance are provided by senior management within the Sustainable Investing (SI) team to the JPMAM(AP)L and JPMFAL Boards on an ad-hoc basis.

As part of the Boards' oversight, members of JPMAM(AP)L and JPMFAL Boards are presented with the risk management framework covering climate-related risks as described in this report, which is reviewed alongside senior management within our SI team and the APAC Head of Risk as required.

The following Hong Kong based investment heads are either sitting members of the Boards and/or responsible for providing the Boards with updates relating to climate-related matters for funds where JPMAM(AP)L or JPMFAL has investment management responsibilities:

- APAC Head of Equities (Board Member of JPMAM(AP)L and JPMFAL)
- APAC Head of Fixed Income, Currencies & Commodities (Board Member of JPMAM(AP)L)
- APAC Head of Liquidity
- APAC Head of Multi-Asset Solutions

Separately, JPMAM's APAC Head of Risk attends Board meetings as a standing invitee, and as outlined in the "Risk Management" section of the **Global AM TCFD Report**, is responsible for independent risk oversight and challenge of climate and sustainability-related matters presented to the Boards of JPMAM(AP)L and JPMFAL.

JPMAM's APAC Lead Sustainable Investing Strategist also attends Board meetings as a standing invitee, and provides climate and other ESG risks training and updates, along with any escalations from the APAC Business Control Committee (APAC BCC) and the Hong Kong Location Management Meeting (as further detailed below) as required.

---

## Management

Management accountability of climate-related risks follows the global framework adopted by JPMAM. For more details, please refer to the "Governance – Management" section of the **Global AM TCFD Report**.

As part of the global framework, JPMAM has local management within APAC which are assigned with responsibilities in managing climate-related risks. The following are examples of some critical functional groups with members based in Hong Kong:

- Sustainable Investing Team: Provide advice across investment teams, client teams and other corporate and business teams on climate-risk factors, and define company and industry level engagements on our stewardship priorities.
- Investment and Portfolio Heads: Accountable for the performance of relevant funds / strategies and contribution to clients' risk and return objectives, including consideration of material climate-related risks and opportunities.
- JPMAM APAC Risk: Provide independent oversight and challenge of the risk management process, including climate-related risk factors.

Our SIOC is also responsible for oversight and governance of all ESG integration processes of JPMAM. Where and when escalation specific to APAC is required from a controls and risk oversight perspective, escalation from SIOC is to the APAC BCC. As mentioned in the previous section, JPMAM’s APAC Lead Sustainable Investing Strategist would then escalate matters to the Boards of JPMAM(AP)L and JPMFAL as required. For more details, please refer to the “Governance – Management” section of the **Global AM TCFD Report**.

The Hong Kong Location Management Meeting, chaired by JPMAM’s Head of AM Hong Kong and attended by heads of various business teams and control functions of JPMAM (Hong Kong), meets on a quarterly basis and was established to provide a high level forum to discuss and agree on solutions to issues affecting the business in JPMAM (Hong Kong), including any climate-related risks and considerations as and when they arise.

JPMAM’s APAC Lead Sustainable Investing Strategist, attends the Hong Kong Location Management Meeting as a standing member, and provides climate-related risk training and updates as required.

---

## Strategy & Risk Management (including Stewardship and Engagement)

In identifying and assessing the impact of climate-related risks and opportunities, JPMAM (Hong Kong), forms part of the global strategy and firmwide risk management framework that JPMAM implements globally. These climate-related risks and opportunities are identified, assessed and managed across multiple functions within JPMAM, including portfolio managers of JPMAM (Hong Kong) and JPMAM’s regional and firmwide risk management functions. For more information, please refer to the “Strategy” and “Risk Management” sections of the **Global AM TCFD Report**.

As part of JPMAM’s engagement policy, our Hong Kong based Investment Stewardship team, led by JPMAM’s Head of Investment Stewardship (Asia ex Japan), engages with investee companies to actively encourage enhanced disclosure of ESG and climate-related data. This includes transparency in their choice of metrics and targets, and alignment of their strategy to different climate transition pathways in line with TCFD recommendations. For more information, please refer to the “Strategy – Engaging with investee companies on climate change” section of the **Global AM TCFD Report** and the **JPMAM 2021 Investment Stewardship Report**.

JPMAM (Hong Kong) also adopts JPMAM’s firmwide internal controls framework and has multiple lines of defense to manage risks in client portfolios. These lines work together but with distinct responsibilities to provide oversight over business activities, including climate-related risks. For details, please refer to the “Risk Management” section of the **Global AM TCFD Report**.

---

## Metrics & Targets

As part of our global commitment to disclosing carbon emissions at both a firm and portfolio level, JPMAM (Hong Kong) is a component of the metrics and targets that JPMAM adopts firmwide in assessing the progress of its efforts in managing climate-related risks and setting the relevant targets. For details, please refer to the “Metrics and Targets” section of the **Global AM TCFD Report**.

In line with the SFC requirements, in respect of the funds for which JPMAM (Hong Kong) is responsible for the overall operation, JPMAM (Hong Kong) will calculate the portfolio carbon footprints based on the positions of the respective funds as at their financial year ends. These portfolio carbon footprints will be published and made available to fund investors in the appropriate manner.