

# JPMAM Statement on Engagement and Proxy Voting

August 2021

This statement on engagement and proxy voting (hereafter, the “the statement”) has been drawn up with regards to the requirements of the European Union (EU) Directive 2017/828 and its implementing measures (collectively, the “Shareholder Rights Directive II”) and sets out how European J.P. Morgan Asset Management entities (collectively, “JPMAM”) integrates shareholder engagement into its investment strategies.

## Introduction

This statement on Corporate Engagement and Proxy Voting sets out how JPMorgan Asset Management integrates engagements with issuers into its investment strategies and should be read in reference to the requirements of the EU Directive 2017/828 and its implementing measures (collectively, the “EU Shareholder Rights Directive II”), and Article 4 of the EU Sustainable Disclosure Regulation (EU SFDR).

This statement should be read in the context of both the Equity and Global Fixed Income, Currency & Commodities (GFICC) asset classes, as well as where applicable in Alternatives and Asset Management Solutions.

## Overview

As a fiduciary of our clients’ assets, JPMAM has created an investment stewardship approach that aims to improve long-term, sustainable value through engagement with a focus on responsible allocation of capital and long-term value creation. At the heart of the approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists who engage with the companies in which we invest. We call this “investment-led stewardship.” JPMAM’s long-term stewardship priorities are those considered most material to investors.

Direct engagement and shareholder voting are all carried out at a local level, with guidance from our investment stewardship specialists. These specialists are based regionally, located in New York, London, Hong Kong and Tokyo. We use our proprietary investment-led, expert-driven investment stewardship framework to establish market and sector specific engagement frameworks. Investment stewardship specialists and investment teams engage with companies to discuss relevant and material Environmental, Social and Governance (ESG) issues and encourage them to adopt robust ESG practices with a goal of driving better investment returns. Insights gained from our engagements are incorporated into our investment decisions, helping enhance risk-adjusted returns over time.

For the purposes of this statement, “JPMAM” refers to all European J.P. Morgan Asset Management entities.

## ESG integration

JPMAM’s approach to sustainable investing is built on active management and stewardship, and JPMAM’s in-house research capabilities, on both a fundamental and a quantitative basis.

JPMAM integrates material and relevant ESG risks and considerations into all active investment frameworks across our investing platform. Our Alternatives, Equities, Global Fixed Income, Currency & Commodities (GFICC), Global Liquidity and Global Asset Management Solutions investment engines have formalised their ESG integration processes for actively managed segregated mandates and funds.

Combining our ESG research capability with the experience and skill of our investment teams and the expertise of our investment stewardship specialists gives us a deeper understanding of the risks and opportunities facing different sectors, industries and geographies. By integrating this expertise onto a global common platform, we seek to maintain a consistently high standard of engagement, considering the myriad of nuances a responsible investor needs to embrace. Our approach provides for broad flexibility as data, regulations and outlooks change, while focusing on the best prospects for sustainable financial returns.

# JPMAM Statement on Engagement and Proxy Voting

## Monitoring and engagement with investee companies

Our policy on corporate engagement and proxy voting is to maintain an ongoing dialogue with the management of investee companies. Under this policy, JPMAM portfolio managers and investment analysts communicate with selected companies on improving practices that JPMAM deems to have a financially material impact on the company's profitability over the long term. Where the issues identified relate to long-term sustainability, our investment stewardship team work with investors to conduct additional engagement. As long-term investors, many of JPMAM's engagements with companies may cover months or, in some cases, several years.

JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time: governance; strategy alignment with the long term; human capital management; stakeholder engagement; and climate risk. We also have annual engagement themes, aligned to and diving deeper into certain aspects of the five firm wide priorities.

More information on our priorities can be found in [our investment stewardship statement](#).

By examining the ESG profiles of companies, JPMAM establishes relevant risks, and the materiality of those risks, around a specific sector and location in order to help identify outliers based on JPMAM's five priorities and conduct targeted engagements with a focus list of companies where we believe improvements are warranted. JPMAM's engagement with companies is designed to promote better understanding of the issues investee companies face and encourage such companies to adopt robust operational and strategic practices, with the goal of improving financial returns.

## Communication with other stakeholders

While most of our engagement is conducted alone, we believe that collaborating with other investors and stakeholders that share common values with us may help reinforce our engagement efforts. JPMAM collaborates with other investors in collective engagement exercises with companies where appropriate. We are selective when deciding which collaborative initiatives we will participate or support, focusing on topics and groups where we believe our collective approach will enhance the effectiveness of engagement. Note that collaborative engagement is not permitted in some jurisdictions and such engagements are subject to compliance with all applicable laws, including antitrust.

As part of JPMAM's global commitment to being a responsible investor, it may also engage with regulators, governments, standard-setters and non-governmental organisations on matters that may affect investee companies. Moreover, amongst others, JPMAM is also a signatory to the list of codes below:

- FSC Standard 23: Principles of Internal Governance and Asset Stewardship (Australia)
- Principles of Responsible Ownership (Hong Kong)
- Principles for Responsible Institutional Investors (Japan)
- Stewardship Principles for Responsible Investors, Stewardship Asia Centre (Singapore)
- UK Stewardship Code (United Kingdom)
- ISG Framework for Institutional Investors (United States)
- Principles for Institutional Investors (Taiwan)

Please refer to the Appendix of [our Annual Stewardship Report](#) for full list of memberships.

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## Proxy voting

At JPMAM we consider voting at shareholder meetings to be an important aspect of being an active investor. It is our policy to vote in the best long-term interests of our clients and manage the voting rights of the shares entrusted to us in the same way as we would manage any other asset. JPMAM has comprehensive proxy voting policies and guidelines in each region, covering (1) North America; (2) Europe, the Middle East, Africa, Central America and South America; (3) Asia ex-Japan; and (4) Japan. The guidelines are designed to be consistent with law and best governance practices in these different locations. As standards of corporate governance vary widely, for non-EMEA markets we have generally adopted a principles-based rather than rules-based approach to voting in international markets, based on local corporate governance codes and recognised standards and best practices. These include good practice recommendations from the ICGN and the OECD, amongst others.

Overall responsibility for the formulation of proxy voting policies and guidelines rests with the regional Proxy Committee, whose role is to review JPMAM's proxy voting policies and guidelines in respect to investee companies and to provide an escalation point for voting and corporate governance issues. Material votes are escalated to the Proxy Committees where necessary. The committees are composed of senior officers from among the Investment, Legal, Compliance and Risk Management Departments.

JPMAM has developed customised [Global Proxy Voting Procedures and Guidelines](#) ([link](#)).

We derive information for the voting process from a variety of sources. These include publicly available material provided by the company during or resulting from discussion with them, third party proxy voting advisory services and internal and external research. Where third party proxy voting advisors help to analyze proposals, these are analyzed in conjunction with the JPMAM proxy voting guidelines and other relevant material to reach an independent decision. Data from proxy advisors serves as one of many inputs into our research process.

In the US, the proxy voting record for J.P. Morgan Funds and J.P. Morgan ETFs is filed with the SEC on an annual basis and posted on the JPMorgan Funds website at [www.jpmorganfunds.com](http://www.jpmorganfunds.com).

In EMEA, JPMAM publicly discloses its proxy votes quarterly in accordance with the UK Stewardship Code guidelines and SRD II regulatory requirements.

In Japan, we disclose all our voting records with rational as required by the Japan Stewardship Code on our website semi-annually in local language ([link](#)).

In Asia Pacific excluding Japan we disclose the voting activity in the quarterly corporate governance report which is published in our website. The latest report is located [here](#).

## Transparency

The implementation of this policy will be reported publicly on an annual basis, including a general description of voting behavior, an explanation of the most significant votes and the use of the services of proxy advisors.

As required by applicable laws, we will provide additional disclosures regarding how our investment strategy complies with the arrangements in place for particular clients; and how it contributes to the medium to long-term performance of the assets of that client.

## Conflicts of Interest

In the normal course of business, JPMorgan Chase & Co. and its affiliates and subsidiaries ("Firm" or "JPMC") face actual, potential and perceived conflicts of interest ("Conflicts"). A Conflict may exist when the interests of the Firm, a Workforce Member or a Client oppose one another. The Firm has established a Conflicts of Interest Framework ("COI Framework") designed with a disciplined and structured approach to Conflict identification and management, including a self-assessment to determine whether controls are effectively designed to manage and mitigate conflict risk, and are operating as expected. The Conflicts of Interest Policy - Firmwide ("Conflicts Policy") requires the Firm, all Lines of Business ("LOBs"), including JPMAM entities, Corporate Functions ("CF") and its employees to identify, mitigate and manage Conflicts in accordance with the COI Framework.

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Where required by law or regulation, LOBs and CF shall disclose Conflicts to third parties. For example, such disclosures, as applicable, can be found in the offering documents for investment funds managed by JPMAM.

Some of these potential conflicts are connected to JPMAM's stewardship responsibilities, including corporate engagement, given that JPMorgan Chase & Co. (and, where applicable, its workforce members) may have multiple advisory, transactional, financial and other interests in investments that may be purchased, sold or held by JPMAM on behalf of its clients; hence these activities could in theory influence JPMAM's decisions regarding, investing, trading, proxy voting and other interactions with investee companies. Potential conflicts could also arise where the investee company, or a related party, such as its pension scheme, is itself a client of JPMAM.

For the Firm, including JPMAM, management of Conflicts includes policies, standards, and procedures; training; management and oversight; and other controls. Please refer to our [Conflicts Policy](#) for further information.

In particular, 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 decision other than in its clients' best interests, the Firm (including JPMAM) adopted the Information Safeguarding and Barriers Policy, and established formal informational barriers designed to restrict the flow of information from the Firm'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 LOBs. Such or similar information barriers also exist between different businesses within JPMAM, as appropriate.

Moreover, JPMAM has proxy voting procedures ("Proxy Procedures") that address material conflicts of interest that may arise between JPMAM's interests and those of its clients. Proxy Procedures can be found at: [Global Proxy Voting Procedures and Guidelines](#). To address such potential conflicts, JPMAM relies on certain policies and procedures and guidelines ("Guidelines"). Material conflicts of interest are further avoided by voting in accordance with JPMAM's predetermined guidelines ("Guidelines"). Should an override to the Guidelines occur, a potential material conflict that may exist is analyzed and documented in accordance with the Proxy Procedures.

## Contact

For more information about JPMAM's Corporate Engagement and Proxy Voting Policy or approach to investment stewardship please contact: [contact.stewardship@jpmorgan.com](mailto:contact.stewardship@jpmorgan.com)

*The above information is subject to periodic changes without advanced notice. Any changes will be reflected in this document.  
J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.*