

**J.P. Morgan Asset Management reinforces commitment to sustainable investing**

*Investment stewardship will focus on five sustainability priorities, including climate change*

*Firm is developing ESG proprietary scoring framework leveraging data science*

*Firm becomes Climate Action 100+ signatory*

**25 February 2020:** J.P. Morgan Asset Management (JPMAM) today announced a range of initiatives designed to reinforce its focus on advancing sustainable solutions for clients, including:

- 1) JPMAM is enhancing its investment-led, research driven stewardship process to increase its engagement with companies around five specific priorities, including climate change, bringing greater momentum to efforts already underway.
- 2) JPMAM will develop a proprietary environmental, social and governance (ESG) scoring framework. It will leverage in-house research on the materiality of different ESG factors and utilize data science and artificial intelligence, based on the firm's conviction that harnessing data will significantly advance sustainable investing.
- 3) JPMAM has become a signatory to Climate Action 100+, reflecting the firm's increasing collaboration with companies, investors and regulators on the critical issue of climate risk.

"These announcements serve to strengthen our ongoing commitment to sustainability. ESG considerations are an integral part of investing at J.P. Morgan, with over 200 buy-side research analysts applying ESG factors into the buy/sell decisions on securities. We have applied our learnings and best practices systematically across asset classes so that it is part of our DNA," said George Gatch, Chief Executive Officer, J.P. Morgan Asset Management.

"Our data science teams and advanced technologies will enable us to better understand how sustainability-related issues impact financial outcomes and to do even more to help our clients navigate this and build stronger portfolios."

**JPMAM enhances its investment-led, research driven investment stewardship process**

Leveraging the expertise of more than 1,000 investment professionals working directly with companies, JPMAM will build on the foundation of our longstanding corporate engagement practices in defining and implementing its investment stewardship philosophy, tapping into its investors and using ESG data and research capabilities, to strategically focus on engaging companies where JPMAM believes ESG considerations can play a critical role in creating value for its clients.

To support this, enhanced annual reporting will incorporate key performance indicators in the firm's engagement policies, providing transparency to clients and clarity in terms of JPMAM's expectations for the companies in which JPMAM is invested.

The investment stewardship model will prioritize:

- **Climate Risk.** JPMAM believes climate risks will directly impact the ability of companies to create long-term shareholder value and will engage with companies on embedding and disclosing climate risk considerations into corporate strategy as outlined by the Task Force on Climate-related Financial Disclosures (TCFD).
- **Governance.** JPMAM values a strong corporate culture with a focus on directors who represent all shareholders equally and on companies with diverse boards.
- **Strategy Alignment with the Long Term.** JPMAM expects companies and boards to align themselves with long-term outcomes, including compensation arrangements for executives.
- **Human Capital Management.** JPMAM believes managing human capital effectively (e.g. workplace standards, education & training, diversity and gender equality) is critical to maintaining an engaged and productive workforce.
- **Stakeholder engagement.** JPMAM thinks companies' sustainability depends on companies taking into account the interests of all their stakeholders and the broader impact on the communities in which they operate, including issues such as cybersecurity and privacy, which will be increasingly critical to long-term success.

"We're concentrating our investment stewardship efforts on the most financially material issues where we can help drive the creation of long-term value; this forms the foundation of our investment stewardship work. Our focus is zeroing in on the issues that influence the growth

---

trajectory of companies in which we invest,” said Jennifer Wu, Global Head of Sustainable Investing, J.P. Morgan Asset Management.

“Our focus on sustainability and value creation has always been an integral factor in our corporate engagement work. Our investment stewardship priorities will be expressed in increased engagement and in our voting, in which we will take positions that promote long-term sustainable business practices,” she added.

### **JPMAM harnessing data science to launch proprietary ESG scoring system**

JPMAM is developing a proprietary ESG scoring system framework utilizing multiple sources of ESG data based on a common set of financially material ESG indicators designed by its investment teams.

The goal of the proprietary scoring system is to help JPMAM’s investment professionals better identify forward looking ESG risks and opportunities, as well as to construct portfolios with an optimized ESG efficient frontier with the goal to deliver enhanced risk-adjusted return.

The framework will tap into the firm’s data science capabilities, such as machine learning algorithms and natural language processing that can generate meaningful sentiment signals, to source alternative data sets and glean insights on sustainability beyond corporate disclosures at scale.

“Our proprietary scoring system will combine sector expertise and technology, complementing our investors’ existing frameworks and taking us towards a fundamentally forward-looking, data driven method of ESG investing. We believe that data science, harnessed intelligently, will greatly enable and advance sustainable investing, in both mitigating risks and generating alpha. Furthermore, it will help to inform focus areas for our corporate engagement work,” said Ms. Wu.

### **JPMAM becomes Climate Action 100+ signatory**

---

JPMAM will also become a signatory to Climate Action 100+. As an extension of the firm's sustainable investing efforts, this move reflects JPMAM's increasing engagement with companies on the critical issue of climate risk.

"Joining Climate Action 100+ adds another channel to engage with companies on enhancing disclosure of risk exposures, as well as strategy and governance on greenhouse gas emissions reduction and adoption of sustainable business practices," says Ms Wu.

JPMAM has a history of taking action to address climate change through various industry advocacy efforts such as the Task Force on Climate-related Financial Disclosures and continued reporting via the United Nations-supported Principles for Responsible Investment (PRI) initiative. JPMAM has been a UN PRI signatory since 2007.

"We believe a long-term focus delivers better results, leads towards more sustainable business models and allows the power of compounding to translate into investment outcomes. That's why we consider sustainability and awareness of the material implications of climate change to be so integral to portfolio construction and risk management," concluded Mr Gatch.

**For further information please contact:**

Kristen Chambers, Global Head of Media Relations, +1 212 622 4111/kristen.chambers@jpmorgan.com

Anoushaa Massouleh, EMEA Media Relations, +44 207 134 7388/anoushaa.massouleh@jpmorgan.com

Charlotte Powell, International Media Relations, +852 2800 4035/charlotte.f.powell@jpmorgan.com

**About J.P. Morgan Asset Management**

J.P. Morgan Asset Management, with assets under management of USD 2.0 trillion (as of 31 December 2019), is a global leader in investment management. J.P. Morgan Asset Management's clients include institutions, retail investors and high net worth individuals in every major market throughout the world. J.P. Morgan Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity. JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of USD 2.8 trillion (as of 30 September 2019) and operations worldwide. Information about JPMorgan Chase & Co. is available at [www.jpmorganchase.com](http://www.jpmorganchase.com).

**J.P. Morgan Asset Management Sustainable Solutions**

JPMAM offers 11 dedicated sustainable products across different investment styles and asset classes, with more than \$2 billion in client assets under management in sustainable funds as of 31 December 2019. Many of these strategies are sustainable versions of JPMAM flagship products.

---

The views contained herein are not to be taken as advice or a recommendation to buy or sell any investment in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit and accounting implications and determine, together with their own professional advisers, if any investment mentioned herein is believed to be suitable to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yield are not a reliable indicator of current and future results. J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>.

This communication is issued by the following entities: in the United Kingdom by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions by JPMorgan Asset Management (Europe) S.à r.l.; in Hong Kong by JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited; in Singapore by JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; in Taiwan by JPMorgan Asset Management (Taiwan) Limited; in Japan by JPMorgan Asset Management (Japan) Limited which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number “Kanto Local Finance Bureau (Financial Instruments Firm) No. 330”); in Australia to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Cth) by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919); in Brazil by Banco J.P. Morgan S.A.; in Canada for institutional clients’ use only by JPMorgan Asset Management (Canada) Inc., and in the United States by J.P. Morgan Institutional Investments, Inc. or JPMorgan Distribution Services, Inc., both are members of FINRA; J.P. Morgan Investment Management, Inc. or J.P. Morgan Alternative Asset Management, Inc. In APAC, distribution is for Hong Kong, Taiwan, Japan and Singapore. For all other markets in APAC, to intended recipients only.

Copyright 2020 JPMorgan Chase & Co. All rights reserved.

a1856c70-5489-11ea-b464-eeee0aff17b4

---