Principal Adverse Sustainability Impacts Statement
J.P. Morgan Asset Management (Europe) S.à r.l.

In accordance with Article 4 of the Sustainable Finance Disclosure Regulation ("SFDR"), this document summarises whether and how J.P. Morgan Asset Management (Europe) S.à r.l. ("JPMAME") consider the principal adverse impacts ("PAIs") of their investment decisions on behalf of the funds and discretionary mandates for which JPMAME acts as the appointed investment manager and where the portfolio management has been delegated to the third party asset manager outside JPMAME (the "Clients") on sustainability factors, through the global J.P. Morgan Asset Management stewardship and sustainable investing framework described below.

As set out in our most recent annual investment stewardship report (available [here](#)), the global J.P. Morgan Asset Management business takes a long-term, active approach to investment management, supported by a stewardship structure that is designed to identify risks and understand portfolio companies’ activities in order to improve long-term value for our clients including, by engaging with selected portfolio companies which may include principal adverse impacts of their business on sustainability factors. The approach and framework summarised below, shall also apply (as appropriate) to any investment advisory activities provided by JPMAME in connection with portfolio companies.

The present statement describes how JPMAME considers the principal adverse impacts of investment decisions on sustainability factors ("PAIs") (the "Statement") for the Funds on an entity level (whether via activities performed by its delegates or via considerations in a product’s design), subject to data availability and quality. While the data disclosed in this Statement also includes Funds where JPMAME has sub-delegated the portfolio management to third-party asset managers outside JPMAM, these assets are not covered by the activities described in this Statement. Certain activities described in this Statement may also be applied in the context of segregated mandates with Client, where agreed with them or where the investment policy under a mandate agreed with a Client aligns to an JPMAM Fund.

This Statement applies predominantly to listed equities, listed corporate and sovereign fixed income instruments and certain illiquid assets to the extent held and data has been made available. Given the scope of funds for which JPMAME acts as a Management Company and issues related to insufficient or unreliable data, the Statement does not currently cover certain types of alternative asset classes, such as real estate, infrastructure, where consideration of principal adverse impacts are not applied.

Information on policies and procedures to identify and prioritise PAIs
JPMAME’s policies define PAIs as those impacts of its investment decisions and financial advice that result in, material negative effects on sustainability factors (i.e. environmental, social and governance matters, respect for human rights, anti-corruption and anti-bribery matters).

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1 JPMAME may apply the approach and framework described in this Statement in respect of the consideration of PAI for Funds to investment advisory activities provided by it, where appropriate, provided that the applied strategy is aligned to an existing investment strategy for Funds, subject to certain exceptions.
JPMAME prioritises PAs in line with the long-term investment stewardship priorities that are established and identified by the global J.P. Morgan Asset Management stewardship framework and which currently include (i) climate change; (ii) natural capital and ecosystems; (iii) human capital management; (iv) stakeholder engagement; (v) governance. Within each priority area, JPMAM identifies related themes that it seeks to address over a shorter time frame (e.g. climate risk disclosure and board diversity). These themes are expected to continue evolving over time as JPMAM engages with companies to understand issues and promote best practice, and other issues emerge. This combination of long-term priorities and evolving, shorter-term themes is intended to provide JPMAM with a structured and targeted framework to guide its engagement with investee companies globally.

Our stewardship efforts and ongoing engagement activities enables us to identify and monitor PAs at portfolio company level. Subject to certain technical considerations such as data coverage, as appropriate, relevant and material, sustainability risks as a consequence of PAs may also be identified and considered in the portfolio construction and implementation process through our integration of Environmental, Social and Governance (ESG) risks and opportunities (e.g. exclusionary screens may be applied based on sustainability criteria such as violations of the United Nations Global Compact Principles), to be applied to certain strategies; and / or violations or bribery and corruption related concerns.

PAs are identified and monitored through our in-house research capabilities, on both a fundamental and quantitative basis. The JPMAME proprietary research process includes data inputs (self) reported by companies such as company regulatory filings, annual reports, company websites as well as direct communication with companies and government issuers, media, third party research and data providers as well as proprietary JPMAME research. Data inputs from third party data providers or companies may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. The criteria used by third-party providers can differ significantly, and data can vary across providers and within the same industry for the same provider. While JPMAME looks to data inputs that it believes to be reliable, JPMAME cannot guarantee the accuracy, availability or completeness of its proprietary system or third-party data.

Description of the principal adverse impacts and action taken or planned

As we invest globally in a range of markets, regions and asset classes, companies within our portfolios vary both in terms of actual or potential adverse impacts on sustainability factors, as well as in their responses to any adverse impacts and their broader corporate sustainability practices. The PAs that we focus on in our portfolios include (but are not limited to) greenhouse gas emissions, lack of board and/or workplace diversity, and issues with regards to executive compensation.

These PAs (amongst others) have been used to inform our long-term investment stewardship priorities noted above. In terms of actions planned, JPMAME may engage directly with the management of investee companies to better understand these impacts and/or take additional steps. This may include exercising voting rights as a shareholder, sending letters to or attending meetings with the management of investee companies, setting up documented and time-bound engagement in actions or shareholder dialogue with specific sustainability objectives in mind, and planning escalation measures in case those objectives are not achieved, including reductions of investments or the introduction of exclusion screens.

Our most recent annual investment stewardship report (available here) sets out examples of actions that have been taken by the global J.P. Morgan Asset Management business to address such PAs with investee companies.

Engagement policies

As a fiduciary of our clients’ assets, JPMAM has created an Investment Stewardship approach that aims to create long-term value through engagement with a focus on responsible allocation of capital. At the heart of our approach lies a close collaboration between our portfolio managers, research analysts and Investment Stewardship specialists, who are in contact with the companies in which we invest (investee companies). We call this approach “investment-led stewardship.”

Adherence to responsible business codes and other relevant international standards

J.P. Morgan Asset Management believes that both investors and businesses have an important part to play in supporting the long-term development of the sustainable economy of the future.

J.P. Morgan Asset Management has been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2007. In 2020 J.P. Morgan Asset Management has also become a signatory to Climate Action 100+, which may be used from time to time as a means to engage with companies on the critical issues they face on climate risk.

J.P. Morgan Asset Management affiliates are also signatories to a number of local responsible investment associations, stewardship and sustainable investment standards and codes, such as the UK Stewardship Code and the Principles for Responsible Institutional Investors (Japan).

As part of J.P. Morgan Asset Management’s commitment to being a responsible investor, it also engages with regulators, governments, standard-setters and nongovernmental organizations on matters that may affect investee companies. See the J.P. Morgan Asset Management Engagement & Proxy Voting statement (available here) for more information with regards to which standards and codes J.P. Morgan Asset Management is a signatory to.

With a view to the SFDR RTS now in effect from 2023, JPMAME is also in the process of enhancing its existing PAI identification and monitoring framework to seek to incorporate and track relevant PAI metrics identified in the SFDR RTS. Accordingly, the required entity level report for JPMAME will be released on or before 30 June 2023.

Find out more

For more information about this statement please speak to your J.P.Morgan representative.