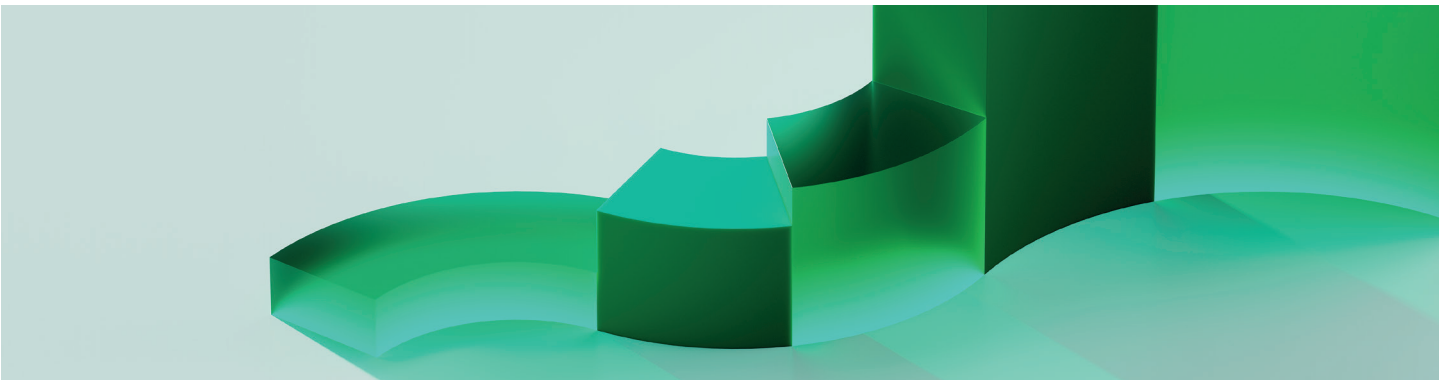

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Financial market participant: J.P. Morgan Asset Management (Europe) S.à r.l. (549300XWGTGPPNVKZY94)

Summary[1]

J.P. Morgan Asset Management (Europe) S.à r.l. ("JPMAME") is part of the asset management line of business ("J.P. Morgan Asset Management" or "JPMAM") of JPMorgan Chase & Co ("JPMC") and acts as an investment fund manager (management company and alternative investment fund manager) for investment funds domiciled in Luxembourg, France and Ireland (the "Funds") and sponsored by JPMAM entities. It also provides discretionary portfolio management services to third-party clients ("Clients"). Subject to certain exceptions, JPMAME has delegated the investment management function for the Funds and for the discretionary Client mandates to legal entities within JPMAM which act as delegated investment managers ("DIM").

The present statement describes how JPMAME considers the Principal Adverse Impacts of investment decisions[2] on sustainability factors ("PAIs") (the "Statement") for the Funds on an entity level (via activities performed by its DIMs), subject to data availability and quality.

This statement on the PAIs on sustainability factors covers the reference period 1 January 2022 to 31 December 2022 and is based on the latest available data throughout.[3]

Certain activities described in this Statement may also be applied in the context of segregated mandates with Clients, as agreed with them.[4]

This Statement applies to listed equities, listed corporate and sovereign fixed income instruments and certain illiquid assets to the extent held and data is available. These positions represent approximately USD450bn AUM[5] as of December 31, 2022.

[1] In case of any inconsistency in translations of this statement, the English version will prevail.

[2] 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.

[3] Whilst AUM and holdings data is collated as prescribed by SFDR, the underlying additional data required to determine the principal adverse impacts of investments may, based on availability, have varying degrees of maturity and timing alignment. For the avoidance of doubt, the information sourced is applied to the calculations contained within this report for the reference period 1 January 2022 to 31 December 2022.

[4] The same may apply to the provision of investment advisory services, as appropriate and subject to the specificities of such type of service.

[5] Data extracted from the 'JPMorgan Funds – Annual Reports' for all in scope of SFDR accounts.

Subject to the limitations described above, JPMAME measures in respect of investment decisions the mandatory PAIs and two voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR).[6] Subject to data availability and quality, JPMAME considers the PAI of investment decisions on sustainability factors of its Funds' and applicable mandated investments at an entity level by measuring, monitoring and (subject to product design, intentionality and binding commitments) seeking to mitigate the negative impact on sustainability factors of its investments.

This framework does not apply to the following:

- where JPMAM[7] has sub-delegated the investment management to a third-party DIM outside JPMAM[8] and
- for Illiquid alternative funds, given the issues related to insufficient, dated or unreliable data (such as real estate, infrastructure). This represents approximately 2% of AUM as of December 31, 2022.

These commitments are further outlined in and subject to the JPMAM Policy on Principal Adverse Impacts which also represents those obligations applicable to JPMAME and onward to JPMAME's DIM's. In adhering to this policy, JPMAME applies multiple approaches to seek to mitigate and address both potential and identified PAIs. These approaches include

- the execution of JPMAM's long-term Investment Stewardship priorities, which are, among others, informed by PAIs
- the incorporation of the consideration of PAIs of its Funds' investments within the investment process.

On this second point, norms and values-based screens are applied to seek to implement full or partial (i.e. subject to specific revenue thresholds) exclusions of certain investments, with certain PAIs considered in the context of investment inclusion criteria, with a particular focus on those Funds meeting internal classification criteria including (but not limited to) whether they meet the definitions of Article 8 or Article 9 under SFDR; and taking into account the degree to which these Funds make binding commitments towards making investments with environmental and / or social characteristics and / or sustainable investments (as defined by SFDR and JPMAM internal processes).

When calculating the principal adverse impact values of investments, while the denominator consists of the market value of applicable investments, index and basket derivatives are currently not included in the numerator. Accordingly, the impact column within the below table does not include any impact as a result of exposures to such derivatives. Further clarification is required in relation to the treatment of derivatives in the calculation of PAI indicators which are currently under discussion by the competent supervisory authorities. JPMAM is monitoring these developments and where appropriate will reflect any finalized approach in future publications of this report.

JPMAME continues to evolve its Sustainable Investing policies, frameworks and approaches and will seek to continue to target enhancing the consideration of PAIs throughout.

Information on impact compared to the previous year will be reported by 30 June 2024, and continuously on an annual basis thereafter.

[6] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

[7] J.P. Morgan Asset Management (JPMAM) is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

[8] Whilst not part of the JPMAME PAI framework, Table 1 below does include the PAIs related to investments where JPMAM has sub-delegated the investment management to a third-party DIM outside JPMAM.

Description of the Principal Adverse Impacts on sustainability factors

Table 1: Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [year n][9]	Impact [year n-1][10]	Explanation[11]	Actions taken, and actions planned and targets set for the next reference period
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	10,831,621 tonnes	-		In addition to the above, the J.P. Morgan Asset Management (JPMAM)[12] global organisation has become a signatory to the Net Zero Asset Managers Initiative (NZAMi). For more information on NZAMi and JPMAM groups' involvement please see the section on NZAMi below Adverse sustainability indicators 3 and 5 are incorporated in to the PAI led centralised engagement (as outlined below) in the identification of those investee companies that we consider as requiring enhanced engagement.
		Scope 2 GHG emissions	2,763,084 tonnes	-		
		Scope 3 GHG emissions	79,154,187 tonnes	-		
		Total GHG emissions	88,112,702 tonnes	-		
	2. Carbon footprint	Carbon footprint [JPMAM has applied the total for scope 1+2+3]	221 tonnes CO2e per M€ Invested[13]	-		
	3. GHG intensity of investee companies	GHG intensity of investee companies [JPMAM has applied the total for scope 1+2+3]	864 tonnes CO2e per M€ Invested	-		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	1.2%	-		
	5. Share of non- renewable energy	Share of non-renewable energy consumption and non- renewable energy production of investee companies from non- renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption 0.97% Production 0.83%			

[9] Absent prescribed formulas within the original Annex I Delegated Regulation, JPMAM has applied the formulas contained within the Joint Consultation Paper review of SFDR Delegated Regulation regarding PAI and financial product disclosures issued April 12th 2023 for PAIs 4, 5, 6, 7, 14, 15, and 16.

[10] Information on impact compared to the previous year will be reported by 30 June 2024, and continuously on an annual basis thereafter.

[11] This information (explaining the year on year move) shall be provided by 30 June 2024, and continuously on an annual basis.

[12] J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide, of which JPMAME is part. J.P. Morgan Asset Management joined the Net Zero Asset Managers Initiative in November 2021 and made its Initial Target Disclosure in November 2022.

[13] M€ denotes Millions of Euro invested

Adverse sustainability indicator		Metric	Impact [year n][9]	Impact [year n-1][10]	Explanation[11]	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions (continued)	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, forestry and fishing (NACE A) - 0 GWh per M€ Invested Mining and quarrying (NACE B) – 0.02 GWh per M€ Invested Manufacturing (NACE C) – 0 GWH per M€ Invested Electricity, gas, steam and air conditioning supply (NACE D) – 1.39 GWh per M€ Invested Water supply; sewerage; waste managment and remediation activities (NACE E) – 0.01 GWh per M€ Invested Construction (NACE F) – 0 GWh per M€ Invested Wholesale and retail trade; repair of motor vehicles and motorcycles (NACE G) – 0 GWh per M€ Invested Transporting and storage (NACE H) – 0.11 GWh per M€ Invested Real estate activities (NACE L) – 0	–		In addition to the above, the J.P. Morgan Asset Management (JPMAM)[14] global organisation has become a signatory to the Net Zero Asset Managers Initiative (NZAMi). For more information on NZAMi and JPMAM groups' involvement please see the section on NZAMi below Adverse sustainability indicator 3 and 5 are incorporated in to the PAI led centralised engagement (as outlined below) in the identification of the of those investee companies that we consider as requiring enhanced engagement.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	1.12%	–		The sustainable use and protection of water and marine resources; and the protection and restoration of biodiversity and ecosystems, are considerations that have been incorporated in exclusion methodologies applied for the determination of investments considered as sustainable (in adherence to Article 2.17 of EU SFDR).
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	1.57 tonnes per M€ Invested[15]			
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	2.64 tonnes per M€ Invested	–		

[14] J.P. Morgan Asset Management is the brand name for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide, of which JPMAME is part. J.P. Morgan Asset Management joined the Net Zero Asset Managers Initiative in November 2021 and made its Initial Target Disclosure in November 2022.

[15] This data point has been amended after the time this Statement was first published on 30 June 2023. For avoidance of any doubt, the reference period of the data continues to be from 1 January 2022 to 31 December 2022.

Adverse sustainability indicator		Metric	Impact [year n][9]	Impact [year n-1][10]	Explanation[11]	Actions taken, and actions planned and targets set for the next reference period
Indicators For Social And Employee, Respect For Human Rights, Anti-Corruption And Anti-Bribery Matters						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.03%	–		For those Funds classified internally as either Article 8 or Article 9 products under SFDR, norms-based screening is applied, which seeks to identify investee companies that have been involved in violations of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises. Adverse sustainability indicator 10 is incorporated into the PAI led centralised engagement (as outlined below) in the identification of the of those investee companies that we consider as requiring enhanced engagement.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	32.8%	–		
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	8.29%	–		In reference to this period, the data related to this PAI was assessed and found to be of insufficient quality and coverage to be systematically applied within our PAI aligned framework.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	4.92%	–		Adverse sustainability indicator 13 is incorporated into the PAI led centralised engagement (as outlined below) in the identification of the of those investee companies that we consider as requiring enhanced engagement. In reference to this period, the data relation to this. In reference to this period, the data relation to this PAI was assessed and found to be of insufficient quality and coverage to be systematically applied within our PAI aligned framework.

Adverse sustainability indicator		Metric	Impact [year n][9]	Impact [year n-1][10]	Explanation[11]	Actions taken, and actions planned and targets set for the next reference period
Social and employee matters (continued)	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.01%	–		In keeping with Luxembourg law, JPMAME has implemented a policy that in relation to its UCITS Funds and segregated mandates as applicable that seeks to restrict investments in securities issued by companies that have been identified by third party providers as being involved in the manufacture, production or supply of cluster munitions, depleted uranium ammunition and armour or anti-personnel mines. In addition to the norms based exclusions referenced above, the Funds classified internally as either Article 8 or Article 9 products under SFDR apply values-based screening to seek to exclude certain investments, in full or in part, including exposure to controversial weapons.
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	32.01 Tonnes per EUR Million GDP	–		JPMAME has incorporated indicators of both sustainability and material harm that are specific to sovereigns and supranationals within its investment process applicable to investments considered as sustainable (in adherence to Article 2.17 of EU SFDR). In addition, JPMAME's DIM is committed to continuing to enhance its approach to engaging sovereign issuers on financially material ESG issues.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Number - 1 Percentage - 0.001%	–		
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	–		In reference to this period, the data relation to this PAI was assessed and found to be of insufficient quality and coverage to be systematically applied within our PAI aligned framework. Actions taken and actions planned (e.g. Investment Stewardship) may take a different form to the approach taken for listed equity and debt strategies.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	–		

Other indicators for principal adverse impacts on sustainability factors

As required by SFDR, in addition to the set of mandatory indicators above, JPMAME considers two additional indicators (subject to data availability and quality).

JPMAME considers "Emissions (Emissions of air pollutants)" # 2 from Table 2; and "Social and employee matters (Number of days lost to injuries, accidents, fatalities or illness)" # 3 from Table 3 within its entity and product level PAI aligned frameworks.

In aggregate, the indicators used to identify and assess additional principal adverse impacts on sustainability factors are those mandatory indicators as set out in the table above, and the additional indicators as described here.

Description of policies to identify and prioritise principal adverse sustainability impacts

Governance

JPMAME's Board approved its commitment to the policy to identify and prioritise principal adverse sustainability impacts ("PAI Policy") on 25 April 2023. The PAI Policy defines 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 (ESG) matters, respect for human rights, anti-corruption and anti-bribery matters). The PAI Policy applies to JPMAME and its DIM within JPMAM.

In 2021, to enhance the governance of activities related to sustainable investing, the Sustainable Investing Oversight Committee ("SIOC") had been established by the JPMAM group.

SIOC provides strategic oversight of sustainable investing activities including, among others, the PAI Policy, engagement, and an annual review of J.P. Morgan Asset Management's involvement in connection with Net Zero Asset Managers initiative (NZAMi).

The members of the SIOC include the DIM's Chief Investment Officers (CIOs) of each asset class and the Global Head of Sustainable Investing, Global Head of Sustainable Investing Integration, the Global Head of Investment Stewardship and heads of control functions. The SIOC meets on a quarterly basis and where and when required from a controls and risk oversight perspective, shall escalate related issues to the DIM's Global Asset Management Business Control Committee (JPMAM BCC) and the JPMAM Bank Fiduciary Committee (for specific fiduciary responsibilities). The JPMAM BCC committee (and the relevant BCC of the relevant region) provides oversight of the operational risks and control environment across the entire DIM's business, with respect to proper identification, management and monitoring of existing and emerging operational risks, control issues and trends. This committee, which is co-chaired by the DIM's CEO and Business Control manager, includes decision-making members comprising all heads of controls functions, CIOs across all asset classes/product groups and heads of all major business areas within the DIM.

In addition to the above, the JPMAME Board receives investment risk updates from the JPMAME risk team (JPMAME Conducting Officer for Risk).

Policies in relation to PAIs

The JPMAME framework requires its DIM's to identify and prioritise PAIs based on the long-term Investment Stewardship priorities (as established and identified by the global JPMAM Investment Stewardship framework); and the ESG credentials and intentionality of its Funds (e.g. PAIs are considered to a greater extent within those products that are Article 9, as compared to the Article 8 products).

Investment Stewardship and Engagement

Investment Stewardship and Engagement: Investment Stewardship and Engagement are key pillars in JPMAME's framework response to the PAIs related to its financial products and services, as implemented by its delegates.

The primary DIM's Investment Stewardship framework targets the following short and long term considerations: (i) climate change (ii) natural capital and ecosystems (iii) human capital management (iv) stakeholder engagement (v) governance and (vi) strategy alignment with the long term. Within each priority area, it 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 it 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.

This approach is further recognised within the below Engagement Policies section and forms part of the JPMAM Investment Stewardship Report.

PAI led centralised engagement: In order to promote long term value creation for clients, and in response to potential and / or actual PAIs of its investment decisions and investment advice on sustainability factors, the DIM's Investment Stewardship efforts also prioritises engagements based on certain adverse sustainability indicators.

This PAI led centralised engagement model identifies companies which rank poorly in relation to prioritised PAIs and corresponding adverse sustainability indicators; and focuses on securities where the DIM has a significant investment holding and that are suitable for engagement.

These adverse sustainability indicators are identified and prioritised based on a periodic assessment of materiality (the probability of occurrence and the severity of adverse impact, including the potentially irremediable character of the adverse impact); and the alignment of the adverse sustainability indicator to existing engagement priorities (as outlined above); data coverage and suitability for engagement.

This process prioritised the following adverse sustainability indicators:

Table 1: Indicators applicable to investments in investee companies

Table	Adverse sustainable indicator and corresponding number			
1	Climate and Other Environment-related Indicators	Greenhouse gas emissions	3	GHG intensity of investee companies
			5	Share of non-renewable energy consumption and production
	Social and Employee, Respect for Human Rights, Anti-Corruption and Anti-Bribery matters	Social and Employee Matters	10	Violations of UN Global Compact princi-ples and Organisation for Economic Coop-eration and Development (OECD) Guide-lines for Multinational Enterprises
			13	Board gender diversity
2	Climate	Emissions	2	Emissions of air pollutants
3	Social and Employee Rights		3	Number of days lost to injuries, accidents, fatalities or illness

Investee companies identified as requiring an adverse sustainability indicator led engagement are now subject to a multi-year engagement and internal review process. Only a select number of investee companies are chosen for this enhanced engagement model.

Post the identification of those investee companies subject to additional adverse sustainability indicator led engagement, JPMAM sought to verify the adverse sustainability indicator related information. This may have included an outreach to these companies and / or third party data providers to seek to confirm adverse sustainability indicator data accuracy. Thereafter, and once the validity of the data was confirmed, JPMAM sought to identify the planned for and/or targeted improvement on the part of the investee company related to the applicable adverse sustainability indicators. This is an ongoing process and once identified, these commitments form part of the future assessment of the investee company.

Following two years of engagement, the performance of investee company performance will be evaluated by the DIM's Sustainable Investing team and other investment teams. Investee companies which continue (post engagement) to exhibit materially high negative impact on sustainability factors shall be made known to the relevant portfolio managers who are tasked to consider further action. Any further action is at their discretion, which may include requesting further analysis to be undertaken, a reduction of positions or divestment. The final approach taken by the investment teams is to be reviewed by SIOC. JPMAM shall periodically review investee company performance relative to in scope PAIs to assess existing holdings to identify those no longer requiring engagement and any new investee companies which should fall within scope of this framework.

This framework is further recognised within the below *Engagement Policies section*.

Process and product level considerations

In addition to the above-described entity-level approach to the consideration of PAIs via Investment Stewardship and Engagement, PAIs may also be considered as part of the investment process at the level of investment analysis and portfolio construction for active Funds and segregated mandates managed by JPMAME or their consideration is reflected at a product level in Funds and certain mandates managed by JPMAME classified internally as either Article 8 or Article 9 products under SFDR.

a) **ESG Integration**: Sustainability risk (i.e. material negative impact of ESG issues on the value of investments) and PAIs, (i.e. the environmental and social impact of investment activities), represent the two legs of the double materiality concept. Where PAIs overlap with sustainability risks, they may be identified and considered in the portfolio construction and implementation process through the DIM's systematic integration of financially material ESG factors, where applicable.

However not being a binding criteria, sustainability risk would not by itself prohibit an investment. Instead, sustainability risk forms part of the overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of overall risk. For more information on how JPMAM integrates sustainability risks where applicable, please refer to the summary of the JPMAM Sustainability Risk Policy and ESG integration.

b) **Inclusion and exclusion criteria**: Further, binding product features may also reflect the consideration of PAIs, as applicable. The degree to which PAIs are considered is correlated to the degree to which a financial product or advisory service had binding conditions which promote environmental and / or social characteristics, commit to investing in sustainable investments and / or is aligned to a sustainable objective.

   Inclusion and exclusion criteria are specifically applied to those Funds classified internally as either Article 8 or Article 9 financial products under SFDR, and similarly with respect to segregated mandates, where agreed with Clients. These product features include the application of norms and values-based screening to seek to implement full and/or partial (i.e. subject to specific revenue thresholds) product and asset level exclusions, or the consideration of PAIs in the context of investment inclusion criteria or as part of the process to identify "sustainable investments". Further information on the aforementioned can be found in Table 2 above.

c) **Portfolio level assessment**: In addition to ESG integration, subject to data availability, product type and the identification of an appropriate benchmark, Funds classified internally as Article 9 products under SFDR apply a portfolio level assessment of adverse sustainability indicators relative to a designated benchmark, whereby adverse sustainability indicators are compared for the purpose of identifying material outliers. Where an adverse sustainability indicator is materially worse within the Fund relative to the benchmark, this adverse sustainability indicator is further assessed.

   The JPMAM approach to Funds classified internally as Article 8 products under SFDR can be found here.

   Further information about the Funds can be found in the prospectuses and the respective exclusion policy under www.jpmorganassetmanagement.lu.

These considerations will apply alongside statutory prohibitions or conditions required by country fund label regimes.

Both the PAI led engagement model and PAI aligned investment process are monitored and overseen by the SIOC.

Where applicable, JPMAM aims at contining to enhance its existing PAI identification and monitoring capability and technology. In addition, the manner in which PAIs are required to be applied by JPMAM is periodically reviewed, is evolving and may be subject to change.

Data sources / margin of error with our methodologies

The methodology to identify the appropriate PAI and adverse sustainability indicator is subject to data availability, coverage considerations and assessment of quality. PAI-related data is predominantly sourced from third party data providers, but may also be a product of propriety sources. Whilst reported data from third parties is reviewed from time to time, the accuracy of data is not guaranteed. In instances where data is not available or identified as not being of adequate quality, JPMAM may use proxy data. This data is managed and overseen by the JPMAM Chief Data Office and reviewed by the JPMAM Sustainable Investing team. PAI-related data is assessed taking into account the source, coverage, timeliness, reliability and overall quality of the information.

While JPMAM looks to data inputs that have been subject to its due diligence controls and which it believes to be reliable, JPMAM cannot guarantee the accuracy, availability or completeness of its proprietary system or third-party data. 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. Where JPMAM has identified an issue related to the above, JPMAM endeavours to take commercially reasonable efforts to assess and, where possible, rectify the issue.

More information about the external data sources used is available upon request.

Engagement policies

JPMAME adheres to a JPMAM group policy on engagement and proxy voting which, among others, is designed to meet the requirements under the Shareholder Rights Directive II.[16]

As a fiduciary of its clients' assets, JPMAME's primary DIM applies 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 its approach lies a close collaboration between portfolio managers, research analysts and Investment Stewardship specialists, who are in contact with the companies in which the DIM invests (investee companies).

Direct engagement with investee companies and shareholder voting was carried out at a local level, with guidance from the Investment Stewardship specialists. These specialists are based regionally, located in New York, London, Hong Kong and Tokyo. The delegated investment managers used their investment-led, expert-driven investment stewardship framework to establish market- and sector-specific engagement frameworks. The Investment Stewardship specialists and investment teams targeted selected companies to discuss relevant and financially-material ESG issues, and encouraged companies to adopt robust ESG practices with a goal of driving better investment returns.

Engagement was based on these four principles:

- **Intentionality**: Acting in the best interests of clients by encouraging investee companies to focus on prudent allocation of capital and long-term value creation.
- **Materiality**: Understanding how factors impacting sustainability are financially significant to individual companies over time, understanding that the regions, cultures, and organisations in which JPMAM invests differ greatly.
- **Additionality**: Focus on strategic issues that are most urgently in need of JPMAM involvement in order to deliver better long-term return to clients.
- **Transparency**: Seek to be clear with regards to the Investment Stewardship work JPMAM undertakes, being transparent with stakeholders, and seek that same level of transparency of investee companies.

In 2022, the JPMAM Investment Stewardship Team went through a review process with investment teams and clients to discuss what it believes to be the most financially material ESG themes. This was conducted through regional working groups and in a series of client surveys and polls. This process resulted in adding one new priority: natural capital and ecosystems. This far-reaching topic looks at economic activity and its relationship with the natural world. Issues include the extraction of natural resources and their use in industrial production and other business activity, waste and recycling, the concept of circular economy and sustainable systems of production. Like climate risk over the past decade, JPMAM believes that natural capital and ecosystems will continue to emerge as an important investment and Investment Stewardship consideration in the coming decade because of the financial impact on the long-term value of companies.

Within each priority area, JPMAM has identified related sub-themes that it is seeking to address over a shorter timeframe (18-24 months). These sub-themes will evolve over time as we engage with investee companies to understand issues and promote best practices.

This combination of priorities and evolving themes provide a structured and targeted framework for engagement for our investors and Investment Stewardship team globally.

JPMAM Investment Stewardship program

JPMAM 's engagement with investee companies is designed to promote a better understanding of the issues they face and encourage them to adopt robust operational and strategic practices, with the goal of improving risk-adjusted financial returns. As long-term investors, many of JPMAMs engagements with investee companies may cover months or, in some cases, several years.

Established in 2021 the JPMAM Enhanced Engagement Program is designed to meet the evolving expectations of global investment teams across asset classes, and of clients and stakeholders to manage risk and promote long-term shareholder value at in scope investee companies. In 2022, JPMAM expanded the scope of companies under this program.

[16] Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (Shareholder Rights Directive II).

The three key pillars of the enhanced engagement program are:

I. **Focus List** companies where JPMAM have meaningful exposure and research has identified financially materially ESG issues;

II. **Thematic Projects** where targeted engagements are run aligned with specific themes with JPMAM Investment Stewardship priorities; and

III. **Reactive Engagements** where JPMAM may engage if ESG issues arise as a result of controversies or matters arising from proxy voting processes. Reactive engagement also includes regulatory-driven engagement, which includes engagement activities which address PAIs – as referenced above.

Proxy Voting

Within the JPMAM group, the Investment Stewardship team manage the voting rights of the shares entrusted to JPMAM in the same way as we would manage any other asset. The JPMAM proxy voting policies and procedures are designed to vote in the best long-term interests of clients. JPMAM has comprehensive proxy voting guidelines in each region, covering North America; Europe, the Middle East, Africa, Central America and South America; Asia ex-Japan; and Japan. These guidelines can be found on the sustainable investing section of the JPMAM website and include good practice recommendations from the International Corporate Governance Network and the Organisation for Economic Co-operation and Development, among others, where applicable. Please refer to the JPMAM External Policy on Engagement and Proxy Voting for more information.

Escalation

Engagements with targeted companies are documented, allowing JPMAM to monitor the stage of engagement. There will be times when, despite prolonged engagement, JPMAM concerns have not been addressed. Under such circumstances, JPMAM may undertake the following actions depending on the circumstances:

- Meetings with non-executive directors, a lead independent director or chair
- Voting against management and the nonexecutive directors; communication to chair or lead independent director disclosing voting rationale.
- Collaboration with other investors or public statements with other investors where permitted.
- Reduction in holdings or divestment in certain cases.

It is important to note that while these engagements may be unsuccessful, securities of companies may be purchased and retained for reasons other than financially material ESG factors. JPMAM will escalate concerns having reviewed the potential benefits of such action on objectives, while ensuring JPMAM is always acting in the best long-term interests of clients.

Please refer to the JPMAM Investment Stewardship Report for more information.

References to international standards

JPMAM is a signatory to and member of a number of responsible business code of conducts and internationally recognised standards that are linked to addressing principal adverse impacts. We outline key collaborations below. Some of these groups speak to overarching approaches to sustainable investing, which are relevant to principle adverse impacts in terms of ambition and disclosure, while others relate to specific PAIs.

In addition, JPMAM affiliates are also signatories to a number of local responsible investment associations, Investment Stewardship and sustainable investment standards and codes. Please see the latest JPMAM Investment Stewardship Report, which details our engagement and voting activity and includes a full list of industry memberships of JPMAM.

As part of JPMAM's commitment to being a responsible investor, it also engages with regulators, governments, standard-setters and nongovernmental organisations on matters that may affect investee companies.

Paris Agreement/ The Net Zero Asset Managers initiative (NZAMi)

As a global asset manager, JPMAM group believes climate change and the transition to a low-carbon economy present significant risks and opportunities to clients' investment portfolios and to the assets that JPMAM group manages on their behalf. As part of our JPMAM group's business strategy to help clients manage climate risks and opportunities, JPMAM group became a signatory to The Net Zero Asset Managers initiative (NZAMi) in November 2021, in support of the goal to reach net zero greenhouse gas emissions by 2050 or sooner. JPMAM group independently setting interim targets within 12 months for assets determined to be in scope for net zero pathways and creating investment products aligned with net zero emissions by 2050. On November 9, 2022, JPMAM group's interim net zero targets were published.

JPMAM group has included all of its AUM in listed equities and corporate bonds, as well as certain direct investments in forestry, in scope for its NZAMi targets. JPMAM group will measure its progress towards its NZAMi targets by the proportion of companies in which it invests that have set their own credible net zero targets. By 2030, JPMAM group anticipates that the percentage of its AUM held in companies with science-based targets will increase from 20% to 55%.

Investee companies that set and act on credible science-based net zero targets can help manage risk and build and sustain shareholder value over time to the benefit of client accounts. JPMAM group will engage with investee companies on these and have refreshed our climate change engagement framework to include an enhanced focus on the scientific credibility of company targets and plans.

As a fiduciary, JPMAM group is required to act solely in its clients' best interests and has not set specific targets for individual client accounts except for certain sustainable strategies. While JPMAM group believe that taking into account financially material risks and opportunities (including financially material environmental risks such as climate risks) is an important part of the investment process, JPMAM group's membership in NZAMi does not alter its fiduciary responsibility to clients or the objectives or strategies of client accounts. The ability to meet net zero targets is dependent on action taken by a variety of stakeholders including sustained and consistent government policy, accelerated technological breakthroughs, and substantial adaptation in corporate business models.

Link to adverse sustainability indicators: Table 1, indicators 1, 2, 3, 4, 5, 6.

UN Global Compact

The United Nations Global Compact (UNGC) is a non-binding pact encouraging businesses to adopt policies and practices to meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. JPMAM uses third party research to identify companies in breach of the UNGC. As referenced above, this data informs exclusion lists for Funds classified as Article 8 or 9 funds under SFDR and may serve as the basis of many of our reactive engagements.

Link to adverse sustainability indicators: Table 1, indicators 10 and 11.

Principles for Responsible Investment (PRI)

The JPMAM group has been a signatory to the **United Nations supported Principles for Responsible Investment (PRI)**[17] since 2007. Over time, JPMAM has developed, implemented and enhanced the standards and processes it uses to evidence, implement and monitor ESG integration, which, where possible, may also be used to guide and inform on adverse impacts on sustainability factors.

Forward-looking climate scenarios

JPMAM is currently developing it's climate scenario modelling capabilities. It is conducting an assessment of the metrics and methodologies provided by a variety of vendors to ascertain appropriate data sources and providers.

Historical comparison

This statement on PAI on sustainability factors covers the reference period 1 January, 2022 to 31 December, 2022. Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

Contact

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

[17] The PRI survey includes modules that solicit information from signatories, including J.P. Morgan Asset Management, on topics including an overall Investment Stewardship & Policy module and a number of modules covering individual asset classes, such as Listed Equity, Fixed Income and Infrastructure. Information is self-reported by signatories, including J.P. Morgan Asset Management, and was not audited by any party, including J.P. Morgan Asset Management, independent public accounting firms or PRI. Information on the PRI 2021 assessment methodology along with FAQs on the 2021 reporting cycle are included in the following links: https://dwtyzx6upklss.cloudfront.net/Uploads/j/l/f/assessmentmethodology2021_302746.pdf and https://www.unpri.org/reporting-and-assessment/2021-reporting-update-faqs/8309.article

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