We believe effective investment stewardship can materially contribute to helping build stronger portfolios over the long term, for our clients.

George Gatch
Chief Executive Officer
J.P. Morgan Asset Management
Introduction

Investment stewardship is a core value proposition to our clients around the world, across asset classes. Active ownership is a powerful way to maximise the value of our investments over the long term. Our engagement is built on constructive and frank dialogue with investee companies on strategic matters, over many years.

As one of the world’s largest asset managers, we seek to use our influence thoughtfully and deliberately and share our views on a wide range of financially material factors, including environmental, social and governance (ESG) issues. We take a long-term strategic approach to engagement, focusing on key issues we believe materially affect the financial performance and risks of our client’s investments. Investing built on in-depth research and engagement is fundamental to our strategy.

According to numerous studies, companies that take ESG considerations into account are better positioned to deliver long-term value.1 Where we believe an individual investee company has not effectively addressed financially material ESG issues that it faces, we will explain our perspective and encourage it to adopt stronger practices. In this way, we can enjoy success together.

Having a clear purpose and intention is central to engagement. We build our engagement program with a plan of action, setting priorities for the medium term that we believe are necessary to meet longer-term goals. These priorities recognize that engagement on complex topics is most effective when it takes place over time, even as public interest in certain issues waxes and wanes.

It’s in this spirit of focusing on long-term challenges that this document should be interpreted. It explains the key areas of focus in our investment stewardship activities and identifies important risks and opportunities within each engagement topic. The world is rapidly changing, but we expect that our investment stewardship priorities will help keep us focused on the issues we believe will ultimately help deliver long-term returns for our clients.

---

Our approach to engagement

J.P. Morgan Asset Management has deeply held convictions that in-depth investment research and rigorous analysis by experts are key to delivering long-term, risk-adjusted returns for our clients. Our approach to engagement is aligned with this vision and is an important part of our investment processes.

Engaging investee companies in dialogue and encouraging positive change is a key component of how we deliver our investment stewardship strategy. Our engagement is based on our in-depth investment research on companies, alongside our assessment of macroeconomic drivers, sector-specific factors and financially material ESG themes.

This research insight enables us to act proactively and encourage investee companies to acknowledge issues and improve practices before risks are realized and opportunities are missed. This is how we seek to drive impact in our investment stewardship activity and advocate for positive change at our investee companies. We believe this will ultimately preserve and enhance asset value.

Our engagement is based on these four principles:

• **Intentionality**: We are determined to act in the best interests of our clients by encouraging investee companies to focus on prudent allocation of capital and long-term value creation.

• **Materiality**: We strive to understand how factors impacting sustainability are financially significant to companies over time, understanding that the regions, cultures and organizations in which we invest differ greatly.

• **Additionality**: We focus on strategic issues that are most urgently in need of our involvement in order to deliver better long term return to our clients. We believe that as large investors, we have the ability to put our resources to work towards achieving the outcomes we seek.

• **Transparency**: We seek to be clear about the investment stewardship work we do and take steps to be transparent to our stakeholders, as we expect the same of investee companies.

It is also worth highlighting that alongside the ongoing dialogue we have with investee companies throughout the year, proxy voting at annual general meetings is another key tool we utilize in our investment stewardship activities. Demonstrating our views through proxy voting is increasingly relevant for driving change across our investment stewardship priorities.

**Investor-led, expert-driven engagement**

Our engagement model is built on an investor-led, expert-driven approach and leverages the knowledge of more than 1,000 investment professionals around the world, working in close collaboration with investment stewardship specialists. Our engagement process benefits from the longstanding relationships our investment teams around the world have with local investee companies, through regular interactions with board directors and chairs, senior executives and CEOs. We believe this collaborative, well-resourced approach enables us to recognize significant risks early and identify new opportunities, supporting our goal of generating attractive risk-adjusted returns.

**J.P. Morgan Asset Management’s six investment stewardship priorities**

We have identified six main investment stewardship priorities that we believe can be broadly applied in our engagement efforts and will remain relevant through market cycles. These priorities address the ESG issues that pose the most significant long-term financial risks to our investments, while also presenting the greatest opportunities. Engaging on these topics is therefore key to delivering value to our clients.

Since we last published our investment stewardship priorities in 2020, we have added 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, we believe that natural capital and ecosystems will emerge...
Our approach to engagement continued

as a key investment and stewardship consideration in the coming decade because of the potential impact on the long term value of companies.

Within each priority area, we have identified related sub-themes that we are 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.

As we delve deeper into each of the six priorities in this report, we highlight specific engagement recommendations that address the key areas of material change we seek to drive at our investee companies to manage risk and improve investor value. We also provide examples of how these issues are influenced through our proxy voting activity.

It’s important to note that while we believe these six priorities to be relevant across asset classes, strategies and geographies, we acknowledge that our engagement activity will reflect material differences between industries, regions and financial markets. For example, in the area of human capital management, U.S. engagements have focused on controversies at media and technology companies; in Asia the focus has been on the global supply chain. The same issue can differ by industry: We may ask a clothing retailer to provide its direct (Tier 1) supplier list due to concerns regarding supply chain risk but we would rarely request this information from an insurance company.

For further detail and the most up-to-date information on our engagement activities, please refer to our latest Annual Investment Stewardship Report. This valuable resource provides numerous detailed case studies of our engagements with investee companies.

---

Environmental Social Governance

Climate change Natural capital and ecosystems Human capital management Stakeholder engagement Governance Strategy alignment with the long term
Our six investment stewardship priorities

Climate change
Climate change

The rise in global temperatures is a significant and ongoing challenge to our world. We believe that the risks and opportunities related to climate change can have a material impact on the growth potential, profitability, cash flow and balance sheets of investee companies. It can directly impact the ability of these companies to create long-term investor value.

Global temperatures appear on track to increase by more than three degrees celsius by the end of the century. J.P. Morgan Asset Management believes shifts in public policy to address the climate crisis are likely to accelerate within our investment time horizon across asset classes. Policies aimed at achieving net-zero emissions are essential to decarbonization. However, they will need to be complemented with on-the-ground implementation that requires major technological breakthroughs and policy action. In addition, pathways could differ by jurisdiction.

We seek to identify and invest in companies that will benefit from the opportunities that arise from the anticipated rapid shift to a low-carbon world and assess the risks of investing in companies unprepared for this transition. Engagement plays an important role in encouraging companies to consider these factors and to build in resilience.

We implement our shareholder rights proactively, through direct engagement with companies on climate change issues. We also express our views through our proxy voting activity, which we view as a core exercise of our fiduciary duty to our clients.

Our voting policies are designed to promote the best long-term interests of our client accounts. As such, we will consider voting against director elections, executive compensation or other management resolutions where, in our independent judgement, we are not satisfied with steps taken by the company to address the material risks of climate change, the quality of the engagement discussion or its progress. Voting on climate-related shareholder proposals is another important way of expressing our views when we think management could better manage climate risk and its potential impact on the company.

Climate change engagement sub-theme 1: Net zero

Achieving net-zero emissions will likely result in changes to the global economy, in terms of energy mix, production, consumption, housing and other factors. The strategic decisions and capital allocation made by companies will impact how well positioned they are to navigate these changes and, in turn, their long-term value to investors. Some countries and sectors are more carbon intensive than others and will need to make more transformative changes; we need to be able to identify companies best positioned to bring value to our client portfolios in a low-carbon future.

When assessing energy transition risks as economies seek to achieve net-zero emissions, we consider the potential impact on a company’s future performance from policies that are intended to mitigate climate change as well as changes in demand for products and services. We also consider that the cost of capital could increase for companies that are more exposed to climate-related risks as these become increasingly priced into financing decisions.

We encourage our investee companies to set science-based net-zero targets, which we view as an integral first step in managing climate risk effectively. However, intentionality alone is not enough. Through our Climate Change Engagement Framework, we ask investee companies to set their own targets – taking into account current climate science – to develop effective transition strategies with intermediate milestones, and to disclose consistently and transparently on goals and progress. This helps us to understand how companies are adapting their businesses to changes in the wider economy and if they have considered the financial planning required to deliver this in a way that is effective for shareholders.

Transparency should also extend to corporate lobbying; we ask certain companies, such as utilities, to demonstrate that their activities are consistent with their stated energy transition goals to avoid reputational risks associated with misalignment.

For a number of sectors, significant hurdles exist for companies seeking to achieve net zero, ranging from a lack of proven technologies to help reduce emissions to an unhelpful policy environment at a national or local level. Companies should clearly disclose these challenges and the actions being taken to overcome them, such as partnerships with academic institutions and government entities or investments in research and development activities.

J.P. Morgan Asset Management’s Climate Change Engagement Framework

Our Climate Change Engagement Framework asks companies to:

- **Establish a climate transition strategy that is embedded into company strategy and ensure it is overseen at the highest levels of the organization.**
  
  Managing climate risks will require dedicated senior leadership that understands the issues facing the company and can develop the appropriate strategic responses. Senior management should oversee the establishment of long-term decarbonization targets and creation of a roadmap that details strategic plans to meet targets.

- **Implement action on climate that aligns with material environmental impacts to the business.**
  
  Actions taken should address the main drivers of companies’ current and future environmental impact, not incidental aspects. This assures us that the most material environmental risks to the companies’ bottom lines are mitigated. Companies should also provide investors with information about how this risk profile will change; this could include details about the current emissions profile and an assessment of how products and services categorized as “green” (which should be properly defined by the company) could grow as a part of overall sales and capital expenditures as the business decarbonizes.

- **Set a strategy, including science-based targets and pathways, that is grounded in the science underlying the Paris agreement.**
  
  Credible transition propositions should include short- and medium-term targets that reference appropriate science-based benchmarks and sector-specific decarbonization trajectories. Companies should also establish and disclose an investment strategy supporting the delivery of the targets.

- **Report transparently on goals and implementation of the low-carbon transition strategy.**
  
  We understand climate risk will continue to influence company strategies well beyond the tenures of companies’ current managements and boards. Thus, creating an approach to encourage and facilitate long-term reporting is vital. Reporting should include progress made against internal targets as well as detail on the extent to which the decarbonization strategy relies on the use of direct emissions reductions vs. carbon removal and capture technologies.

The transition to net zero may also present challenges for workers, communities and other stakeholders currently dependent on emissions-intensive industries, particularly with regards to energy availability, reliability and affordability. We encourage companies to seize the opportunities of the net-zero transition but strive to mitigate potential negative social and accompanying reputational impacts.

We therefore encourage companies to engage with governments around decarbonization planning, as well as impacted stakeholders, including workers, unions, communities, suppliers and customers. Promoting a resilient and thriving workforce and customer satisfaction will create sustained shareholder value.
Climate change engagement sub-theme 2: Climate opportunities

Clean technologies that enable and accelerate the energy transition are vital to achieving the goals of the Paris Agreement. Significant investment in energy infrastructure is required to meet these goals; annual investment will need to more than double to between USD 3.1 trillion and USD 5.8 trillion per year over the next thirty years according to BloombergNEF.3

We believe that companies that are providing the necessary technologies and infrastructure will stand to benefit as markets transition. Energy storage, grid resilience, low-carbon transportation, energy efficiency enhancements and carbon capture and sequestration will all enable the transition. Companies that develop best-in-class solutions in these areas will be well positioned for growth due to the increasing urgency around mitigating climate change and growing policy and regulatory support.

Renewable electricity generation is perhaps the most obvious opportunity in this space. Renewable power capacity needs to almost quadruple by 2030 for a 1.5 degree pathway, highlighting the scale of growth required.4 However, innovation is required across the energy value chain and in other sectors that we expect will become decarbonized.

Given the scale of the opportunity facing companies within this space, it is important for us to understand whether a company’s proposed solutions are likely to effectively deliver its promised outcomes and a competitive advantage. Encouraging companies to address opportunities across the value chain helps us evaluate whether companies are optimizing growth opportunities.

As disclosure standards are lacking for many of these emerging technologies and are uneven across jurisdictions, we seek to understand how their products and services contribute to resolving the challenges of climate change and ensure companies evidence their claims regarding the energy transition. Companies that meaningfully contribute to increasing energy efficiency, provide novel decarbonization solutions or enable increased availability of renewable energy are more likely to be successful in the transition to a low-carbon economy.

Therefore, engaging climate change solution providers focuses on better measurement of results, as well as an understanding of the extent to which such companies have a sustained commitment to delivering positive outcomes.

Key points for engagement

- Establish a long-term strategic commitment to products and services that provide climate solutions.
  Companies should consider broad commercial access to their products in order to maximize market share. For companies that seek to capitalize on climate opportunities we encourage management to incorporate climate opportunities into long-term planning.

- Measure effectiveness of products and services providing climate solutions.
  We encourage companies to develop and disclose metrics that demonstrate the efficacy of their products and services providing climate solutions and the competitive advantage associated with these innovations. For example, an electric vehicle (EV) manufacturer may disclose life cycle emissions data from its vehicles, demonstrating the benefits and permitting investors to compare it with peers, all of which helps when analyzing the automaker’s long-term economic prospects.

- Manage negative externalities of products and services providing climate solutions.
  Companies should make an effort to identify and consider negative externalities arising from the supply, manufacture and sale of products and services that seek to provide solutions to address climate change. In particular, we encourage companies to provide information to allow investors to assess whether products and services are provided without negatively affecting other areas, such as compromising on labor standards or failing to comply with applicable environmental regulations. This is critical to assessing potential long-term economic impacts on a company and returns on an investment.

---

3 “New Energy Outlook 2021,” BloombergNEF
Our six investment stewardship priorities

Natural capital and ecosystems
Natural capital refers to the assets in nature, including soil, air, water and living things. Nature provides resources critical to the products and services for many businesses and contributes meaningfully to over half of world GDP. The prospects of business therefore hinge on the future of nature. This is why we have decided to add this topic as a new investment stewardship priority.

The production and the consumption of products and services not only consumes natural capital but also generates waste. Many types of natural capital are not renewable and only 8.6% of waste is circular. The price of natural capital and waste is dynamic based on demand and supply, but can also be impacted by regulation. Meanwhile, the use of natural capital and the treatment of waste is under increasing scrutiny from social stakeholders, which can profoundly influence the value of brands and reputation of companies. Companies should understand the financial implications of their practices regarding natural impact.

We seek to understand our investee companies’ impact on nature capital and ecosystems from their business activities, including the impact generated throughout the life cycles of their products and services.

Nature risks are more than environmental risks
Governments have recently taken an active role in preserving natural capital and reversing nature loss. For example, in Europe, two-thirds of the environmental objectives of the European Union (EU) Taxonomy are about driving positive development for nature capital; to prevent a collapse in ecosystems, the EU has also adopted a proposal for a Nature Restoration Law to restore Europe’s nature by 2050. In the U.S., newly announced initiatives for forest stewardship to boost resilience to wildfire are part of a wider national agenda that aims to restore, connect and conserve 30% of U.S. lands and waters by 2030. In 2019, China passed a law aimed at preventing and controlling soil contamination. New legislation and initiatives with the aim of preserving and restoring nature will clearly have business and financial implications for companies and investors.

Opportunities emerge for companies
While the further degradation of nature could threaten existing businesses, the transition could bring new opportunities. For example, food, land and ocean use, extractives and energy, and the building of infrastructure and properties are currently responsible for 80% of biodiversity loss – but their transition to less resource-intensive businesses could bring in an estimated annual revenue of USD 10.1 trillion. We engage with companies to explore how they can reduce their nature risks and use resources more efficiently as well as ways to unlock new business opportunities.

Natural capital and ecosystems engagement sub-theme 1: Assessment and disclosure of material nature-related risks
As with climate risks, we expect companies to understand the risks associated with using natural resources within their operations, including legal risks from non-compliance with regulations and reputational risks arising from the destruction of natural resources. We encourage companies to expand their assessment and disclosure of risks to all material natural resources to which they are exposed.

---

6 “The Circularity Gap Report,” Circle Economy, 2022
7 The technical screening criteria for economic activities which drive these nature-related objectives in the EU Taxonomy was published earlier in 2022. “Platform on Sustainable Finance’s report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy,” European Commission, March 30, 2022 and “Annex to the Platform on Sustainable Finance’s report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy,” European Commission, March 30, 2022.
Key points for engagement

- Establish a governance framework to mitigate financially material nature-related risks. Material nature-related risks could have significant impact to companies from a business, financial or operational perspective; where appropriate, they should be reported and overseen by the board. We encourage boards to take the lead in implementing governance frameworks to identify, monitor and manage those risks.

- Assess and disclose dependencies, impacts and risks related to natural capital. Each key natural capital component has its own approach, tools and metrics for assessment, which can make it challenging. We encourage reporting on dependencies, impact and risks related to those natural resources where companies have material exposure. See the box “Improving nature-related reporting” for further information on particular tools to support this work.

- Analyze impacts due to changes in the pricing, demand and supply of critical natural resources. Some natural resources, such as commodities that trade on exchanges, have volatile prices that reflect the demand and supply outlook, inventory changes and inflation expectations. Other natural resources, such as sand and water, may have a more stable pricing outlook. Companies should assess and report financial and operational impacts due to changes in the price, demand and supply of natural resources, which are critical to their businesses.

As a starting point, businesses can seek to reduce waste and minimize pollution to mitigate nature risks. But companies can further explore business opportunities that could add value to shareholders, such efforts to support the principles of the circular economy. A circular fashion industry, for example, is estimated to have a market value of up to USD 5.3 trillion, compared to the USD 3.0 trillion of a linear fashion industry.12

Improving nature-related reporting

The Taskforce on Nature-related Financial Disclosure (TNFD) was launched to help companies standardize a framework for nature-related reporting. The TNFD's second beta framework includes initial guidance on metrics for assessing natural capital. Many of these metrics reference well-known existing frameworks and standards, such as the Sustainability Accounting Standards Board (SASB) and Climate Disclosure Standards Board (CDSB).

Investors and companies can also make use of tools, such as Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), to explore and evaluate the risks and opportunities for natural capital by industry and location. Other resources in the market can assess specific natural capital: the Carbon Disclosure Project provides information on a company’s water security or deforestation impact; SPOTT assesses public disclosure of ESG practices and policies for businesses involved in palm oil; FAIRR evaluates ESG issues related to animal protein businesses; and many more exist. Companies can leverage these tools to understand and evaluate their nature footprints and those of their suppliers.

Natural capital and ecosystems engagement sub-theme 2: Risk mitigation and business opportunities

Alongside the physical impact to natural capital, tighter government regulation around environmental impacts and waste, scrutiny from social stakeholders and changing consumer behavior are driving significant business and financial risks as well as opportunities for companies that intensively use or impact natural resources.

---

Key topics for engagement

- Identify value-accretive strategies and set targets.

  We encourage companies to formalize business strategies and set corresponding targets to mitigate material risks and explore business opportunities in the natural capital where they have material exposure. Companies can conduct a life cycle assessment of their products and services by examining the environmental impact on natural resources from extraction, production, manufacturing and distribution, consumption and end-of-life disposal. The financial and business implications to consider include more sales, lower costs, enhanced investment returns or stronger business resilience.

Footwear and apparel brands - exploring the nature footprint

The nature footprint of footwear and apparel brands results primarily from the production of goods and packaging materials. The key resources consumed directly and indirectly from nature are water, forest-derived textiles and fossil-based chemical products. Addressing water externalities could cost apparel companies 21% to 47% of their earnings before interest, taxes, depreciation and amortization (EBITDA).13

Investors should also consider the potential impact to brand value associated with nature loss.14

We would encourage a footwear and apparel company to disclose its approach to nature-related risks and its exposure to the resources mentioned above. Some key questions we may ask include:

- What are the financially material nature-related risks for the company? Why are they considered material?
- How does the company govern and oversee these risks, including the roles of the board, management and employees?
- How much water is being used in the company’s factories and the factories of its direct (Tier 1) manufacturing suppliers? How do you source this water? How much is coming from areas with high water stress?
- What is the approach and exposure to forest-based textiles, such as rayon and viscose?
- How much nylon and polyester is being used in the company’s products and production process and what is the contribution of recycled nylon and polyester to total consumption?
- How does the price volatility of fossil-based chemical products impact the business?
- What are the business strategies and targets for water replenishment and forest management?

Challenges to natural capital and ecosystems inspire businesses and consumers to think differently. Through an analysis of the life cycle of shoes and clothes in the existing product lines, a footwear and apparel company could evaluate possibilities to procure materials from more sustainable sources, produce goods using less water and energy, redesign packaging that minimizes the use of paper and plastics, use recycled materials in the packaging and enable the collection and recycling of used products. The company could develop new fabrics, shoes and clothes that use purely regenerative or recycled materials, such as bamboo, organic cotton and recycled polyester, to meet growing consumer demand for more sustainable products, translating into revenues.

---

Our six investment stewardship priorities

Human capital management
Effective management of human capital is critical to an engaged and productive workforce and, ultimately, the long-term success of an organization. Many companies have openly discussed how their businesses have been impacted by the loss of key personnel to competitors. This increasingly competitive war for talent shines a spotlight on the need to prioritize this area.

To attract and retain talented employees, companies need to clearly demonstrate their commitment to their workforce. This begins with compensation and benefits, but also includes the company's approach to diversity, equity and inclusion, labor practices and decent work.

We recognize the need for nuance by industry, sector and geography when assessing human capital management issues. Our investors and investment stewardship teams based in the key regions in which we operate have the expertise to evaluate these issues in the context of their local markets. That being said, we expect companies to aspire not just to local norms but to international standards of good practice, such as the United Nations Sustainable Development Goals, as we believe this benefits companies in the long term.

Human capital management and diversity are priority topics in our engagement discussions and in our proxy voting policies. Where companies do not follow robust practice on diversity and matters related to human capital management and, in our independent judgement, research and/or engagement reflects insufficient progress, we can escalate by casting a vote against the nomination chair or specific director at the company’s annual general meeting. For example, we generally discourage single-gender boards and will consider voting against the chair of the nominating committee or other relevant board directors when the company lacks gender diversity unless there are mitigating factors. We believe that voting is a powerful tool supporting our human capital engagement, which can lead to further engagement with the board and management teams.

Human capital management engagement sub-theme 1: Diversity, equity and inclusion (DEI)

A number of studies show a positive correlation between diverse organizations and performance. The pandemic has drawn additional attention to the importance of this topic. For example, stakeholders note the negative impacts of COVID-19 on female participation in the workforce, which may hinder long-term success of an organization.

In addition, industry bodies and regulators are implementing diversity requirements for boards in certain jurisdictions. UK boards following best practices are expected to have at least 33% female representation to comply with the FTSE Women Leaders Review (formerly the Hampton Alexander Review) and appoint a director of ethnic origin to comply with the Parker Review. In Japan, Hong Kong, South Korea and India, regulators discourage or prohibit single-gender boards.

Building a strong and diverse board can take time, so when considering a company’s commitment to diversity, we look at factors such as alignment with market-level expectations, the skill set a director brings to the board, the existence of time-bound targets for increasing board diversity, average board tenure and public disclosure statements. For example, we look for a publicly available diversity policy and disclosure on broader diversity equity and inclusion (DEI) efforts.

In our view, diversity alone is insufficient to unleash the full potential of human capital. Equity and inclusion are equally important. Equity reflects the promotion of fairness while inclusion ensures individuals feel welcome and included, and can help retain employees over the long term.

Human capital management continued

Key points for engagement

• Diversity: Disclose diversity data for the board, executive management and the general workforce, and set a time-bound target.

Board diversity has been under scrutiny from stakeholders and regulatory bodies, including the Financial Conduct Authority in the UK and the European Commission in Europe. In North America, the Securities and Exchange Commission (SEC) approved the NASDAQ exchange’s proposed rule related to diversity and disclosure in 2021; discussions across Asia continue to gain traction.

We expect companies to disclose board demographic characteristics that they identify as being relevant to the business and market context, such as business areas of expertise, gender, race, ethnicity, age, sexual orientation and geographic location.

• Improving data around diversity.

Diversity data at the executive and general workforce level should be granular, spanning relevant demographics, including race/ethnicity for U.S. (for example, Equal Employment Opportunity EEO-1 data) and UK markets and gender across all regions.

We encourage companies to promote employee self-certification to be able to accumulate granular demographic data. We are also an investor signatory of the Workforce Disclosure Initiative to advocate for better corporate human capital data disclosure.

• Equity: Establish a process to achieve pay equity on a regular basis with public disclosure.

Collecting and reporting on granular pay gap data is an example of best practice to evaluate pay equity; it allows companies to assess the level of gender or racial inequality, which may be driven by a number of root causes, including lack of minority representation in senior roles.

We believe it is equally important for companies to provide workforce demographic data alongside their pay equity ambition and discussions on their approach to upholding equitable pay and opportunities throughout the organization. For example, certain companies have disclosed promotion and attrition rates by demographics which helps put context around the success of diversity, equity and inclusion practices.

• Inclusion: Conduct employee engagement surveys, which are a key tool for management to understand employee sentiment, particularly inclusion.

We believe this is important to delivering long lasting DEI success and not just an increase in diverse headcount. We encourage companies to disclose time-series engagement scores and seek to understand how management is parsing the data to gain insight across demographics and improve its practices.

Human capital management engagement sub-theme 2: Labor practices and decent work

Beyond complying with labor laws and regulations, companies are expected to adhere to internationally accepted norms and standards on labor and human rights. According to the International Labor Organization, “decent work” involves job opportunities that are productive, deliver a fair income, consider workplace health and safety, provide social protection for families and ensure equal opportunity; the concept has been gaining attention around the world.

Poor labor practices may engender higher regulatory and financial risks such as fines and settlements, but may also impose much greater reputational and operational costs due to consumer boycotts or suspension of business transactions. Even in developed markets we are seeing greater scrutiny of the issues such as the exclusion of “gig economy workers,” online platform workers, contractors and temporary workers from some companies’ benefits and labor protections.

At the same time, we believe that good labor practices, employee well-being, fair compensation, satisfaction and productivity can all strengthen a company’s reputation and financial prosperity.

We take a nuanced approach when we engage on labor-related topics with companies across jurisdictions. For example, while living wages and minimum wages share similar objectives to ensure full-time workers do not live in poverty, in some markets the statutory minimum wage is too low for workers and their dependents in some households to cover the real cost of a family’s basic needs.
Key points for engagement

- **Disclose standards on labor rights and unions and disclose management systems for freedom of association and right to collective bargaining.**
  
  We encourage companies to reference international standards and norms, such as the International Labor Organization standards, the UN Guiding Principles on Business and Human Rights and the OECD Responsible Business Conduct.

  We also encourage companies to disclose the percentage of employees represented by an independent trade union or covered by collective bargaining agreements.

- **Acknowledge workplace health and safety as a business issue and assign senior and operational accountability to uphold standards for the company’s entire operations.**

  The program should include actions to prepare for and respond to emergency situations, and operational procedures for risk management with quantifiable targets, such as the number of work-related incidents and injuries to be monitored by assessments on a regular basis.

- **Review workforce wages against fair/living wages.**

  Despite the fact that there is no single definition and calculation methodology of fair wages or living wages, we encourage companies to obtain sufficient information on wage practices in the company’s units and/or suppliers. Companies should analyze wage structures, pay systems, pensions and other in-kind benefits and adjustments, and define a long-term plan of developing wages in the corporate strategy.

- **Describe workforce composition and benefits provided to permanent employees and contractors.**

  We request companies to disclose the number of permanent employees and contractors on a consolidated level, as well as their approach to live up to the spirit of decent work for all types of employees.
Our six investment stewardship priorities

Social stakeholder engagement
Companies’ business success not only relies on sound financial and human capital management, but also an effective engagement with various stakeholders including employees, suppliers, local communities, customers and end-users, media, regulators and policymakers. It is essential for companies to identify their stakeholders’ key interests and establish channels for engagement.

We engage with our investee companies on a wide range of financially material social and human rights issues, such as indigenous rights, modern slavery and forced labor, child labor and digital rights. Mismanagement of these issues can result in increased litigation risks and fines, loss of credibility and trust, and even the license to operate; it can take time and resources to remediate the negative impacts to workers, communities and end-users, which can lead to a long-term negative perception of the company.

We acknowledge the Guiding Principles on Business and Human Rights (UNGPs) as the appropriate framework for corporations with regards to respecting human rights in their own operations and through their business relationships. We encourage our investee companies to implement this framework, align political engagement with their responsibility to respect human rights and deepen progress on the most severe human rights issues in their operations and across their supply chains.

Key topics for engagement

- **Report on efforts to engage the supply chain and disclose suppliers’ social standards and management systems.**
  We encourage certain companies to disclose at least the direct (Tier 1) supplier list and commit to improving traceability beyond direct suppliers for key raw materials sourced.

- **Establish processes to assess human rights-related legal risks and potential breaches of international norms.**
  This is important in light of complex and expansive supply chains. Conducting an overall human rights due diligence (HRDD) is useful in identifying potential salient human rights issues. Non-scheduled social audits and obtaining external assurances for suppliers’ social practices for specific social aspects, such as factory workers’ health and safety and working hours, can help manage social outcomes and minimize risks. It is also important to ensure a formal mechanism to report grievances is available to supplier workers and relevant stakeholders.

- **Disclose an action plan to remediate identified international norms breaches and participate in multi-stakeholder forums to address systemic issues.**
  Mid-stream and downstream companies do not necessarily have the ability to directly change the wrongful practices that cause harm upstream in their supply chain. Nonetheless, some systemic human rights issues associated with raw material sourcing are already known to the market. For example, discrimination against women, indigenous people and minority workers and harassment at mine sites are still rampant in the metals and mining sector, while child labor and health and safety are still associated with artisanal mining sites in some parts of Africa.

Social stakeholder engagement sub-theme 1: Human rights and supply chain engagement

Increasingly complex global supply chains may result in human rights breaches going unaddressed by companies. They can be caused by a combination of factors including inadequate oversight, limited influence on suppliers, limited traceability of the supply chain and the systemic nature of issue.

Breaches of international norms may occur in conflict-affected and high-risk areas. The human rights impacts are often complicated; enabling or providing access to a remedy can be challenging.
In those scenarios, we encourage companies to collaborate with industry peers, policymakers, and on-the-ground non-profit organizations to address the issues, acknowledging the risks of being indirectly linked to them given their systemic nature.

- **Demonstrate the board has sufficient expertise or access to expertise on human rights.**
  Any human rights mismanagement can quickly escalate into a public relations crisis. It is therefore essential for the board to have the access to relevant skillsets for the management of such issues. For some of our investee companies which consistently fail to demonstrate their human rights governance and address repeated allegations, we may escalate our engagement by holding the relevant board directors accountable and voting against their re-election.

- **Describe steps taken for human rights due diligence.**
  Companies should be able to identify the affected stakeholders in the situation, the salient human rights issues, and the severity of the actual or potential human rights impact, in terms of the scale, scope and potential for remedial action. It is important to prioritize issues with most severe outcomes. Companies should also consider conducting this due diligence according to internationally accepted standards.

- **Discuss options to avoid, prevent or mitigate the actual or potential human rights impacts.**
  This may include humanitarian work, on-site human rights engagement, disassociating from the activity and/or exiting the area.

### Social stakeholder engagement sub-theme 2: Digital rights and cybersecurity

Digitalization and technological advancement play a key role in enhancing standards of living and generating positive business impacts. Innovation of the “Fourth Industrial Revolution,” such as the internet of things (IoT), 5G and artificial intelligence (AI), may improve operational efficiency and productivity, increase access to information and enable more efficient decision-making.

But companies must deploy and use technology with prudence and care in order to gain trust from end-users and regulators. Controversies related to the handling of sensitive personal data, content algorithms and content moderation have already drawn increased scrutiny from regulators globally. New regulations include the EU’s General Data Protection Regulation (GDPR), the UK’s Network and Information Systems Regulations 2018 (NIS Regulations), the California Consumer Privacy Act in the U.S., the China Personal Information Protection Law (PIPL) and the latest rules to govern technology companies’ use of content algorithms for users in China. Financial impacts from non-compliance can include significant fines and losses in market capitalization if investors question a company’s commitment to using technology responsibly.

Cybersecurity is another key area of focus. The number of cyberattacks and data breach costs have increased with the significant increase in employees working from home: The World Economic Forum reported cyberattacks more than doubled globally in 2021. The human machine interface still is the number one entry point into a company’s technology infrastructure and more than 85% of cyberattacks start with a human factor, as social engineering tactics are particularly successful for cyber criminals.¹⁹

Cyberattacks can have ripple effects beyond business disruptions in a company’s direct operations; they can affect partners in the supply chain and lead to a substantial loss of integrity and trust from customers, a decline in company valuation, and even the license to operate. Executive teams face the challenge of protecting their institutions from cyberattacks, without degrading their ability to innovate and extract value from technology investments.

Our engagement on digital rights and cybersecurity looks at past controversies to understand how companies are attempting to prevent future ones and their accompanying financial risks.

---

Key points for engagement

- **Demonstrate board-level and policy commitment to the responsible use of technology and cyber protection.**

  Governance and training on data security and cybersecurity should be a focus of management and board discussions. Companies can demonstrate their commitment through publishing a group-wide ethical policy or governance principles on technology deployment. We expect companies to demonstrate accountability, including the appointment of a chief technology officer or relevant executive.

- **Provide evidence of incorporating principles and policies around data privacy and ethics into company operations.**

  Having a policy in place is a great start, but it is equally important for companies to demonstrate how they are implementing the principles and policies in practice. We look for evidence of the process and/or programs to manage cyber risks. When companies state their ethical commitment to responsible use of AI and technology, we ask for case studies as illustration.

- **Disclose quantifiable metrics.**

  For example, companies can disclose cyber training at the board level and in the wider workforce and cybersecurity budgets as indicators of managing cybersecurity risks. We also encourage companies to assess sector and business requirements, including cybersecurity, data security and other key performance indicators related to responsible use of technology, within executive management compensation. For technology companies, we would welcome disclosure on their approach to and output of content governance, such as the volume of content removed and restored.
Our six investment stewardship priorities

Governance
We believe that there is strong positive correlation between high governance standards and superior shareholder returns. Effective corporate governance features transparency, accountability, oversight and respect for shareholders.

We evaluate governance starting with the board and its performance, looking for independence, relevant skillsets and diverse perspectives. Companies should make an effort to adequately refresh the board through a transparent and independent recruitment process based on a fair evaluation of the board’s composition and needs.

Importantly, the responsibilities of the board can have a direct impact on a company’s returns and, therefore, shareholder value. The board oversees management’s execution against the company’s capital, liquidity, strategic and financial operating plans. Capital allocation issues are judged in terms of alignment with long-term strategy and value creation at each company. Boards are also responsible for overseeing management of environmental and social matters, which could affect the company’s value.

In voting decisions, we carefully examine board effectiveness, taking into consideration the company’s size and complexity. We may utilize our voting power to bring change if, in our independent judgement, we do not think boards have appropriate structures to function effectively, such as boards that lack independence and diversity.

Governance engagement sub-theme 1: Board effectiveness

Board effectiveness is essential to a functioning governance system and to oversee the delivery of business objectives.

We evaluate the effectiveness of boards of investee companies through public disclosure, including annual reports and sustainability reports, third-party assessments and direct dialogue with companies. We look at communication between board directors and committees, and whether a system of checks and balances is in place to ensure inclusion of different voices and to enable transparent discussions of different opinions. Proper succession planning of directors is also critical because the knowledge and insights of the board are core assets that need to accumulate and evolve.

We believe the composition of the board is also important to board effectiveness. An appropriate mix of directors with relevant knowledge, independence, competence, industry experience and diversity of perspectives helps generate constructive discussions and supports decision-making that aligns with the company’s mission, purpose and long-term strategy and goals.

In an effort to create effective boards, we believe companies should strive to include diversity with respect to gender, race, ethnicity and nationality, and provide appropriate training beyond the prerequisite qualifications. Training for directors is essential – new directors need to learn more about the company and other board members – and we seek to understand whether they receive appropriate orientation and education opportunities.

Key points for engagement

- **Optimize board structure and dynamics and explain skill set relevance.**
  
  We believe the independence of the majority of the board and its committees is essential to running a company effectively. A company should provide a board matrix table that includes independence considerations, gender, ethnicity, age, experience and knowledge contributions and explain the relevance of skill sets. Directors should be continuously given opportunities to acquire and update necessary knowledge to fully discharge their responsibilities and a board should ensure these are appropriately provided.

- **Ensure a clear decision-making line from committees to the board and disclose the process.**
  
  Boards should delegate key oversight functions to independent committees. Companies should establish a well-defined committee charter that states the responsibility and function of key committees: audit, nomination and remuneration. Companies should also disclose the details of the committees’ decision-making escalation process to the full board.
Conduct rigorous internal and external evaluation of the board and disclose the process and results. Annual internal evaluation and evaluation by independent external professional governance consultants on occasion, as a best practice, helps boards understand their strengths and shortcomings in an effort to enhance their effectiveness. Findings should be disclosed in public annual reports or corporate social responsibility reports.

Implement succession planning for the board. To ensure smooth transitions, the board should prepare a clear succession plan in advance by defining core requirements to build talent pipelines and provide training to directors. The process should be transparent and should be disclosed to investors. Long-serving directors possess valuable knowledge and insights that could be transferred to new directors. Companies should thoughtfully consider terms for directors to enable careful reinvigoration of the board.

Governance engagement sub-theme 2: Capital allocation

We seek to invest in companies that are allocating capital efficiently, generating reasonable long-term returns for shareholders and meeting interest and principle payments of their debts on time. We believe companies should demonstrate financial discipline around shareholder returns relative to the cost of capital and long-term value creation.

The board and the senior executives should have oversight of the company’s capital allocation decisions. As investors with exposure in both equity and debt, we seek to invest in companies that are allocating capital efficiently, generating reasonable long-term returns for shareholders and meeting interest and principle payments of their debts on time. The board should disclose a clear policy on the company’s approach to its capital structure, which could address the demand from different stakeholders.

Capital allocation decisions can be affected by traditional factors, such as interest rates, but also regulatory requirements, climate change, nature risks, social movements and other financially material ESG issues. We encourage companies to think ahead and implement capital allocation strategies that incorporate many of the risks and opportunities we have discussed in this report.

Key points for engagement

- Establish and disclose a capital allocation policy that aligns with short-, medium- and long-term corporate development strategy.
  The policy should consider the stability of the capital structure between equity and debt and explain the rationale for allocating capital to specific areas, including the target returns. In equity and debt issuance, companies should give details of the areas where the proceeds would be used and why they need to invest in those areas.

- Set clear policies for shareholder returns.
  Companies with over-capitalized balance sheets with no clear significant capital needs in the medium to long term should increase their dividend payout, distribute special dividends or conduct share buybacks. The policy should state clearly the rationale for buyback, the conditions for execution and the treatment of repurchased shares, including the conditions for cancellation of treasury shares.

- Explain strategic investments.
  The explanation should include the rationale behind shareholding in other companies and cross-shareholdings or loans to third parties. Cross-shareholdings should be unwound if they have no clear purpose, as they would likely reduce capital efficiency and raise concerns about potential conflicts of interest. Companies should also state clearly the expected financial returns from investments, the impact on return on capital and cost of capital, and the operational and business implications.

- Define objectives and expected returns for any new businesses and M&A transactions.
  To ensure that capital is properly allocated and deployed, investors need to understand the motives of these investments and their potential returns to shareholders in the long term. This can help to mitigate a negative reaction to the transaction in the capital markets.
Our six investment stewardship priorities

Strategy alignment with the long term
Strategy alignment with the long term

Long-term thinking leads to enduring business models. We believe executive compensation plans should be structured to create long-term alignment between shareholders and management.

We acknowledge the importance of incentive awards designed to encourage management to perform at the highest levels. These programs need to align with appropriate performance criteria that are challenging and reflect the company’s strategy and objectives over the long term, rewarding executives for long-term value creation rather than short-term gains.

We are not averse to executives being remunerated well relative to peers, provided long-term shareholders have also fared well. We believe the majority of executive compensation should be tied to long-term business performance and/or long-term shareholder returns as compared to annual salary and a bonus tied to annual performance. We are also not overly prescriptive and do not dictate how a company should structure such a compensation program – that is the job of the board and the compensation committee. We do, however, wish to understand the rationale behind compensation decisions, the selection of metrics and targets, and seek clear, simple disclosure on payouts versus prior targets.

In our view, the recent trend towards incorporating ESG key performance indicators (KPIs) and metrics into compensation plans is neither an inherently positive or negative development. We seek to understand how the chosen ESG metrics, targets and weightings fit into a company’s long-term strategy and how they are tied to material outcomes that enhance long-term shareholder value.

We expect targets for ESG metrics to be challenging and not merely increase management compensation and insulate executives from volatility in stock price performance and operational performance. We also expect them to be relevant for a particular industry: A mining company might wish to emphasize an environmental metric, whereas a retailer might wish to emphasize a social metric.

When we see compensation programs that do not appear to be in keeping with these objectives, we often seek to engage with the companies to better understand how they believe their executive pay packages are aligned with long-term shareholder value creation and, if we do not agree with their reasoning, to encourage improvements.

Strategy alignment with the long-term engagement sub-theme 1: Long-term value creation

We expect the companies in which we invest to be managed for long-term value creation. Boards, therefore, need to design compensation plans that reward management for contributing to this objective.

We seek to better understand how compensation plans are created to align with the long-term strategy and deliver shareholder returns. We also expect boards to be able to demonstrate how compensation plans, among other factors, are designed to attract and retain the caliber of talent needed to deliver on the long-term strategy of the company.

We support compensation plans that are heavily weighted toward long-term incentives and encourage performance-based share awards that vest based on achievement of goals over time periods of a minimum of three years. We also support vesting and holding conditions that go beyond the performance period as a way of reinforcing alignment with shareholders.

We expect companies to articulate how their chosen performance metrics, whether financial or non-financial, translate to long-term shareholder value creation. Companies should also include a longer-term lookback discussing how realized pay outcomes align with shareholder returns.

Where companies incorporate ESG KPIs and metrics into compensation plans, we expect to be able to understand how they were chosen, align with company strategy and help to deliver enhanced long-term value for the business. We encourage companies to prioritize ESG metrics that have been identified as material to the long-term success of the business strategy.
Strategy alignment with the long term continued

Key points for engagement

- **Align the majority of compensation with long-term performance of the business and shareholder returns.**
  
  Companies should tailor schemes to ensure the majority of variable compensation is aligned to long-term performance.

- **Set appropriately challenging targets.**
  
  Companies should ensure that performance metrics attached to variable incentive schemes are set at appropriately challenging levels to reward outperformance and delivery of the long-term sustainable success of the company.

- **Explain how executive compensation is linked to long-term strategy, business performance and shareholder returns for the company.**
  
  Companies should be able to clearly explain how compensation aligns with the long-term strategy of the company. Companies should also provide disclosure on how the board considers the company’s pay and performance alignment.

- **Elaborate on how the company promotes better pay vs. performance alignment.**
  
  We encourage companies to better elaborate on how they consider practices such as a higher mix of performance shares vs. restricted shares, longer vesting periods and a larger stock ownership requirement to better align pay and performance.

- **ESG KPIs and metrics, if included, should have relevance to financial performance or long-term shareholder returns and the rationale should be clearly explained.**
  
  There has been a steady rise of ESG metrics in compensation schemes and companies are taking different approaches to including these. Companies should focus on metrics which are relevant to the business and align with long-term shareholder returns.

Strategy alignment with the long term engagement sub-theme 2: Transparency and disclosure

Better-designed compensation plans are inherently transparent; they allow shareholders broad visibility on how compensation schemes are designed to align with company strategy and how a company determines relevant performance metrics. We engage with companies and seek to better understand how their chosen performance metrics align with business strategy and company KPIs and expect boards to provide clear disclosure of targets under their chosen performance metrics.

We recognize that in some cases it may be commercially sensitive to disclose these targets in advance or at the start of a performance cycle, but we expect that at the conclusion of the performance cycle or period, companies disclose targets for all performance metrics and KPIs used.

Disclosure of performance metrics allows shareholders to ensure that companies are focused on the right KPIs – and that targets are sufficiently challenging – to support sustained growth of the company and reward executive outperformance.

While we have seen an increase in non-financial metrics in compensation plans, including ESG-related performance metrics, disclosure is sometimes lacking. We expect companies to clearly explain the use of such metrics in driving company performance as well as robust disclosure around targets set and performance achieved. When this involves a qualitative assessment, we expect boards to clearly explain the factors that lead to payout under non-financial elements of pay, and when the metrics are quantitative, we expect companies to disclose targets and achievement of these non-financial metrics.

Finally, we encourage companies to disclose longer-term performance, ideally extending beyond the most recently concluded long-term incentive plan (LTIP) cycle so investors can gauge how plans have paid over multiple periods.
Key topics for engagement

- Develop compensation plans that are easy to understand.
  The ability to review compensation plans is an important one for shareholders. Companies should design compensation plans that are clear and transparent.

- Disclose metrics and targets that the board considers in evaluating management performance.
  These may include shareholder returns, operational and financial performance indicators, ESG metrics and/or non-financial performance metrics.

- Divulge granted and realized pay including disclosure of longer-term performance, ideally extending beyond the most recently concluded LTIP cycle.
  Companies should ensure transparent visibility of the extent to which previous compensation plans have vested and been realized. This gives shareholders visibility of pay and performance through previous compensation cycles and allows an assessment of targets set, whether they were suitably stretching, and vesting achieved. Companies should also explain any adjustments made to outcomes.

- Show clearly adjustments and reconciliations.
  Companies sometimes use adjusted metrics when reviewing performance for compensation purposes. We encourage companies to clearly disclose adjustments with Generally Accepted Accounting Principles (GAAP) reporting so investors can evaluate the rationale for adjustments as well as the magnitude and impact of adjustments on remuneration payout.
Appendix

J.P. Morgan Asset Management has published additional reports that outline our approach to ESG, investment stewardship and sustainable investing. Please visit the Sustainable Investing and Investment Stewardship pages on our website for further details.

Key publications

- **2021 Investment Stewardship Report** – outlines our engagement and proxy voting activity each year
- **External Policy on Engagement and Proxy Voting** – our policy on stewardship philosophy, practice, and approach
- **ESG integration at J.P. Morgan Asset Management** – outlines our asset class specific approach to considering financially-material ESG information in the investment process
- **Sustainable investing at J.P. Morgan Asset Management** – our statement on our sustainable investing purpose, approach and consideration of key sustainable themes
For more information on our approach to Investment Stewardship, contact your J.P. Morgan Asset Management representative.

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 financial professional, if any investment mentioned herein is believed to be appropriate 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 yields are not reliable indicators 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 States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients’ use only, by local J.P. Morgan entities, as the case may be; in Canada, for institutional clients’ use only, by J.P. Morgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. 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 Asia Pacific (“APAC”), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601596K), which this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited; 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 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143932080) (AFSL 376919). For all other markets in APAC, to intended recipients only.

For U.S. only: If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

Copyright 2022 JPMorgan Chase & Co. All rights reserved.