



2025 Investment Stewardship Report

Activities and Outcomes

April 2026

This report is as of December 31, 2025 and includes information that was obtained at an earlier date during the course of engagements with companies or in the course of voting proxies. Such information has not been updated, verified or audited. The case studies and examples are provided for illustrative purposes only and may not be updated in the future. While we view engagement as an important part of understanding the risks and opportunities facing companies held in our client portfolios, such engagement may not be effective in identifying such risks and opportunities and we do not guarantee any particular results or company performance as a result of such engagement. The engagement statistics are approximations only and were derived from our internal research notes to help identify engagements related to specific engagement priorities and sub-themes. Such information has not been audited, and no assurance can be made with respect to the accuracy or completeness of such information.

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Foreword



George Gatch

Chief Executive Officer,
J.P. Morgan Asset Management

Welcome to the sixth annual edition of J.P. Morgan Asset Management's Investment Stewardship Report. This report reflects on a year marked by significant global change. Shifting economic conditions, such as rising economic nationalism and renewed fiscal engagement, have challenged investors while also creating areas of opportunity. Our clients all around the world have continued to entrust us with their assets, which surpassed the 4 trillion US dollar milestone in 2025.

For every dollar we manage, whether it be for the world's largest institutional investors or for an individual saving for their future plans, we are committed to upholding our fiduciary duty and consistently strive to deliver the best investment outcome for our clients. Investment stewardship plays an important role in allowing us to carefully navigate uncertainty, increasing risks, and emerging opportunities.

As an investment manager and a fiduciary, we firmly believe that in-depth research and rigorous analysis conducted by experts across functions, sectors and regions help deliver long-term risk adjusted returns for our clients. Our approach to stewardship is aligned with this vision, and we consider engagement and proxy voting as important tools to maximize investor returns.

We leverage the power of J.P. Morgan Asset Management's access and expertise across global markets and continue to deepen our focus on fundamental research and expand the resources supporting our overall investment stewardship programs.

In that light, we continued to invest significantly to further strengthen our engagement and proxy voting capabilities. The Investment Stewardship team, who work closely with our portfolio managers and research analysts around the world every day, grew by seven members – this is now a team of more than 30 specialists across five global locations – New York, London, Mumbai, Hong Kong and Tokyo. We also designed innovative solutions, in particular around proxy voting, as we strive to live up to our standing as an industry-leading active asset manager with a focus on independent analysis driven by investment-outcomes, and free from the perception of undue influence in our decision making.

During 2025, our Investment Stewardship program covered a wide range of financially material issues. This included engaging companies on their approach to using and overseeing artificial intelligence technology, travelling to Saudi Arabia to engage firsthand with the world's largest oil company on how it is navigating the energy transition, and voting on ever more complex executive compensation plans.

On behalf of J.P. Morgan Asset Management, I hope you find our report useful in understanding the important role our investment stewardship plays as part of managing risk and generating long-term returns for our clients. We are honored to support your long-term ambitions and look forward to helping you achieve your investment goals.

Thank you for your continued trust and feedback.

Organisation at a Glance

JPMorgan Chase & Co.

JPMorgan Chase & Co. (“JPMorganChase” or the “Firm”, NYSE: JPM), a financial holding company incorporated under Delaware law in 1968, is a leading financial services firm based in the United States of America (“U.S.”), with operations worldwide. JPMorganChase had \$4.4 trillion in assets and \$362.4 billion in stockholders’ equity as of December 31, 2025. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the Firm serves millions of customers, predominantly in the U.S., and many of the world’s most prominent corporate, institutional and government clients globally.

J.P. Morgan Asset & Wealth Management

J.P. Morgan Asset & Wealth Management is a global leader in asset and wealth management services. The Asset & Wealth Management line of business serves institutional, ultra-high net worth, high net worth and individual clients. With combined overall client assets of USD 7.3 trillion and assets under management of USD 4.9 trillion as of December 31, 2025, we are one of the largest asset and wealth managers in the world.

J.P. Morgan Asset Management

J.P. Morgan Asset Management (JPMAM) is the marketing name for the investment management businesses of JPMorgan Chase & Co. and its affiliates worldwide. JPMAM is a leading investment manager of choice for institutions, financial intermediaries, and individual investors, offering a broad range of core and alternative strategies, with investment professionals operating in every major world market providing investment expertise and insights to clients. JPMAM oversees more than USD 4.3 trillion in client assets under management globally as of December 31, 2025. Approximately USD 4.25 trillion is actively managed and USD 0.59 trillion is passive.¹

Our purpose

JPMAM strives to deliver superior investment capabilities and insights to help our clients achieve their financial objectives. This aligns with our fiduciary duty to act in the best interests of our clients. We are committed to offering a global breadth of investment solutions, supported by dedicated market experts and continuous reinvestment in the tools, technology needed to support operational excellence. Our aim is to empower better investment decisions by providing investment insights that tap into over 150 years of investment experience.

We believe that investment stewardship forms part of how we seek to meet applicable fiduciary responsibilities, as appropriate. Consistent with widely recognized stewardship principles (including those articulated by the UK Financial Reporting Council (“FRC”),² we seek responsible allocation, management and oversight of capital to support long-term value creation. This approach includes setting the expectation of high standards for those companies in which we invest.

In this report, we outline the activities, as well as the outcomes, that illustrate how we seek to drive long-term value creation. We do this through i) assisting our clients to make more informed choices that will help them to achieve their financial objectives; ii) engaging in policy and advocacy dialogue to support the integrity of capital markets; and iii) incorporating financially material Environmental, Social and Governance (ESG) considerations in our active investment capabilities, as appropriate.³

¹ Due to rounding the active and passive AUM figures do not sum to the total AUM.

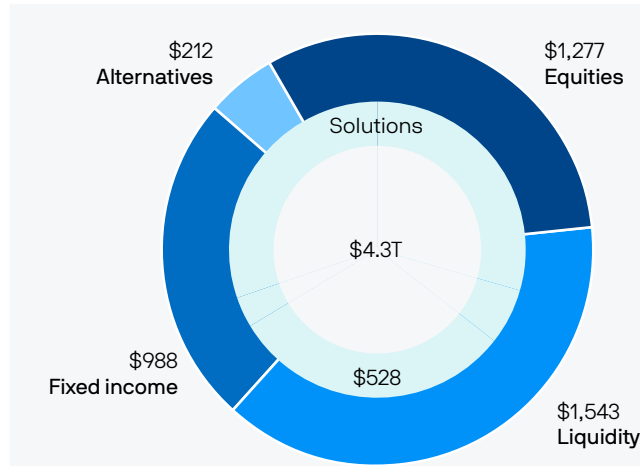
² The UK Stewardship code 2026 defines stewardship as “the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries”

³ In actively managed assets deemed by J.P. Morgan Asset Management to be ESG-integrated under our governance process (this excludes certain index tracking strategies), we systematically assess financially material ESG factors including sustainability risks in our investment decisions with the goals of managing risk and improving long-term returns. ESG integration does not change a strategy’s investment objective, exclude specific types of companies or constrain a strategy’s investable universe unless the offering document or investment policies for the strategy provide otherwise. Further information on ESG integration may be found here.

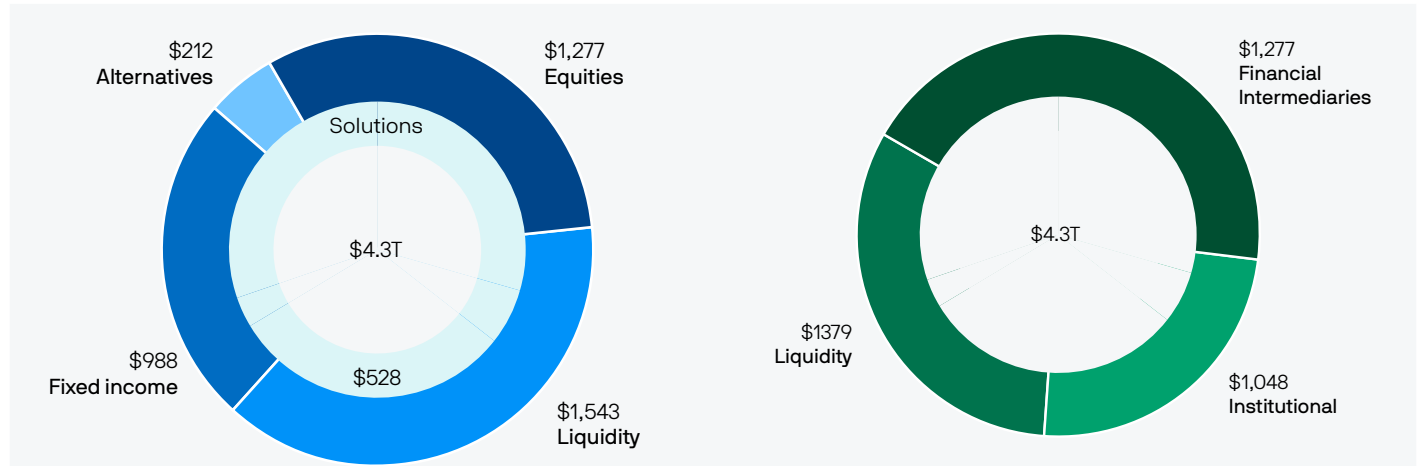
Assets Under Management

As of December 31, 2025, our total under management were USD 4.3 trillion. The breakdown by client region and client type is as follows:

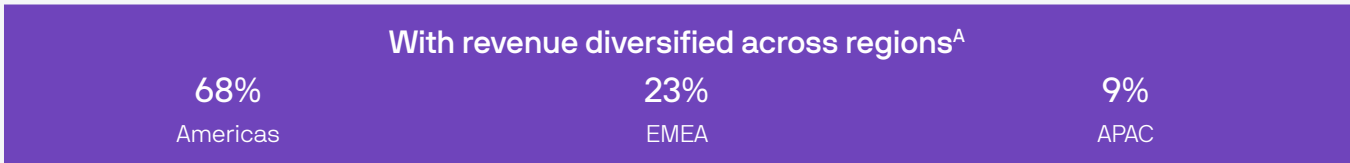
By asset class^{A, B}



By client segment^A



With revenue diversified across regions^A



Data as of December 31, 2025, or December 31, 2024, where noted; based on data availability at time of publication.

^A As of December 31, 2025. Includes custom glide path and retail advisory assets; Due to rounding, data may not always add up to the total assets under supervision (AUS).

^B AUS by asset class includes AUS managed behalf of other investment teams.

2025: A Year in Review

2025: A Year in Review

Investment stewardship remained a key topic of interest for asset management clients and stakeholders globally in 2025. Evolving regulatory contexts, geopolitical uncertainties and macroeconomic volatility saw some long-standing issues take a back seat and new challenges emerge, requiring a flexible and responsive approach from stewardship practitioners.

Throughout the year, we remained guided by our conviction that engagement and proxy voting should be shaped by in-depth active research, driven by investment outcomes and focused on the most financially material issues. As ever, this allows us to be stewards of capital in the best long-term interests of our clients.

In 2025, we conducted more than 1,300 engagements with around 960 issuers in more than 50 markets through our Global Stewardship Program. Of these, around 550 were in-depth engagements under our Enhanced Engagement Program, which included around 140 companies on our global focus list. For full details on the Enhanced Engagement Program, please refer to the section [Our Approach to Engagement](#).

We have continued to engage on financially material topics, responding to new developments in long-running themes as well as more specific emerging issues.

Corporate governance was the core area of focus for our team, with extensive stakeholder scrutiny of proxy voting practices in many developed markets and market-level reforms a focus across many Asian markets, and in particular Japan. Shareholder activism remained a notable theme throughout the world, as we engaged and voted on a number of high-profile proxy contests in 2025 (see Shareholder Activism thematic engagement chapter for more detail). In a number of countries, executive compensation was in the spotlight, as companies sought to balance incentivization with stakeholder outcomes. Increasing pay for top executives and growing convergence between the US and European markets was also top of mind in 2025, as was a focus on the changing metrics used by companies to benchmark executive performance.

In 2025, we also invested significantly in our in-house governance research capabilities by hiring more experts and strengthening our in-house proxy voting technological capabilities. As an independent fiduciary of client assets, we have taken significant steps to further mitigate the perception of undue influence from third parties in our proxy voting activities.

Climate change and associated commercial developments and regulations continued to be a source of material risks and opportunities for investee companies across sectors. As increasingly extreme and volatile weather events result in operational disruption and rising costs, we have engaged with companies across sectors on climate resilience. The rapidly evolving and fragmented policy environment globally has had knock-on impacts for commercial outlooks in many sectors and has resulted in extensive discussions with investee companies around the world on the management of climate-related transition risks.

We have also deepened our engagement on natural capital. Key developments in 2025 included the International Sustainability Standards Board (ISSB)'s adoption of nature disclosure standards and continued negotiations on a proposed United Nations Global Plastics Treaty. More formalized disclosure regimes and a global commitment to reducing plastic pollution, if achieved, may reshape the landscape for investee companies. It will be important for companies to stay on top of such developments to safeguard their ability to create value for stakeholders over the long term.

In the social space, we conducted engagement and proxy voting activity on a variety of topics including Artificial Intelligence (AI) oversight and social risk management. In 2025 we saw a significant upswing in interest around rapid AI development and consideration of the material risks potentially associated with poor practices. Other engagement themes included responsible minerals sourcing, expanding our work beyond human rights in critical minerals to also address health and safety, community engagement, and natural capital; labour standards and employment practices, drawing on internal research around human capital management as a financially material issue.

2025: A Year in Review continued





We regularly review and enhance our Investment Stewardship Program to align with our fiduciary responsibilities. Key developments in 2025 included:

- Establishment of the Investment Stewardship Oversight Committee (ISOC) to provide a dedicated senior executive level forum to oversee Asset Management-wide stewardship policies and programs, our engagement and proxy voting activities, and related reporting.
- Expansion of the Investment Stewardship team by adding seven new members globally across the North America, India and Asia Pacific regions. We ended 2025 with a team of 31 members in five regions around the world. This growth in the team reflects our ongoing focus on industry-leading investment stewardship practices.

- Significant enhancement of our technology systems, research and data analysis capabilities in 2025. Further improvements are planned for future years as we intend to implement an industry leading in-house investment stewardship technology platform built into our proprietary Spectrum™ technology suite (further information may be found in the Resourcing of Stewardship chapter of the Policy and Context report).

Our global stewardship experts and investment teams engage through meetings, calls, and written communications on topics such as climate risk, human capital, and executive pay. Engagement statistics are based on internal research and are provided as estimates for illustrative purposes only.

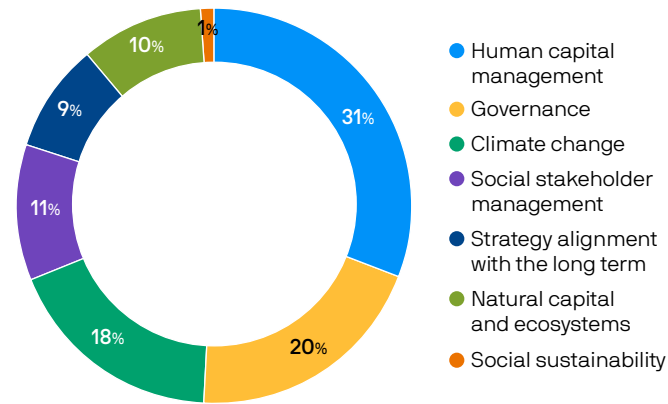
2025 Engagement in numbers⁴

| | | | |
|--|--|--|--|
|  <p>Over 1,300 Engagements, of which over 500 were in our Enhanced Engagement Program</p> |  <p>50+ Markets engaged globally</p> |  <p>~140 Focus List companies</p> |  <p>More than 550+ engagements with board directors (incl. chair) or senior executives</p> |
|--|--|--|--|

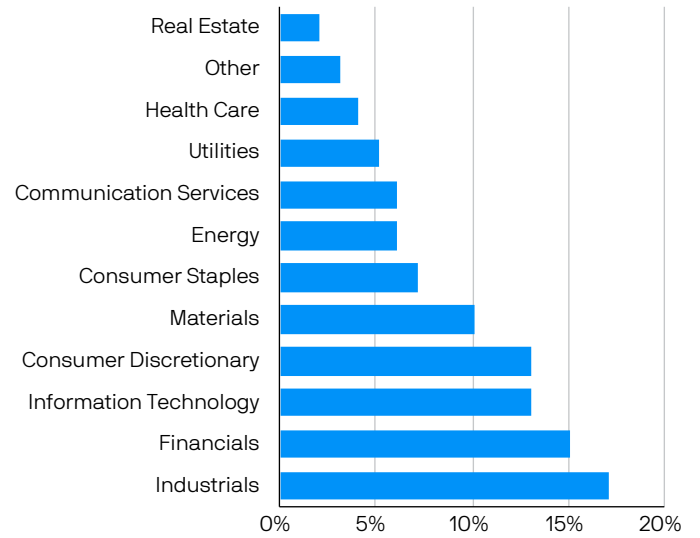
⁴ We count engagements which are conducted by stewardship experts and investment analysts and portfolio managers across asset classes around the world. The engagement statistics provided in this report are approximations only and were derived from our internal research notes to help identify engagements related to specific engagement priorities and sub-themes. Such information has not been audited, and no assurance can be made with respect to the accuracy or completeness of such information.

2025: A Year in Review continued

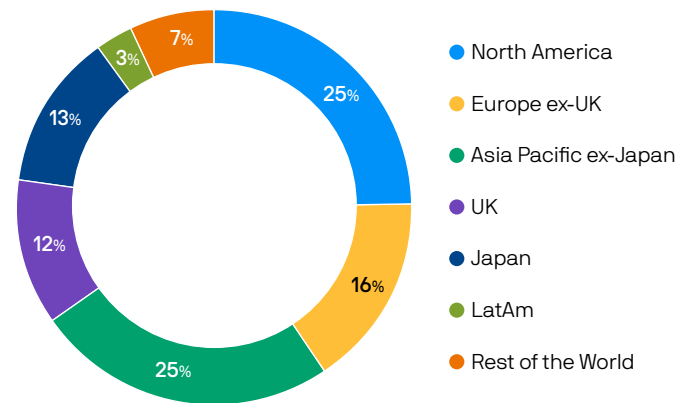
Engagement by investment stewardship themes



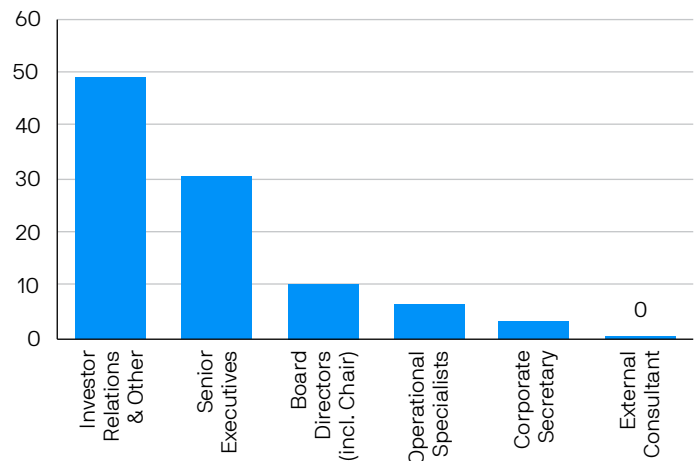
Engagement by sector



Engagement by region



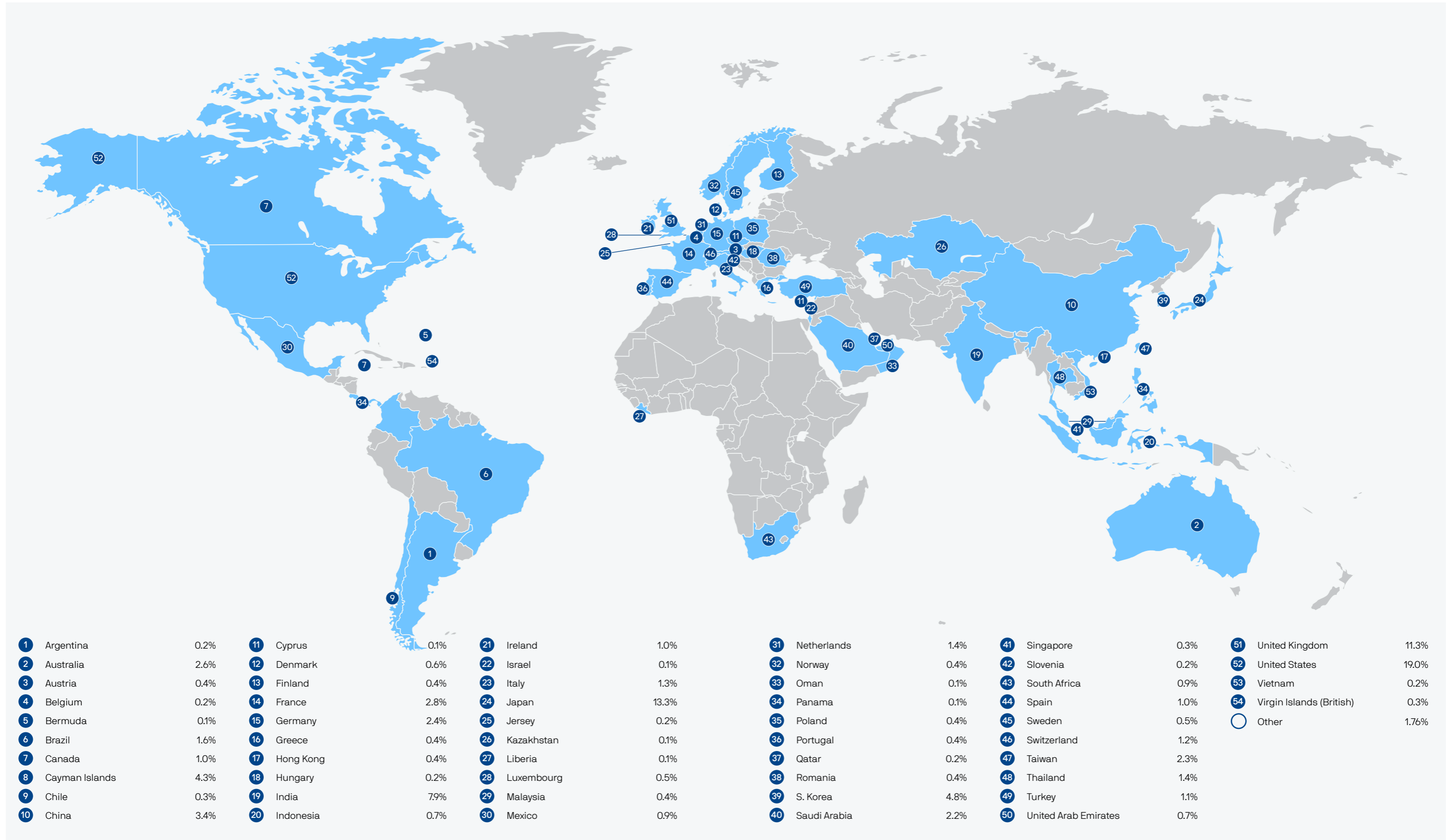
Engagement by company representative (%)



Source: J.P. Morgan Asset Management, as of December 31, 2025. * Percentages may not add up to 100 due to rounding.

2025: A Year in Review continued

Engagement by market



Our approach to engagement

J.P. Morgan Asset Management (JPMAM) firmly believes 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 sound corporate practices (including around managing financially material ESG issues) is an important component of how we deliver our investment stewardship strategy. Our engagement is based on in-depth investment research on companies, alongside our assessment of macroeconomic drivers, sector-specific factors and broad financially material themes.

Our research insights support a proactive approach to engagement, allowing us to identify issues and discuss potential improvements for investee companies. Through early engagement, we aim to address potential risks and opportunities, although outcomes may vary depending on company responsiveness and other factors. We believe our actions help preserve and potentially enhance asset value for our clients, although investment outcomes are subject to various risks and cannot be guaranteed.

Our engagement is based on 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 individual companies over time, understanding that the regions, cultures, and organizations in which we invest differ greatly.
- **Additionality:** We focus on the strategic issues that are most urgent in order to deliver better long-term returns 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 on behalf of our clients.
- **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 from investee companies.

Our approach to investment stewardship is guided by our identification of the themes materially affecting long-term value. Proxy voting at company General Meetings (“AGMs”) is another key tool we use in our investment stewardship activities. Through the proxy voting process we formally express our position on our priorities and seek to encourage sound practices among investee companies.

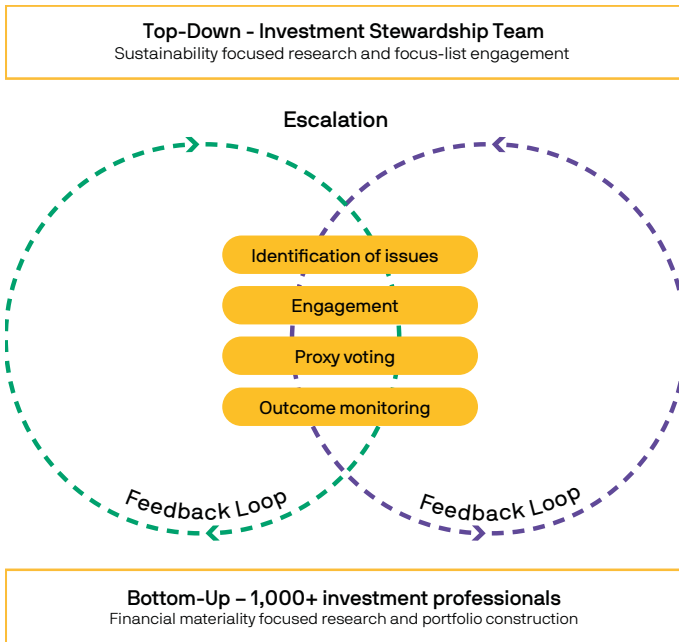
Investor-led, expert-driven engagement

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

Combining our ESG research capability with the experience and skill of our investment teams and the expertise of our investment stewardship specialists is how we develop a deep understanding of the risks and opportunities facing different sectors, industries, and geographies. By integrating this expertise into a unified global platform, we seek to maintain a consistently high standard of engagement, while considering the many nuances of the investment management process.

Our approach to engagement continued

J.P. Morgan Asset Management Engagement Model



Source: J.P. Morgan Asset Management, as of December 31, 2025.







Annually, we review and prioritise the engagement themes that we believe are most material and relevant to our investee companies. These themes address either the issues that we believe could pose significant long-term material financial risks to our investments, or those that we believe could present the greatest opportunities. Engaging on these topics is crucial to promote long-term value for our clients.

These engagement issues may be identified through proprietary analysis and guidance provided by investment and research teams; through consideration of potential impacts from evolving regulation; or through horizon scanning for emerging areas of risk and opportunity. Certain key issues are embedded within JPMAM’s proxy voting guidelines⁵ and addressed on a regular basis.

We seek meaningful information on establishing good practices around executive pay across all markets, but it is important to note that our engagements reflect material differences between industries, regions, and financial markets. For instance, engagement on executive compensation in the US emphasizes pay-for-performance alignment when assessing the quantum, and increasing complexity, of compensation plans. On the other hand, in the United Kingdom (UK), compensation discussions often focus on the generous equity and pension terms granted to executives versus regular employees.

In 2025, we engaged on the following broad themes with our investee companies. These themes encompass multiple more specific issues, which vary according to industry, region, and an individual company’s business models. More detail on our engagement around these themes and underlying issues is provided in the Thematic Engagements chapters below:

The themes include:

-  **Governance**
-  **Strategy alignment with the long term**
-  **Human capital management**
-  **Social stakeholder engagement**
-  **Climate change**
-  **Natural capital and ecosystems**

⁵ Global Proxy Guidelines may be accessed [here](#).

Our approach to engagement continued

Our Investment Stewardship Program

In 2025, there were a significant number of meetings between our investment team members and stewardship experts with board directors, senior management and operational experts from investee companies. The focus and purpose of our discussions were shaped and informed by our in-depth analysis of investee companies' strategy, financial performance, and key practices on financially material governance and sustainability issues. Through our regular and ongoing interactions with companies, we discuss a range of issues, as well as, where appropriate, highlighting examples of good market practice. We systematically track and monitor these interactions as part of our core stewardship program. Through this program, we focus on issues that we believe investee companies should address – both to protect value by minimizing risk, and to create value by capitalizing on opportunities. We assess companies' responses to engagement and monitor the progress made over time. Alongside our dialogue with investee company representatives, proxy voting is an important component of our approach (see Proxy Voting in 2025 for more details).

Where we believe there is a meaningful opportunity to drive value we engage with a narrower group of companies through our **Enhanced Engagement Program**, which allows us to dedicate additional time and resources to interacting with companies. This program is designed to support the needs of our global investment teams across all asset classes. Overall, we engaged with over 400 companies through our Enhanced Engagement Program. The remainder of this report is centered around the three key pillars of our Enhanced Engagement Program:

- **Focus list:** This is a list of companies in our portfolios held in equities and corporate credit, where we have meaningful investment exposure, and our research has identified areas of financially material risks and opportunities. This list is agreed upon with the relevant JPMAM portfolio managers and research analysts. We assess the potential to support positive change through engagement with these companies, taking into account factors such as our previous experience, the company's recognition of the issue and broader regulatory considerations. While we aim to encourage improvement, we recognize that outcomes depend on company responsiveness and external circumstances.

We establish clear objectives up front and seek to encourage companies to develop and implement their own plans to address our concerns over the course of 18-36 months, depending on the complexity of our concerns. We focus on issues of relevance to individual companies, including a mixture of long-standing themes and newer emerging topics.

The Focus List in 2025 consisted of around 140 companies. Engagement progress is regularly monitored to assess next steps and is a key consideration in the periodic review of the companies included on the list. For more information, please see Focus List Engagements

- **Thematic projects:** Alongside the focus list, we run engagement initiatives on specific themes that may arise in the course of our internal research and dialogue with internal and external stakeholders, where we target a broader number of investee companies on a particular set of issues. These themes can vary from year to year or remain a focus over a longer time frame, depending on their materiality and the scope of companies they may concern. They may be more region-specific or global in nature, they may focus on a narrower set of industries, and involve collaboration across the Investment Stewardship team, portfolio managers and research analysts. In 2025, we ran a number of thematic engagement projects on topics ranging from responsible AI to climate resilience at insurance companies. Examples of engagements on these themes can be found in the relevant thematic chapters.
- **Reactive engagements:** Our proactive engagement aims to encourage our investee companies to increase resilience to financially material risks and capitalize on opportunities. However, there are always corporate actions, notable events, major developments, controversies, norms breaches and matters arising from the proxy voting process that require reactive engagement. This may also include issues being uncovered with regard to controversial corporate practices, products and services.

Our approach to engagement continued

How we engage with companies

Engagement with investee companies may be conducted through in-person meetings, video or phone calls, formal letters or emails, and field trips. We have meaningful access to investee companies and, as a result, many of our engagements are conducted with representatives at senior levels of the company. This includes the board of directors, senior executives, general counsel, operational specialists with relevant subject matter expertise, and investor relations. Our interactions with companies in the Enhanced Engagement Program are led by research analysts responsible for primary coverage of the company in equity and corporate bonds, supported by the Investment Stewardship team.

We consider it a key element of our ESG integration approach that portfolio managers and research analysts play an active and visible role in stewardship. Their long-standing relationships with investee companies inform these efforts, and their direct involvement also helps deepen and strengthen those relationships. We view this direct involvement by investment professionals in stewardship and engagement as critical to investment success, as it supports the quality of engagements designed to promote value creation at the companies we hold.

We believe that our JPMAM Equity and Fixed Income portfolio managers and research analysts typically share a common perspective on what serves the investee company's best long-term interests in terms of stewardship engagement. This alignment is increasingly supported by joint engagement efforts between our Fixed Income and Equities teams. However, we acknowledge that there are certain issues, like capital structure or the scale of buybacks, where their views may differ.

Engagements involving voting issues related to annual stockholder meetings, also referred to as annual general meetings (AGMs), are attended by equity portfolio managers and research analysts in addition to members of the Investment Stewardship team.

Escalation

Engagements with companies are documented, allowing us to monitor the stage of engagement. There may be times when, despite prolonged engagement, our concerns around managing risks and increasing or preserving the long-term value of the companies we invest in have not been addressed. In these cases, we may undertake the following forms of escalation depending on the circumstances:

- meetings with non-executive directors, a lead independent director or chair;
- voting against management and the non-executive directors;
- communication to the chair or lead independent director disclosing our voting rationale;
- collaboration with other investors or public statements with other investors as appropriate, in accordance with applicable laws and
- reduction in holdings or divestment in certain cases.

It is important to note that securities of companies may be purchased and retained for financial reasons, irrespective of the level of success of engagement activity.

Having reviewed the potential benefits of such action for achieving our engagement objectives, we may escalate concerns if we believe it is in the best long-term interests of our clients. Our approach to escalation considers the facts and circumstances of each specific case. However, we note that voting escalation is principally aimed at equity holdings rather than other asset classes where the opportunity to vote is far rarer. We do not generally differentiate our approach to escalation based on geography or fund type unless there is a valid reason (e.g., our approach to proxy voting for Russian companies following the 2022 invasion of Ukraine).

Our approach to engagement continued

Establishing objectives and evaluating progress

Objectives for engagements are set using a variety of inputs and guidelines, ranging from proprietary analysis and guidance provided by our investment teams, to our global proxy voting guidelines and ongoing input from our regional Proxy Committees and engagement working groups. For example, in collaboration with the relevant JPMAM investment team, the investment stewardship team may identify problematic features incorporated in, or absent from, a company’s executive remuneration plan; the objective of an engagement may be defined as the removal or inclusion of such features.

We monitor engagement progress by setting engagement objectives at the outset and using a documentation system to track the status of the engagement for internal record keeping purposes. Further discussion on engagement tracking can be found in the Engagement Progress and Milestones section.

Engagement Progress and Milestones in 2025

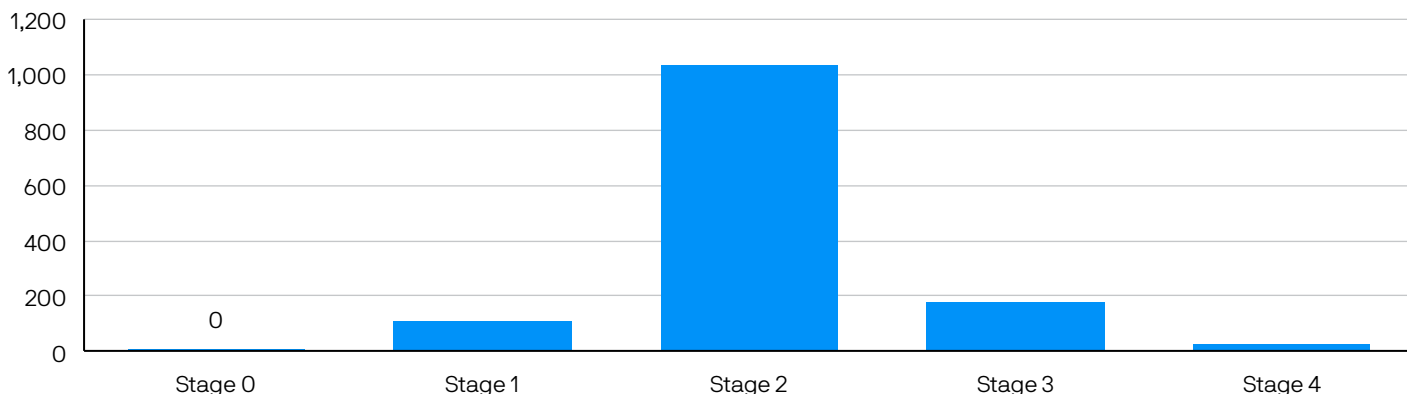
As an active manager, we believe that engagement is an important tool that may help preserve long-term shareholder value for our clients. Our company-specific engagements aim to support oversight of financially material risks and opportunities at portfolio companies; outcomes are not assured. Enhancing the effectiveness of stewardship activities requires robust evaluation of engagement outcomes. JPMAM assesses the progress of engagements using clearly defined milestones. This approach enables us to regularly review the appropriateness of engagement objectives and the identification of key issues, supporting our goal of continuous improvement in the quality of our engagement activities. To help our engagements remain on track and demonstrate progress over time, we have established a four-stage framework for our engagement process, as follows:

- 1** Issues raised to the company
- 2** Issues acknowledged by the company
- 3** The company develops a strategy to address the issues
- 4** The company implements changes and milestones are achieved
- 0** Engagement failed

Our engagement progress in 2025

The chart below shows the stage of different engagements by the end of 2025.

Engagement progress by stage



Source: J.P. Morgan Asset Management, as of December 31, 2025. Note: In cases where there are several engagement themes for one company, engagement milestone for the company is measured against the theme where there was the most progress.

Our approach to engagement continued

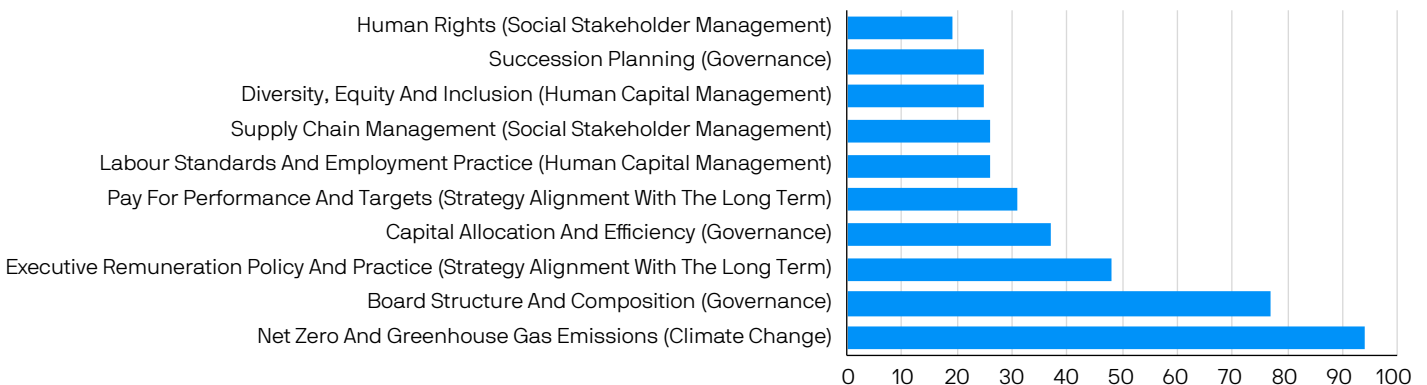
In 2025, the number of engagements that progressed to stages 3 and 4 approximately 200, a similar number to 2024 reflecting steady year on year advancement towards our engagement objectives across regions. Amongst these cases in 2025, the greatest progress was observed in engagements related to governance issues.

We estimate approximately two-fifths of the engagements that progressed to stages 3 and 4 included meetings with Board directors and/or senior executives.

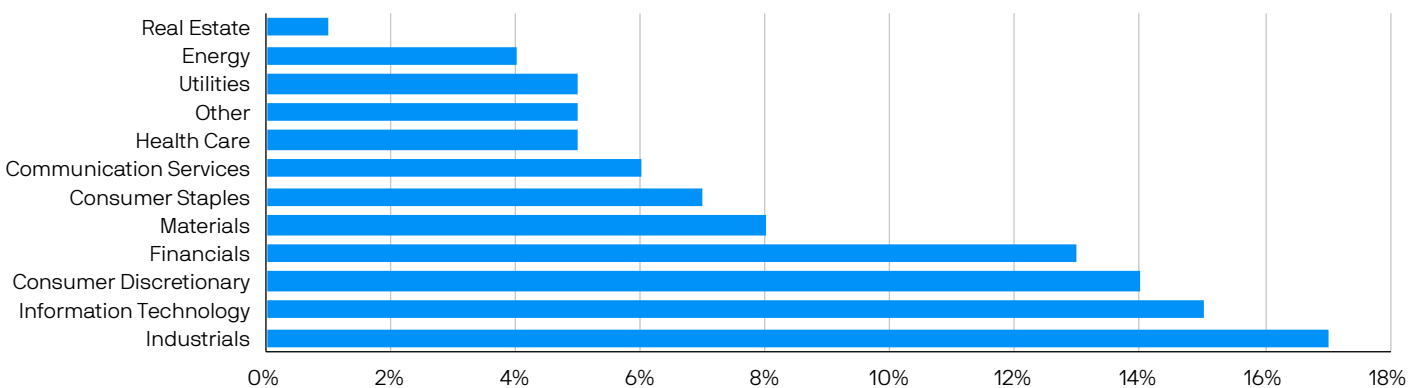
By industry, engagement progress was most notable in industrials and information technology, followed by consumer discretionary. By region, engagement progress was most notable with companies in the consumer discretionary and information technology sectors in the USA, with financials in both EMEA and Asia, and with industrials in Japan, largely reflecting the importance of these industries in each region.

We observed that engagements often progress when our objectives are aligned with our proxy voting decisions. This includes votes on director remuneration, board composition, and climate-related disclosures that enable portfolio managers, research analysts and stewardship specialists to understand financially material risks and opportunities companies may face. Engagements underlying these three themes also saw the largest number of engagement milestones achieved (see Engagements progressed to stages 3 and 4 by sub-themes below). Detailed engagement examples may be found in the [Focus List Engagements](#) section.

Engagements progressed to stages 3 and 4 by sub-themes



Engagements progressed to stages 3 and 4 by sector



Source: J.P. Morgan Asset Management, as of December 31, 2025.

Our approach to engagement continued

Examples of engagement milestones in 2025

| Company | Country | Theme | Milestone detail |
|-----------------------|----------------|---------------------------------------|---|
| Silergy Corp | Cayman Islands | Governance | We have engaged with the company since 2023 on matters of board independence and diversity, including attending the AGM in person and communicating directly with board members. At its 2025 Annual General Meeting, the company reached a significant milestone by establishing a majority-independent board, with 67% of its members now classified as independent, following a thorough identification of the desired skill sets for board composition. Additionally, the company has set an internal target to achieve 30% female representation on the board. ⁶ |
| Ryanair Holdings Plc | Ireland | Climate change | Ryanair had its 2030 interim decarbonisation target approved by the Science Based Targets Initiative (SBTi). In a subsequent engagement, we asked about the company's reliance on offsets to meet its target and learned that they intend on using only high-quality offsets, prioritizing carbon removals where possible, which gave us more comfort in the company's strategy. We will continue to monitor progress towards achievement of the company's interim target. |
| Pernod Ricard SA | France | Strategy alignment with the long term | Since 2024, we engaged Pernod Ricard regarding the significant increase in the award size for the Long Term Incentive Plan (LTIP) proposed in its Remuneration Policy during the 2024 AGM. While we supported the company at the 2024 AGM, we raised questions that the increase in the cap may result in awards creeping upwards over time. We have continued to have a positive and constructive engagement with Pernod Ricard, resulting in improved pay-for-performance alignment in both the long-term incentive grant and the retrospective remuneration report, with the 2025 and 2026 LTIP grants set at 60% of the maximum to address concerns about compensation creep. The company also committed to further enhancing transparency of remuneration targets. |
| Daikin Industries LTD | Japan | Social Stakeholder | Since 2023, we have engaged with Daikin to seek clarification on its involvement with white phosphorus smoke bombs and the risks associated. The company explained that it manufactures defense bullets for training projectiles exclusively for the Self-Defense Forces at the request of the Defense Agency of Japan. In 2025, the company clarified that its sales and manufacturing contract with the Defense Agency had ended. However, as the contract includes procurement through FY2025, supply will be suspended in March 2026. We emphasized the importance of timely disclosure when such contracts are terminated. |
| Coterra Energy Inc | United States | Climate change | We have engaged with the company to provide more disclosure on their approach to emissions since 2024. The company has updated its disclosures to better articulate its approach to emissions reduction in the latest Sustainability Report, while also explaining their approach to target setting. |

⁶ Setting board targets for gender diversity is lawful for companies incorporated in the Cayman Islands, provided these targets are implemented as voluntary goals or "comply-or-explain" policies rather than mandatory, discriminatory quotas.



Proxy Voting

Proxy Voting in 2025

In 2025, proxy voting continued to be an important tool for fulfilling our stewardship responsibilities. Corporate governance continued to be core area of focus with regards to proxy voting. Shareholder activism was an important theme across regions, although activity was down slightly vs 2024.⁷ 2025 saw groundbreaking CEO pay plans as companies continued to push the boundaries of CEO pay. While previously primarily a US phenomenon, this year rising pay quantum became more notable in the rest of the world as well, while continuing to reach new heights in the US. In Japan, the regulator, stock exchange and The Ministry of Economy, Trade and Industry continued a sweep of reforms which provided momentum to our engagements on corporate governance in the country.

2025 saw a significant reduction in the number of environmental and social shareholder proposals reaching the ballot, with the most notable declines in environmental and human capital-related proposals.⁸ In the US, a key factor was new staff guidance from the Securities and Exchange Commission (SEC), which made it easier for companies to remove these proposals from agendas. For another year, market support for these proposals remained much lower than in the years preceding 2024. Our 2024 Annual Investment Stewardship Report highlighted our belief that this trend was a result of three main factors: 1) the proposals with the clearest link to shareholder value having already been submitted and responded to; 2) shareholder proposals becoming more action-based and often overly prescriptive, and 3) shareholder proposals becoming more bundled with multiple asks and lacking clarity as a result. Meanwhile, the number of proposals asking companies to stop undertaking particular actions or policies with respect to environmental, social or governance issues, remained at a similar level to 2024, despite fairly low market support for these proposals.

Finally, in 2025, we enhanced our stewardship and proxy voting capabilities at JPMAM to reduce the perception of undue influence from third parties in our voting as a fiduciary of client assets (see below for more information).

Our 2025 Voting Activity

In 2025, JPMAM voted on 100,672 proposals across 10,182 meetings and opposed management (either voting against or abstaining) approximately 10.5% of the time. JPMAM voted with management on 90,061 proposals and voted against management on 10,611 proposals. We abstained or withheld votes on 2,125 proposals. We voted in support of 1,271 shareholder proposals, including those related to social and environmental issues.

This chapter explores our voting approach to different topics along with case study examples. Our approach is consistently underpinned by a focus on financial materiality and shareholder value. We continued to vote shares held in our clients' portfolios based on our reasonable judgment of what will best serve the long-term interests of our clients.

This chapter does not contain any reference to the recommendations of proxy advisors. All of our voting is consistent with JPMAM's Global Proxy Voting Guidelines,⁹ and in collaboration between our stewardship team and investment professionals. We do not consider the recommendations of proxy advisors as part of our process.

⁷ https://www.olshanlaw.com/media/news/1182_DMI_Proxy_Season_Review_2025.pdf

⁸ <https://corpgov.law.harvard.edu/2025/09/15/2025-proxy-season-review-from-escalation-to-recalibration/>

⁹ [Global Proxy Voting Guidelines](#)

Proxy Voting in 2025 continued

Voting Statistics Table

| | |
|---|---------|
| Number of Votable Meetings | 10,269 |
| Number of Meetings Voted | 10,182 |
| Number of Proposals Voted | 100,672 |
| Number of Shareholder Proposals voted FOR | 1,271 |
| Votes with management | 90,061 |
| Votes against management | 10,611 |
| Abstains | 1,449 |
| Withholds | 676 |

Split votes are reflected in the statistics table once based on the instruction for which the majority of votable shares was applied. There were 2,198 proposals with split votes globally, broken down as 270 in EMEA, 1,769 in Americas, 25 in Japan and 134 in Asia-Pacific ex-Japan. That includes 339 split votes on shareholder proposals, broken down as 3 in EMEA, 326 in Americas, 1 in Japan and 9 in Asia-Pacific ex-Japan. Management and shareholder proposal tables are broken down based on third-party proxy advisor classifications, with some aggregations. Proposals for contested proxies are reflected once based on which proxy card was voted. Meetings are assigned to regions based on the country location of the issuer. This section includes a summary of voting data taken from our proxy adviser. Such information has not been audited.

The changing role of proxy advisors in our voting activity

Last year we continued working to enhance our in-house proxy voting capabilities and to reduce our reliance on third-party proxy voting advisors. We believe that our fundamental research, history voting in line with our proprietary guidelines, and relationships with investee companies position JPMAM to make informed voting decisions in our clients' best interests.

As a result, we made a number of enhancements to our proxy voting process over the year, including:

- Removal of proxy advisor vote recommendations:** Beginning last proxy season, our investment teams and investment stewardship specialists no longer saw proxy voting recommendations from third-party proxy advisors. Our proxy voting decisions are independent and are informed by our own research and engagement with investee companies.
- Development of our internal voting platform:** We have been developing our own internal proxy voting tool within our proprietary Spectrum™ platform. This tool supports stewardship and investment teams in all aspects of voting decision making. We will continue to enhance this internal voting system, inclusive of vote execution capabilities.
- Development of proprietary research and data collection for the U.S.:** Building on decades of in-house, research-driven voting experience, in 2025 we began developing internal research and analytics, to assess filings, aggregate data and summarize research from more than 3,000 US annual company meetings, leveraging AI. This means we no longer use any third-party proxy advisor research and data in the US (as of April 1, 2026) except only for in conflict of interest related or other mandatory/regulatory required delegations.

We believe that these changes showcase JPMAM's dedication to analyzing company proxies based on our own high-quality research. Our votes are cast intentionally, backed by the full breadth and depth of knowledge that exists across our active investment platform.

Proxy Voting in 2025 continued

Voting on Corporate Governance

As long-term investors, we seek to encourage and advocate for the prudent allocation, management, and oversight of capital by companies, with the aim of supporting the generation of long-term value for our clients' portfolios. We anticipate that companies will adeptly deploy the various forms of capital at their disposal through their business models to create long-term value. JPMAM believes that good governance is about safeguarding the integrity of the decision-making processes to enable a company to fulfill its mission through responsible allocation of capital, which can ultimately determine its success or failure.

Prudent capital deployment is supported by a good quality board that demonstrates independence and diversity of skills and experience, as well as by a sound capital allocation philosophy. Through our proxy voting, we aim to encourage these practices and support governance structures that safeguard the decision-making process.

Voting to encourage prudent allocation of capital can take the form of voting in proxy contests (see Phillips 66 case study), and at times also through routine votes (see Korea Investment Holdings case study). An evaluation of the capital allocation strategy, as well as the general quality of the board, is essential in proxy contests. As activism has increased, it has required collaboration between Investment Stewardship specialists and investment professionals to analyze these situations. Investment professionals bring expertise of the company and industry, while Investment Stewardship specialists bring governance and compensation expertise. That collaboration, along with engagement and research into the specifics of each proxy contest, drove our voting decisions for proxy contests in 2025 (see the Shareholder Activism chapter for a deep dive into the theme).

Case Study: Proxy battle at a diversified energy company



Phillips 66



USA



Energy



Equities

Issue

A proxy contest at US diversified energy company Phillips 66 revolved around an activist's proposed separation of the midstream business, monetization of the chemical joint venture CPChem, and a request for improved refinery operations. Later, the activist also advocated for replacing the CEO.

The activist had first launched a campaign in 2023 that was settled with the appointment of one director, the agreement to appoint another mutually agreed upon director (which never materialized), and the disclosure of new financial targets. In 2025, the same activist now sought four board seats as well as the changes outlined above.

Phillips 66 argued against the midstream separation and chemical monetization, citing tax leakage and dis-synergy concerns around a separation of midstream, a lack of buyers for CPChem, and integration value between midstream and refinery operations.

Action

We met with both the activist and the company, and reviewed other information, including SEC filings, campaign materials, and recordings of media appearances.

We believed that Phillips 66's refinery segment had underperformed peers without a clear explanation beyond operational mis-execution and weak cost controls. The company's refinery asset quality did not appear to be the issue. However, Phillips 66 did not acknowledge or admit the need for improved refinery operations. We were less convinced of the need to separate midstream or monetize CPChem.

From a governance perspective, we noted the board's decision to combine the Chairman and CEO roles for a relatively new CEO in early 2024. That decision had come shortly after the first activist campaign and failure to identify the mutually agreed upon director.

continued →

Proxy Voting in 2025 continued

Case Study: Proxy battle at a diversified energy company continued



Phillips 66



USA



Energy



Equities

Outcome

We voted in favor of two of the activist's four nominees, who we believed would bring the required industry-relevant refinery and midstream experiences to the company's boardroom. This approach avoided signaling support for a separation of midstream or a CEO change. Two of the activist's nominees (one which we had supported) were elected to the board.

Case Study: Raising our governance concerns at a Korean investment company



Korea Investment Holdings



Korea



Financials



Equities

Issue

During its 2025 AGM, Korea Investment Holdings, a leading South Korean securities firm, sought shareholder approval for director elections and audit committee appointments. However, there are ongoing concerns about the firm's poor capital management and the lack of improvement in delivering shareholder value. In addition, the board has a combined chairman and CEO role, and yet it does not have a lead independent director which would be important to hold the company accountable when such structures exist.

Action

Due to challenges engaging directly with board directors, we attended the company's AGM in person in order to communicate our concerns to the company's leadership directly. We emphasized the need for the board to address critical issues, such as developing a robust succession plan and adopting a more strategic approach to capital allocation. Specifically, we advocated for the cancellation of treasury shares, and the establishment of a comprehensive shareholder return policy to better align with shareholder interests.

Outcome

We voted against the proposed director elections and audit committee appointments at the 2025 AGM. By opposing the proposals and articulating our concerns in person, we sought to encourage the company to prioritize the development of a transparent succession plan and implement a more effective capital allocation strategy.

Proxy Voting in 2025 continued

Voting on Executive Compensation

In 2025, JPMAM voted against 15% of 10,679 management compensation proposals. Last year's report discussed the lengths we were beginning to see companies go to in order to attract and retain CEOs who they perceived as 'superstars'. That trend only accelerated this year, with record-breaking compensation plans. We evaluated these plans and compensation decisions considering the structure of the package, the prior performance of the CEO, and the perceived risk of the company losing them.

The case studies below demonstrate examples of US companies where we voted in favor of significant pay plans (see Tesla case study), where we voted against (see Citigroup case study) and where we had split votes (see Goldman Sachs and Blackrock case studies). Most notable, as a result of both the magnitude and the press attention the compensation package received, was US electric and autonomous vehicle company Tesla.

Case Study: Voting on record-breaking pay plan at a U.S.-based electric and autonomous vehicle company



Tesla



USA



Consumer Discretionary



Equities

Issue

Ahead of the 2025 AGM, US-based electric and autonomous vehicle company Tesla announced an unprecedented CEO compensation plan. At a high level, the 2025 Performance Award was designed to align executive compensation with performance, with payouts contingent on achieving a specified market capitalization, adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), and strategic product development targets. It was stated that under the terms of the award, the CEO would not receive compensation if the outlined performance goals are not met. The CEO could receive compensation valued as much as \$1 trillion if Tesla achieves all milestones, which include a sixfold increase in Tesla's market capitalization to \$8.5 trillion. Between these extreme outcomes, the CEO would earn a tranche of over 35 million shares upon the achievement of each of the 12 sets of milestones. We also observed that the board has some discretion in the implementation of the plan.

The pay plan was announced at a time when Tesla was experiencing reduced revenue and profit, in part attributed to consumer reactions to the CEO's outside activities over the prior 12 months, and as Tesla faces strong competition in self-driving technology and electric vehicles, an intense race to invest in AI, and a highly dynamic policy environment.

Action

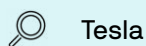
The Investment Stewardship teams worked closely with our portfolio managers and research analysts to review the terms of the compensation plan and jointly participated in four engagements with Tesla ahead of the AGM. During our meetings, JPMAM inquired about the Board's approach to CEO incentives, pay for performance alignment, and the Board's rationale for discretion in the pay plan.

We communicated our concerns to a majority of the Board members including the Board Chair, the other Special Committee member who oversaw the creation of the 2025 Performance Award, and the Chair of the Nominating/Governance and Compensation Committees. We noted that the plan could result in significant compensation for the CEO even in scenarios of moderate performance - for example, the 10-year compound annual growth rate required to reach the first market capitalization target is only 7% (setting aside other operational targets). At the same time, a single tranche payout had an estimated value of over \$15 billion as of the AGM date. In comparison, the average pay for seven other CEOs of trillion-dollar market cap technology companies was \$239 million. Combined, the five-year granted pay for these seven other CEOs was less than \$1.7 billion.

continued →

Proxy Voting in 2025 continued

Case Study: Voting on record-breaking pay plan at a U.S.-based electric and autonomous vehicle company continued



Tesla



USA



Consumer Discretionary



Equities

JPMAM also raised the concern that the achievement of the milestones would dilute existing shareholders by 12%, when the significance of the CEO's requested 25% voting power was unclear. For example, the CEO's stock sales in the past, used to fund his acquisition of Twitter (X), notably reduced his Tesla holdings.

We learned that the Board sought to balance the CEO's interest in reaching 25% voting power in Tesla, which is on the basis of supporting stability as the company enters new markets and introduces new technologies, with dilution to existing shareholders. The Board noted that the overall plan creates substantial shareholder value and includes important retention elements, such as a requirement of 7.5 to 10 years of service for the CEO's full award to vest. The Board discussed limitations on possible alternative solutions and Tesla's General Counsel noted that state corporate laws and exchange listing rules prevented the company from introducing a super-voting share class, which would have been a less dilutive way of providing the CEO with the desired voting power.

Outcome

Ultimately, after extensive internal discussion, JPMAM voted in favor of the 2025 plan. We determined that the pay plan is entrepreneurial and aligned with shareholder interests. We also concluded that the CEO, who is closely associated with Tesla's post-IPO 400% increase in stock price, is likely the only individual who could potentially meet the compensation plan's more ambitious performance goals and we believe the potential dilution is outweighed by the potential increase in shareholder value, even in moderate performance scenarios.

We recognized the CEO's desire to reach 25% ownership and acknowledged that the retention aspects of the plan align with the interests of long-term shareholders. We agreed that the Board had limited flexibility in structuring the plan. We also understood the importance of Board discretion in implementing the plan given its 10-year performance period, the highly dynamic competitive and technological landscape, and the Board's fiduciary duties.

The pay plan was approved with 79% support from Tesla shareholders.

Proxy Voting in 2025 continued

Case Study: Assessing pay for performance at a U.S. bank



Citigroup



USA



Financials



Equities

Issue

US financial firm Citigroup's board awarded its CEO pay of \$34.5 million in 2024, up from \$26 million in 2023. This CEO pay level matched that of its peer Bank of America, coming close to Goldman Sachs's \$39 million. It exceeded peer Wells Fargo by \$4 million. Meanwhile Citigroup's annualized total shareholder value had been 2% since the CEO took charge in March 2021, compared to 11% for the S&P 500 Financials Index. Shares have compounded at 7.5% since the end of 2021 (allowing some grace period for the new CEO to settle in). This is close to the sector mean, but not exceptional.

Action

We engaged with the company, including board members, ahead of the AGM to discuss these concerns. We asked questions about stock performance, given the stock has not performed well compared to peers, and about the success of their in-progress business transformation. Even though the CEO has done well streamlining the reporting structure and selling or closing some businesses, the company seemed to be struggling with control failures. The latter had led to lowering of intermediate-term Return on Tangible Common Equity (ROTCE) targets.

The board expressed confidence in the CEO's performance, citing the simplification of the organization and the talent she has brought into the company. We noted Wells Fargo has had its own control issues but seems to be having more success fixing them, but the board pointed out that Wells Fargo has a simpler business and has had more time to fix their issues. Meanwhile, they explained that they wanted the CEO's pay to be brought nearer peer median, noting how pay had lagged last year after several banks significantly increased their CEO pay.

We also noted that the company had changed their performance share plan metric from absolute ROTCE to relative ROTCE improvement versus peer group. This seemed opportunistic, as Citigroup's ROTCE was at the bottom of the peer group with more room for improvement.

Outcome

We voted against the pay plan, believing that the company's performance since the CEO had started did not justify the lofty pay levels. We believed the transformation was a critical priority, and it was not progressing in line with expectations. It also appeared to not be progressing in line with the board's own expectations, as all three tranches of a special three-year Transformation Bonus Program pay plan paid out below target. The say on pay proposal received 91.5% support overall.

Proxy Voting in 2025 continued

Case Study: Differing views on pay packages at two U.S. financial services companies



Goldman Sachs and Blackrock



USA



Financials



Equities

Issue

At the beginning of 2025, we noted similar compensation packages disclosed by US financial service companies Goldman Sachs Group and Blackrock. In January, Goldman Sachs announced that the CEO and Chief Operations Officer (COO) had received \$80 million time-based retention Restricted Share Unit (RSU) grants, and that the top executives would receive a portion of their annual bonus in the form of carried interest in funds following private investing strategies. A month later, BlackRock announced that their CEO would also receive a portion of his compensation in the form of carried interest.

Action

We engaged with both companies in the lead-up to their AGM to discuss our concerns. For Goldman Sachs, we noted that we were not sure why the award was necessary for the CEO and were concerned about the fact that the award was not linked to performance. For both companies, we questioned the logic of the carried interest plan when the top executives do not directly control the performance of those funds, and we were concerned that the carried interest payouts would come to dominate the compensation plan for these companies, when private fund performance would not drive the stock performance. We recognized that these funds were more financially material to BlackRock than to Goldman Sachs, which has a more diversified business.

In our engagement, Goldman Sachs articulated the legitimate retention risk for the COO but not the CEO. However, they emphasized their desire to treat both executives in the same way. They were also able to assuage our concerns about the payouts for the carried interest plan by providing approximate figures for what these payouts might be. BlackRock provided less of a numerical framework for what the carried interest payouts would look like but took our feedback asking for that information for further consideration.

Outcome

Different JPMAM portfolio managers had differing views on the pay package at Goldman Sachs, resulting in split votes. Some holders of Goldman Sachs decided to support the plan due to the clear retention risk regarding the COO. Others more heavily weighted the concerns around the grant to the CEO and voted against the say-on-pay proposal itself. At BlackRock, we chose to support the say-on-pay due to lack of any trailing pay-for-performance misalignment but reflected our concerns about the carried interest plan by voting against the Compensation Committee Chairman. The say-on-pay votes at Goldman Sachs and BlackRock received 66% and 68% support, respectively.

These notable increases in executive pay were not exclusive to US companies but were also seen in Europe and Japan, with pay packages increasingly being benchmarked against those of US peers. More detail is provided in the case studies below.

Proxy Voting in 2025 continued

Case Study: Voting on increased pay at a Dutch semiconductor equipment manufacturer



ASML Holding



Netherlands



Information Technology



Equities

Issue

ASML, the Dutch semiconductor equipment manufacturer, proposed significant increases to its CEO remuneration package at its AGM in April 2025. The main changes were to the maximum annual bonus opportunity, which was set to rise from 180% to 225% of base salary, and to the Long-term Incentive Plan maximum, which was increasing from 400% to 700% of base salary, with the possibility of extending to 900% in business-critical circumstances.

Action

Prior to the AGM, we engaged with ASML to discuss the proposed policy updates. We noted the company's recent benchmarking process, which included a selection of its US peers, however they had chosen to cap the weighting of US companies at 33% of the total peer group. According to ASML, this was done to ensure competitiveness in a global market whilst also balancing local market pay practices. In addition, we recognized the increase in the size and complexity of ASML's business since their last benchmarking exercise in 2021. We discussed the performance metrics and target-setting process to gain a better understanding of how the policy aligns with the company's strategic objectives and were satisfied with the rigor and iterative nature of the process as the company explained it.

Outcome

We voted in support of ASML's proposed remuneration policy. Despite the increases, the CEO's total pay would be positioned around the lower quartile of the new reference group. In addition, ASML has a good track record of setting challenging performance targets, which ensures that maximum payouts are only achieved with exceptional performance. We felt confident following our engagement that the company's compensation practices continue to be guided by this approach. The increases to pay will be phased in gradually over three years, which we also took into consideration.

Proxy Voting in 2025 continued

Case Study: Voting on one of the highest compensation packages in Japan



Takeda Pharmaceutical



Japan



Health Care



Equities

Issue

Japanese pharmaceutical company Takeda Pharmaceutical sought shareholder approval to pay annual bonuses to the CEO and the president of Research and Development (R&D) at the 2025 AGM. The company pays one of the highest executive compensation packages in Japan, which is disproportionately high relative to their declining market capitalization. We believed that Takeda's short-term incentive (STI) scheme did not accurately reflect shareholder value creation because the plan places more importance on the magnitude of overall sales and profits than on incremental core revenue from growth and launched products.

Action

At the 2024 AGM, we voted against the company-proposed annual bonus, as well as the reelection of the directors on the compensation committee, in response to the excessively generous STI and Long-Term Incentive (LTI) Performance Share Units (PSU) awards payout compared to the poor R&D progress. In several follow-up engagements with the company after last year's AGM, we addressed the inadequate explanation underpinning management incentives and their misalignment with the market evaluation of key products, which critically influence the market's assessment of a new drug manufacturer.

In response, Takeda revised the LTI-PSU metrics to include 'key events' representing critical pipeline milestones, such as filings in major regions, pivotal studies, or other key study readouts, as new key performance indicators (KPIs). Additionally, a Scientific Advisory Group, composed of three independent directors, has been instated within the compensation committee and has supplemented the qualitative evaluations of R&D performance.

Whilst we acknowledge the company's efforts to increase disclosure on the metrics for the LTI-PSU scheme, significant issues in the STI architecture still persist. First, the weighting of incremental revenue from key products is too small at 15%, while the weighting of total revenue and total operating profit is too high at 40% and 45%, respectively, allowing for payout scores of up to 175% and 200%. Second, despite the fact that the FY2024 total sales target was only exceeded due to external factors, such as delays in the supply of generic products. No appropriate adjustments were made in the calculation of both STI and LTI-PSU to reflect this. Considering these factors, we believed that the high bonus could not be justified.

Outcome

We voted against the proposed annual bonus, as well as the re-election of the compensation committee members, to urge a redesign of the STI scheme. At the 2025 AGM in June, the support ratio for the annual bonus decreased to 67% from last year's 73%. The three outside directors on the compensation committee also received less support for their re-election compared to 2024, with approval rates ranging from 88% to 91%. We will continue to engage with the company encouraging further improvements of the executive compensation scheme.

Proxy Voting in 2025 continued

Voting on Environmental and Social issues

Voting on Climate Change

As a global asset manager, JPMAM believes climate change and the transition to a low-carbon economy present material financial risks and opportunities to companies around the world, and therefore to our clients' investment portfolios. We encourage companies to identify and address both financially material physical climate risks and transition risks. The nature and timing of these risks materializing is becoming more uncertain due to an increasingly unpredictable policy environment in many jurisdictions.

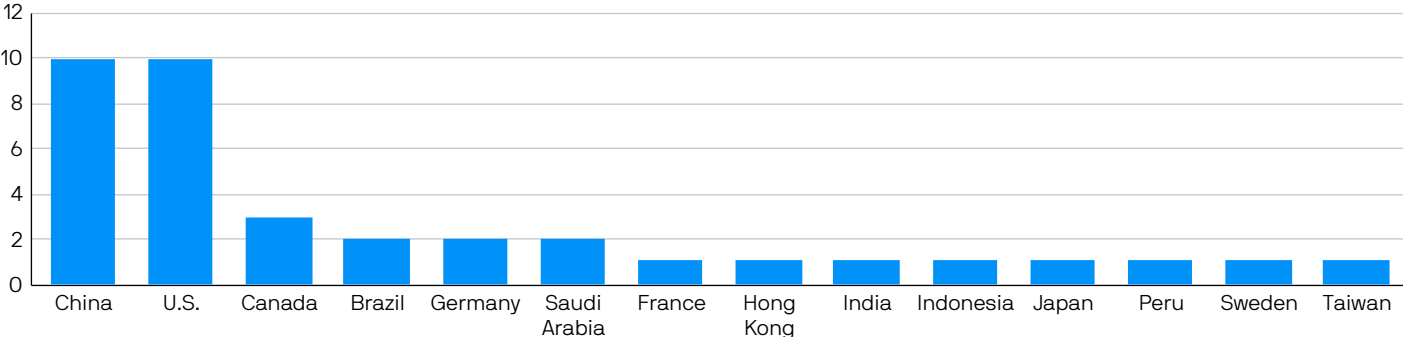
Our voting policies are designed to promote the long-term interests of our client accounts. As such, we may consider climate risk when voting in director elections, executive compensation or other management resolutions, where a company is not addressing the material risks it faces because of climate change.

Our Global Proxy-Voting Guidelines,¹⁰ outline our approach to voting on issues related to the management of financially material climate risks. These guidelines reflect our conviction that climate change could pose a material risk to our clients' accounts, as well as our experience evaluating climate risk as part of voting proxies in recent years.

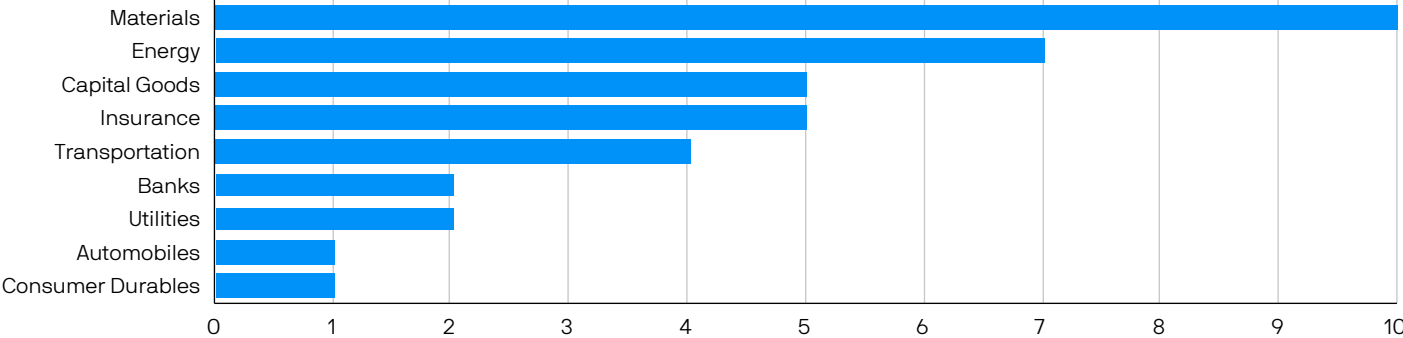
The guidelines make clear that we encourage disclosures of minimum climate-related indicators by companies in sectors particularly exposed to financially material climate risks. JPMAM may vote against the directors of relevant committees of companies where these are not available or meaningful (see full guidelines for further details).

In 2025 we voted against directors at 37 companies globally on the grounds of climate-related concerns.

Votes against directors for climate related issues by country



Votes against directors for climate related issues by industry



Source: J.P. Morgan Asset Management, as of December 31, 2025.

¹⁰ <https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/institutional/communications/lux-communication/corporate-governance-principles-and-voting-guidelines.pdf>

Proxy Voting in 2025 continued

Case Study: Voting against directors at U.S. energy company for inadequate climate risk disclosure



Targa Resources



USA



Energy



Equities

Issue

U.S. midstream company Targa Resources did not provide substantial disclosures aligned with the reporting structure recommended by the Task Force on Climate-related Disclosures (TCFD), including scenario analysis. While their sustainability reporting included an index which mapped their reporting onto the TCFD framework, we did not believe their reporting answered the questions comprehensively, such as how business planning might change in different demand scenarios. Since we believe that climate change risks pose material risks to Targa's business, we would value enhanced reporting on this issue.

Action

We engaged with Targa on their climate-related disclosures. We highlighted the addition to our proxy voting guidelines last year that covered climate risk, including how the guidelines stated our expectations that companies materially exposed to climate risk (such as Targa itself) provide comprehensive TCFD reporting, including scenario analysis.

Targa acknowledged that they have not provided such disclosures but also stated that they have begun exploring the potential for doing so. They also explained how they considered material risks every year as part of their risk assessment. They highlighted the actions they were taking to reduce methane emissions, such as use of Optical Gas Imaging cameras, flyovers and satellites to detect methane emissions and more quickly repair leaks. They had joined ONE Future¹¹ (a coalition of natural gas companies working collaboratively to reduce methane emissions) back in 2021, where Targa now serves as a co-chair of the technical committee.

We asked if there was enough ambition in the methane intensity goals required for ONE Future to manage the associated risks effectively. Targa acknowledged that those goals were originally set ten years ago and will be made more ambitious when they are updated soon. They were originally predicated on the natural gas value chain needing a leak rate <1% for the chain to have a better emissions profile than coal. They will soon incorporate real measurement data and 'methane slip' calculations given advancements in these areas.

Outcome

As a result of our concerns about Targa's TCFD reporting, we voted against a member of the board's Sustainability Committee, which has oversight of these issues. We recognize the steps the company is taking to reduce methane emissions, but we believe they should provide investors with more information on how they are managing climate-related risks. We will continue to engage with them on the issue.

¹¹ <https://onefuture.us/>

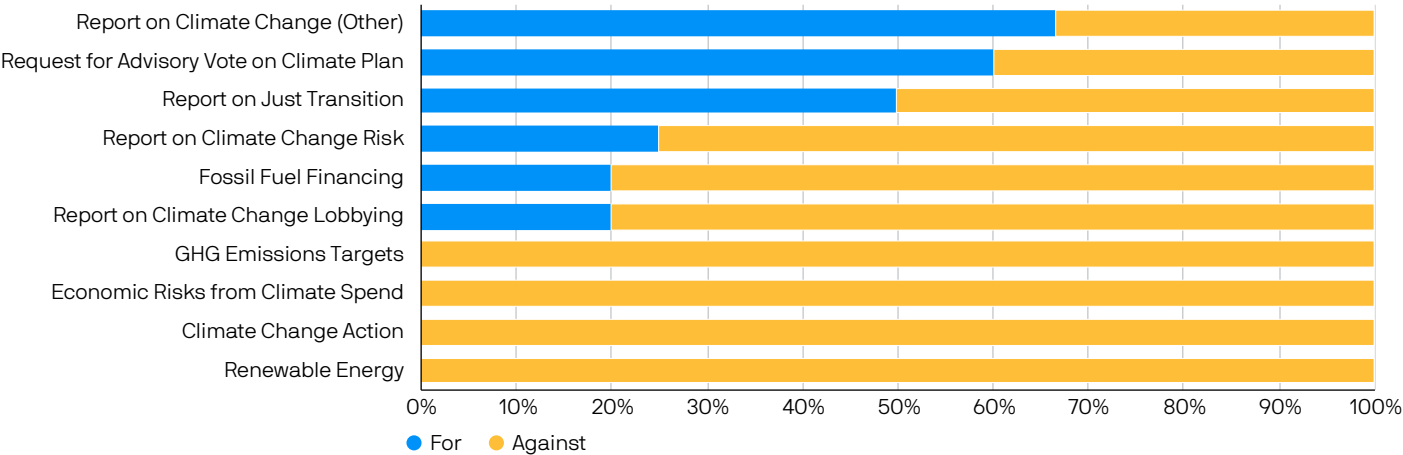
Proxy Voting in 2025 continued

Climate-related shareholder resolutions

We voted in favor of 20 climate-related shareholder resolutions globally in 2025, reflecting a decrease in overall support for these resolutions. We continued to evaluate shareholder proposals on a case-by-case basis, tending to vote against proposals which are overly prescriptive, or which may create unintended consequences for long-term shareholders. We have also seen many companies making improvements in disclosures which has meant escalation of concerns via support of shareholder resolutions did not appear to be necessary. We consider the most helpful resolutions to be those which are worded in a way that gives the company the ability to select the strategy which it considers most effective for achieving the resolution’s intended outcome (see Mitsubishi Corp case study).

In 2025, the number of climate-related shareholder proposals voted at U.S. companies dropped significantly in the face of evolving regulatory guidance, as the SEC rescinded guidance which prevented companies excluding proposals from the ballot.

Climate-related shareholder proposals



Source: J.P. Morgan Asset Management, as of December 31, 2025.

Proxy Voting in 2025 continued

Case Study: Voting on a climate change-related shareholder proposal at a Japanese industrial company



Mitsubishi Corp



Japan



Industrials



Equities

Issue

In June 2025, a coalition of climate-focused organizations - Market Forces, Kiko Network, and Friends of the Earth Japan - submitted two shareholder proposals at Mitsubishi's AGM. The proponents argued that the company's current disclosures did not provide shareholders with adequate information to evaluate how the company monitors and manages material risks, particularly those related to climate change. Accordingly, the first shareholder proposal requested the audit committee publish detailed findings on the company's climate change-related audits. The second proposal called for the company to disclose the potential financial impact should it fail to achieve its 1.5°C climate target. We engaged with the company to understand the robustness of its governance and preparedness to address potential long-term risks.

Action

We engaged with the company to discuss these shareholder proposals in detail. Regarding the first proposal, the company explained that the audit committee defines the scope and subjects of its audits and discloses its activities as appropriate, including in the annual securities report and integrated report. The company further clarified that sustainability is considered a material topic for audit, and the effectiveness of the committee is evaluated by its members. Additionally, through discussions with independent directors, we sought reassurance that audit activities are conducted thoroughly and their results are utilized effectively. We encouraged the company to enhance their disclosures on sustainability-related auditing.

For the second proposal concerning the 1.5°C target, we noted that the company does not currently disclose the potential financial impact of climate-related risks. We requested that the company provide this information ahead of the mandatory disclosure requirement, which will take effect for the fiscal year ending March 2027, as risks and opportunities related to climate change is identified as material to its business by the company. However, the current disclosure in the TCFD report does not sufficiently explain the business impact. We suggested that the company begin with sectors where climate risk is most material, but the company countered that third-party audit requirements further complicate the issue.

Outcome

Following our engagement, we voted against the first proposal, as the company already discloses how the audit committee addresses financial risks, including sustainability risks, and has committed to ongoing improvement in their disclosures. However, we supported the second proposal, as the company does not currently provide quantitative information regarding the financial impacts of climate risks. We believe that supporting this proposal will help advance the company's disclosure practices and improve transparency for shareholders. At the AGM, the first proposal received 3.5% support, while the second proposal received 8.2% support.

Proxy Voting in 2025 continued

Voting on Natural Capital

According to the World Economic Forum, over half of global Gross Domestic Product (GDP) is dependent on nature.¹² The depletion or loss of natural capital – including ecosystem services such as clean air and water, fertile soil, pollination, and natural capital assets such as natural carbon sinks - due to overconsumption, environmental degradation and pollution presents a systemic risk and economic impact to businesses and the global economy.

Meanwhile, different jurisdictions are implementing regulations intended to halt nature loss, further increasing potential financial risks for companies. For example, seven US states have enacted comprehensive Extended Producer Responsibility (EPR) laws, placing financial responsibility for the entire lifecycle of plastic waste management on the producer.

In 2025, we continued to see shareholder proposals related to natural capital. We supported these proposals where we believed the issue in the proposal represented a financially material risk and that the company was not sufficiently managing the issue. In total, JPMAM supported 4 natural capital shareholder proposals in 2025.

Case Study: Voting on a natural capital shareholder proposal at a U.S. home improvement retailer



Home Depot



USA



Consumer Discretionary



Equities

Issue

U.S. home improvement retailer Home Depot received a shareholder proposal asking for a report on how the company could make their plastic packaging recyclable or reusable.

Action

We reached out to the company to clarify their current approach to plastic management, noting that the company does not disclose its absolute plastic footprint. While we welcomed their absolute virgin plastic reduction target, which aims to reduce 200 million pounds¹³ of virgin plastic by 2028, it is difficult to contextualize the target's materiality as the company currently does not disclose their total plastic use. Without this information, investors cannot assess the significance of the reduction compared to peers. The company did not provide a full answer in our meeting; they said that they take a risk-based approach, that they only track the plastic flowing into their products, and that they do not see the need to disclose the total footprint.

We noted Home Depot's lack of participation in pro-competitive multi-stakeholder initiatives. We view such initiatives as useful considering the systemic nature of the circular economy challenge, such as the need for improved recycling infrastructure and technological breakthroughs to increase product circularity. The company also could not articulate any specific industry initiatives in which it participates, whereas other retail players have much clearer disclosure. They said that in areas with EPR laws, their regulatory team engages with the relevant states. Finally, the company said they have a packaging team which has been active for several years, but there was no further discussion about its size, capacity and resources dedicated to this topic.

Outcome

Considering the lack of evidence provided by the company on their actions to address regulatory risks linked to plastic production and increase product circularity, we supported the shareholder proposal. We believed that, as US states implement EPR laws, the proposal would help investors understand the scale of potential costs and corresponding impacts to profitability, that could result from these laws, and how the company could work to mitigate them. The plastics-related shareholder proposal received 17% support overall.

¹² https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

¹³ Approximately 90.7 million kg.

Proxy Voting in 2025 continued

Voting on Social Issues

We believe that an engaged, diverse workforce is integral to a company's ability to deliver strong shareholder returns, by enabling innovation and the ability to more effectively address customer demand across the communities in which the company operates. At the same time, failure to manage human capital risks can negatively impact a company's stock price as well as its relationship with the workforce, local communities, and other stakeholders. Generating long-term returns also requires a company's leadership to take into account the broader network of relationships in which it operates. This includes shareholders, suppliers, customers and surrounding communities. Voting on social issues in 2025 touched on a number of these issues impacting the companies we invest in, including Diversity, Equity, and Inclusion (DEI),¹⁴ wider human capital management risks, and social risks related to AI.

We continued to observe a large number of shareholder proposals related to diversity disclosures, including an increasing number from proponents seeking to limit companies' DEI initiatives. In an increasingly dynamic policy environment, DEI-related human capital management issues can present complex risks. For example, companies' management of DEI issues among their own workforce can influence its reputation with various stakeholder groups, which in turn may affect customer loyalty and hence financial performance. In situations where we felt that such risks were financially material, and were being mismanaged by the company, we voted against management. This included supporting shareholder proposals, as well as voting against directors with oversight of the issues (see Target case study). Where we determined that DEI-related risks were financially material and not being managed effectively (as opposed to being mismanaged), we engaged with management to communicate our concerns. In cases where our concerns were not addressed by management, we voted against management proposals to signal the need for improved oversight and disclosure.

Companies clearly demonstrate their commitment to their workforce through their approach to compensation and benefits, opportunities for advancement, workplace safety, equal employment opportunities and inclusion, and a fair and positive work culture. We continue to see shareholder proposals related to the management of these topics, (see Marks & Spencer case study).

Meanwhile, risks related to AI and technology remained top of mind for investors, and the number of shareholder proposals related to this emerging theme continues to grow. Poor management of AI-related risks may result in reputational damage, regulatory penalties, and loss of business, especially as local and global regulation of AI continues to evolve. We supported several of these proposals, considering them on a case-by-case basis in view of how each company managed the issues (see Alphabet case study, and the AI thematic engagement chapter for a deeper dive on the theme).

In total, JPMAM supported 15 social proposals in 2025.

¹⁴ At JPMorganChase we use the term Diversity, Opportunity and Inclusion.

Proxy Voting in 2025 continued

Case Study: Voting at US retailer around the mismanagement of diversity risks



Target



USA



Consumer Discretionary



Equities

Issue

A shareholder proposal at US retailer Target requested that the company issue a report assessing risks related to the Company's affirmative action initiatives with respect to real or perceived discrimination.

Action

We understood that the practices highlighted by the proponent, such as supplier spending targets with Black-owned businesses, had in fact been stopped in January 2025, when the company rolled back some of its Diversity, Equity, and Inclusion (DEI) initiatives. The company instead chose to focus more on belonging and inclusion for all employees/guests.

However, we also observed what we viewed as mismanagement of DEI-related issues by Target over the prior two years. In the summer of 2023, the release of a Pride Month merchandise collection at Target stores resulted in a store boycott by conservative customers. Following this, the rollback of DEI plans at the beginning of 2025 resulted in boycotts from liberal customer groups. These boycotts led to a visible decline in foot traffic and loss of market share.

While we recognize the challenges of navigating social issues in a polarized political environment, we believed Target alienated numerous customer groups aligned with both sides of these issues in a way its competitors had avoided.

Outcome

Ultimately, we voted against the shareholder proposal. We believed that it raised concerns that warranted board attention but considered that the publication of a report on discrimination risks might actually subject shareholders to financial harm given ongoing lawsuits related to Target's DEI policies. However, we also voted against the Chair of the Compensation & Human Capital Management Committee, which has oversight for DEI strategy, to reflect our customer alienation concerns. The shareholder proposal received 7% support overall.

Proxy Voting in 2025 continued

Case Study: Voting on human capital management risks at a UK retailer



Marks & Spencer



UK



Consumer Discretionary



Equities

Issue

Marks & Spencer Group Plc received a shareholder proposal at their 2025 AGM requesting disclosure related to employee, contractor and third-party wages and turnover rates, as well as a cost-benefit analysis of implementing the Real Living Wage; a voluntary wage rate, calculated by the Living Wage Foundation based on the actual cost of living across the UK. The proponent filed similar shareholder proposals at two other UK retailers.

Action

When we met with the company, representatives expressed surprise over the proposal, noting wages and comprehensive benefits for their direct employees are positioned competitively against peers and are already aligned with The Real Living Wage rate. Over the past few years, Marks & Spencer has invested substantially in pay for their retail employees, with standard hourly rates increasing by 26 percent since 2022. Another aspect of the proposal focused on employee turnover disclosure, something that we believe can provide useful insight into labour practices and employee sentiment. Excessively high turnover may reduce overall profitability, liquidity and long-term growth prospects as companies face increased training, hiring and labour costs and ultimately lower output and revenue. We expressed to the company that year-on-year employee turnover data may offer meaningful insight. Marks & Spencer highlighted that high turnover figures are affected by seasonal work and prefer using their employee engagement survey, where they consistently receive positive scores. Nevertheless, they indicated an openness to disclosing year-on-year changes if shareholders deemed it beneficial.

Outcome

We voted against the shareholder proposal, noting that the company already compared well on pay levels when compared to peers and the Real Living Wage. Marks & Spencer provide comprehensive disclosure on labour practices and acknowledged feedback on employee turnover data. The proposal received 30.7% support, and further disclosure related to wage transparency will be kept under review.

Proxy Voting in 2025 continued

Case Study: Voting on consumer data protection at a U.S. technology company



Alphabet



USA



Information Technology



Equities

Issue

US technology company Alphabet continues to face multiple investigations and lawsuits and has received several fines related to the collection and sharing of their users' (including children's) personal information without consent. The information included location data, biometrics, and voice-activated recordings. The latest fine, amounting to USD 1.4 billion, was imposed by the state of Texas in May 2025. In addition, AI regulations globally continue to evolve, including the upcoming EU AI Act. This year, Alphabet received six shareholder proposals related to their usage and oversight of AI, as well as the impact of the AI they use.

Action

We engaged with the company ahead of their AGM on board-level AI oversight and their management of its AI's impact. We inquired about the board's expertise in AI to enable effective oversight. The company highlighted the technical expertise possessed by the founders and various board members, but there was a lack of discussion regarding board expertise in legal, ethical, and other aspects that are equally important for overseeing this complex topic. As the company continues to develop AI, including generative AI products, we believe more disclosure related to their AI data usage oversight would be beneficial.

We had supported the proposal on online child safety in 2024 because of the lack of publicly available performance metrics regarding child safety and harm reduction to let investors assess the effectiveness of Alphabet's announced tools, policies, and actions. Our concerns remain, as the company has not improved their disclosure on this in the past year. At the meeting, the company could not comment on their qualitative assessment of the effectiveness of their policies and measures, including the age verification process for YouTube accounts. In our view, Alphabet's disclosed quantitative metrics were not sufficient for us to conclude that the company is effectively managing the issue.

Outcome

Considering the mixed engagement insights, we decided to support the shareholder proposal related to AI data usage oversight, as well as another one concerning online child safety. We believe the company needs to provide more concrete evidence of the board's effective oversight of AI, including generative AI, and offer qualitative and quantitative reflections on the company's effectiveness in addressing online child safety. That will help mitigate the risks of potential future fines, lawsuits, and strict regulatory oversight, all of which could impact the firm's long-term profitability.

Neither of the AI shareholder proposals that we supported passed. The shareholder proposal related to AI data usage oversight received approximately 12% support, while the one related to online child safety received approximately 9% support. We will continue to engage with Alphabet on responsible AI.

Proxy Voting in 2025 continued

Full Voting Statistics

| | Global | % | EMEA | % | Americas | % | Japan | % | Asia ex-Japan | % |
|---|---------|--------|--------|--------|----------|--------|-------|---------|---------------|--------|
| Total Meetings | 10,281 | | 1,975 | | 3,766 | | 454 | | 4,086 | |
| Votable Meetings (Have a Votable Proposal) | 10,269 | | 1,968 | | 3,764 | | 454 | | 4,083 | |
| Meetings Voted | 10,182 | 99.15% | 1,894 | 96.24% | 3,759 | 99.87% | 454 | 100.00% | 4,075 | 99.80% |
| Total Proposals | 103,752 | | 32,216 | | 34,296 | | 5,366 | | 31,874 | |
| Votable Proposals | 101,598 | | 30,281 | | 34,154 | | 5,366 | | 31,797 | |
| Proposals Voted | 100,672 | 99.09% | 29,683 | 98.03% | 33,958 | 99.43% | 5,366 | 100.00% | 31,665 | 99.58% |
| Shareholder Proposals voted FOR | 1,271 | | 111 | | 200 | | 45 | | 915 | |
| With Management | 90,061 | 89.46% | 28,255 | 95.19% | 31,937 | 94.05% | 4,249 | 79.18% | 25,620 | 80.91% |
| Against Management | 10,611 | 10.54% | 1,428 | 4.81% | 2,021 | 5.95% | 1,117 | 20.82% | 6,045 | 19.09% |
| Abstains | 1,449 | 1.44% | 731 | 2.46% | 389 | 1.15% | – | – % | 329 | 1.04% |
| Withholds | 676 | 0.67% | 2 | 0.01% | 660 | 1.94% | – | – % | 14 | 0.04% |
| Abstains plus Withholds | 2,125 | 2.11% | 733 | 2.47% | 1,049 | 3.09% | – | – % | 343 | 1.08% |

Source: J.P. Morgan Asset Management, as of December 31, 2025.

Proxy Voting in 2025 continued

Management proposals

| | | Global | EMEA | Americas | Japan | Asia-Pacific ex Japan |
|---------------------------------|-------------|--------|--------|----------|-------|-----------------------|
| Director Elections | Support | 36,805 | 7,402 | 21,413 | 3,211 | 4,779 |
| | Not Support | 3,214 | 311 | 982 | 942 | 979 |
| | Abstain | 963 | 723 | 220 | - | 20 |
| Director-related | Support | 5,523 | 3,464 | 634 | 291 | 1,134 |
| | Not Support | 986 | 85 | 214 | 25 | 662 |
| | Abstain | 407 | 3 | 119 | - | 285 |
| Compensation | Support | 9,077 | 3,405 | 3,330 | 238 | 2,104 |
| | Not Support | 1,600 | 539 | 537 | 17 | 507 |
| | Abstain | 2 | 2 | - | - | - |
| Capitalization | Support | 8,055 | 3,830 | 423 | 2 | 3,800 |
| | Not Support | 676 | 178 | 16 | 5 | 477 |
| | Abstain | - | - | - | - | - |
| Mergers & Transactions | Support | 4,702 | 1,289 | 665 | 7 | 2,741 |
| | Not Support | 1,045 | 89 | 46 | 2 | 908 |
| | Abstain | 3 | 1 | 2 | - | - |
| Company Articles | Support | 2,416 | 444 | 264 | 98 | 1,610 |
| | Not Support | 1,232 | 38 | 22 | 14 | 1,158 |
| | Abstain | 14 | - | - | - | 14 |
| Routine Business/ Miscellaneous | Support | 19,240 | 6,732 | 3,888 | 229 | 8,391 |
| | Not Support | 1,076 | 163 | 60 | 67 | 786 |
| | Abstain | 12 | - | 9 | - | 3 |
| Environmental & Social | Support | 434 | 393 | 11 | - | 30 |
| | Not Support | 46 | 33 | - | - | 13 |
| | Abstain | - | - | - | - | - |
| Other | Support | 202 | 123 | 63 | - | 16 |
| | Not Support | 47 | 43 | 3 | - | 1 |
| | Abstain | 4 | - | 4 | - | - |
| Total | Support | 86,454 | 27,082 | 30,691 | 4,076 | 24,605 |
| | Not Support | 9,922 | 1,479 | 1,880 | 1,072 | 5,491 |
| | Abstain | 1,405 | 729 | 354 | - | 322 |

Source: J.P. Morgan Asset Management, as of December 31, 2025.

Proxy Voting in 2025 continued

Shareholder proposals

| | | Global | EMEA | Americas | Japan | Asia-Pacific ex Japan |
|--------------------------------|-------------|--------|------|----------|-------|-----------------------|
| Environmental | Support | 24 | 0 | 14 | 8 | 2 |
| | Not Support | 155 | 18 | 88 | 38 | 11 |
| | Abstain | 0 | 0 | 0 | 0 | 0 |
| Social | Support | 15 | 0 | 14 | 1 | 0 |
| | Not Support | 188 | 9 | 176 | 2 | 1 |
| | Abstain | 1 | 1 | 0 | 0 | 0 |
| Director Elections | Support | 657 | 32 | 53 | 5 | 567 |
| | Not Support | 367 | 102 | 35 | 33 | 197 |
| | Abstain | 33 | 1 | 32 | 0 | 0 |
| Director-related | Support | 64 | 34 | 20 | 4 | 6 |
| | Not Support | 80 | 19 | 42 | 18 | 1 |
| | Abstain | 0 | 0 | 0 | 0 | 0 |
| Governance excluding Directors | Support | 156 | 7 | 61 | 7 | 81 |
| | Not Support | 210 | 14 | 123 | 10 | 63 |
| | Abstain | 6 | 0 | 0 | 0 | 6 |
| Other Proposals | Support | 355 | 38 | 38 | 20 | 259 |
| | Not Support | 273 | 118 | 31 | 72 | 52 |
| | Abstain | 4 | 0 | 3 | 0 | 1 |

Source: J.P. Morgan Asset Management, as of December 31, 2025.

An aerial photograph of a desert landscape, showing a winding road and a small white car. The terrain is arid and textured, with various shades of brown and tan. The word "Engagement" is overlaid in white text in the upper left quadrant.

Engagement

Focus list engagements

Themes engaged: Strategy alignment with the long term, Governance, Human capital management, Climate change

Focus List companies are those where we have meaningful investment exposure, and where our research has identified areas of financially material risks and opportunities including those related to governance and sustainability issues, and where engagement has, in our view, a reasonable prospect of success. The list is reviewed and updated annually in collaboration with relevant portfolio managers and research analysts across asset classes. Focus List engagements may take place over a number of years of sustained interactions with a company; they may also relate to single issues which the company defines a path to resolving within the space of the year. Below, we highlight some of the Focus List engagements we have had this year across regions on a range of financially material issues from greenhouse gas emissions reporting to workforce management and capital allocation.

Case Study: Engaging on executive remuneration at a U.S. manufacturing company



The Middleby Corporation



USA



Industrials



Equities

Issue

In 2024, we identified what we believe is a misalignment between pay and performance at Middleby, a US-based kitchen equipment manufacturer, and added the company to our Focus List. Despite the company's total shareholder return, ranking only at the 11th percentile compared to its peer group over the previous five years, certain performance-based share awards continued to pay out at nearly maximum levels. Based on our review of public disclosures,¹⁵ this outcome appears to have been influenced by a metric that derived an implied equity value per share using a EBITDA, adjusted for net debt and share count. Under this framework, this metric resulted in payouts at 200% of target for the 2021–2022 period and 188% for 2021–2023.

In our analysis of recent periods, certain acquisitions appear to have delivered returns below the company's historical return averages. Over the same timeframe, the company's balance sheet grew faster than its cash flow, coinciding with a decline in ROIC. We believed that elements of the executive compensation plan did not adequately balance growth incentives with risk-adjusted returns, particularly with respect to mergers and acquisitions (M&A) and increased leverage. As a result, we voted against Middleby's executive pay plan and several long-standing directors at the 2024 AGM.

continued →

¹⁵ <https://middlebycorporation.gcs-web.com/static-files/32cd8207-ba4e-4287-a8d0-ced1419c48b9>

Focus list engagements continued

Case Study: Engaging on executive remuneration at a U.S. manufacturing company continued



The Middleby Corporation



USA



Industrials



Equities

Action

Throughout 2024 and 2025, we engaged with Middleby's management to express our concerns and advocated for compensation metrics that better align management incentives with long-term shareholder value.

In January 2025, activist investor Garden Investments acquired a stake in Middleby, seeking board representation and a shift in capital allocation strategy. Subsequently, Ed Garden, head of Garden Investments, joined Middleby's board. Middleby later announced significant changes to its executive compensation plan for 2025. The annual incentive, previously based on EBITDA, would now focus on organic EBITDA growth and margin, eliminating the benefit from M&A activity. For performance share awards, one component will continue to be based on adjusted earnings per share (EPS) growth, with a greater emphasis on capital return through share repurchases. Middleby also committed to using 20% of free cash flow for share buybacks, made possible by ongoing efforts to reduce leverage. Importantly, the company would discontinue the use of the implied share price metric based on EBITDA and capital structure, replacing it with organic ROIC. Acquisitions made during a three-year performance cycle would be excluded from ROIC calculations for that period but included in future grant evaluations.

Outcome

In our view, the changes to Middleby's executive compensation plan addressed concerns about capital efficiency and ROIC by emphasizing organic performance and capital discipline. Accordingly, we voted in favor of the 2025 say-on-pay proposal.

In 2025, following the activist investment, Middleby announced plans to spin off its food processing business and conduct a strategic review of its residential kitchen business. As of November 2025, Middleby reported share repurchases equivalent to approx. 6.5% of its shares outstanding. By December 2025, the company announced it had agreed to sell a 51% stake in the residential kitchen business and authorized a share repurchase program covering approximately 11.4% of shares outstanding.

We believe these actions, combined with the revised executive compensation plan, indicate a movement away from an acquisitions-driven strategy toward a more disciplined approach to capital allocation focused on organic performance and value creation.

Focus list engagements continued

Case Study: Engaging on capital allocation at a Japanese mining company



Sumitomo Metal Mining Co Ltd



Japan



Materials



Equities

Issue

Sumitomo Metal Mining, a leading Japanese non-ferrous mining and smelting company, has demonstrated challenges in capital allocation, including a Return on Capital Employed (ROCE) hurdle rate that we believe is below industry best practice and a divestment decision timeline of at least six years, which we consider excessively long. This has led to low and volatile earnings and Return on Equity (ROE). Additionally, Sumitomo maintained a high level of cross-shareholdings, which we view as contributing to inefficient capital deployment. As a result, we added the company to the Focus List for enhanced monitoring and to encourage the company to review its capital allocation framework, accelerate its divestment process, and reduce cross-shareholdings to improve long-term shareholder value.

Action

In 2024, JPMAM engaged with Sumitomo on its capital allocation policy just before the company finalized their new mid-term plan (MTP). We shared our perspectives for consideration in the updates. We emphasized the need for improved management of the company's business portfolio to raise average ROE and earnings. While we recognize that ROE may remain volatile, we believe it should be higher throughout the cycle. We also advised that, in our view, the ROCE threshold of 5.5% was insufficient given the company's current Weighted Average Cost of Capital (WACC), and recommended adopting a shorter or rolling assessment period for business portfolio management. Additionally, we highlighted our view that a prompt reduction in cross-shareholdings would help optimize capital efficiency.

Outcome

In their updated MTP, released in May 2025, Sumitomo raised their ROCE hurdle to 6.5%, set a target for reducing cross-shareholdings, and increased their dividend payout targets. While we view these changes as positive steps, our follow-up engagement after the publication of the MTP identified areas for further improvement. Specifically, the company still requires up to six years to make divestment decisions, and we observed that the application of ROCE targets remains inconsistent. We have communicated these concerns to Sumitomo and will continue to monitor their progress, engaging further with Sumitomo as necessary to encourage timely and consistent improvement in practices.

Focus list engagements continued

Case Study: Engaging on workforce management, responsible AI and board composition at a Chinese food delivery platform



Meituan



China



Consumer Discretionary



Equities and Bonds

Issue

Meituan is a leading Chinese technology platform specializing in food delivery, supported by a vast network of delivery riders and food suppliers. As competition intensifies in China and peers may enhance their worker protections, rider safety and wellbeing have become increasingly critical considerations for long-term investors. Historically, Meituan's disclosures on rider safety, accident rates, and worker protections have been limited, making it difficult for investors to assess financially material risks related to workforce management that the company may face. We have added Meituan to our Focus List and have engaged with the company to encourage greater transparency and improved practices in the area of workforce management at Meituan.

Action

In our engagements with the company in 2025, we sought updates on three financially material issues: the safety and wellbeing of delivery riders; governance and responsible AI; and board structure and independence. The release of Meituan's 2025 Riders' Annual Occupation Report (currently available only in Chinese) represented a step forward in transparency, providing both qualitative and quantitative insights, including data on rider overtime, insurance premiums, average pay, and wellbeing metrics. This enhanced transparency is a welcome development. As a further improvement, we encouraged the company to publish their Annual Occupation Report in both Chinese and English, and to add data points such as the share of riders using helmets and those enrolled in pension and insurance plans.

Food safety remains a key reputational and operational risk, especially with the proliferation of dark kitchens that offer no seating and operate exclusively for delivery orders. We welcome Meituan's "Bright Kitchen and Stove" initiative, which uses supplier-installed cameras to enhance transparency in the food preparation process. While this initiative has the potential to build trust among consumers and support higher hygiene standards and reduces the risk of food safety incidents, its effectiveness depends on broad participation. We have encouraged the company to publish participation and coverage data for this program. Further disclosure on the outcomes of the "Bright Kitchen and Stove" initiative would help enhance our engagement and inform future discussions. We suggested disclosing data points such as the number of food suppliers participating in the system and the coverage of these participants as a share of the total number of food suppliers.

Outcome

On governance, Meituan has made progress in board independence and composition over the past three years. In 2025, the nomination committee was expanded by adding a third member, who is an independent director. The company is also considering appointing directors with expertise in AI and global business to support their growth strategy. Meituan's AI governance framework is still developing, with oversight currently provided by the audit committee.

We welcomed the increased transparency in Meituan's workforce safety reporting and the steps taken under the "Bright Kitchen and Stove" initiative. Coupled with the governance improvements observed over the course of our engagements with the company, we note that the company is taking these material issues seriously and look forward to further engagement on topics of significance to the business.

Focus list engagements continued

Case Study: Engaging on climate target risk at a Japanese medical technology company



HOYA Corporation



Japan



Information Technology



Equities

Issue

HOYA Corporation, a leading Japanese med-tech company, lacked clear medium- and long-term climate targets and a concrete roadmap for reducing greenhouse gas emissions, despite the company having identified climate change mitigation as a material topic. In addition, HOYA's integration of climate considerations into their management systems was limited, and the company had not yet reported on climate-related risks and opportunities in line with TCFD recommendations. We added HOYA to the Focus List to engage on these identified topics, which we believe may pose a risk to long-term value creation.

Action

Over the past several years, we have engaged with HOYA through a series of meetings with senior management, including the Chief Sustainability Officer (CSO). We asked the company to consider setting more credible climate targets, expanding TCFD-aligned disclosures, and developing a robust roadmap for emissions reductions. We also encouraged the company to consider disclosing material Scope 3 emissions data to help investors better understand the challenges the company faces, and to improve supplier engagement around Scope 3 emissions reduction. Additionally, we suggested that HOYA considers strengthening their resilience to physical climate risks at overseas sites, as 35% of their major production sites in Southeast Asia are located in high-water risk areas according to data from the World Resources Institute (WRI).

Outcome

HOYA has made significant progress by establishing a CSO position and ESG office, integrating sustainability into management reporting, and setting clear medium- and long-term climate targets, including the reduction of Scope 1 and 2 emissions by 60% and increasing renewable energy usage to 60% by 2030. The company also expanded disclosure to cover all Scope 3 categories, submitted a commitment letter to SBTi, and is working toward target approval by 2027. As of March 2025, emissions reduction reached 23% versus the base year 2021 and renewable energy usage 18% of total electricity consumption, but further acceleration is needed to meet the 2030 targets. HOYA agreed to continue improving disclosure, supplier engagement, and integration of climate and ESG factors into their management systems. We will maintain ongoing engagement to monitor progress.

Engagement around key thematic

Alongside the Focus List we run engagements with companies on broad thematic topics which have been identified as potentially material in the course of our research and dialogue with internal and external stakeholders. Thematic engagement projects can vary from year to year or remain a focus over a longer time frame, depending on their materiality and the scope of companies they may impact. Themes in 2025 spanned environmental, social and governance issues, often linking multiple issues at once aimed at providing a holistic framework for engaging with companies across regions on material risks and opportunities. Below, we provide an overview of some of the main themes we engaged on this year, along with engagement case studies.



Shareholder Activism

Themes engaged: Governance

Shareholder activism is becoming a significant component of contemporary corporate governance. We evaluate shareholder activist situations that result in contested director elections (proxy contests) through rigorous case-by-case assessments.

Each instance of shareholder activism presents a distinct set of facts, challenges, and opportunities. Accordingly, we review the specific context of the company and activist shareholder involved, the proposals advanced by activist shareholders, the company's counterarguments, and potential implications for long-term shareholder value. We are mindful of the risks associated with initiatives that may prioritize short-term gains over long-term value creation or that may compromise sound governance practices.

To that effect, we make our voting decisions through a two-step process. First, we evaluate the company's performance in areas such as financial performance, strategy, execution, and shareholder returns, and whether there is a case for change at the company. Second, in situations where we determine there is a convincing case for change, we evaluate whether the proposals advanced by activist shareholders position the company to create long-term shareholder value through improved oversight, strategy, capital allocation, execution, or other dimensions.

When we deem it appropriate to engage with company management and/or the activist shareholder in contested situations at companies, we do so with the qualification that JPMAM is an existing investor and has neither explicit nor implicit intent to act in concert or form a group with the activist shareholder; and with the assurance that the activist campaign is publicly disclosed, and the subject of discussion is the single publicly disclosed activist campaign. Our voting decisions are made independently and in accordance with our voting guidelines.¹⁶

¹⁶ Global Proxy Guidelines may be accessed [here](#).

Engagement around key thematic:

Shareholder Activism continued

Case study: Engaging on a North American proxy contest



Air Products & Chemicals



USA



Materials



Equities

Issue

Industrial gas company Air Products & Chemicals faced a proxy contest in which activist Mantle Ridge sought the election of four director nominees out of nine and to replace the CEO. The dissident shareholder's concerns were largely driven by management's decision to allocate capital outside of Air Products & Chemicals core industrial gas business, such as the NEOM hydrogen project in Saudi Arabia, at the time, the dissident shareholder argued that the project's risk-return profile was uncertain. In addition, the dissident also raised concerns about succession planning and board leadership structure, citing the combined CEO/Chair role and extended CEO tenure. Management maintained that its capital allocation and strategy had created long-term value and that succession planning was underway.

Action

Between the launch of the proxy contest and the annual general meeting (AGM), we had eight meetings with the management team and incumbent directors, as well as the dissident shareholders and their nominees. The incumbent board and management team highlighted the value creation that had occurred under the current CEO's long tenure, as well as the continued progress on NEOM. They also defended their announced succession strategy, which would result in the appointment of a new President by March 2025 (two months after the AGM).

Meanwhile, Mantle Ridge presented its thesis with a focus on the capital allocation and alleged operational missteps, including cost overruns at NEOM, which led to margins and returns on capital below Air Products & Chemicals closest peer since 2021. They also emphasized Air Products & Chemicals' inability to develop a succession plan and the board giving the CEO a five-year evergreen contract, whereby every year the expiration of the contract was extended by one year. Mantle Ridge presented their own director candidates and CEO candidate.

Outcome

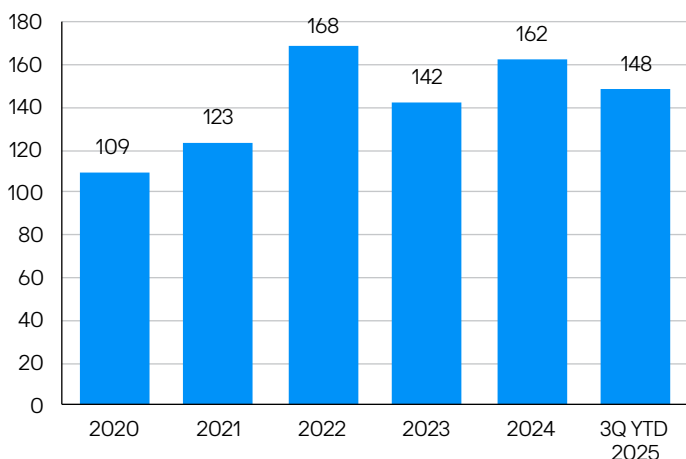
Following our engagements, we voted in favor of all four Mantle Ridge nominees due to concerns about board oversight of capital allocation and succession planning. We concluded that supporting the four dissident nominees would best align with addressing these governance concerns. Ultimately, three of the four Mantle Ridge nominees were elected to the board, and the incumbent Chairman/CEO was not reelected. Subsequently, the reconstituted board appointed a new CEO; the candidate was among the candidates suggested by Mantle Ridge during the proxy contest. Our voting decisions were made independently and in accordance with our voting guidelines.

Engagement around key thematic: Shareholder Activism continued

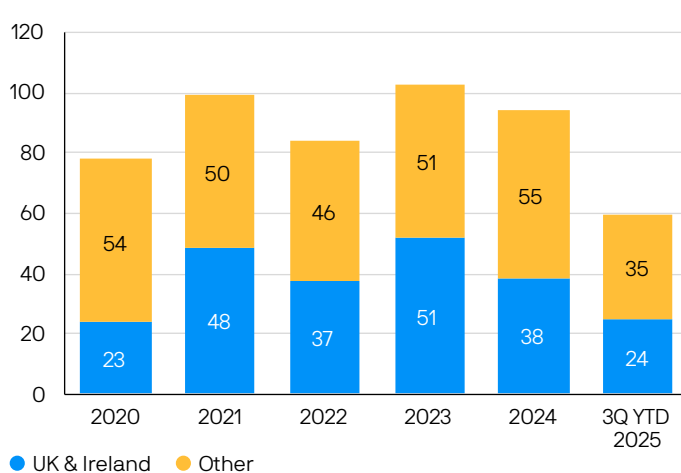
Outside of North America, in recent years, activist campaigns have been increasing across Asia, particularly in Japan, where policymakers have positioned corporate governance reform as a key component of the nation’s growth strategy. Regulators are supportive of investors proactively engaging with companies whose corporate value is not fully realized due to insufficient investment in growth or inefficient capital policies. Against this backdrop, some activists are increasingly seeking opportunities to unlock corporate value through campaigns targeting not only small and mid-cap companies but also large prime market-listed firms. These campaigns have evolved beyond demands for short-term shareholder returns, such as increased dividends or share buybacks, to include proxy contests aimed at optimizing board composition to accelerate changes in business strategy. Although it remains uncommon for activists to secure board seats through investor support, these campaigns have, in some cases, catalyzed engagement between management and long-term investors and prompted boards to seek broader shareholder support for business strategies.

Global shareholder activism overview

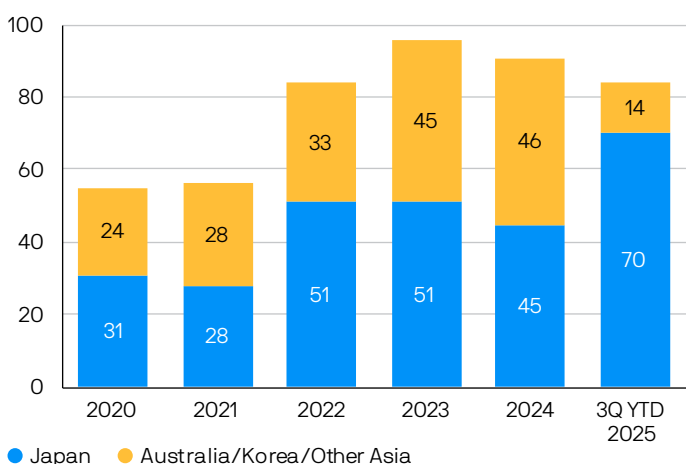
United States



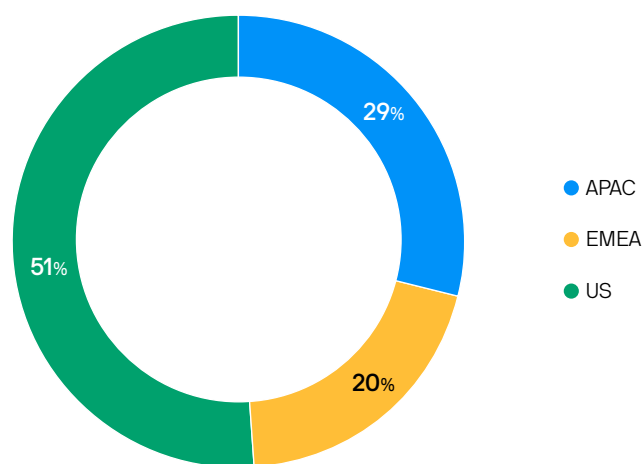
EMEA



APAC



Companies by Region Through 2025



Source: JP Morgan Chase, as of December 31, 2025.

Engagement around key thematic:

Shareholder Activism continued

Case Study: Engaging on activist proposals for new directors in Japan



Kao Corporation



Japan



Consumer Staples



Equities and Bonds

Issue

Kao Corporation, a major Japanese consumer goods manufacturer, has underperformed global peers in both total shareholder return (TSR) and return on equity (ROE) since the Covid-19 pandemic, underscoring the need to review and reform its business portfolio. The company's main challenges included insufficient control over capital efficiency - particularly in product portfolio management and profit margins - and board composition, where greater independence and a broader diversity of skills would support oversight and long-term value creation. In this context, the activist investor Oasis disclosed a 5.2% stake in Kao and submitted shareholder proposals at the 2025 AGM, including the nomination of five board director candidates.

Action

We have monitored Kao's mid-term business strategy for restructuring and growth since it was announced in 2023 and observed initiatives by the company intended to address these concerns. In our engagement with the Executive Director, we acknowledged these initiatives and emphasized the importance of further enhancing board independence and skills, particularly in relation to global marketing and digital expertise. We identified one Oasis-nominated candidate with relevant experience that could strengthen the board on these dimensions. We also recommended that Kao review executive remuneration schemes design to strengthen alignment with long-term value creation and capital efficiency.

At the March 2025 annual general meeting (AGM), we supported one of the five activist-nominated director candidates to strengthen digital skills on the board. We also supported proposals to grant non-performance-linked stock compensation to outside directors (to align interests while preserving independence) and to increase long-term incentives for executive directors, with KPIs more closely aligned to shareholder value. Although all Oasis proposals were rejected at the AGM, more than 20% of shareholders supported certain director candidates and both remuneration proposals, reflecting significant investor interest in governance reform. In follow-up engagements, we met with the board chair and nomination committee chair to explain our voting rationale and concerns. Both acknowledged the need for board refreshment and identified strengthening IT skills as the next priority after global marketing skills.

Outcome

Despite the fact that the dissident candidates we supported did not secure a seat on the board, we advanced our engagement objectives on board skills, refreshment, and incentive alignment as described. Following our engagements, Kao invited us to present investor perspectives at a workshop attended by over 100 employees, including executive officers, to support continued dialogue. In December, the company announced changes to the members of the board of directors, proposing a new candidate with senior global IT experience in reflection of its prioritization of IT skills within the company.

Engagement around key thematic:

Shareholder Activism continued

In recent years, Korea has seen a notable rise in shareholder activism, fueled by a wave of recent government reforms and regulatory changes. Increased transparency requirements strengthened minority shareholder rights, and new fiduciary duty obligations now place directors under greater scrutiny from both institutional and activist investors. Legal reforms - for example around proxy voting, cumulative voting, and enhanced disclosure requirements - may, in some cases lower barriers for investors to challenge board decisions. Korea's conglomerate business structure - often characterized by concentrated ownership and limited board independence, has long

been a target for some activists seeking to address perceived valuation discounts and underperformance compared to global peers. As boards respond to greater scrutiny of strategy and capital allocation, these developments have, in some cases, made Korean companies more susceptible to activist campaigns and have encouraged a broader push for improved governance and long-term shareholder value.

Our engagement with Coway, a major Korean manufacturer and distributor of household appliances, demonstrates our commitment to advancing effective corporate governance and equitable shareholder representation.

Case Study: Engaging on an activist proposal to adopt a cumulative voting system in Korea



Coway



South Korea



Consumer Discretionary



Equities

Issue

At AGM of Coway, a Korean manufacturer and distributor of household appliances, Align Partners Capital Management Inc., which holds 2.8% of Coway's shares, proposed introducing cumulative voting. The proponent sought to address governance concerns which have arisen since Netmarble's 25% ownership in Coway was established in 2019. In its view, the shareholder confers significant influence over board composition and contributes to minority shareholder underrepresentation, excessive capital accumulation, and a decline in Return on Equity (ROE). By advocating for cumulative voting, Align Partners aimed to allow shareholders to allocate votes across candidates, potentially enhancing minority representation in director elections and strengthening board accountability to shareholders.

Action


In our engagement with the company, we evaluated the proposal in the context of Coway's ownership structure, board composition and historical voting dynamics. We discussed the cumulative voting proposal and to address minority shareholder concerns and enhance board accountability underscored the importance of appropriate checks and balances in board elections. We also considered the company's perspective on potential trade-offs and emphasized aligning governance practices with the interests of all shareholders.


We acknowledged concerns that cumulative voting could advantage activist shareholders. In our view, however, introducing cumulative voting does not necessarily shift power away from the Board. Directors would still be appointed through absolute shareholder voting, and the Board retains the opportunity to demonstrate its achievements and communicate its strategy effectively with shareholders ahead of each meeting. This process allows the Board to seek reappointment based on merit and performance. It introduces broader accountability, motivating the Board to earn support from a broader base of shareholders rather than catering solely to the controlling shareholder. As a result, we voted for the introduction of cumulative voting at the AGM as a step that could strengthen Coway's governance and better reflect the interests of a broader shareholder base.


continued →


Engagement around key thematic: Shareholder Activism continued

Case Study: Activist proposal to adopt a cumulative voting system in Korea continued

 Coway

 South Korea

 Consumer Discretionary

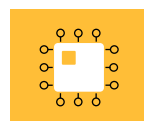
 Equities

Outcome

The proposal received 46.5% support and did not pass. Governance concerns related to ownership influence and minority representation remain areas of focus at the company, e.g. regarding Netmarble's influence, even with a majority-independent board by headcount. We will continue to engage on practical measures to enhance board accountability and shareholder representation (for example, adoption of an independent chair and increased transparency in the nomination process). In the context of our engagement, we were able to share our perspectives on Coway's governance structure for the Board's consideration in future proposals.

Engagement around key thematic:

Artificial Intelligence



Artificial Intelligence

Themes engaged: Governance, Social Stakeholder, Climate Change

In 2025, the rapid global development and deployment of generative artificial intelligence (AI) has already started to transform industries and accelerate innovation. At the same time, it has brought with it heightened regulatory and societal scrutiny. In light of this, this year we have continued to broaden our engagement with companies across the AI value chain, focusing on three key areas.

Firstly, effective AI governance within organisations has become essential to maintaining user trust and regulatory readiness. Inadequate oversight could result in reputational damage, regulatory penalties, and loss of business, especially as rules continue to evolve globally and companies further their reach internationally. This year we have found that transparency with regards to AI governance is improving. Board-level oversight of AI is becoming more common, though the depth of expertise varies across organizations. We discuss this in further detail in the Amazon and Nvidia case studies below.

Secondly, AI products with insufficient safeguards, particularly those impacting children, can pose significant legal, regulatory, and reputational risks. Social media platforms are under continuous scrutiny and frequently face legal challenges related to child safety. We encourage companies to provide qualitative self-assessment of the effectiveness of their child safety tools, as discussed in the Meta Platforms case study below.

Thirdly, the rapid growth of AI is driving demand for data center capacity, with significant implications for electricity, water consumption and local communities. We encourage companies to disclose how they are managing these impacts and associated risks.

AI governance: oversight and transparency

Board-level oversight of AI is increasingly common, but levels of expertise vary. Some companies have directors with technical backgrounds or have established technology or risk committees to oversee AI-related risks. Disclosure of committee activities and board engagement with AI topics remains limited. While we continue to advocate for the appointment of technically strong, independent directors who can guide strategic AI decisions, we sometimes also request a direct dialogue with board members to hear directly from them on their understanding and assessment of this topic.

Regulatory and customer demands for transparency around the AI governance structures and controls are increasing, and companies are responding with AI ethics policies, trust labels, and fairness features. Some have developed responsible AI principles, risk management committees, and cross-functional review processes. In preparation for emerging regulations (including the EU AI Act and similar frameworks in other jurisdictions), companies are also engaging with external steering committees, industry groups, and regulators to help shape responsible AI practices.

Engagement around key thematic:

Artificial Intelligence continued

We encourage companies to provide transparency on AI governance structures, for example via a standalone AI transparency report summarizing AI governance, key AI-related risks related to product impact, their AI principles and the respective implementation. More detail is provided in the Amazon case study below.

Case study: Engaging on AI governance and transparency at the world's largest technology and e-commerce company



Amazon



USA



Technology and
consumer discretionary



Equities, Bonds

Issue

Amazon is a global technology and e-commerce company best known for its online marketplace, cloud computing division, and digital devices. At its' 2025 AGM, the company received a shareholder proposal related to its AI data usage oversight. Considering the increasing scrutiny from its investors as well as external stakeholders on this topic, we engaged with the company to understand and assess its AI governance practices and transparency.

Action

We engaged with Amazon through in-person meetings ahead of the AGM to assess its approach to AI governance and transparency. We shared our observation that some technology company peers have published standalone reports to enhance transparency in light of evolving regulations, including the EU AI Act,¹⁷ and we encouraged Amazon to consider similar transparency.

We also discussed Amazon's approach to governance of AI deployment. The company acknowledged that AI-related risks are multi-dimensional, but felt the board has sufficient expertise to oversee this complex topic. For example, the Leadership Development and Compensation Committee oversees any AI risk related to human capital management. A committee member who joined last year is the managing general partner of venture firm AI Fund and previously worked at Baidu and Google. Another committee member is the inaugural dean of the MIT Schwarzman College of Computing and the co-chair of the MIT-IBM Watson AI Lab. The lead independent director provides policy and reputational perspectives. The executive directors have extensive technical knowledge of AI.

Outcome

In November 2025, the company published its G7 Hiroshima AI Process (HAIP) Transparency Report, which is also publicly accessible on the OECD website. This report is part of an international voluntary reporting framework that aligns with global benchmarks for responsible AI governance. The report covers a wide range of topics. These include risk identification and evaluation, risk management and information security, transparency reporting on advanced AI systems, organizational governance, incident management and transparency, content authentication and provenance mechanisms, AI safety, and societal risk mitigation. We welcome this public disclosure and the company's ongoing commitment to trusted AI.

¹⁷ Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonized rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act).

Engagement around key thematic: Artificial Intelligence continued

Case study: Engaging on AI oversight at an AI chip maker



Nvidia Corporation



USA



Technology



Equities

Issue

Nvidia is a leading global technology company specializing in graphics processing units (GPUs), AI hardware, and software platforms. In 2025, based on publicly disclosed partnerships and collaborations with technology companies, cloud providers, and industry innovators, we observed an expansion of the company's role in the global AI ecosystem. Such alliances can accelerate AI adoption and technological advancement, but also introduce challenges around supply chain resilience, intellectual property protection, and regulatory compliance. Given these developments, robust board oversight and transparent governance are essential to manage these risks.

Action

We met with Nvidia's lead independent director to discuss the board's oversight of strategic priorities, including board composition and AI governance. Following the resignation of an independent director with technical expertise, we asked about the board's ability to effectively oversee increasingly complex AI transactions and partnerships. We advocated for the appointment of a technically strong, independent director to support effective oversight and constructive challenge of management.

During our engagement, we also asked how the board evaluates risks and opportunities associated with Nvidia's strategic alliances, and we discussed the company's perspective on responsibility and legal exposure related to trusted AI. The company indicated that the nature of legal exposure can vary depending on the stage of product development. For example, exposure to liability may differ between foundational technologies and co-designed products with partners. That said, the company indicated to remain committed to upholding industry standards, with its four principles focusing on privacy, safety and security, transparency, and non-discrimination. According to Nvidia, it also provides tools for customers and other AI players intended to improve the safety performance of their AI models.

Outcome

Nvidia acknowledged our feedback on board composition and recognized the importance of technical expertise and independent challenge at board level. The board is considering candidates with deep AI and technology backgrounds to fill the vacancy and committed to its ongoing oversight of strategic partnerships and AI governance.

AI product safety including child safety

Social media platforms remain under scrutiny and some even face legal challenges related to child safety. Recognizing these unique risks, regulators worldwide - from Australia to the U.S. - are introducing new measures intended by proponents to better protect young users. For instance, in December 2025 Australia implemented a ban on social media accounts for users under 16, the first of its kind, while federal and state legislation focused on privacy and safety is advancing in the United States. Laws such as the proposed Kids Online Safety Act (KOSA), if passed, would require platforms to provide robust safety tools and safeguard user data.

While jurisdictions may mandate specific compliance reporting and quantitative metrics, we encourage companies to also provide qualitative insights into the effectiveness of their child safety measures and tools.

Engagement around key thematic:

Artificial Intelligence continued

Case study: Engaging on child safety engagement at a global technology company



Meta Platforms



USA



Technology



Equities

Issue

Meta, as a leading social media company, which also owns Instagram, continues to face significant scrutiny over the impact of its platforms on children. Multiple US states have called for Meta to halt the monetization of child exploitation and manage child safety and mental health issues resulting in ongoing legal actions which could impact the goodwill of the customer base and reduce shareholder value.

Action

We engaged with Meta in 2025 ahead of the AGM to discuss AI governance and, in particular, its approach to managing child safety risks. Although Meta has introduced new child safety measures in the past year, such as “teen accounts” (described below) and multiple tools for parental oversight, there is ongoing debate among independent experts^{18,19} regarding their true effectiveness.

Meta reported that it has tracked the creation of more than 50 million Instagram “teen accounts” as of April 2025 and that it uses AI to identify teen users, and subsequently restrict their accounts to ensure a safer, age-appropriate experience. This is with the aim of establishing more safeguards around their use of the app. Meta highlighted that about 97% of teens aged 13–15 have opted into the “teen accounts” as of April 2025. However, we note that the long-term effectiveness of the protections on these accounts remains uncertain. It is also unknown as to whether these changes will be enough to alleviate the concerns of, for example, US State legislatures.

Meta also published quarterly Community Standards Enforcement Reports,²⁰ disclosing quantitative metrics such as the number of child-related content actions (including child nudity, sexual exploitation, and physical abuse) and detection ratios (system-detected by Meta versus user-reported). As reported by Meta for the quarterly report that we reviewed at the time of engagement, most cases continue to be identified proactively by Meta’s systems.

While these disclosures are intended to provide transparency about Meta’s safeguarding processes as described in the Reports, the quantitative data alone does not indicate whether harmful content is effectively prevented from reaching or impacting children, nor does it address the persistence or recurrence of such content on the platform. The metrics also provide limited insight into the real-world impact and efficacy of Meta’s safety measures. In view of this, we encouraged Meta to supplement quantitative disclosures with qualitative self-assessment and enhanced reporting on the actual effectiveness of its child safety tools.

Outcome

We are waiting for Meta’s response to our suggestions on enhanced qualitative disclosures. In the meantime, we will continue to engage with Meta and monitor its progress in managing its product impact on child safety, encouraging ongoing improvements in transparency and the effectiveness of its child safety initiatives that could help the company to mitigate legal and regulatory risks, such as bans, fines and other penalties that may impact the long-term share value.

¹⁸ <https://www.washingtonpost.com/investigations/2025/09/08/meta-research-child-safety-virtual-reality/>

¹⁹ <https://fairplayforkids.org/wp-content/uploads/2025/09/Teen-Accounts-Broken-Promises-How-Instagram-is-failing-to-protect-minors.pdf>

²⁰ <https://transparency.meta.com/reports/community-standards-enforcement/>

Engagement around key thematic:

Artificial Intelligence continued

Environmental impacts of AI growth

The International Energy Agency (IEA) projects that electricity consumption for data centers will double by 2030, more than four times faster than growth in other sectors.²¹ This is in large part being driven by the growth in data centers for AI. Meanwhile, two thirds of data centers built or in development in the US since 2022 are in water stressed areas.²² This expansion brings both environmental and social challenges. The Project Blue datacenter project in Tucson, Arizona, for example, has seen significant community protests resulting in legislative proposals, public hearings and regulatory reviews, due to concerns over exacerbating groundwater depletion and energy demand expected to be up to 1.3GW. This demonstrates the imperative for companies to maintain a social license to operate²³ in resource-constrained regions, in order to prevent project delays or cancellations and associated costs.

As highlighted in our 2024 Investment Stewardship report, we began engaging with data center operators around the world to encourage companies to manage and mitigate these risks. In 2025, we deepened our dialogue with companies to understand the complex interaction between AI growth, climate commitments, resource efficiency, community relations and supply chain risks. Many companies are reporting Power Usage Efficiency (PUE), but Water Usage Efficiency (WUE) reporting remains less consistent. We have engaged with data center operators on their management of these risks and disclosure of these metrics, which are useful to investors for assessing the financial performance of companies reliant on data centers.

We also highlight the importance of stakeholder engagement (see Alibaba case study). Competition for water and rising electricity prices are top of mind for policymakers, companies and communities. Companies face reputational risks and operational delays, for example due to complications obtaining permits for work. Strong community engagement and efficiency plans are therefore becoming increasingly critical and will continue as a theme in 2026.

In 2025 we also expanded our engagement beyond data center operators to include companies which are adopting AI, to understand how they are assessing related risks and opportunities as well as the impact of AI adoption on pre-existing climate commitments and decarbonisation roadmaps.

²¹ <https://www.iea.org/reports/energy-and-ai/energy-demand-from-ai>

²² <https://www.bloomberg.com/graphics/2025-ai-impacts-data-centers-water-data/>

²³ Social license to operate refers to the ongoing public acceptance of a company's activity where it operates.

Engagement around key thematic:

Artificial Intelligence continued

Case Study: Engaging on environmental impacts of AI at the leading Chinese e-commerce platform



Alibaba Group



China



Technology



Equities and Bonds

Issue

Alibaba Group operates a growing network of data centers to support its technology and e-commerce businesses. The company has set a target to achieve 100% clean energy by 2030 for its data center operations as demand for AI workloads and data processing increases, the Alibaba Group is seeking to balance its decarbonization objectives with the growing energy and water requirements of its operations.

Action

We engaged with Alibaba Group in 2025 to understand their strategy for decarbonizing its cloud business and managing other AI-related environmental impacts, such as water use to cool data centers. The company has set a target to achieve 100% clean energy by 2030 for its cloud computing business, with an average Power Usage Effectiveness (PUE) for self-built data centers not to exceed 1.3. The company reported an average PUE of 1.19 for self-built data centers in 2025. Clean electricity accounted for 64% of the total electricity consumption at Alibaba Cloud's self-built data centers, while leased data centers stand at 22.4%. For third-party leased data centers, the Group stated that supplier contracts mandate the use of renewable energy and energy efficiency standards, requiring suppliers to increase their use of clean energy and permitting on-site audits. Notably, the company indicated that five leased data centers in Guangdong are now supplied by clean energy on an annual basis. In addition, Alibaba Cloud is deploying more energy-efficient hardware and cooling systems (e.g., liquid cooling) to unlock further energy savings.

In terms of water management, Alibaba Group has established Water Usage Effectiveness (WUE) management guidelines and water use optimization strategies. While the company explained that there is no unified WUE target due to local environmental variability, specific WUE targets are set for each data center they build.

In water-scarce regions, the company is increasing the use of rainwater to improve overall water efficiency. Alibaba Group has also conducted a water stress assessment for its key data centers in China, with preliminary findings indicating lower water stress risks in southern China compared to the north. In 2025, Alibaba Cloud reported an average of 1.144L/kWh WUE for self-built data centers.

We also raised the importance of considering social factors, such as community engagement, in such assessments as potential local community protests can delay the company's data center expansion plans. The company acknowledged that this has not been a focus to date, with regulatory compliance remaining the key consideration for social issues.

Outcome

Our ongoing engagement with Alibaba Group has provided greater insight into their approach to manage selected climate and environmental risks related to their AI and cloud businesses, as well as their progress on energy efficiency, renewable energy use, and water management. We note the company's efforts to set and pursue decarbonisation targets, implement supplier standards, and assess water stress at key sites. We encourage Alibaba Group to continue enhancing disclosure in energy and water management and to consider integrating social considerations into their practices to mitigate project delay and reputational risks.

Engagement around key thematic:

Building resilience in a changing climate



Building resilience in a changing climate

Themes engaged: climate change, natural capital

As global temperatures increase, weather patterns are changing across the world, and the incidence of extreme weather events is increasing. In eight of the ten largest industrialized countries, losses from weather catastrophes are significantly higher today than in the 1980s, and have been particularly high over the past five years in the USA, Germany and India.²⁴ Current annual average losses associated with flooding total USD 388 billion globally,²⁵ while current drought costs already exceed USD 305 billion annually.²⁶ The increasing incidence of such events may have financially material consequences for investments and society.

As a result, more companies are highlighting the materiality of climate risk in their disclosures. An MSCI survey of global companies indicates that over 80% of companies report operational impacts from extreme weather, and 85% are quantifying potential losses.²⁷ However, the localized nature of climate hazards and need for asset-level data can make it challenging for investors to gain insight into the relative preparedness of investee companies. Quantifying adaptation and resilience spend can be challenging, and companies with global reach may face multiple hazards with varying impacts and probabilities – from droughts to flooding to wildfires to severe convective storms. Disclosures related to adaptation plans are often high level, and supply chain impacts are difficult for investors to assess systematically.

Given that increasingly extreme and volatile weather events may result in operational disruption and rising costs, we are engaging with companies across sectors on climate resilience. In 2025, our engagement on climate resilience has addressed a range of companies and topics: we have engaged with companies in high risk sectors such as utilities on resilience and adaptation planning; we have engaged the insurance industry on increasing natural catastrophe losses and the financial limits of insurability, recognizing the centrality of the insurance industry to global resilience; and we have engaged companies across sectors on water scarcity and plans for water replenishment to better understand how companies are addressing the risk of operational disruption and companies approaches to engaging with community stakeholders in water scarce areas.

Across our engagements with companies on physical climate risk, it is clear that the need for granular, asset-level data remains a key challenge for effective resilience planning. As climate hazards become more complex and localized, systematic asset-level risk assessment is central to ensuring business resilience.

In the JPMAM Global Climate report,²⁸ we disclosed how we continue to consider climate-related risks and opportunities in the assets we manage on behalf of our clients in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). It includes information about how climate considerations feature in our governance and risk management structures as well as the key climate-related components of our business strategy, namely aspects of ESG integration and research, our sustainable product offering and investment stewardship.

²⁴ <https://www.munichre.com/en/insights/natural-disaster-and-climate-change/weather-disasters-in-industrialized-countries.html>

²⁵ <https://www.undrr.org/gar/gar2025/hazard-exploration/floods>

²⁶ <https://www.unwater.org/water-facts/water-scarcity>

²⁷ MSCI Corporate Resilience Survey 2025

²⁸ <https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/tcf-report.pdf>

Engagement around key thematic:

Building resilience in a changing climate continued

Case study: Engaging on climate adaptation at the United Kingdom's national grid operator



National Grid



United Kingdom



Utilities



Equities, Bonds

Issue

National Grid Plc operates electricity and gas transmission and distribution networks in the United Kingdom (UK) and US, as well as some electricity generation assets. The company faces complex climate-related risks, including the challenge of integrating significant new renewable energy capacity and allowing power supply to keep up with growing demand.

In addition to transition risks, National Grid must manage physical climate risks from severe weather events that can threaten infrastructure reliability. Public analyses suggest, that absent adaptation, utilities are projected to experience substantial annual costs from physical climate risk, with S&P estimating costs of USD 4-6bn annually in the 2050s.²⁹ Understanding how National Grid implements adaptation measures and integrates climate risk into asset planning is key to assessing the long-term resilience of their business.

Action

In 2025, we held several meetings with National Grid to discuss both transition and physical climate risks. In our meeting with the Chair, we focused on the company's climate strategy, risk management, and efforts to reduce emissions from assets while maintaining a reliable service. We discussed the impact of the UK and US policy environments, including net zero and clean power commitments. National Grid highlighted energy affordability as a growing concern in both markets.

In a meeting with the group sustainability and strategic engineering teams, National Grid demonstrated their Climate Change Risk Tool, a GIS-based program that systematically assesses physical climate risks across its asset portfolio in the US and UK. The tool evaluates eight climate hazards, projects risk exposure out to the 2070s under different warming scenarios and supports scenario analysis for regulatory reporting and strategic planning. According to the company, the tool's granularity (7x7 km data) is generally suitable for temperature-related risks but less so for assessing highly local hazards such as riverine and coastal flooding which requires more detailed engineering input. Business units, supported by climate engineers, use the tool to inform vulnerability assessments and resilience plans, such as identifying substations with increased exposure to extreme heat and prioritizing interventions like upgrading critical grid components with heat resistant materials.

Outcome

National Grid plays a key role in integrating additional renewable energy into the grid in the regions in which they operate, contributing to emissions reduction in the energy system, and is working to address the complexity of integrating new capacity while supporting reliability and affordability. We appreciated National Grid's transparency on the Climate Change Risk Tool, which provided more detailed disclosure. We will continue to engage to better understand how day-to-day asset-level climate adaptation decisions are taken.

²⁹ <https://www.spglobal.com/sustainable1/en/insights/special-editorial/ceraweek-physical-risk>

Engagement around key thematic:

Building resilience in a changing climate continued

Engaging insurers on physical risk and resilience

Climate change is reshaping the risk landscape for the insurance industry. The increasing frequency and severity of weather-related natural catastrophes may contribute to the increase in insured losses and challenges traditional approaches to risk assessment, pricing, and portfolio management. Rising natural catastrophe losses, among others, may contribute to higher reinsurance pricing and more volatile earnings. Simultaneously, we recognize the critical role insurers play in supporting broader societal resilience by striving to correctly price climate risk, incentivize climate adaptation and develop innovative insurance products.

In 2025, we engaged with providers of property and casualty insurance and reinsurance. The aim was to better understand how physical climate risks are being integrated into business strategies, risk models, and product offerings, and to assess readiness to support adaptation and resilience under evolving climate conditions. Climate change may pose risks to insurers in certain sectors that underestimate the volatility of weather events caused by climate change but is also an opportunity for companies with strong risk management strategies.

We examined how insurers are responding as for some regions and sectors affordability and availability pressures are rising, including pricing challenges and the difference between insured and uninsured losses, known as the protection gap. Our engagement explored policy and regulatory dynamics, such as public-private partnerships to maintain insurance availability. Below, we outline some of the key insights gained from these engagements:

1. **Evolution of climate risk modelling:** In our engagements, insurers report advancing their risk modelling capabilities to keep pace with the unpredictability and complexity of climate-driven natural catastrophes. The integration of AI and automation is often used to enhance scenario analysis, claims processing, and feedback loops. New data sources, including satellite imagery and drones, can help improving risk assessment and claims management. Despite these advancements, modelling secondary perils like wildfires and floods remains challenging due to their increasing frequency and unpredictability. Insurers emphasize the importance of regular model updates and the

integration of relevant climate science, as historical data alone is no longer sufficient for future risk assessment.

2. **Limits of insurability and affordability:** The financial limits of insurability are being tested in regions experiencing repeated and severe natural catastrophes. Insurers are reducing exposure in some high-risk areas in the United States, such as Florida and California, tightening underwriting standards, and evolving reinsurance strategies. While market capacity for peak catastrophe exposure remains, affordability is an escalating concern, especially for retail customers and small businesses. In some cases, government intervention has become necessary, with public-private partnerships, risk pools, and state-sponsored 'insurers of last resort' emerging to maintain coverage. Regulatory price suppression in certain states has led to solvency and liquidity challenges, with state-backed insurers now dominating some markets. Insurers stress the importance of correct risk pricing to incentivize climate adaptation and avoid widening the protection gap.
3. **Importance of policy advocacy and resilience partnerships:** Insurers are increasingly engaging with policymakers to advocate for support for resilience, adaptation, and appropriate risk pricing. This includes bilateral engagement with finance ministries, participation in public-private pools, and support for infrastructure upgrades such as flood levees. While insurers generally support risk pools, they caution that blunting price signals through excessive intervention can reduce incentives for adaptation. Product innovation is focused on adaptation, with parametric insurance and 'Build Back Better' solutions gaining traction. Additionally, insurers are expanding customer engagement and risk reduction services, such as early warning systems, risk engineers, and community workshops, to help clients build resilience and reduce overall risk exposure.

We met with companies in markets with growing protection gaps and increasing physical risk to understand how insurers are managing these risks in their respective regions.

Engagement around key thematic:

Building resilience in a changing climate continued

Case study: Engaging with developed market insurers on climate risk and the protection gap



Insurance Australia
Group (IAG)



Australia



Financials



Equities

Issue

In Australia, the protection gap, which is one of the indicators of societal resilience to climate risk, is 33%.³⁰ The physical impacts of climate change are expected to increase the frequency and alter the patterns of natural catastrophe losses, potentially heightening underwriting risk for insurers.

We engaged with Insurance Australia Group (IAG) to gain insight into their approach to climate risk management, modelling, and resilience.

Action

We met with the head of Sustainability at IAG, who explained that IAG has a long history of modelling catastrophe risks in Australia and New Zealand, supported by a dedicated CAT modelling team of 10–15 people who work closely with other functions. The company explained it is undergoing a technology transformation, integrating in-house and external data to enhance the granularity of its pricing platform. As a member of Hazard Insurance Australia,³¹ IAG contributes to building understanding of high-risk hazard areas.

IAG indicates that it participates in industry and government consultations. The company has commissioned research on land planning, home building, and rising sea levels to support responses to consultations. IAG has stated that it believes that tax and levy reductions could help address home insurance affordability, indicating that more than 50% of insurance costs in Australia are attributable to taxes and charges. In addition, IAG shared that it provides customers with access to tools, community partnerships, and local workshops to help reduce climate risk exposure. The company also collaborates with building councils to develop models for assessing bushfire safety, with plans to expand these efforts to other perils.

Outcome

Our engagement with IAG helped us to better understand the company's approach to managing physical climate risks, supported by investment in technology, data, and industry collaboration. IAG's strategic reinsurance program and participation in industry and government consultations demonstrate its commitment to help building resilience against climate-related perils.

³⁰ <https://www.swissre.com/risk-knowledge/mitigating-climate-risk/natcat-protection-gap-infographic.html#/country/Australia>

³¹ <https://www.nema.gov.au/our-work/resilience/hazards-insurance-partnership>. In Australia, hazard insurance for homes is typically bundled into household building and contents insurance (governed by the Insurance Contracts Act 1984), covering damage from fire, storm, theft, and often floods (usually on an "opt-out" basis). Due to rising natural disaster risks, costs are increasing, leading to a partnership between government and industry to manage risk.

Engagement around key thematic:

Building resilience in a changing climate continued

Case study: Engaging with developed market insurers on climate risk and the protection gap



Travelers



US



Financials



Equities

Issue

In recent years, there have been public withdrawals of coverage across California, Florida and Louisiana while state-mandated insurers of last resort programs have provided coverage in certain segments.

We engaged with US multinational insurance company Travelers to discuss climate risk management, modeling and resilience in the US market.

Action

We met with the Chief Underwriting Officer, Chief Sustainability Officer and Corporate Secretary.

They indicated that Travelers is enhancing transparency regarding its' modelling approaches and outputs, as reflected in public disclosures, to provide greater context on its risk assessment process. The company indicated it is also analyzing the impact of climate modelling on insurance pricing and reinsurance market dynamics. They noted that recent natural catastrophes are now impacting a wider geographic area than previously.

Travelers indicated it is participating in regulatory discussions, particularly in states like California, Florida and New York (the largest states with the most complex climate risks). They shared that they are participating in trade associations on topics, such as land management and housing regulations.

We discussed Traveler's TCFD-aligned disclosures on climate-related risks and opportunities, which also highlighted their investment in partnerships and proprietary models to better understand and price climate risks, focusing on location-specific data.

Outcome

Our engagement demonstrated the difficulty of operating in an evolving regulatory environment and indicated Travelers' continued investments in climate risk management and related disclosures.

Engagement around key thematic:

Building resilience in a changing climate continued

Improving physical resiliency in shared water resources

For water-dependent companies and those located in water stressed areas, changes in water availability can cause business disruption and influence the price of key inputs across a value chain. Water scarcity can influence capital allocation, motivate changes in production, and even trigger the closure or relocation of vulnerable facilities or operations.³² According to CDP,³³ companies report USD \$339 billion in potential financial impacts linked to water-related risks. Despite these material risks, projections show that by 2030 global demand for freshwater is expected to outstrip supply by 40%.³⁴

We conducted an engagement project focusing on several investee companies across sectors including food and beverage, apparel, technology and chemicals, exploring their water stewardship commitments. Our findings highlighted that:

- **Management of water-related risks is increasingly prevalent across sectors.** While some sectors (e.g., consumer staples) have longer-standing water-risk programs (practices vary by company and geography), companies across other industries like technology, chemicals and apparel are also increasing their focus on water management linked to water-intensive activities such as cooling, product formulation and agricultural supply chains. Water availability is inherently local, varies by location, changes over time, and is highly impacted by local human use. Many companies we have engaged report to undertake a water risk assessment using tools like the World Resources Institute (WRI)'s Aqueduct or World Wide Fund for Nature (WWF)'s Water Risk Filter, and then conduct watershed-level assessments considering physical risks, regulation and the needs of other local stakeholders. For water-intensive companies, we support consideration of frameworks like the Taskforce on Nature-related Financial Disclosures which help to standardize corporate approaches to assessing water-related risks.

- **A comprehensive water stewardship strategy should go beyond the company's own water footprint.** It is vital that companies in water-dependent sectors use water more efficiently within their own operations, but also consider extending oversight to the water basins in which their operations are located. Recognizing water basins as shared resources, some corporates have made commitments to work with local water-users through collective action initiatives. We understand these commitments as a way to secure continued access to water; such commitments may have implications for operational continuity and stakeholder relations. Where companies have set targets, we encourage companies to report the methodology, scope and coverage of targets and to report progress transparently.
- **There is still significant room for improvement in addressing physical risks linked to growing water scarcity.** We continue to explore how companies ensure their corporate water use is sustainable in the long-term. Our findings show that while a number of companies are considering science-based approaches to water targets, the capacity and technical feasibility to engage in basin management processes, in order to ensure corporate water use is linked with basin-specific hydrological needs, is still emerging.

³² CDP Water Report 2022: Riding the Wave: How the private sector is seizing opportunities to accelerate progress on water security.

³³ <https://www.cdp.net/en>

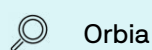
³⁴ <https://www.cdp.net/en/press-releases/internal-water-pricing-unlocks-resilience-and-long-term-growth> ; <https://www.weforum.org/stories/2023/03/global-freshwater-demand-will-exceed-supply-40-by-2030-experts-warn/>

Engagement around key thematic:

Building resilience in a changing climate continued

Given the local nature of physical water risks, we engaged two companies who have experienced drought in Mexico. 31% of global GDP is expected to be exposed to water stress by 2050, with Mexico being one of four countries which together account for over half of the exposed GDP.³⁵

Case study: Engagement on water stewardship at a Mexican multinational



Orbia



Mexico



Materials



Bonds

Issue

In 2024, Orbia, a multinational company with specialism in polymers, materials and infrastructure, reported publicly that it was forced to declare a force majeure at its Altamira plants in response to extreme drought in eastern Mexico.³⁶ Prolonged drought forced water managers to reduce industrial water supply in order to preserve scant supply for municipal use. Water supply to Orbia's Altamira campus was functionally halted, leading to a multi-day shutdown of production facilities.

Action

In our engagement, Orbia described that the specific drought event did not appear in their risk management models due to it being an acute, not chronic event. Within the region, Orbia are contributing to a water management project in the water-basin where their site operates along with other industrial water users. At a group-level, Orbia have set an ambitious commitment to be net positive on water, focusing on water reduction, improving wastewater reuse, and contributing to community water programs. The company are in the early stages of assessing how to meet this ambition. We encouraged Orbia to consider quantifiable and measurable targets, which may help investors to assess how a company is addressing water risk and to compare with peers. The company indicated plans to disclose a more detailed roadmap to meet their water commitment in the next 18 months.

Outcome

We note Orbia's commitment to be water-positive but acknowledge plans to manage operational water risk are still being developed and industry-wide best practice is still emerging. We will continue to monitor progress by the company and encourage disclosure for water management both at group and business level.

Consumer companies, from food and beverage to apparel, tend to be water intensive both within their operational processes as well as in their agricultural supply chains. Our engagements indicate that beverage companies tend to have a long history of water stewardship given their high dependency on potable water in products and direct operations. By contrast, the breadth and sophistication of water commitments for apparel companies is more mixed. While it is common to have water consumption targets for activities directly contained within company operations, such as wet processes like textile dyeing, assessments of water risks in the highly water intensive supply chain are rarer. Traceability remains a key hurdle to risk assessment and companies rely instead on certifications and regenerative agricultural practices, as well as commitments to next generation fibers.

³⁵ <https://www.wri.org/insights/highest-water-stressed-countries>

³⁶ <https://www.vestolit.com/force-majeure-notice-for-altamira-plants-in-mexico/>

Engagement around key thematic:

Building resilience in a changing climate continued

Case study: Engagement on water use at a Chinese apparel manufacturer



Shenzhou International



China



Consumer Discretionary



Equities

Issue

Shenzhou International is a leading Chinese vertically integrated apparel manufacturer, supplying to global clothing brands such as Nike, Adidas and Uniqlo. Over the past few years, it has expanded production into Cambodia and Vietnam. As textile production is water-intensive, responsible management of water resources is important for the company's continued operations, cost management and future growth.

Action

Water resource management has been a key topic in our engagement with Shenzhou. Our focus is on the company's overall approach and disclosure regarding water management, enabling investors to verify how water risks are managed and assess its operational resilience over time.

Moreover, in the context of our engagement, we wanted to better understand how the company assesses its exposure to water risks more broadly. We view this as material because customers evaluate suppliers' environmental risks, and failure to meet their expectations could jeopardize Shenzhou's orders over the long term. The 2024 ESG report states that Shenzhou conducts annual water risk assessments for all production sites using the World Wildlife Fund's Water Risk Filter. The company stated that test results showed that at the time of the assessment none of its locations were considered "high risk" with regard to water stress, whilst over 70% of its site locations were classified as "extremely low risk" or "low risk". Shenzhou's proactive approach to water management is intended to support operational stability and may help strengthen client trust and business reputation.

To reduce its water footprint, the company has highlighted its public commitment to achieving a 20% improvement in water efficiency³⁷ by 2025 compared to 2020 levels, across its fabric and Flyknit factories in China and Vietnam. The company appears on track to achieving the target, with 17% efficient improvement achieved in 2024. We have encouraged Shenzhou to establish longer-term water efficiency targets and understand that such targets are currently under consideration.

Beyond setting quantifiable goals, we have sought greater transparency regarding the strategies and execution plans supporting these targets. Notably, Shenzhou has articulated in our engagement its environmental aspirations and goals in the past years. Our feedback has been that public disclosures were largely high level, and we have asked for greater transparency on the strategies and execution plans that will deliver these targets. We welcome the enhanced disclosure in the company's 2024 ESG report³⁸ published in 2025. It provides details for a range of water stewardship initiatives. For example, the company highlighted reverse osmosis technology for water recycling as one of its focus areas. The company also shared with us that adopting digital printing methods is increasingly popular and could help reduce water consumption.

Outcome

We note Shenzhou has made progress in improving its disclosures around water management. To further strengthen its position, we encourage the company to set and disclose longer-term targets for water efficiency improvement. We would also welcome additional insights into how digital printing could influence Shenzhou's water footprint and associated business opportunities.

³⁷ Shenzhou International defines water efficiency as the freshwater consumption intensity i.e. the volume of freshwater divided by fabric production.

³⁸ <https://www.shenzhouintl.com/uploadfile/bigfile/1745400947953-xm5jy4cmilc.pdf>

Engagement around key thematic:

Saudi Arabia's Energy Transition



Saudi Arabia's Energy Transition

Themes engaged: Climate change, Natural capital

The Kingdom of Saudi Arabia (the “Kingdom”) has become a growing market for institutional investors to broaden their equity and fixed income portfolios in recent years. It is the largest economy in the Middle East and North Africa (MENA) region³⁹ with GDP exceeding USD 1.2 trillion⁴⁰ and a population of 35 million⁴¹ in 2024. As of December 2025, JPMAM has approximately USD 5 billion in AUM in the Kingdom. Its strategic location, abundant natural resources, and ambitious Vision 2030 strategic framework and transformation plan presents an evolving opportunity set across sectors beyond oil and gas and related industries. At the same time, the country remains the world's second-largest crude oil producer⁴² and top exporter,⁴³ the Kingdom supplies about one-third of Organization of the Petroleum Exporting Countries (OPEC)'s total output⁴⁴ while maintaining significant energy reserves.

Our stewardship approach to issuers in the Kingdom emphasizes various dimensions, including: supporting credible low carbon transition pathways clear targets and transparent reporting; encouraging governance frameworks that protect minority shareholder interests (e.g. including transparency and independent input to decision making) while enabling strategic flexibility; and maintaining dialogue on capital allocation efficiency as projects scale from pilot to commercial deployment.

Saudi Arabia's climate strategy is anchored by its pledge to reduce annual greenhouse gas emissions by 278 million tons of CO₂ (MtCO₂) by 2030, supporting its goal of net zero emissions by 2060.⁴⁵ The Kingdom has embarked on a comprehensive economic

transformation through Vision 2030, seeking diversification beyond dependence on hydrocarbon revenue.⁴⁶ The non-oil sector has been steadily growing as a proportion of the country's overall economy and accounted for more than half of its GDP in 2024.⁴⁷ The Kingdom has set a target to achieve a balanced 50/50 mix of renewables and gas-fired power generation by 2030, with the renewables rollout supported by a national program that aims to reach 130 gigawatts (GW) of capacity.⁴⁸ In parallel, the Kingdom is advancing its carbon capture, utilization, and storage (CCUS) ambitions, with a national target of 44 million tons of annual capacity by 2035.⁴⁹

The Kingdom's aim to transition from hydrocarbon dependence to a diversified economy by 2060 presents interconnected climate and nature risks with financial implications. As global energy markets evolve, Saudi Arabia faces transition risks from changing demand patterns.⁵⁰ In addition, it is vulnerable to physical climate risks including extreme heat and water scarcity that threaten infrastructure and productivity.⁵¹ Water stress drives greater dependence on energy-intensive desalination,⁵² while the Kingdom's green hydrogen ambitions require substantial water resources and renewable electricity, creating competing demands across the water-energy nexus.⁵³ Managing these interdependencies is critical for operational resilience and long-term competitiveness, and ultimately the protection and enhancement of value for long term investors.

³⁹ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=ZQ>

⁴⁰ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=SA>

⁴¹ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=SA>

⁴² <https://www.iea.org/world/oil>

⁴³ <https://www.reuters.com/business/energy/saudi-arabia-crude-exports-rise-six-month-high-august-2025-10-22/>

⁴⁴ https://www.eia.gov/international/analysis/special-topics/OPEC_Revenues_Fact_Sheet

⁴⁵ <https://www.vision2030.gov.sa/en/explore/projects/saudi-green-initiative>

⁴⁶ <https://www.vision2030.gov.sa/en>

⁴⁷ <https://www.spa.gov.sa/ar/w2323831>

⁴⁸ <https://www.sgi.gov.sa/about-sgi/sgi-targets/reduce-carbon-emissions/>

⁴⁹ <https://climateactiontracker.org/countries/saudi-arabia/policies-action/>

⁵⁰ <https://www.imf.org/en/publications/cr/issues/2025/08/02/saudi-arabia-2025-article-iv-consultation-press-release-and-staff-report-569252>

⁵¹ https://unfccc.int/sites/default/files/resource/KSA_BTR1_20250320-2.pdf

⁵² <https://www.arabnews.com/node/2603778/business-economy>

⁵³ <https://agsi.org/analysis/water-challenges-in-the-emerging-hydrogen-economy/>

Engagement around key thematic:

Saudi Arabia's Energy Transition continued

In October 2025, we went on a field trip to Saudi Arabia with the objective of meeting and engaging with corporates and government entities around their work on the future of the Kingdom's energy use and production. The trip provided a first-hand view and direct insight into the Kingdom's climate strategy, energy transition, and natural capital management.

Case Study: Low-carbon transition at the world's largest oil and gas company



Saudi Aramco



The Kingdom of Saudi Arabia



Energy



Equities and Bonds

Issue

Given the scale and influence of Saudi Arabian Oil Company (Aramco) as the world's leading oil producer and the Kingdom's majority state-owned energy and chemicals company, direct engagement with Aramco is essential for understanding Saudi Arabia's energy transition. Our engagement with Aramco on climate change-related matters has been ongoing since 2021, offering a valuable perspective on the company's evolving approach to decarbonization and climate risk management.

Historically the company's disclosure about the risks and opportunities for its business associated with climate change was limited, though this has improved markedly over multiple years of engagement. Our initial engagement with the company were around establishing operational GHG reduction targets in line with the national targets and illustrating how the company is considering its business under different potential future climate change scenarios. We also suggested that the company measure methane emissions and set targets for methane emissions reduction.

Since our engagements began, Aramco has committed to net zero Scope 1 and Scope 2⁵⁴ emissions from wholly owned and operated assets by 2050, which is ten years ahead of the national target. They have also set a near-term target to reduce upstream carbon intensity by 15% by 2035 from the 2018 baseline. In 2024, the company announced a new interim target for upstream operations to reach 8.6 kilograms of carbon dioxide equivalent (kgCO₂e) per barrel of oil equivalent (boe) by 2030. This was a positive step, as interim targets help investors to understand the nearer term implications of longer-term targets. However, there remains a need for further clarity on the commercial viability of its decarbonisation-related projects, which will be the central tenants for delivery of the targets.

Action

During our field trip, we visited Aramco's headquarters in Dammam where we gained extensive first-hand insight into the company's climate strategy and operational progress. The company is clear in its intention to remain the world's top fossil fuel producer for as long as there is demand for oil, leveraging its significant cost advantage in oil and natural gas extraction. This is the basis on which our engagement with the company is conducted.

Aramco continues to operate extensive oil and natural gas fields both onshore and offshore in the Arabian Gulf and is confident that its cost leadership in oil production can also be maintained in natural gas. Aramco emphasizes its high operational efficiency and low emission intensity, promoting Saudi oil as having one of the lowest carbon footprints globally.⁵⁵

continued →

⁵⁴ Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy.

⁵⁵ <https://app.archieinitiative.org/map?mode=oil>

Engagement around key thematic:

Saudi Arabia's Energy Transition continued

Case Study: Low-carbon transition at the world's largest oil and gas company continued



Saudi Aramco



The Kingdom of Saudi Arabia



Energy



Equities and Bonds

We saw through in-person demonstrations the range of projects and investments Aramco is making across a number of business areas to help achieve its decarbonization targets. In line with our original engagement asks, measures to meet its upstream operational target include monitoring methane leaks, reducing flaring, and using technologies such as satellites, drones, and AI models to monitor emissions in real time. The company is also seeking to gradually diversify its product mix as part of its efforts to reduce hydrocarbon dependence, in line with Saudi Arabia's Vision 2030. Natural gas is a central pillar of this energy transition strategy. The company is targeting a 60% increase in its shale gas production capacity by 2030 versus 2021 production levels, with unconventional resources such as the Jafurah shale gas project playing a growing role. We learnt that much of the output is intended to meet local demand, supporting the shift away from oil in power generation. However, we note that Aramco saw a 3.1% increase in its Scope 1 emissions in 2023-4, which it attributes to this increased natural gas production.

Carbon capture, utilization and storage (CCUS) also play a critical role in Aramco's decarbonisation roadmap. The company is advancing CCUS through the Jubail Phase 1 project, a partnership with Linde and SLB. The first phase of construction is expected to begin in 2027, targeting capture and storage capacity of up to 9 MtCO₂ per year, making it one of the largest projects globally. In addition, we saw the direct air capture (DAC) technology that Aramco is piloting at its Dammam headquarters, in collaboration with Siemens. This technology is location-independent, using metal-organic frameworks (MOF) to capture CO₂ directly from the atmosphere. The current DAC unit has a capacity of 12 tCO₂ per year but Aramco believe that the technology can be scaled quickly. We will monitor the company's progress on scaling CCUS and DAC to assess the viability of carbon capture as a mechanism for achieving its decarbonisation targets.

Aramco is also investing in renewable energy and related research and development (R&D). The company is a minority, non-operating partner in joint ventures with local utilities like ACWA Power and the sovereign wealth fund PIF, supporting Saudi Arabia's National Renewable Energy Program (NREP). Seven new projects have been announced, aiming to generate a combined capacity of 15 GW, with 12 GW from solar photovoltaic and 3 GW from wind energy. Aramco is also utilizing renewable energy, especially solar, at its production facilities and has committed R&D spend to novel battery technology, including the commissioning of a megawatt-scale iron-vanadium flow battery system to store solar energy for remote gas well operations, as a backup power source. We heard from the company that this technology is designed for durability in Saudi Arabia's extreme climate and has broader applications beyond the oil industry.

We noted that water scarcity is a persistent challenge for Saudi Arabia, particularly as the energy transition and digital transformation drive greater demand for reliable water resources. The Kingdom's plan to meet 90% of national water needs through desalination by 2030 is supported by over USD 80 billion in infrastructure investment and the adoption of seawater reverse osmosis (SWRO) technology, reflects a strategic commitment to securing water supply.

continued →

Engagement around key thematic: Saudi Arabia's Energy Transition continued

Case Study: Low-carbon transition at the world's largest oil and gas company continued



Saudi Aramco



The Kingdom of Saudi Arabia



Energy



Equities and Bonds

Outcome

We appreciated the opportunity to observe these developments first-hand during our trip which has deepened our understanding of the Kingdom's progress in operational efficiency, emissions management, and low-carbon technology deployment. The company's natural gas and renewable energy investments form an important portion of their energy transition strategy. Other aspects of the company's strategy are less mature. For example, Green hydrogen production remains a long-term strategic vision for Aramco while DAC still relies on significant cost reductions in order to scale. Meanwhile, carbon offsets remain the company's largest decarbonization lever, exposing them to certain risks related to the quality and credibility of purchased offsets. Continued integration of water, energy, and technology strategies will be important for achieving the Kingdom's long-term climate and development goals.

Engagement around key thematic:

Saudi Arabia's Energy Transition continued

Case Study: Saudi sovereign funding of Vision 2030 and decarbonisation



Saudi sovereign



The Kingdom of Saudi Arabia



Sovereign



Bonds

Issue

Saudi Arabia's Vision 2030 targets economic diversification and reduced reliance on oil, with energy transition and emissions reduction as stated priorities. In February 2025, the Kingdom issued its first euro-denominated sovereign green bond, raising EUR 1.5 billion – the first from a MENA region sovereign.⁵⁶ The bond's use of proceeds align with the International Capital Market Association (ICMA) Green Bond Principles, covering pollution prevention and control, water and waste management, climate adaptation, and biodiversity. As investors in both the green bond and the wider sovereign bond program, we consider credible sustainability outcomes, adherence to market standards, and transparent reporting important for understanding the Kingdom's progress with regards to its energy transition plan. We therefore sought an opportunity to deepen our understanding of the issuance's sustainability attributes and to communicate areas where we felt improvements could be made.

Action

As part of our field trip to Saudi Arabia, we met with the National Debt Management Centre (NDMC) in Riyadh. The NDMC led the multi-year effort to establish the Kingdom's Green Financing Framework and launch the debut euro-denominated sovereign green bond. They provided significant detail on the efforts taken to ensure that the approach was credible and that it sent a message to investors of Saudi's commitment to Vision 2030 and related environmental policy funding. We welcomed the ambition of the issuance and the market signal it created. We recommended that the narrative around the bond's link with the Kingdom's energy transition policy could be strengthened, to better position the sovereign for future green bond issuances. As a next step, we suggested that the NDMC periodically come to market with a green bond as this continues to strengthen alignment between the Kingdom's energy transition policy and its green bond program. We encouraged that post-issuance reporting includes both quantitative use of proceeds breakdown as well as qualitative case studies. We also encouraged NDMC to focus the use of proceeds on recent capital expenditure instead of the refinancing of existing projects or routine government operational spending, as the additionality of the latter two is less clear.

Outcome

The discussion was open and constructive. The NDMC was receptive to many of our suggestions and indicated that they would consider providing narrative case studies in the upcoming post-issuance report. We appreciated the NDMC's openness and believe that these steps will help support investor confidence and strengthen the credibility of Saudi Arabia's green bond program. We plan to continue to monitor these developments to assess long-term risks and opportunities for our clients.

⁵⁶ <https://www.environmental-finance.com/content/news/saudi-arabia-raises-15bn-from-testing-debut-sovereign-green-bond.html>

Engagement around key thematic: Responsible Mineral Sourcing



Responsible Mineral Sourcing

Themes engaged: Social stakeholder, Human capital, Natural capital

Ongoing global transitions in energy systems and the digital economy, including the buildout of data centers for AI, depend on a stable supply of critical minerals, such as lithium, cobalt, nickel, graphite, rare earths, copper, aluminum, and other rare earths. These supply chains are often geographically concentrated and can carry a range of financially material human rights risks, including child labour. For example, operational issues - such as health and safety incidents or strained community relations at mining sites may directly impact production levels, causing operational delays, shutdowns, and supply shortages. Such disruptions increase the costs of sourcing and the volatility of critical minerals supply for downstream companies, affecting profitability and long-term planning. Regulatory regimes addressing responsible supply chains are evolving and, where applicable, may require companies to conduct and disclose on human rights due diligence and remediation.

We began engaging with investee companies on responsible minerals sourcing in 2022. In 2025, this engagement program included 20 upstream and downstream companies. Engagements focus mainly on responsible minerals supply chain practices, but also include objectives around health and safety, Indigenous Peoples and community engagement, and natural capital. Where we see the need for escalation and/or to scale our engagements, we may participate in relevant industry events and dialogues. More detail on this is included in the following sections.

Based on our engagements to date, we continue to encourage the following:

- Downstream companies can look to strengthen mineral-specific human rights disclosures and rights-holder engagement and proactively adapt to evolving supply chain regulations to maintain market access and cost stability. For more information, please see our case study on Ford.

- Upstream (mining) companies can seek to improve transparency around health and safety, especially related to non-operating joint ventures; provide site-specific information on engagement with Indigenous communities; and disclose asset-level water use metrics.

Updates on responsible minerals supply chain practices

Rising demand for critical minerals for the low-carbon transition and digital transformation has intensified scrutiny of human rights conditions in their extraction. For example, cobalt mining in the Democratic Republic of Congo (DRC) faces allegations of child labor and hazardous working conditions in artisanal operations. Lithium extraction in Latin America raises concerns about water rights and Indigenous community displacement. Nickel mining in Indonesia has been linked to forced labor and inadequate safety standards. Copper operations globally may face risks including community conflict, unsafe working conditions, and inadequate grievance mechanisms.

These risks can create operational disruptions, regulatory challenges, and reputational damage that can restrict market access and undermine long-term supply security. International standards like the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas⁵⁷ (OECD Guidance) provide guidance for companies to evaluate their supply chain with respect to critical minerals.

As part of our stewardship efforts, we annually review engagement progress with companies across the critical minerals value chain, focusing on human rights and child labor risks. This review evaluates industry practices against the OECD five-step framework for risk-based due diligence guidance,⁵⁸ against our four core engagement asks (listed in our 2024 Report Child Labour in Cobalt Mining Report). This year, our progress review covered 20 companies in the responsible minerals sourcing program (see Ford case study below).

⁵⁷ https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/04/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_g1g65996/9789264252479-en.pdf

⁵⁸ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/due-diligence-guidance-for-responsible-business-conduct/monitoring-corporate-disclosure-assessing-company-reporting-on-mineral-supply-chain-due-diligence.pdf>

Engagement around key thematic: Responsible Mineral Sourcing continued

| JPMAM engagement asks | Rationale |
|---|---|
| Disclosure of salient human rights risks by materials including cobalt | This is a key indicator in Step 2 of the OECD guidance that the OECD reports as a gap in corporate disclosure policies. |
| Involvement of relevant right-holders to identify risks | This is a key indicator referenced by the OECD and UN Guiding Principles, which the OECD reports as a weakness in company disclosure policies. |
| Audit progress and due diligence robustness | Step 4 of the OECD guidance expects downstream companies to audit smelters and refiners in their supply chain, and often through external assessments. |
| Support for artisanal (cobalt) mining through multi-stakeholder initiatives | Supporting Artisanal and Small-scale Mining (ASM) represents a proactive approach to address child labor and human rights risks of sourcing cobalt from the DRC but inadequate transparency on the company's contribution to the initiatives and the impact of these initiatives are having in the DRC. |

Case study: Engaging with a US automobile company on supply chain due diligence



Ford Motor



US



Consumer Discretionary



Equities and Bonds

Issue

Ford, with an extensive global manufacturing and sourcing network, is exposed to financially material human rights and environmental risks in the procurement of critical minerals essential to electric vehicle production. Heightened regulatory expectations and stakeholder scrutiny increase the importance of transparent due diligence and responsible sourcing practices across their mineral supply chains to mitigate potential operational, legal, and reputational risks. Our engagement focused on Ford's disclosure of human rights risks and their participation in industry initiatives addressing risks associated with artisanal and small-scale mining (ASM) in high-risk regions.

Action





In order to better understand related risks, we began engaging with Ford in 2023 on supply chain traceability and human rights due diligence, focusing particularly on the company's cobalt sourcing practices and their involvement in industry initiatives such as the Better Mining Program addressing child labor and ASM conditions in the Democratic Republic of Congo. We encouraged Ford to enhance disclosure of salient human rights risks by material, improve transparency regarding external industry initiatives, and explain how stakeholder engagement informs their due diligence processes to help investors understand how supply chain risks are being managed.

In 2024, we shared research and recommendations on cobalt sourcing and discussed how Ford might apply a more comprehensive approach to assessing sustainability risks across other critical minerals. We acknowledged the complexity of Ford's supply chain but encouraged integration of OECD-aligned due diligence frameworks to strengthen oversight across upstream activities.

continued →

Engagement around key thematic: Responsible Mineral Sourcing continued

Case study: Engaging with a US automobile company on supply chain due diligence continued

 Ford Motor
  US
  Consumer Discretionary
  Equities and Bonds

Outcome

Ford reported to expand their responsible sourcing program and, in 2024, conducted supply chain audits covering nickel, lithium, cobalt, and mica under OECD-aligned standards. In its 2025 integrated sustainability and financial report, Ford explicitly discussed the social and environmental risks associated with artisanal mining, including child labor, health hazards, and forced labor. The report broadened coverage to other minerals/materials such as copper, graphite, and natural rubber, and included biodiversity and indigenous rights considerations. Ford also described progress on implementing Free, Prior, and Informed Consent (FPIC) assessments to uphold indigenous rights across their supply chains.

Participation in industry discussions at the annual RBA/RMI conference

Considering the limited scale of one-on-one engagements, as well as the need to understand the impact of industry associations, we attended the Responsible Business Alliance (RBA) / Responsible Minerals Initiative (RMI) conference in Maryland, U.S. The event brought together approximately 600 supply chain specialists from leading companies worldwide, focusing on responsible business conduct, supply chain management, labor and human rights, and responsible minerals sourcing. We participated in a workshop on co-designing standards for ASM minerals and spoke on a panel hosted by the conference's partner IRMA, which is an audit standard for mining companies.



Janet Wong, North America investment stewardship specialist, speaking in a panel discussion at RBA/RMI conference about the importance of community engagement.

Engagement around key thematic:

Responsible Mineral Sourcing continued

Targeted engagement with mining companies

Health and safety

Fatalities and serious injuries in mining have significant human and financial consequences, and may include regulatory penalties, operational shutdowns, or long-lasting reputational damage. In our 2025 engagement, we identified a critical governance gap: insufficient health and safety (H&S) disclosures related to non-operated joint ventures (JVs).

Mining companies generally prioritize safety through robust H&S governance, including dedicated committees, leadership oversight, risk assessments, and linking safety performance to executive incentives. Many pursue H&S certifications and invest in advanced technologies – such as smart monitoring systems, automation, and improved safety equipment – to mitigate hazards. Increasingly, companies report H&S metrics like incident rates, fatalities, and lost workdays for both employees and contractors. However, these practices typically apply only to directly controlled operations, wholly owned sites and subsidiaries, which limits comparability for investors.

JVs are common in mining, enabling companies to share capital costs and risks with the operating partner usually responsible for H&S management. Historically, non-operated JVs have been frequently excluded from H&S reporting, creating significant blind spots. Incidents at these sites can still result in legal liability and reputational harm for all partners, especially when JV partners are smaller, private companies without the same reporting obligations as large, listed firms. While issuers often describe ESG due diligence being conducted when entering JVs, few companies require partners to report ongoing H&S metrics or adopt equivalent safety standards, leaving investors with limited visibility into these material risks.

In 2025 we met with the International Council on Mining and Metals (ICMM), the industry body focused on sustainable mining, to discuss ICMM's approach to safety. Our meeting included knowledge sharing of non-competitive information and a review of the newly created Consolidated Mining Standard Initiative (CMSI), which will consolidate existing standards and introduce stricter assurance requirements.

Engagement around key thematic:

Responsible Mineral Sourcing continued

Case study: Engaging with a global mining company on health and safety in non-operated JVs



Rio Tinto



UK



Materials



Equities

Issue

Rio Tinto is a dual-listed UK and Australian mining company. In March 2025, Reuters reported 13 worker fatalities and five community fatalities in relation to Rio Tinto's infrastructure and mine development project at Simandou in Guinea. Rio Tinto holds rights to Simandou's blocks 3 and 4 through Rio Tinto Simfer, a JV between Rio Tinto, Chalco Iron Ore Holdings (CIOH) and the Government of the Republic of Guinea. A private company, Winning Consortium Simandou (WCS) are developing blocks 1 and 2 of the mining concession.

Rio Tinto has disclosed one contractor fatality, with limited transparency on other incidents. Even if safety incidents occur at non-operated JVs or supporting infrastructure development, there may still be financially material risks for Rio Tinto, including legal risks, and therefore we would encourage greater transparency and more effective board oversight.

Action

In March 2025, we met with the Board Chair and raised the question of board-level oversight of safety and human rights at Simandou, and at non-operated JVs more broadly. Following this meeting, in April we met with Rio Tinto's Head of HSE (health, safety and environment), Head of Safety and Investor Relations to further discuss Simandou's safety record. We raised concerns about the high number of fatalities and the need for improved transparency and reporting at non-operated JVs to ensure that high safety standards were being applied across all sites. We encouraged Rio Tinto to publicly report on all safety incidents, including those involving JV partners and contractors, even if non-operated.

Outcome

Rio Tinto recognized the importance of improving safety transparency at Simandou and confirmed that the board actively oversees these issues. The company is updating its safety approach to better address local challenges and is working actively with JV partners to enhance reporting and safety standards. Rio Tinto noted our request for increased public disclosure related to these efforts and safety measures at non-operated JVs, but noted that it is not the industry norm to disclose safety-related KPIs for non-operated JVs. We will continue to monitor developments at Simandou and encourage transparency in reporting non-operated JVs across the industry.

Engagement on Indigenous Peoples and local communities and natural capital

More than half of critical mineral mining sites are located near indigenous lands, and many are in water-stressed regions.^{59, 60} Therefore, credible community engagement, FPIC adherence, and robust water stewardship are all essential for maintaining a company's social license to operate and long-term value creation ability. We encourage companies to specify Indigenous groups engaged at each site, disclose findings from human rights due diligence, and co-develop engagement plans addressing both community needs and environmental impacts. On water stewardship, we encourage water-intensive companies to report site-level water metrics and conduct asset-level risk assessments to manage operational vulnerabilities and support community resilience.

⁵⁹ <https://www.icmm.com/en-gb/comment/2024/we-cannot-ignore-the-tension#:~:text=However%2C%20this%20transition%20comes%20with,Confronting%20historical%20injustices>

⁶⁰ https://www.wri.org/insights/critical-minerals-mining-water-impacts#:~:text=Critical%20minerals%20are%20needed%20for%20the%20clean,or%20most%20of%20the%20available%20water%20supply**

Reactive engagements

Our engagement program is largely based on proactive engagement. However, we also engage on a reactive basis in response to real-world events. These events can include corporate actions, controversies, actual or potential norms breaches and other matters arising during the proxy voting process where governance or management practices are called into question. They can also include instances where new information becomes uncovered about long-running concerns with regard to controversial corporate practices, products or services.

When incidents arise, we assess the severity of the issues and consider whether engagement can play a role in improving our understanding of the situation for the company and investors, as well as the probability of the engagement's success. When engaging reactively around high-profile and/or material events, we tend to engage multiple times and with greater intensity than we do for other engagements.

This year, we engaged with companies with controlling shareholders which present distinct governance challenges to minority shareholders. We have engaged particularly around ensuring transparency and accountability to minority shareholders.

The concentration of voting power can lead to decisions that may not always reflect the broader interests of all shareholders. Minority shareholders rely on the board to act as an effective counterbalance to the influence of the controlling party, ensuring that their interests are considered and protected. Ultimately, the effectiveness of oversight, clarity of communication, and commitment to minority shareholder rights are important measures of success for companies with controlling shareholders. Regardless of ownership structure, we expect boards to uphold high governance standards, provide clear disclosure, and maintain trust across the shareholder base.

Case study: Addressing concerns around the influence of controlling shareholders



Novo Nordisk



Denmark



Health Care



Equities

Issue

In May 2025, global pharmaceuticals company Novo Nordisk announced that they were accelerating the succession of their CEO after eight years of service. The company cited market challenges, share price decline, and a push from the Novo Nordisk Foundation as the key drivers behind the decision. The Novo Nordisk Foundation holds approximately 28% of the company's share capital and 77% of the voting rights.

Action

We sent a letter to the board Chair outlining a number of concerns we had with the handling of the succession announcement. Firstly, while acknowledging that operational and strategic issues are a valid basis to challenge CEO performance, we questioned the appropriateness of using share price performance as a principal factor in the decision to dismiss the CEO. Share price is influenced by many factors beyond management's control, such as market conditions and macroeconomic trends. We believe that a balanced assessment should consider a range of financial, operational, and strategic indicators.

continued →

Reactive engagements continued

Case study: Addressing concerns around the influence of controlling shareholders continued



Novo Nordisk



Denmark



Health Care



Equities

In addition, we expressed concerns regarding transparency of the board's decision-making process. We met with the Chair ahead of the company's AGM and in our discussion around executive pay outcomes, there was minimal indication of any significant concerns with the CEO's performance. Given the significant influence of the Novo Nordisk Foundation, we also sought to understand that the board was acting in the interest of all shareholders when making the decision to accelerate the CEO's succession. We raised these points again in a follow-up call with the Chair, who explained that the decision was the result of an extensive succession planning process rather than an unexpected event. We were provided with further insight into this process as well as the skills and experience they were looking for in a successor.

In August 2025, Novo Nordisk appointed a new CEO and began a strategic transformation. To support this, the Novo Nordisk Foundation initiated discussions with the incumbent board around board renewal. This led to disagreement regarding the pace and extent of change required, with the Foundation advocating for more rapid and comprehensive renewal to introduce new perspectives and experience, whilst the incumbent board preferred a more gradual approach. As a result, it was announced that Novo Nordisk's board Chair would resign along with the vice-Chair and four other independent directors. An Extraordinary General Meeting (EGM) was called in November 2025, at which the Foundation submitted proposals to elect four new directors and to appoint Mr. Sørensen, the Chair of the Foundation and Novo Holdings, as the new Chair of Novo Nordisk replacing Mr. Lund.

We engaged with Mr. Sørensen ahead of the EGM to better understand the reasons for the disagreement on board composition as well as to learn about the profiles of the candidates being put forward for election by Novo Nordisk Foundation. In particular, we noted the direct-to-consumer marketing and U.S. pharmaceutical expertise that had previously been lacking, and which we acknowledged warranted addressing.

Outcome

At the November EGM, we chose to withhold support for Mr. Sørensen while supporting the other directors nominated by Novo Nordisk Foundation, recognizing the valuable experience they would bring to the board. Our primary concern regarding Mr. Sørensen was the overall composition of the board and the potential lack of independence, even though his appointment was described as temporary, there was no certainty provided on timelines.

Further to this, whilst we recognized the Novo Nordisk Foundation's intent to support strategic transformation under the new CEO by bringing fresh perspectives onto the board, we took issue with the limited transparency around the board refreshment process and the escalation of disagreements between the Foundation and the incumbent board. We believe the company could have done more to ensure accountability and clear communication with minority shareholders during this period. Going forward, we encourage the board to enhance disclosure regarding its interactions with the Foundation, its engagement with management and its approach to board oversight. In addition, we expect the upcoming Chair succession process to be conducted in a transparent manner, with regular updates provided to all shareholders, including minority investors.

An aerial, high-angle photograph of a large parking lot and a highway interchange at night. The parking lot is filled with rows of cars, illuminated by warm orange lights. A highway interchange with multiple lanes is visible on the right side, with cars moving through it, creating light trails. The overall scene is a mix of blue and orange tones.

Stewardship in Alternative Markets

Stewardship in Alternative Markets

JPMAM's Global Alternatives team includes investment solutions in private equity, private debt, real assets (such as infrastructure, timberland, and transport) and hedge funds. The level of influence over our investments in alternatives differs based on our ownership structure, as do levers for our stewardship of these assets. Stewardship in alternative markets may take a different form to Stewardship for our listed equity and debt strategies. Nevertheless, our commitment to the responsible allocation, management, and oversight of capital to maximize the value of investments for our clients and beneficiaries remains the same across JPMAM.

Within private markets, our assets may be directly owned by our portfolio managers, who may exercise governance controls and influence. In timberland, we typically directly control assets and thus can drive sustainability initiatives as an integral part of responsible forestry management practices. Similarly, we tend to hold majority stakes in our infrastructure assets and therefore hold board seats. We exercise responsible ownership by holding the board accountable for sustainability performance where financially material, and by encouraging the adoption of higher sustainability standards where this can help to address financially material risks and capitalize on opportunities. In those assets where we hold a minority stake and may not manage the company day-to-day, we can still exercise our influence by engaging with investee companies to facilitate positive outcomes for our clients. For instance, we may partner with property managers in our real estate properties to help buildings meet high-efficiency standards for resource use including energy, water and waste.

While maintaining the highest integrity and confidentiality between our public and private assets, there is representation from the Private Markets and customized solutions team on JPMAM's Sustainable Investing Oversight Committee (SIOC). This helps promote the consistent understanding, assessment and application of sustainable investing across JPMAM.

Stewardship for global alternatives is managed directly by the portfolio management teams due to the sensitivity of material non-public information. As a result, the approach to stewardship across JPMAM's alternatives business is unique to the circumstances of the underlying portfolio assets, as determined by the aims of the individual portfolio management teams. The Sustainable Investing and Stewardship team may offer support on the approach to alternative sustainable investing solutions and products, ESG integration and stewardship, but this will not include asset-specific information.

Standards of transparency and reporting within alternative investments are generally low, especially when compared to public markets. This is widely recognized across the industry, and much of our engagement within alternatives is geared towards procuring uniform data from our investments. Where we exert more influence due to majority ownership structures, data availability is higher, and the challenge relates more to standardizing and driving the data quality through assurance. Where we do not have access to this data, our engagement relies on working in partnership to increase transparency on metrics we deem to be financially material. Tracking these metrics over time may allow us to better manage risks within our investments.

Infrastructure

In the infrastructure sector, delivering safe, reliable, and affordable essential services is foundational to maintaining a social license to operate. At JPMAM, stewardship is embedded in our approach to the management and governance of infrastructure investments. Financially material sustainability considerations may impact the long-term risk-adjusted performance of investments, so companies should proactively manage these issues in order to de-risk business models and enhance profitability over the medium to long term.

For infrastructure, stewardship activities may include:

- regular performance reviews and asset inspections to identify emerging issues before they escalate;
- structured maintenance and modernization programs to extend asset life and reliability;
- comprehensive climate risk assessments to identify physical and transition risks, followed by the implementation of resilience measures;
- transparent reporting and open communication with stakeholders, employees, regulators, investors, and customers, while incorporating continuous feedback; and
- leveraging technology for real-time monitoring and data analytics to optimize performance and efficiency.

Stewardship in Alternative Markets continued

Effective stewardship enables asset managers to continuously optimize these long-life, complex investments while fostering robust compliance and integrating financially material sustainability initiatives into core business practices. Active stakeholder engagement further drives operational improvements, mitigates risk, enhances transparency, and builds trust, positioning infrastructure assets to capitalize on market opportunities and support long-term performance.



Energy and infrastructure solutions specialist



Europe



Infrastructure



Alternatives

Issue

One of JPMAM's client portfolios includes a leading European specialist in reliable energy and infrastructure solutions. The company serves residential, commercial and public space customers as well as offering heating, steam, cooling and waste and wastewater treatment to industrial customers. It also partners with its customers to secure and decarbonize energy supplies.

The investee company recently assumed responsibility for operating a Life Science Park, presenting an opportunity to reposition the site for the pharmaceutical and life science sectors whilst remaining attractive to existing tenants. The company rebranded and positioned the site as a center for smart energy and material cycles, with the goal of leveraging the site's existing infrastructure while enhancing sustainable solutions with reduced environmental impact, optimizing operating costs for current and future tenants, and helping customers achieve sustainability goals.

Action

JPMAM supported the investee company to position the new development as a model of sustainable infrastructure and a pivotal ecosystem player within the life science and pharmaceutical industries. The company initiated a series of strategic actions to transform the site. First, they implemented energy efficient solutions by leveraging the local grid's mix and existing renewable heat generated from a neighboring wood-fired power plant. This included the installation of state-of-the-art photovoltaic units on suitable roof surfaces, and the adoption of a flexible, high-performance heat pump system that can adjust to heating or cooling needs. Second, the investee company expanded its team and expertise through in-sourcing measures, ensuring that both operational and developmental aspects of the site were addressed proactively. These efforts were supported by developing tailored concepts for energy recovery and recycling, while planning for future synergies, like harnessing waste heat from a data center to provide ambient heating.

Outcome

Outcomes included operating efficiencies that resulted in cost savings, increased ability to attract high-quality tenants and enhanced sustainability features that align to company and customer climate goals. Overall, the initiatives demonstrate how strategic rebranding, technological investments and stakeholder engagement can drive long-term value creation.



Stewardship in Alternative Markets continued

Real Estate

As stewards of our clients’ capital, our focus in real estate is on investments that add value to portfolios and that enhance long-term risk-adjusted returns. Through active ownership, we seek to maximize the value and resiliency of the assets that we manage on behalf of our clients.

Financially material environmental and social issues are a significant consideration within the real estate market, influencing property values, operational costs, and investment risk. We seek to integrate financially material ESG risks into our real estate decision-making processes. From an environmental standpoint, areas of focus include resource conservation, performance improvement, and the pursuit of green building certifications, which we believe add value to the investments we hold in our portfolios. As well as transition-related risks and opportunities, we seek to identify potential physical risks and develop resilience strategies for high-risk assets.

Consistent engagement with stakeholders, including investors, joint venture partners, employees, property managers, tenants, community members, and suppliers, helps us to identify ways to improve the performance of assets held in our portfolios. We also collaborate with stakeholders on performance monitoring and data collection, aiming to enhance transparency in an evolving regulatory environment. Meeting the needs of local communities and stakeholders is also important to the long-term resilience of these investments.

 **Moscova**
 **Italy**
 **Real Estate**
 **Alternatives**

Issue


The property was acquired in 2016 as an obsolete office building requiring substantial capital investment to reposition it as a high-quality asset in the Milan office market. The team focused on improving the asset’s environmental credentials – particularly its thermal performance – to unlock additional floor space permissions available under the local planning Energy Bonus incentives. In Milan, planning regulations provide incentives for energy-efficient building projects, including the possibility of increased building volume. This strategic approach aimed to directly enhance the building’s rental and capital value while positioning it as a market-leading workspace.


Action


To capitalize on the Energy Bonus available under Milan’s local planning laws and secure additional floor space, the project allocated significant expenditure to advanced thermal improvements, including high-performance glazing to limit solar gain and state-of-the-art insulation. These measures enabled the building to meet regulatory energy standards and qualify for increased massing.


continued →

Stewardship in Alternative Markets continued

 Moscova

 Italy

 Real Estate

 Alternatives

The Moscova repositioning⁶¹ achieved a LEED Gold rating,⁶² recognizing improvements including reduced energy and water consumption, lower carbon emissions, and improved indoor environmental quality. LEED is a widely recognized green building rating system, offering a framework for healthy, efficient, and cost-effective green buildings, providing environmental and social benefits - projects are subject to a verification and review process by the Green Business Certification Inc (GBCI). The Moscova project also met the Nearly Zero Energy Building (NZEB) standard, a requirement under the EU Energy Performance of Buildings Directive, and became the first building globally to achieve WELL Core v2 Platinum certification – the highest level under the WELL Building Standard, a performance-based system that certifies buildings and spaces based on features impacting health and well-being.

In addition to environmental upgrades, the project prioritized the development of social amenities, such as a communal courtyard and secure bicycle parking with changing facilities. These features are intended to help promote occupant well-being, fostering social interaction, and encouraging active commuting. They also enhanced the building's appeal to tenants seeking modern and connected workspaces. The WELL Building Standards include addressing mind, movement and community in its scorecard, which is verified through on-site testing of building performance.

Outcome

By investing in both environmental and social features, the project successfully unlocked local planning incentives, enabling the creation of two-hundred thousand square feet of high-quality, efficient office space. The additional massing was one of the factors that may have contributed to the increase in the building's rental and capital value, which was realized upon the asset's sale. The combination of certifications and thoughtfully integrated amenities not only differentiated the asset in a competitive market but also enhanced the asset's ability to meet evolving regulatory and tenant expectations, supporting prospective long-term profitability and resilience.



Moscova office building

⁶¹ Repositioning is a strategic business decision to change how the market perceives and values a property. It often includes renovation as a necessary step, but its ultimate goal is to shift the property's competitive position and target different tenants or buyers.

⁶² A LEED Gold rating is a high-level certification awarded by the U.S. Green Building Council (USGBC) to buildings that achieve 60–79 points in sustainable design, construction, and operation. <https://www.usgbc.org/leed>

Stewardship in Alternative Markets continued

Campbell Global

Campbell Global, JPMAM's timberland investment division, provides nature-based investment opportunities related to climate, conservation, and biodiversity. Acquired in 2021, Campbell Global has over 40 years of experience and is recognized as a pioneer in timberland management, having managed more than five million acres worldwide for pension funds, foundations and other institutional investors. Campbell Global certifies all assets under management in accordance with third party sustainable forestry standards. It also tracks and discloses key performance indicators across many facets including GHG (greenhouse gas) accounting metrics and nature-based KPIs. This helps to monitor and manage ESG considerations over the active management phase of the investment horizon and supports the long-term sustainability of our clients' and beneficiaries' assets.



Campbell Global



U.S.



Forestry



Alternatives

Issue

Nature-based investments have the potential to offer impactful environmental, social, and climate co-benefits. As an asset class, timberland simultaneously provides investors with a hedge against inflation, diversification, and a steady income.

Since commercial timberland properties can represent a mosaic of land, soil, and vegetation types, there may be a portion(s) of the asset that isn't as viable for forestry than a higher and better use alternative. One way that Campbell Global's active management strategies seek to create value from these areas on the landscape is pursuing monetizing conservation opportunities with local stakeholders. This approach may help clients achieve climate, nature, and/or biodiversity goals while serving the best interests of their investors.

Action

In 2020, Campbell Global identified several non-strategic parcels of forestland on one of our timberland properties in Oregon with exceptional conservation values.

Despite the area having limited capacity to deliver traditional timberland returns, the area is located along the McKenzie River, a vital waterway that runs through the Cascade Mountain range and provides sources of drinking water and hydropower to the city of Eugene, Oregon, and surrounding communities. The river also provides critical habitat for many aquatic species, including federally listed salmon and steelhead.

Throughout 2024, Campbell Global, on behalf of its client, worked in collaboration with McKenzie River Trust (MRT), McKenzie Watershed Council, and Eugene Water and Electric to establish a conservation easement needed to facilitate a large-scale floodplain restoration project. In 2025, work was under way to restore natural fluvial processes, mitigate flood risks, and increase habitat complexity for fish, lamprey, amphibians, and other aquatic invertebrates. This initiative also safeguards water quality for downstream communities.

Outcome

The easement was ultimately sold to MRT, demonstrating how active timberland management can generate positive economic returns for clients while protecting land in perpetuity by securing long-term social and environmental co-benefits.

Stewardship in Alternative Markets continued

External Managers' Stewardship Approaches

Where JPMAM operates a manager-of-manager's model, for example through J.P. Morgan Alternative Asset Management (JPMAAM), stewardship and engagement may occur at two levels: (i) the manager level and (ii) the security level. JPMAAM's stewardship activities are primarily undertaken at the manager level, reflecting the breadth and volume of underlying securities held across external managers' portfolios. At the manager level, JPMAAM engages with external managers on its platform to understand their frameworks and processes for identifying, assessing, and managing financially material ESG risks. External managers are responsible for security-level stewardship, engagement, and proxy voting. Where appropriate, JPMAAM may provide investment guidelines to external managers, which may include portfolio-specific restrictions, such as lists of issuers that are not permitted to be held, depending on the strategy and mandate parameters.

To assess the appropriateness of a manager's voting and engagement policy, proxy policies and procedures are reviewed to understand whether and how financially material ESG factors are considered, where relevant and consistent with fiduciary obligations and client mandate terms. We evaluate who determines the vote, whether a third-party research provider is used and how they inform voting, the sub-manager's typical voting behavior on common proposals, and how ESG considerations are incorporated if no third-party provider is used. We examine the circumstances when a sub-manager deviates from their voting guidelines or abstains from voting, and how they identify and manage conflicts of interest (e.g., by delegating the vote to an independent third party in such cases).

Voting and engagement activity of managers is subject to periodic review. Proxy voting policy and activity are reviewed quarterly, coordinated by the independent JPMorgan Funds Management sub-adviser oversight team and reviewed by the JPMAAM portfolio management team. The scope and depth of review may vary by mandate, strategy, and jurisdiction. This review typically includes identifying changes in proxy service providers or policies, understanding deviations from the policy and their impact, ensuring transparency in voting activity, reviewing appropriate recordkeeping, and reviewing samples of detailed proxy voting outcomes. The assessments rely on information provided by managers and third parties and may be subject to data limitations.

For fundamental managers who undertake engagement beyond proxy voting, material activities are discussed in monthly meetings led by the JPMAAM primary coverage analyst, supplemented by ad hoc discussions as relevant. Where we have concerns regarding a manager's consideration of financially material ESG factors in their voting and engagement activity, we typically request an explanation for the deviation and, where appropriate, a description of steps designed to prevent future deviations. If concerns persist, matters may be escalated to the JPMAAM Investment Committee for further review and potential action.

Industry Groups and Collaboration



Industry Groups and Collaboration

Participation in industry groups and collaborative initiatives can be important for investors aiming to influence policies and practices that materially impact the long-term value of investee companies. Through active involvement in these groups/initiatives, in accordance with the relevant laws of each jurisdiction, investors can shape the development of robust standards, anticipate evolving regulatory expectations, and address systemic risks that are beyond the capacity of any single entity to resolve. This collective approach strengthens stewardship effectiveness and underpins the long-term stability and integrity of the industries in which we invest.

At JPMAM, collaborative engagement is defined as joint dialogue with investee companies, conducted alongside other institutional investors, focused on financially material issues. This engagement may take the form of direct meetings, joint written communications requesting additional information, or coordinated investor calls.

While the majority of our engagements are conducted one-on-one - and we maintain wholly independent investment and proxy voting decisions - there are circumstances where collaborative engagement may be the most effective means to communicate shared investor concerns and to gain deeper insight into company-specific exposures to financially material risks and opportunities. Collaborative engagement is particularly valuable when individual dialogue does not yield a meaningful response or progress over time.

We share the same objectives for collaborative engagements as for our one-to-one engagements: to exercise our investor rights and fulfill our fiduciary duty to deliver the best long-term outcomes for our clients. This involves a rigorous assessment of financially material risks and clear articulation of our expectations for robust risk management, aimed at mitigating the risk of eroding value. Additionally, we evaluate how companies are leveraging competitive opportunities to innovate in response to global consumer demand and regulatory requirements.

Collaborative engagement is supported and encouraged by regulators, in certain markets, on certain issues. For example, in the UK, industry collaboration on climate change-related issues is viewed as both important and expected. While adhering to all applicable rules and regulations, such as antitrust and competition laws, we believe that collaborative engagements can facilitate effective communication of investor concerns to companies.

With collaborative engagements increasingly in the spotlight, it is important to understand what “collaborative engagement” entails and what it does not. While collaborative engagements involve multiple investors (such as other asset managers) who share common concerns around risks and opportunities facing individual companies, each investor makes their own investment and proxy voting decisions. JPMAM does not share competitively sensitive information regarding its client accounts or its investment decisions with other investors. It does not work in concert with other investors on investment matters and makes its own independent decisions concerning investee companies, including how to vote proxies and whether to change its allocations, invest in, or divest from an investee company. Investee companies make their own strategic decisions based on their own assessment of the balance of views from various parties. The practices described here are not an exhaustive list of what JPMAM does or does not do in collaborative engagements.

Supply chain/human rights initiatives

Effective management of human rights risks can be important to safeguarding companies’ reputational, regulatory, and legal standing, and may support the best interests of company shareholders and asset management clients. It may also contribute to the long-term value creation of portfolio companies, especially as human rights due diligence expectations continue to evolve across jurisdictions. Insufficient attention to these risks can result in significant legal, reputational, and financial consequences. The nature and extent of oversight will vary by company and jurisdiction and should be calibrated to applicable local requirements and business circumstances.

Industry Groups and Collaboration continued

Collaboration with other investors, in accordance with the relevant laws of each jurisdiction, on this issue often enables more impactful engagement with companies and industry associations. By working together, investors can share best practices, and advance industry-wide standards, such as those set forth in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. This approach supports greater accountability and transparency in supply chains, helping to align supplier management with international expectations on human rights and strengthening the resilience of global supply chains.

In 2025, we attended a conference organized by the Responsible Business Alliance and Responsible Minerals Initiative. This annual conference convenes supply chain specialists and downstream companies to co-design standards and address systemic risks. Further details can be found in the Responsible Mineral Sourcing section of this report.

Governance initiatives

Governance remains a key focus of our stewardship activities. As an active member of the Asian Corporate Governance Association (ACGA), we participate in the China, Korea, and Japan Working Groups, engaging directly with investee companies to address governance practices, including the management of material issues. These working groups facilitate ongoing dialogue and targeted engagement on country-specific governance challenges.

Policy advocacy is a critical lever for addressing legacy governance issues impacting shareholder value and collaborating with industry participants enhances these efforts. By working collectively with regulators, exchanges, and legislative bodies, stakeholders can share an industry-informed view, share best practices, and drive meaningful reform. In 2024, alongside other ACGA investor members, we issued an open letter¹ advocating for the acceleration of strategic investment reductions where capital is inefficiently deployed. In 2025, our focus has expanded to Korea, where we have taken a leadership role in collaborative engagements.

Recent regulatory reforms in Korea, spurred by the country's new administration, have opened new avenues for investor voices. However, challenges such as outdated stewardship standards, short AGM notice periods, and fragmented reporting schedules persist, limiting avenues for effective shareholder participation. In 2025, we played an active role in collaborative initiatives in Korea, leading discussions during the ACGA Korea Delegation in March and the Asia Corporate Governance Summit in November 2025. For further details on our stewardship efforts related to governance reforms in Korea, please refer to the Voting on Corporate Governance section of this report.



Su Sang Yoon, Asia ex Japan Investment Stewardship, speaking in a panel discussion at ACGA Conference in Seoul about Korea Value Up initiatives.

Corporate initiatives

Robust management oversight of corporate culture and employee development is essential for fostering a cohesive, high-performing workforce; in Japan, through the Thought Leadership subgroup of the 30% Club Japan's Investor Group we have helped to raise awareness of this. The Group partnered with the TOPIX President's Committee in its November 2025 workshop to address the strategic importance of building diverse boards to strengthen corporate governance and long-term value creation. The discussions emphasized the need for transparent criteria in CEO succession and dismissal, the identification of critical skill sets for board members, and the establishment of governance frameworks that empower directors to voice their perspectives effectively.

¹ <https://www.acga-asia.org/pdf/2024-acga-japan-cross-shareholding-letter-english-final?secureweb=AcroRd32>



Clients and Beneficiaries

Client and Beneficiaries

Our business model and strategy

As a global asset manager, we provide investment services for institutions, intermediaries, and individuals alike, including some of the world's largest pension funds, sovereign wealth funds and central banks. Our fiduciary commitment to client outcomes extends across the investment services that we provide to all key client segments, including, but not limited to: Defined Benefit, Defined Contribution, Insurance, Endowments & Foundations, Sovereigns, Intermediaries & Fund Management, Healthcare Providers and Corporate Treasury. To help these clients build stronger portfolios to meet their long-term needs, we offer a global breadth and depth of investment solutions across equities, fixed income, alternatives, solutions, global liquidity and beta strategies.

Dialogue with Clients

Our advice-driven approach to client engagement is delivered through our team of over 770 client professionals² who have a presence in 25+ countries. Our client professionals work alongside our investment professionals and investment stewardship specialists to support our efforts as investment manager to deliver stronger long-term, risk-adjusted returns for our clients. We manage assets on behalf of a broad base of both institutional and retail clients. On the institutional side, we serve corporate and public institutions, endowments, foundations, charities, insurers, consultants, financial advisors and governments worldwide. On the retail side, we offer our services through third-party and direct distribution, high-net-worth individuals, families and business owners.

At JPMAM, we are continually enhancing our stewardship approach, and we consider our clients and stakeholders as vital sources of insight into how this can best be achieved. We seek to understand clients' views and positions on investment stewardship (and where relevant sustainable investing) from the outset of the relationship. This can be through direct discussion, or during the request for proposal stage where JPMAM will be responding to client questions. We continue to see clients asking for more detailed qualitative information on a wide range of stewardship and sustainable investing topics, including resourcing and commitments, ESG investment process and stewardship. We are also receiving increasing requests on quantitative elements, such as engagement activity

breakdowns and voting records, but also related to the ESG characteristics of portfolios, including carbon metrics or alignment to net-zero emissions reduction pathways, engagement activity breakdowns and voting records. These interactions provide significant insights into how clients are considering stewardship and sustainable investing-related topics.

Client feedback is also sought on a more ad hoc basis, through industry events, training webinars and due diligence feedback. We continue to strengthen the communication channel with our sales and distribution teams to collect feedback more efficiently on how our stewardship practices correlate with clients' needs.

Client and stakeholder education

We view client and stakeholder education as a two-way, interactive process and aim to share knowledge wherever appropriate. We offer a broad, internal education program to investment teams and client advisors, and this offering has expanded over time to encompass a comprehensive range of sustainable investing-related content.

This year we took part in a wide range of sustainable investing industry events, where we were able to engage with clients and stakeholders while also contributing to topical industry debates.

- JPMAM hosted a senior-level panel event at the Principles for Responsible Investment (PRI) gathering in Sao Paulo, in partnership with IDB Invest, focused on advancing climate solutions through private sector engagement ahead of COP30, facilitating cross-sector perspectives on capital deployment and transition risk management aligned with Brazil's COP30 objectives. In addition, in Singapore we hosted a cross-line of business client luncheon for key institutional clients on the topic of climate adaptation, with JPMorgan Chase's Global Head of Climate Advisory Dr Sarah Kapnick, responding to growing client interest in better understanding the investment opportunity related to climate adaptation.
- During Hong Kong Green Week 2025 we spoke at the Climate Bonds CONNECT APAC Conference on the role of taxonomies (such as the EU Taxonomy and China's Common Ground Taxonomy) can play within the green, social and sustainable (GSS+) bond universe.

² As of 31 December 2025.

Client and Beneficiaries continued

- The SI&S team presented at the JPMAM Research Summits in Europe and Asia. These are our flagship annual client events for our investment fund clients in wholesale channels. The presentations provided an overview of the internal tools available to portfolio managers and analysts, such as dedicated sustainability widgets in our internal platform Spectrum, to help better integrate ESG and climate considerations into analysis. The sessions emphasized the importance of leveraging technology and data for insights that help better serve our sustainability-focused clients. The presentations demonstrated JPMAM's ongoing investment in innovation and future-oriented sustainability solutions aligned with clients' needs.
- We spoke at the United Nations Environment Program Finance Initiative (UNEP FI) APAC Regional Roundtable on Sustainable Finance held in Suzhou, China. The panel, titled "Embedding Nature Risks into Financial Decision-Making", explored approaches to assessing biodiversity and nature-related risk considerations into the investment process, including from a stewardship perspective.
- We hosted Asset Management China (AMC)'s first full-day sustainable investing-focused event in Qingdao, China. Co-hosted by the Bank of Qingdao, Postal Savings Bank of China, and AMC, the event featured a seminar on sustainable investing followed by two stewardship field trips to bond issuer companies.
- In London, we sponsored the Food & Agriculture Investment Summit where we moderated a panel exploring the different approaches in which institutional clients are allocating to forestry within their portfolios featuring speakers from Campbell Global who provided market perspectives, in response to growing client inquiries levels in alternative investments in general and forestry in particular.

In 2025, we continued to produce sustainable investing-related content on a wide range of topics for our clients to help identify and assess material sustainability risks and opportunities. We released a white paper on "What do the E, S and G in ESG mean for investors?"³ which breaks down what E, S, and G factors are and why investors may want to consider when making investment decisions. We also published an article drawing on insights from a paper in JPMorgan Chase's Climate Intuition series⁴ led by Dr Sarah Kapnick. The piece was titled "The New Energy Security Age: Assessing the implications for investors".⁵ Presented as a bite-sized article, it summarized key takeaways from the broader paper around how control over critical minerals, resilient infrastructure and innovative energy technologies shape national security strategies and investment risk considerations. We also guided clients through papers in the Climate Intuition series, including pieces on port infrastructure and climate risks, how businesses can navigate climate challenges through adaptation, and the new world map of energy and geopolitics. The resources produced by JPMAM and JPMC are provided to inform and support clients in their decision-making process; any investment decisions made by JPMAM portfolio managers are made independently.

³ <https://am.jpmorgan.com/gb/en/asset-management/institutional/investment-strategies/sustainable-investing/what-do-the-e-s-and-g-in-esg-mean-for-investors/>

⁴ <https://www.jpmorgan.com/insights/sustainability/climate/navigating-the-new-climate-era>

⁵ <https://am.jpmorgan.com/gb/en/asset-management/adv/investment-themes/sustainable-investing/sustainable-insights/the-new-energy-security-age-assessing-the-implications-for-investors/>

Client and Beneficiaries continued

Setting clear and measurable goals

The close working relationship we maintain with many of our clients means that we can offer them the opportunity to play a meaningful role in helping to define their own ESG priorities. Like education, goal setting should be a two-way street, building off both our Investment Stewardship team's own insight and analysis and clients' responses when this is communicated to them.

At client onboarding for mandates that include specific stewardship objectives, we clarify intentions and expectations.

For us, investment stewardship is not about adhering to one set of norms or limiting our scope to one collection of standards. Rather, 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 from one another. We may continue to hold an investment even if an engagement is unsuccessful when consistent with client guidelines and when we believe that the investment continues to be in the best interests of our clients. That said, we may sell out of a stock completely if the company is unresponsive within the established time horizon, or if our assessment indicates that divestment better serves client interests.

Soliciting client feedback

Building on our client surveying activity from previous years, JPMAM's Client Operating Committee sought to better understand the importance of a range of ESG topics to consultants and their clients. A series of calls was set up to collate feedback on market best practice and identify potential improvements to our approach to matters such as remuneration linked to ESG outcomes, consistent global messaging on ESG, and clear communication of JPMAM's approach to sustainability. This exercise highlighted opportunities to learn from our industry peers, such as in relation to senior-level leadership on ESG, engaging external subject matter experts to bolster in-house knowledge and capabilities, and more proactive sharing of expertise with clients and internal stakeholders.

As part of an ongoing effort to connect with our clients, share insights into our ESG-related investment and stewardship activity, and hear directly from them in order to better tailor our product offerings to their needs, in 2025 the Sustainable Investing Specialist

team kicked off a series of "SI Symposiums" with clients in EMEA and APAC. As part of this, we hosted a series of one-to-one and roundtable meetings on topics such as stewardship, portfolio decarbonisation, and regulation. We also maintained a consistent presence at industry events where we were not active participants to facilitate connectivity and opportunities to hear from our clients in informal settings. For example, the team attended Climate Week events across multiple cities including London, San Francisco and New York, as well as travelling to Montreal with Dr Sarah Kapnick to discuss the latest developments in climate risks and opportunities with local asset and wealth management clients.

Voting on behalf of our clients

We vote shares held in our clients' portfolios in a prudent and diligent manner, based on our reasonable judgment of what will best serve the long-term interests of our clients. To help facilitate proxies being voted in the best interests of clients, JPMAM has adopted detailed, regional, proxy voting guidelines that incorporate comprehensive guidelines for voting proxies on specific types of issues, and these are publicly available on our websites.

We strive to vote proxies at every meeting. However, in certain instances, it may be in a client's best interests to intentionally refrain from voting and we may not vote proxies in certain instances including, without limitation, when we identify a material conflict of interest, when securities are out on loan and have not been recalled, in certain markets that have share blocking or other regulatory restrictions, when the proxy materials are not available in time for JPMAM to make a voting decision or cast a vote, or for certain non-U.S. securities positions, if in our judgement, the expense and administrative inconvenience or other burdens outweigh the benefits to clients of voting securities. We are also conscious of changing market trends and recognize the importance of a client-centric approach to proxy voting. While we consider the interests of stakeholders in developing our stewardship/engagement program, we vote in the best interests of clients in accordance with the strategy and our view as an asset manager; we cannot always reconcile our view with the views of individual clients. However, we understand client needs are constantly evolving and remain flexible in our approaches as practices change.

Client and Beneficiaries continued

Improving client reporting and information

Expectations from clients on communication and reporting on stewardship have evolved in recent years. We have provided clients with detailed reporting, especially on our equity investments, for a number of years. The following documents are readily available on our website:

- Global Proxy Guidelines which includes our conflicts of interest policy
- Voting record for funds
- ESG fund reports for certain funds



Structures and Practices Supporting Stewardship

Governance of Stewardship

At JPMAM, our belief is that investment stewardship supports long-term value for our clients around the world, across asset classes. Our governance practices in stewardship and sustainable investing are structured to meet the constantly evolving challenges we face as a large, global, and complex asset management company.

We are one of the world's largest investment managers by assets under management, with investment teams across multiple asset classes based in locations around the world and clients globally across different segments with varied and evolving needs. Our starting philosophy is that stewardship should be tailored to investments globally across all asset classes, investment styles, client types and regulatory regimes. In reflection of our size, scope, and complexity, JPMAM has established governance practices around stewardship that are global and across asset classes in remit, spanning a wide range of material sustainability and corporate governance issues in our investments. We continue to review and embed these practices as a standard part of our investment decision-making and oversight.

Our governance framework for effective stewardship is designed with oversight from the top of JPMAM, led by the Chief Executive Officer (CEO) of Asset Management and fellow senior executives. The Global Head of Sustainable Investing and Stewardship has the remit of directly overseeing stewardship and sustainable investing activities; this oversight is exercised through the Investment Stewardship Oversight Committee (ISOC). The ISOC was formed in March 2025 to provide a more central, specialized group for oversight of stewardship and proxy voting activities. Prior to this, the Sustainable Investing Oversight Committee (SIOC) was responsible for oversight of proxy voting and engagement.

ISOC membership consists of voting, Independent Risk Management and non-voting attendees. Voting attendees include Heads of Investment teams and CIOs, the Global Head of Sustainable Investing and Stewardship. Non-voting Independent Risk Management Members include the Asset Management Chief Risk Officer and the Global Head of Asset Management Compliance. Other non-voting members include Investment Directors across asset classes, the Global Head of Sustainable Investing Research, the Global Head of Investment Stewardship, a representative from AM Legal, the Head of Guideline Management Control and representatives from other teams such as Controls Management. The Global Head and regional heads of Investment Stewardship are members of the ISOC. Additional attendees are invited to meetings as necessary.

The ISOC is supported by four regional proxy voting committees which provide region-specific oversight of proxy voting-related activities. Further strategic oversight is provided by the Heads of Investment Teams, whose teams also conduct engagement activity. This enables the monitoring of stewardship effectiveness and key performance indicators and establishes a clear line of escalation and accountability as invitees provide updates to the ISOC, where applicable.

Ongoing oversight is an important remit of the ISOC, alongside other key committees and working groups (further described in the following pages). It is the responsibility of the ISOC to review processes, raise important issues for discussion and evaluate the need for further amendment of policies and procedures with key stakeholders.

Where and when required from a controls and risk oversight perspective, there is the option for formal escalation from the ISOC to the Global Asset Management Business Control Committee (AM BCC) and the AM Bank Fiduciary Committee (for specific fiduciary responsibilities). The AM BCC provides oversight of the operational risks and control environment across the entire asset management business, with respect to proper identification, management and monitoring of existing and emerging operational risks, control issues and trends. The BCC, which is co-chaired by the AM CEO and AM 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.

Below is an overview of JPMAM's governance structure for Stewardship.

Governance of Stewardship continued

J.P. Morgan Asset Management’s Stewardship Governance Structure



Source: J.P. Morgan Asset Management, as of March 2026.
* Established March 2025. Prior to March 2025, SIOC was responsible for oversight of proxy voting and engagement.

Governance of Stewardship continued

This governance structure seeks to provide oversight over our stewardship activities through oversight of our policies, resources, priorities, engagement and voting activities, as well as our reporting.

In 2025, the ISOC took over from the SIOC the responsibility for reviewing and approving the publication of the annual Investment Stewardship Report. This formed part of our ongoing efforts to promote a higher standard of reporting. We attained 2020 UK Stewardship Code signatory status from the Financial Reporting Council for the fourth year running based on the 2024 report. Some sections of the report were also included as part of our Taiwan Investment Stewardship Report.

For more details on how this year's report seeks to meet the expectations set in the various Stewardship Codes which we support and sign on to, please refer to Appendix 1.

Oversight of ESG regulatory and industry-led change

New and evolving sustainability-related regulations and industry standards (e.g. codes, guidelines and best practice recommendations) continue to inform the incorporation of sustainability into our investment management ecosystems. Incorporation may include the review and, where appropriate, uplift of existing asset management and governance frameworks to account for evolving ESG perspectives or the development of new products.

The Stewardship team is a component of JPMAM's global ESG regulatory change governance and implementation structure. This structure is designed to support internal business groups and functions to adapt their operating models, practices, and processes to meet emerging sustainability related regulatory and industry developments. Related projects and initiatives are governed by steering forums comprised of senior cross-functional leaders, which meet regularly to oversee their relevant workstreams.

ESG regulatory and industry-led change remained a key focus for JPMAM in 2025. We have taken significant steps to implement ESG-related policies, where required. These efforts have been supported by internal programs aimed at evolving our ESG risk and oversight models, internal training, and awareness.

Sustainable Investing working groups with relevance to stewardship

The Investment Stewardship team has access to a network of internal JPMAM working groups which exist to connect expertise across our extensive platform of subject-matter experts. These working groups seek to bring together the relevant expertise to help our clients achieve their objectives. The goals of these working groups range from achieving commercial objectives to developing innovative investment capabilities, as well as promoting a well-controlled approach to internal ESG policies, processes, and procedures.

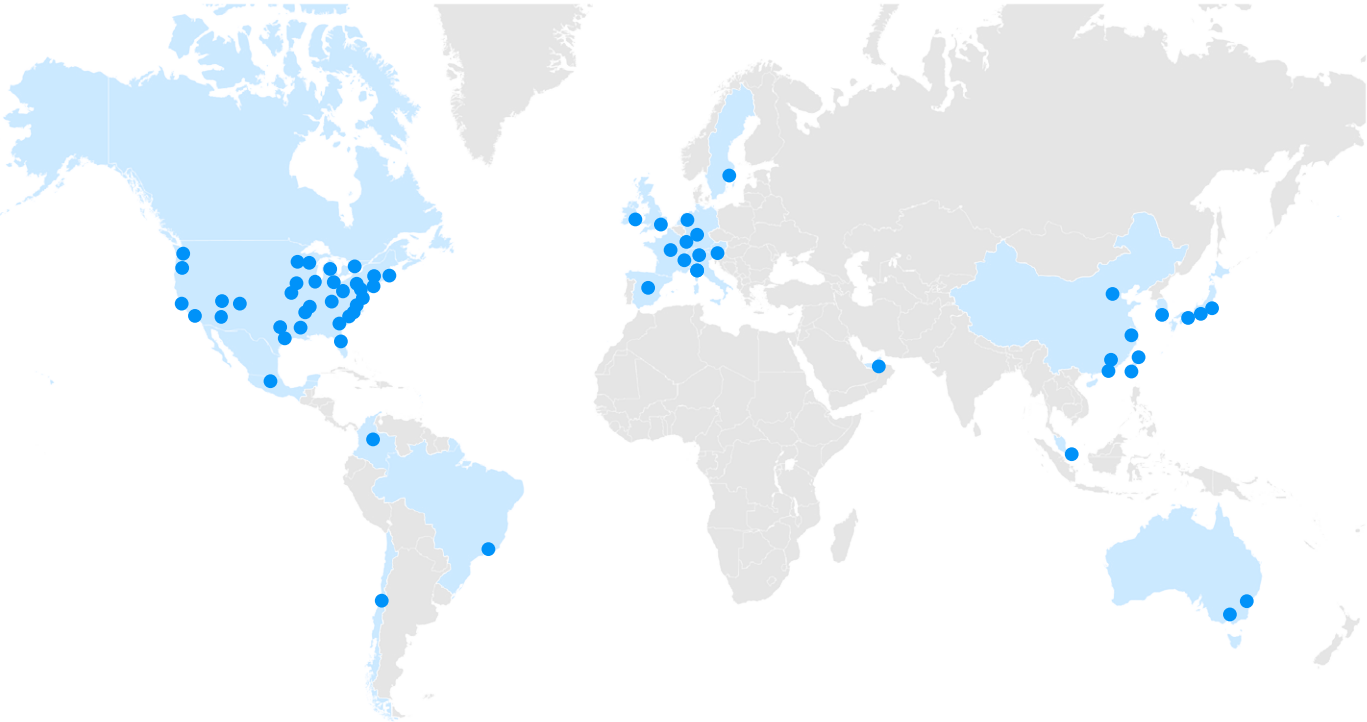
Resourcing of Stewardship

People and resources

We believe that stewardship is a JPMAM-wide effort and that engaging investee companies on financially material ESG issues is a responsibility across our investment teams around the world. Investment Teams are supported by a growing team of Sustainability and Governance Specialists within Sustainable Investing & Stewardship.

J.P. Morgan Asset Management Investment Centers

We have more than 1,100 investment professionals around the world



The key leaders in JPMAM who drive forward the spirit and culture of stewardship are:



Paul Quinsee
Global Head of Equities

The equities division consists of U.S. equities, International equities and Emerging Market equities.



Robert Michele
Chief Investment Officer and Head of the Global Fixed Income, Currency & Commodities group

The group covers investments into Corporate Credit (Investment Grade, High Yield, and Emerging Markets), Municipals, Securitized and Sovereigns.

Resourcing of Stewardship continued



Anton Pil
Global Head of Alternative Solutions

The division manages assets across Asset & Wealth Management in private equity, private credit, real estate, real assets, hedge funds and liquid alternatives.



Jed Laskowitz
Global Head of Private Markets and Customized Solutions

This team develops Exchange Traded Funds (ETFs) across asset classes and market-cap passive, strategic beta and active investment styles.

The Customized Managed Account Solutions is responsible for the Separately Managed Account and Multi-Asset Model Portfolios platforms. The 55ip investment engine and platform allows advisors to deliver tax-smart, tailored investment strategies at scale.



Jamie Kramer
Global Head of Multi-Asset Solutions

This division works with institutional investors and investment platforms to comprehensively address their investment challenges.



John Donohue
Head of Global Liquidity

This division oversees short-term cash management and fixed income solutions. John also serves as the CEO of Asset Management in the Americas.



Christian Preussner
Global Head of Sustainable Investing and Stewardship

This division is responsible for leading JPMAM's strategic efforts in sustainable investing, ESG integration, research and thought leadership, investment stewardship and the development of broader offerings of investment strategies.



Yo Takatsuki
Global Head of Investment Stewardship

The Investment Stewardship team is responsible for driving worldwide efforts on engagement and proxy voting in close collaboration with investors across asset classes. The team is part of the wider Sustainable Investing division. It is comprised of 31 stewardship specialists.

These investment platforms are represented on the **Investment Stewardship Oversight Committee**.

Our global Investment Stewardship team bring with them a variety of skills and experience in helping to deliver effective stewardship at JPMAM.

Resourcing of Stewardship continued

In focus: Investment Stewardship team

JPMAM's Global Investment Stewardship team consists of over 30 members and is expected to continue to grow. The team members are based in five regions: North America (New York), EMEA (London), Asia excluding Japan (Hong Kong), Japan (Tokyo) and India (Mumbai).

We believe that regional stewardship teams are a key means of promoting effective stewardship as a large and global asset manager. Our regional teams are made up of local market experts, working on a day-to-day basis with our portfolio managers and research analysts engaging with companies on the ground. Our team members include a breadth of nationalities and languages, including Spanish, Japanese, Korean, and Mandarin amongst others, as well as English. We see that engagements on complex, often technical issues such as climate risk gain more traction when the discussion takes place in a language native to the company.

We also see this regional presence as crucial for understanding the evolution of local client needs, regulatory expectations, and Stewardship Codes (see Appendix for how we meet the expectations of various Stewardship Codes, which we are signatories to). For example, since 2022, our Asia ex-Japan team has facilitated the assessment of our stewardship practices by the Taiwanese Stock Exchange.

While investment stewardship is a long-running activity at JPMAM, this single global team structure was first established in 2021. We have continued to implement and build on this structure since. This organizational change has delivered the following outcomes:

- clear leadership and management structure;
- a strategy based on global thematic expertise;

- resource needs assessed and recruitment conducted globally;
- efficient sharing of latest research insights and industry developments through sub-teams focused on thematic areas. These sub-teams facilitate knowledge sharing across the global team;
- effective coordination of stewardship activities globally across asset classes on key priority themes, between the Investment Stewardship Team and the investment teams; and
- pooling of resources to better strengthen our stewardship-related operational practices such as for engagement activity recording in our research system, client reporting, managing service providers and proxy voting reform implementation.

Team members bring a range of backgrounds, qualifications, and experience. This includes equity research, commercial banking, ESG research, climate consulting, corporate sustainability reporting, public policy, financial journalism, auditing, proxy research and advisory, impact investment, and stewardship specialist roles at other asset managers. This range of backgrounds is a crucial aspect of being able to provide a breadth of credible ESG insights to investment teams. This is increasingly important given rising client and regulatory scrutiny of asset managers' expertise on financially relevant sustainability and governance issues. Against this backdrop, stewardship continues to be a key tool in support of managing assets in our clients' best long-term interests.

Other resources

Investment and Stewardship teams are supported by a wide range of internally developed and externally sourced sustainability and governance-related research, data, and analytical tools. Alongside sell-side broker research, we utilize third-party research providers for ESG information.

For more information on our service providers please refer to the section on *Monitoring Service Providers in the Policy and Context* document.

Resources Supporting Stewardship

Resources we share across the JPMAM system

In addition to portfolio management teams following ESG-integrated investment processes, we maintain technology and research platforms, such as Spectrum™ (described below), designed to facilitate internal sharing of selected resources and insights within JPMAM. Our research capabilities support detailed analysis of sustainability and governance topics at many of the companies in which we invest, subject to data availability and materiality. The ability to identify risks and opportunities through our research helps identify topics for timely engagements. Research is therefore a key part of both ESG integration and stewardship. It supports ongoing oversight of a company's activities and may help us determine when engagement on financially material issues could be appropriate and practicable. We do not represent or guarantee that research will identify all risks or opportunities, or that engagement will be timely, effective, or result in specific outcomes. Our assessments rely on company/issuer disclosures and third-party data, which may be incomplete or subject to change.

J.P. Morgan Spectrum™ is J.P. Morgan Asset Management's common technology platform, built by combining our capabilities across the organization. The platform is designed to optimize internal communication by connecting sales, investment, and client service functions. The platform standardizes and enhances our extensive research, portfolio construction, and risk management capabilities, strengthening collaboration across our investment teams. As a single centralized source for all critical data sets, Spectrum™ helps provide consistency of portfolio information throughout the full lifecycle. It also supports investment decision-making with integrated analytics, providing the ability to view and manage risks across multiple disciplines, enabling us to build stronger portfolios. Finally, by combining multiple operational oversight tools into an integrated suite with higher automation, integrated workflows and timely alerts, the platform also enables our client-facing specialists to deliver a high-quality client experience from onboarding through to portfolio management and reporting.

Our research insights are embedded in Spectrum™ and shared across investment teams where appropriate. Spectrum™ thereby enables greater collaboration, as expertise can be leveraged across the J.P. Morgan Asset Management platform, subject to applicable information barriers. For example:

- Qualitative Research Notes:** We share qualitative ESG assessments of companies on Spectrum™ via an application called 'Research Notes.' Portfolio managers and research analysts, as well as the Sustainable Investing and Stewardship team, are able to record information arising from a company meeting or research, while specific environmental, social and governance issues can be flagged through a tagging facility to alert other system users. For example, a sector research analyst within global equities can view the ESG research notes of a company that a Global Fixed Income, Currency and Commodities (GFICC) credit analyst has written, and vice versa, allowing investment professionals to access the latest information internally available and exchange views. In addition, the engagement notes written by the Investment Stewardship team can be viewed by both Global Equities and GFICC investment teams. ESG metrics that are deemed financially material are highlighted through the engagement process.
- Quantitative ESG data:** Through Spectrum™ investment teams can access quantitative ESG data, such as a quantitative ESG score or emissions trends (including a five-year historical view), as well as underlying metrics that inform the score, subject to any required information barriers.
- Portfolio management systems:** Spectrum™ is also used as a portfolio management tool by many investment teams, for example portfolio managers use the platform to build and manage portfolios. Within the respective system, both the proprietary ESG assessment and third-party data are embedded so that the information can be referenced to inform investment decisions.

Appendix



Appendix 1 Stewardship Code Mapping

This report has been reviewed and approved for publication by the J.P. Morgan Asset Management Investment Stewardship Oversight Committee. It was also approved by the J.P. Morgan Asset Management International Limited Board, which we consider to be the most appropriate oversight body and has external non-executive directors as members, for submission to the Financial Reporting Council for adherence to the UK Stewardship Code.

This appendix provides a mapping of the 2025 ISR Policy and Context and 2025 ISR Activities and Outcomes documents to the requirements of major stewardship codes and regulations, including the UK Stewardship Code 2026, SRD II, SFDR, and selected international codes.

The 2026 UK Stewardship Code

| Principle/Disclosure | Where addressed | Document(s) | Pages/Sections |
|---|--|---|-------------------|
| A. Organisation, investment beliefs, clients/beneficiaries, stewardship approach | Organisation and Investment Beliefs, Clients and Beneficiaries | Activities and Outcomes Policy and Context | 4–5, 89–93 3–4 |
| B. Governance and resources | Governance of Stewardship, Resourcing of Stewardship | Activities and Outcomes Policy and Context | 94–101 6–12 |
| C. Policies, processes, and review | Stewardship Policies and Processes | Policy and Context | 13–15 |
| D. Conflicts of interest | Conflicts of Interest | Policy and Context | 13–15 |
| E. Dialogue with clients/beneficiaries | Dialogue with Clients, Client and Stakeholder Education | Activities and Outcomes | 89–93 |
| Principle 1: Integrating stewardship and investment | Our Approach to Engagement | Activities and Outcomes | 41–84 |
| Principle 2: Promoting well-functioning markets | Market wide risk, Advocacy and public policy | Activities and Outcomes Policy and Context | 87–88 19–20 |
| Principle 3: Engagement | Our Approach to Engagement, Focus List Engagements, Thematic Engagements | Activities and Outcomes | 7–17, 41–84 |
| Principle 4: Exercising rights and responsibilities | Proxy Voting in 2025, Voting on Corporate Governance, Voting on E&S Issues | Activities and Outcomes | 19–40 |
| Principle 5: Selection and oversight of managers | External Managers' Stewardship Approaches | Activities and Outcomes | 85 |
| Principle 6: Monitoring service providers | Service Providers and Proxy Advisors, Monitoring service providers | Policy and Context | 16–18 |

Appendix 1 Stewardship Code Mapping continued

Japan Stewardship Code

| Principle | Where addressed | Document(s) | Pages/Sections |
|--|--|---|-------------------|
| Policy on stewardship responsibilities | Organisation and Investment Beliefs, Stewardship Policies | Activities and Outcomes Policy and Context | 4–5, 89–93 3–4 |
| Conflicts of interest | Conflicts of Interest | Policy and Context | 13–15 |
| Monitoring investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |
| Engagement with investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |

Taiwan Stewardship Principles

| Principle | Where addressed | Document(s) | Pages/Sections |
|----------------------------------|--|---|----------------|
| Stewardship policies | Stewardship Policies and Processes | Policy and Context | 13–15 |
| Conflicts of interest | Conflicts of Interest | Policy and Context | 13–15 |
| Monitoring investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |
| Dialogue with investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |
| Voting policies and results | Proxy Voting in 2025 Voting on Corporate Governance Voting on E&S Issues | Activities and Outcomes | 19–40 |
| Periodic disclosure | Entire Stewardship Report | Activities and Outcomes Policy and Context | 1–108 1–27 |
| Service providers | Service Providers and Proxy Advisors Monitoring service providers | Policy and Context | 16–18 |

Appendix 1 Stewardship Code Mapping continued

Hong Kong Principles of Responsible Ownership

| Principle | Where addressed | Document(s) | Pages/Sections |
|----------------------------------|--|---|----------------|
| Stewardship policies | Stewardship Policies and Processes | Policy and Context | 13–15 |
| Conflicts of interest | Conflicts of Interest | Policy and Context | 13–15 |
| Monitoring investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |
| Dialogue with investee companies | Our Approach to Engagement Focus List Engagements Thematic Engagements Reactive Engagements | Activities and Outcomes | 7–17, 41–84 |
| Voting policies and results | Proxy Voting in 2025 Voting on Corporate Governance Voting on E&S Issues | Activities and Outcomes | 19–40 |
| Periodic disclosure | Entire Stewardship Report | Activities and Outcomes Policy and Context | 1–108 1–27 |
| Service providers | Service Providers and Proxy Advisors Monitoring service providers | Policy and Context | 16–18 |

China Rules for Publicly Raised Securities Investment Fund Managers Participating in the Governance of Listed Companies

In accordance with local regulator’s guidance, AM China has updated its proxy voting standard operating procedures (SOPs) and onboarded a proxy voting module in the investment system.

For more information on our approach to Investment Stewardship, contact your J.P. Morgan Asset Management representative.

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Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients. This includes exercising shareholder rights through proxy voting and actively engaging with selected companies in which we invest on financially material issues.

Our engagement model is built on an investment-led, expert-driven approach, combining our research capability with the experience and skill of our investment teams and the expertise of our investment stewardship specialists gives us a deep understanding of the financially material risks and opportunities facing different sectors, industries and geographies. We believe this collaborative, well-resourced approach enables us to recognize significant risks early, identify new opportunities, supporting our goal of generating attractive risk-adjusted returns. This report provides statistical information about our stewardship activities performed at a firm wide level with respect to investments of the fund.

At J.P. Morgan Asset Management, ESG engagement is defined as interactions with investee companies/issuers where material sustainability and governance factors are discussed. This may also include making recommendations on improving practices and transparency. Interactions include meetings, teleconferences, letters, emails, field trips. Environmental, Social and Governance factors may include climate risk, natural capital and ecosystems, human capital management, social stakeholder management, business conduct, governance and executive pay.

We count engagements which are conducted by stewardship experts and investment analysts and portfolio managers across asset classes around the world. The engagement statistics provided in this report are approximations only and were derived from our internal research notes to help identify engagements related to specific engagement priorities and sub-themes. Such information has not been audited, and no assurance can be made with respect to the accuracy or completeness of such information.

Climate change and Natural capital and ecosystem's themes align to the Environmental pillar; Social stakeholder management and Human capital align to the Social pillar; Business conduct, Governance, and Executive Pay align to the Governance pillar.

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