

Task Force on Climate-Related Financial Disclosure 2024 Report – JPMAM UK Addendum

J.P. Morgan Asset Management

Introduction

This UK entity report (“the report” or “the JPMAMUK Addendum”) is prepared for JPMorgan Asset Management (UK) Limited (“JPMAMUK” or “the entity”, which is a UK based entity serving J.P. Morgan Asset Management, (“JPMAM”, “Company”, “we” or “our”). This report has been prepared in accordance with the Financial Conduct Authority (“FCA”)’s Environmental, Social and Governance (“ESG”) Sourcebook requirements¹ and in line with TCFD recommendations and serves as an addendum to the JPMAM’s Global Task Force for Climate Related Financial Disclosures Report (“2024 Global TCFD Report”). The report provides disclosure on how we consider climate-related risks and opportunities in the assets managed by JPMorgan Asset Management (UK) Limited.

The primary activity of JPMAMUK is investment management of assets for institutional clients, through a combination of segregated investments and pooled fund vehicles. Client assets are managed through equity, fixed income, alternative and multi-asset products. The entity acts as an agent for client investments.

As of 31st December 2023, the assets under management were \$489,865,822,301mm. The AUM population is inclusive of all portfolios in which the

entity is the contractual investment manager and/or portfolios that are sub-delegated to the entity.

JPMAM is the marketing name for the investment management businesses of JPMorgan Chase & Co. worldwide. As a global asset management group, JPMAM seeks to adopt a consistent approach in its strategy and management of client assets, including with respect to climate risks and opportunities. This report is supplemental and cross-refers to sections in the 2024 Global TCFD Report which are relevant to JPMAMUK.

Please note, all data in this addendum and the 2024 Global TCFD Report is as of 31 December 2023 with a reporting period of 1 January 2023 to 31 December 2023.

We hope you find the contents of this addendum informative.

Compliance Statement

In addition to the above, we confirm that the disclosures in the JPMAMUK Addendum and the 2024 Global TCFD Report insofar as they relate to JPMAMUK comply with the requirements of Chapter 2.1 and 2.2 of the FCA’s ESG sourcebook.



Patrick Thomson
Chief Executive Officer,
JPMorgan Asset Management (UK) Limited

¹ PS21/24 Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers.

Governance

Boards of Directors

As of 31st December 2023, there are two UK entities that are regulated by the FCA, JPMorgan Asset Management (UK) Limited and JPMorgan Funds Limited (“JPMFL”)². The activities of each of these entities, along with a number of other entities within the JPMorgan Asset Management International Limited (“JPMAMIL”) Group, are overseen by the Board of Directors (“the Board”) JPMAMIL.

Together, the Boards of JPMAMUK and JPMFL (together the “UK Boards”) form part of JPMAMIL’s governance oversight and risk management frameworks. The UK Boards conduct oversight and has authority over their respective entity’s strategy and management; structure and capital; financial reporting; material contracts and/or capital investment; delegation of authority; compliance, risk management and internal controls; board membership; and board governance as part of JPMorgan Asset Management International Limited.

The JPMAMUK Board is responsible for the overall day-to-day management of JPMAMUK, acting within and in accordance with the strategy, values, standards, policies and controls of the firm. The JPMAMUK Board is chaired by an Independent Non-Executive Director and convenes on a quarterly basis. The JPMAMUK Board meets as often as required between quarterly meetings by way of specially-convened ad-hoc meetings.

Figure 1. JPMAMUK Board Composition

Role	Number of Directors
Chair and Independent Non-Executive Director	1
Independent Non-Executive Director	1
Non-Executive Director	1
Executive Director	4

The UK Board’s oversight and escalation of climate-related risks and opportunities follows the framework adopted by JPMAM globally. For details, please refer to the **Governance – Board and Committee oversight** section of the 2024 Global TCFD Report. Underpinning the UK Boards are a number of internal EMEA management committees which provide oversight and are established and mandated to help the UK Boards to address key risks and considerations, including climate-related risks. Directors may also be members/invitees of these various internal EMEA management committees shown in **Figure 1** below allowing them increased nexus to discussions on climate-related risks outside of the Board meetings and provide an additional point of escalation.

In 2023, the JPMAMUK Board met six times and discussed climate related topics at five of these meetings. In addition, the JPMAMUK Board received in-depth training on climate-related disclosures to equip the Directors with the appropriate tools, knowledge and competencies to discuss climate-related risks and opportunities and enable them to consider climate-related considerations for JPMAMUK.

Members of the Sustainable Investing team are also be invited to attend the UK Boards’ meetings to provide updates on climate matters and deliver ESG-related training, as required.

The JPMAMUK Board reviews and signs off this Addendum annually, as set out in the 2024 Global TCFD Report which includes disclosure on the climate strategy for JPMAMUK (which will be aligned with the JPMAM group level strategy, where appropriate).

Management

Management accountability of climate-related issues follows the global framework adopted by JPMAM. For more details, please refer to the **Governance – Management Oversight** section of the 2024 Global TCFD Report. The key Board and internal EMEA management committees which are critical to addressing climate related risks are shown in **Figure 2** and **Figure 3**.

² The JPMFL entity-level TCFD report has been produced separately and can be located on the following website.

Figure 2. JPMorgan Asset Management UK Limited Legal Entity Governance Structure

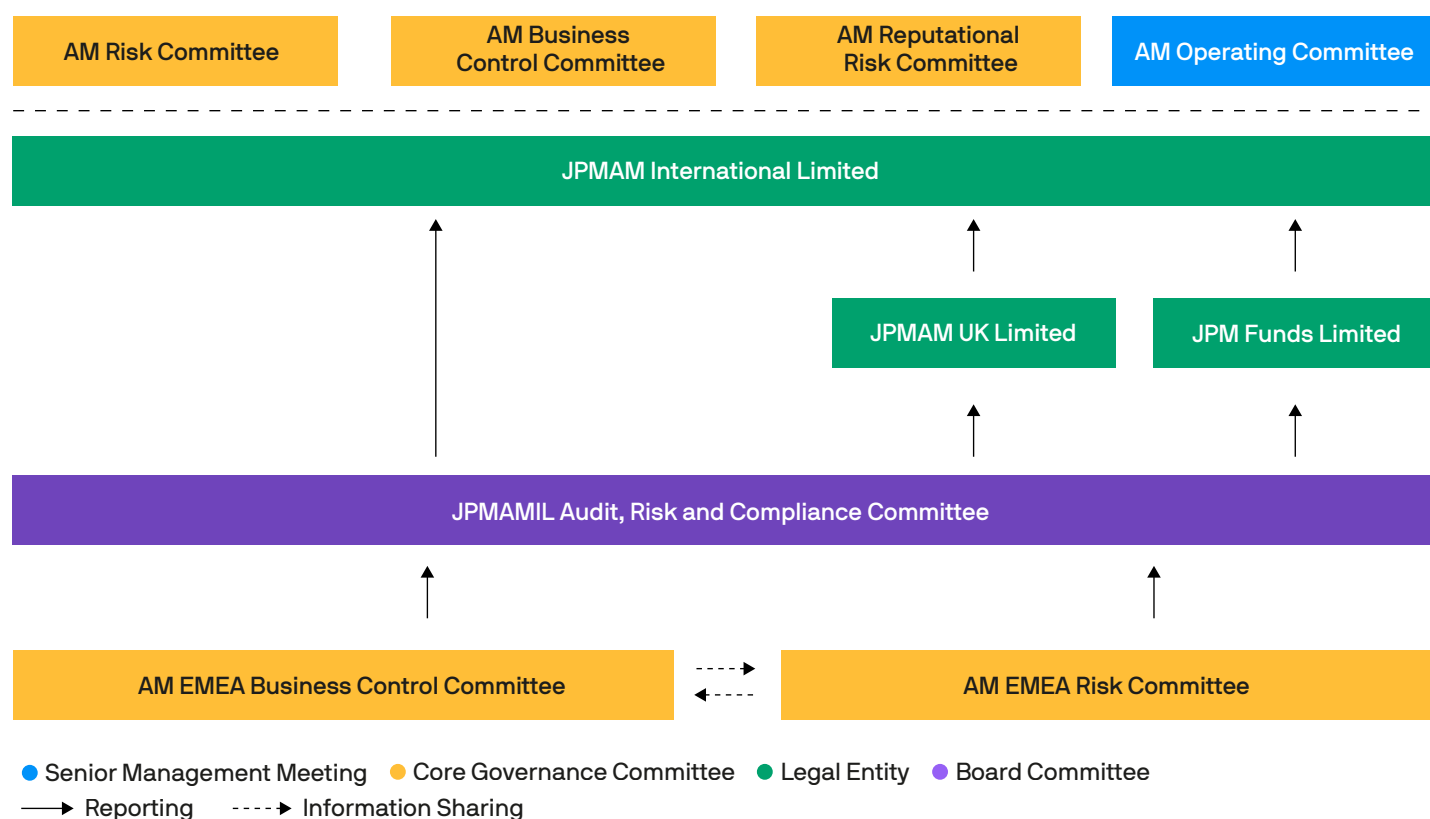


Figure 3. Description of JPMAMUK Board and Asset Management EMEA management committees

Governance body/ committee name	Responsibility for climate-related risks and opportunities	2023 Frequency
JPMorgan Asset Management (UK) Limited Board	Responsible for the overall day-to-day management of JPMAMUK, acting within and in accordance with the strategy, values, standards, policies and controls of the firm. Chair: Independent Non-Executive Director	6
EMEA Business Control Committee (EMEA BCC)	Advises and assists the CEO of AM EMEA in ensuring regulatory, compliance and audit items, as well as operating errors, are discussed and proper identification, management and monitoring of existing and emerging operational risks, control issues and remediation actions and trends takes place. Chair: AM EMEA CEO & AM EMEA Head of Control Management	10
EMEA Asset Management Risk Committee (EMEA RC)	Advises and assists the CEO of AM EMEA in ensuring that an effective risk management structure is implemented and maintained across AM EMEA. Chair: AM EMEA CEO & AM EMEA Head of Risk	4
JPMAMIL Audit, Risk and Compliance Committee (ARCC)	Assists the EMEA Legal Entity Boards in meeting their responsibilities related to the oversight of the risk function and risk management framework, the integrity of financial reporting and controls, the Control Management function, the Compliance function including including applicable <u>Client Assets Sourcebook</u> (“CASS”) regulatory requirements, the Internal Audit function and the External Auditors. The ARCC comprises three Members all of which are Independent Non-Executive Directors. Chair: Independent Non-Executive Director	6

Each of the committees meet with such frequency and at such times as it is determined in their respective terms of reference (which allow for additional ad hoc meetings when required).

Strategy

In identifying and assessing the impact of climate-related risks and opportunities, JPMAMUK's framework follows the global strategy and firmwide risk management framework. In accordance with the three lines of defence model adopted by JPMAM (please refer to the [Risk Management – Managing climate risks across three lines of defence](#) section of the 2024 Global TCFD Report for more information), climate-related risks and opportunities are identified, assessed and managed across multiple functions (as appropriate), including portfolio managers and risk management functions.

As part of the FCA requirements³ for asset managers, JPMAMUK has developed product level disclosures with qualitative and quantitative metrics that assess scenario analysis, as well as forward looking metrics, including Climate Value-at-Risk and Implied Temperature Rise. Currently, JPMAMUK does not directly use these metrics within its investment and decision making processes however over time, we aim to add additional data and capabilities to enhance our ability to identify, assess and manage climate risks and opportunities. For more information on JPMAM's continued work towards enhancing processes for identifying, assessing and managing climate-related risks, please refer to the [Strategy - Developing tools and methodologies to improve our insights on climate related risks](#) section of the 2024 Global TCFD Report.

As part of JPMAM's engagement policy, our UK-based Investment Stewardship team, led by JPMAM's Head of Investment Stewardship, engages investee companies in dialogue and encourages sound ESG practices, including from a climate-risk perspective. Our engagement with investee companies is based on our in-depth investment research on companies, alongside our assessment of macroeconomic drivers, sector-specific factors and financially material ESG issues including climate change risk. For more information, please refer to the [Strategy – Considering climate in our investment stewardship](#) section of the 2024 Global TCFD Report and the [JPMAM 2023 Investment Stewardship Report](#).

Risk Management

JPMAMUK's Risk Management framework follows the global framework adopted by JPMAM. For details on JPMAM's Risk Management process, please refer to the [Risk Management](#) section of the 2024 Global TCFD Report. JPMAMUK also considers applicable regulatory and legislative requirements as part of its decision-making process by which it delegates functions or services. While JPMAMUK's decision-making process is not currently impacted by climate-related risks, we continue to be committed to integrating climate-related risks and opportunities across JPMAM and in various functions, where it is appropriate.

³ Environmental, Social and Governance sourcebook: (2.3.11) (R) (1).

Metrics and Targets

Compensation Framework

The Compensation framework for JPMAMUK follows the JPMAM approach insofar that the primary driver of which is investment performance, alongside of the firm-wide performance dimensions. For details on JPMAM’s Compensation Framework process, please refer to the [Metrics and Targets](#) section of the 2024 Global TCFD Report.

Figure 4. Carbon exposure metrics for JPMAMUK

The carbon exposure metrics for JPMAMUK assets under management^{4,5} are:



As part of our commitment to disclosing Green House Gas (“GHG”) emissions and carbon data at both entity and portfolio levels, JPMAMUK follows the approach towards climate metrics and targets adopted by JPMAM at group level. For details, please refer to the [Metrics and Targets](#) section of the 2024 Global TCFD Report.

Scope 3 GHG Emissions

As part of the FCA requirements for asset managers, JPMAMUK has included Scope 3 emissions as part of its product level disclosures. Scope 3 GHG emissions are indirect emissions that occur as a result of upstream and downstream activities from a company’s value chain and consists of all other emissions associated with an organization’s value chain such as the goods, services and activities that the organizations either enable or rely on. Emissions occurring throughout the value chain and beyond direct sight and control make it difficult for organizations to calculate Scope 3 emissions compared to Scope 1 and Scope 2 GHG emissions. Due to these issues including data gaps many organizations rely on industry averages, proxies, estimates and other sources to calculate Scope 3 GHG emissions through third-party data supplier. As sustainable-related standards are further developing, the data provided by JPMFL on GHG emissions and carbon metrics is based on methodologies which may continue to evolve over time and such developments may impact data comparability.

For information on JPMAMUK scope 1 and 2 GHG emissions and carbon metrics, please refer to the [Metrics and Targets](#) section of the 2024 Global TCFD Report.

⁴ We use the metrics described in Figure 4 which are calculated following the equations outlined in our paper “Understanding Carbon Exposure Metrics”. The 2023 data is based on our holdings as of 31 December 2023 across publicly listed equity and corporate bonds. Other asset classes are currently out of scope due to data limitations and methodological challenges. Included in the calculation are Scope 1 and Scope 2 emissions and revenue-based emissions intensities from the 2023 Trucost dataset as of April 2024 with a small percentage covered by a gap-filling methodology based on sector averages.

⁵ Our 2022 figures have been amended and restated in line with updates in our data and methodology given the evolving nature of data source, analytics and emerging practice on climate metrics.

It is important to remember that the MSCI ESG metrics provided in this report may not fully reflect future economic reality. At J.P. Morgan Asset Management, our ESG specialists collaborate closely with our research analysts to understand when that may be the case, and where appropriate we engage with companies to improve disclosure and enhance policies. Where we think climate risk may be material, we review fossil fuel exposure, disclosed reduction targets going forward and other relevant information.

DISCLAIMERS

Statements made in this report by J.P. Morgan Asset Management (together with its affiliates, "JPMAM") relating to environmental, social and governance ("ESG") matters, including those included on their websites may constitute "forward-looking statements" within the meaning of applicable law, which may not be a reliable indicator of future performance. JPMAM cautions that forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which may change over time and speak only as of the date they are made. JPMAM assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

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