

# JPMORGAN ETFS (IRELAND) ICAV

## Climate Change Solutions UCITS ETF

**2 April 2024**

(A sub-fund of JPMorgan ETFS (Ireland) ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C171821 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 9 February 2024 (the “Prospectus”) in relation to JPMorgan ETFS (Ireland) ICAV (the “ICAV”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the JPMorgan ETFS (Ireland) ICAV – Climate Change Solutions UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

**The Sub-Fund is an Actively Managed Sub-Fund.**

**An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.**

The Directors, as listed in the “*Management*” section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

<b>Base Currency</b>	US Dollar.
<b>Benchmark</b>	MSCI All Country World Index (Total Return Net).
<b>Benchmark Provider</b>	MSCI.
<b>Dealing Deadline</b>	16:30 hrs (UK time) on the Business Day immediately prior to each Dealing Day.
<b>Investment Manager</b>	JPMorgan Asset Management (UK) Limited, 60 Victoria Embankment, London EC4Y 0JP, the United Kingdom, whose business includes the provision of investment management services.
<b>Minimum Subscription Amount</b>	40,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	40,000 Shares (for in specie redemptions) or cash equivalent (for cash redemptions).
<b>Settlement Deadline</b>	Appropriate cleared subscription monies / securities must be received by the second Business Day after the Dealing Day, or such later date as may be determined by the ICAV and notified to Shareholders from time to time.
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the " <i>Determination of Net Asset Value</i> " section of the Prospectus, using last traded prices for securities.
<b>Valuation Point</b>	Close of business on each Business Day on the market that closes last on the relevant Business Day and on which the relevant security or investment is traded.
<b>Website</b>	<a href="http://www.jpmorganassetmanagement.ie">www.jpmorganassetmanagement.ie</a>

## INVESTMENT OBJECTIVE AND STRATEGY

**Investment Objective.** The objective of the Sub-Fund is to achieve a return through investing in companies with exposure to the theme of climate change solutions.

**Investment Policy.** The Sub-Fund will invest in companies that have been identified by the Investment Manager, at the time of purchase, as best positioned to develop solutions to address climate change, by being significantly engaged in developing climate change solutions, whilst not significantly harming any environmental or social objectives and following good governance practices.

Companies are selected in relation to key sub-themes of climate change solutions, which may change from time to time, such as sustainable transport, sustainable construction, sustainable food & water, renewable energy and recycling and re-use. The Investment Manager considers that these investments qualify as “sustainable investments” for the purposes of SFDR. Investments are evaluated and deemed sustainable investments via the following process.

Significant engagement in developing climate change solutions will be measured through metrics such as revenue or potential revenue generated by companies through such solutions or other metrics applied by the Investment Manager which may change from time to time in relation to the key sub-themes as described above.

In order to qualify for inclusion in the portfolio, a company must generate at least 20% of its revenue from one of the identified sub-themes. If a security does not generate at least 20% of its revenue from an identified sub-theme, it may still be eligible for inclusion based on a qualitative assessment of future revenue potential, based on metrics such as capital expenditure.

The process to identify companies with exposure to the theme of climate change solutions has three steps: 1) exclusionary framework, 2) identification of initial universe of relevant companies using Themebot, 3) identification of companies best positioned to develop solutions to address climate change:

- Step 1: The Investment Manager evaluates and applies values and norms based screening to implement exclusions on certain industries and issuers based on specific ESG criteria and/or minimum standards of business practice based on international norms.

To support this screening, the Investment Manager relies on third party provider(s) who identify an issuer's participation in or the revenue which they derive from activities that are inconsistent with the values and norms based screens. Further details on the screening process can be found below and in the Sub-Fund's full exclusion policy which can be found on <https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/policies/exclusion-policy/jpm-etf-icav-climate-change-solutions-ucits-etf-exclusion-policy-ce-en.pdf>.

Values based screening assesses issuers against key ESG values, such as environmental damage and production of controversial weapons.

The Investment Manager fully excludes issuers that are involved with certain industries, such as controversial weapons (anti-personnel mines, biological/chemical weapons, cluster munitions, depleted uranium, white phosphorus), tobacco production and nuclear weapons and thermal coal

extraction (subject to certain exceptions such as having an approved Science Based Target through the Science Based Targets Initiative).

For certain other industries the Investment Manager applies maximum percentage thresholds typically based on revenue from production and/or distribution (which can vary depending on whether the issuer is a producer, distributor or service provider) such as, conventional weapons: >10%, power generation from thermal coal: >20%, unconventional oil/gas production: >10%, adult entertainment: >5%, and gambling: >10%, above which issuers are also excluded. "Revenue Threshold" is the percentage of an issuer's maximum revenue derived from the source indicated or, where noted otherwise, the maximum percentage of the Sub-Fund's assets that the investments can represent, e.g. capital expenditure in coal-fired power generation applies a threshold of >0 of assets. Exceptions are allowed for certain exclusions where the issuer meets particular criteria, such as having an approved Science Based Target in respect of reducing greenhouse gas emissions, through the Science Based Targets initiative, or generating above a particular threshold of revenue from renewables.

Norms based screening assesses issuers against standards of business practice based on international norms. The Sub-Fund excludes companies that are deemed to have failed in respect of established norms such as those referenced in the Principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles for Business and Human Rights. To achieve this, the Sub-Fund uses third party data based on research that identifies corporate controversies and assesses how companies manage these controversies. The Sub-Fund may invest in a company that would have been excluded based on such data if, in the view of the Investment Manager the data is incorrect, or the company demonstrates progress to remediate the violation and the Investment Manager engages with the company.

- Step 2: Identify companies aligned to the sub-themes using the ThemeBot which is a proprietary natural language processing tool that:
  - identifies and determines the relevance of key words and concepts related to the climate change solutions sub-themes; and
  - evaluates public documentation such as regulatory filings, broker reports, news reports or company profiles to identify those companies providing the highest exposure to these sub-themes.
  
- Step 3: The Investment Manager analyses the results of the Themebot to select the companies from this core universe best placed to achieve the Sub-Fund's objective. This analysis is based on fundamental analysis and ongoing engagement with companies to understand how they are positioned to develop solutions currently and in the future to address climate change. Fundamental analysis may include making regular site visits to the companies, speaking with company management, gathering information on competitors and engaging in discussions with a wide range of participants and experts in the relevant industry in order to estimate the companies' future cash flow, earnings and dividends. These estimates are then analysed in conjunction with the market prices of the securities. This analysis is used to better understand sustainability risks and opportunities that may impact a company and is also an important driver behind active company engagement when seeking to positively influence business practices to improve sustainability. As part of this analysis, the Investment Manager may make use of a proprietary ESG framework which

assesses each company's exposure to material sustainability issues however the focus is to identify companies aligned to the theme of climate change solutions.

The Investment Manager has ultimate discretion over the construction of the portfolio and may add companies that have not been identified by the Themebot.

If a company ceases to qualify, the Investment Manager will engage with the company to determine the circumstances for ceasing to qualify. If the company can resolve the matter in the short-term it may continue to be held in the portfolio. However, if not, the security will be sold as soon as reasonably practicable taking into account the best interests of Shareholders in the Sub-Fund.

The Sub-Fund systematically includes ESG criteria in investment analysis and investment decisions on at least 90% of securities purchased (excluding cash).

The Sub-Fund follows a sustainable thematic ESG approach. Thematic is an investment style with a thematic focus on a UN Sustainable Development Goal or other specific ESG theme (in this case climate change solutions). The term "Thematic" defines the category of this Sub-Fund and applicable investment criteria. The Sub-Fund seeks to achieve its Investment Objective through a forward looking investment approach, active engagement with companies where possible, and by seeking to positively influence business practices to improve sustainability. This investment style aims to deliver long-term sustainable financial returns while also serving as the foundation to align investment decisions with investor values. The Sub-Fund aims to deliver a sustainability related theme of climate change solutions with intentional environmental/social outcome. The thematic approach ensures portfolio positions are issued by thematically selected issuers.

The Sub-Fund has sustainable investment as its objective and intends to use third party data providers and to the extent possible, in-house research and direct assessment of corporate reporting and data to determine the extent of investments in accordance with the EU criteria for environmentally sustainable economic activities.

While there are investments in the Sub-Fund that contribute to an environmental objective and may be eligible to be assessed against the criteria, this is an evolving assessment subject to regulatory rules yet to be fully implemented and highly dependent on the availability of sufficient, reliable, timely and verifiable data from investee companies. In this regard, the Investment Manager is not in a position, as at the date of this Supplement, to quantify the extent of investments in economic activities that qualify with the criteria.

The Sub-Fund will invest globally, including, without limits, in emerging markets.

The Sub-Fund may invest in companies of all capitalisation levels, including, without limits, in small capitalisation companies and may have significant positions in specific sectors or markets from time to time.

The Benchmark is a global equity index designed to represent the performance of large and mid-capitalisation equity securities issued in 23 developed markets and 24 emerging markets (as of 27 March 2024) (the "**Benchmark Securities**"). With more than 2,900 constituents across 11 sectors, the Benchmark covers approximately 85% of the global investable equity opportunity set (the "**Investable Universe**") which is determined in accordance with the Benchmark's rules-based methodology. The

constituents of the Benchmark and geographical exposure of the Benchmark Securities may be subject to change over time. Further details on the Benchmark, including its methodology, components and performance, and further details on the Investable Universe, including its components and performance, are available at <http://www.msci.com>.

For the avoidance of doubt, investors should note that the Sub-Fund will not seek to track the performance of, or replicate the Benchmark, rather the Sub-Fund will use the Benchmark as a performance comparator. The Sub-Fund is actively managed without reference or constraints relative to the Benchmark.

The Sub-Fund may invest in assets denominated in any currency and currency exposure will not typically be hedged.

**Instruments / Asset Classes.** The Sub-Fund will invest in securities listed or traded on Recognised Markets globally. The Fund can invest up to 100% of its Net Asset Value in equities, such as shares, stock, preference shares and American and Global Depository Receipts (“ADRs” and “GDRs”). ADRs and GDRs are securities issued by a financial institution which evidence interests in a security or a pool of securities deposited with the financial institution and may be used as a liquid means of accessing certain markets in which direct investment is not possible or is more difficult for the Fund. The Fund may also invest up to 5% of its Net Asset Value in Real Estate Investment Trusts (“REITS”), which are companies or trusts that pool investor money and invest mainly in income producing real estate assets. The Fund will not invest in unlisted securities.

The Sub-Fund may hold ancillary liquid assets (deposits, certificates of deposit, commercial paper and money market funds) in accordance with the UCITS Regulations.

The Sub-Fund will not invest more than 10% of its Net Asset Value in other regulated, open-ended collective investment schemes, including ETFs and money market funds, as described under “*Investment in Other Collective Investment Schemes*” in the “*Investment Objectives and Policies*” section of the Prospectus.

**Use of FDI and Risk Management.** In addition, the Sub-Fund may, for efficient portfolio management purposes, use financial derivative instruments (“**FDI**”) primarily to manage the Sub-Fund’s cash balances or cash flows or hedge specific risks. Any use of FDI by the Sub-Fund shall be limited to (i) index futures in respect of UCITS eligible equity indices (ii) forward foreign exchange contracts (including non-deliverable forwards); and (iii) warrants (subject to a maximum of 5% of Net Asset Value). FDI are described under “Use of Financial Derivative Instruments” in the “*Investment Objectives and Policies*” section of the Prospectus.

**Portfolio Holding Disclosure Policy.** The Sub-Fund will publicly disclose its complete holdings on a daily basis. Details of the Sub-Fund’s holdings and full disclosure policy may be found on the Website.

**Fund Classification – German Investment Tax Act.** The Sub-Fund intends to qualify as an “Equity Fund” in accordance with the partial exemption regime and will invest more than 50% of its Net Asset Value on a continuous basis directly in equities as defined in the German Investment Tax Act.

## **INVESTMENT RISKS**

The value of your investment may fall as well as rise and you may get back less than you originally invested.

The value of equities may go down as well as up in response to the performance of individual companies and general market conditions, sometimes rapidly or unpredictably. If a company goes through bankruptcy or a similar financial restructuring, its shares in issue typically lose most or all of their value.

Since the instruments held by the Sub-Fund may be denominated in currencies other than the Base Currency, the Sub-Fund may be affected unfavourably by exchange control regulations or fluctuations in currency rates. For this reason, changes in currency exchange rates can affect the value of the Sub-Fund's portfolio and may impact the value of the Shares.

Emerging markets may be subject to increased political, regulatory and economic instability, less developed custody and settlement practices, poor transparency and greater financial risks. Emerging market currencies may be subject to volatile price movements. Emerging market securities may also be subject to higher volatility and lower liquidity than developed market securities respectively.

Exclusion of companies that do not meet certain ESG criteria from the Sub-Fund's investment universe may cause the Sub-Fund to perform differently compared to similar funds that do not have such a policy.

The Sub-Fund seeks to provide a return above the Benchmark; however the Sub-Fund may underperform the Benchmark.

As the Sub-Fund invests a large portion of its assets in a single theme it is likely to be more volatile and carry a greater risk of loss than a Sub-Fund that invests more broadly. Sub-Funds that are concentrated in investments exposed to a single theme may be subject to periods of underperformance and could be disproportionately affected by political, taxation, regulation, or government policy prejudicial to the theme which could lead to decreased liquidity and increased volatility in the value of the relevant securities.

Stocks of smaller companies may be less liquid, more volatile and tend to carry greater financial risk than stocks of larger companies.

Further information about risks can be found in the "Risk Information" section of the Prospectus.

## **INVESTOR PROFILE**

The Sub-Fund is intended for long-term investment by investors seeking long term capital growth and for those seeking a higher risk, thematic equity investment that embeds ESG principles.

Investors should understand the risks involved, including the risk of losing all capital invested and must evaluate the Sub-Fund objective and risks in terms of whether they are consistent with their own investment goals and risk tolerances. The Sub-Fund is not intended as a complete investment plan.

Typical investors in the Sub-Fund are expected to be those who seek exposure to the markets covered by the Benchmark and seek to invest in companies best positioned to develop solutions to address climate change, by being significantly engaged in developing climate change solutions, whilst not significantly harming any environmental or social objectives and following good governance practices.

## **SUBSCRIPTIONS – PRIMARY MARKET**

Accumulating Share Classes and Distributing Share Classes are available for subscription in the Sub-Fund in an unhedged USD denominated class and in Currency Hedged Share Classes denominated in any currency listed in the “*Classes of Shares*” section of the Prospectus. Currency Hedged Share Classes are available to launch at the discretion of the Management Company. Following the Closing Date, a complete list of Share Classes which have been launched in the Sub-Fund may be obtained from the Website, the registered office of the ICAV or the Management Company.

Shares will be available from 9 am (UK time) on 3 April 2024 to 4.30 pm (UK time) on 2 October 2024 or such earlier or later date as the Directors may determine (the “**Offer Period**”). During the Offer Period, the Initial Offer Price is expected to be approximately USD 25 per Share (together with any applicable Duties and Charges) or its equivalent in the class currency of the relevant Share Class. The actual Initial Offer Price per Share for all Classes may vary from its estimated price depending on movements in the value of the securities between the date of this Supplement and the date that the Offer Period closes. The actual Initial Offer Price per Share will be available from the Administrator and on the Website following the Closing Date.

After the Closing Date, Shares will be issued on each Dealing Day at the appropriate Net Asset Value per Share with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Investors may subscribe for Shares for cash or in kind in respect of each Dealing Day by making an application by the relevant Dealing Deadline in accordance with the requirements set out in this section and in the “*Purchase and Sale Information*” section of the Prospectus. Consideration in the form of cleared subscription monies/securities must be received by the applicable Settlement Deadline. Subscription applications may be made on any Business Day and will be processed in line with the next applicable Dealing Deadline following receipt.

Currency Hedged Share Classes will use the Portfolio Hedge methodology. Please refer to the “*Currency Hedging at Share Class Level*” section in the “*Investment Objectives and Policies*” section of the Prospectus and “*Currency Hedged Share Classes*” section in the “*Risk Information*” section of the Prospectus for further information on Currency Hedged Share Classes.

## **REDEMPTIONS – PRIMARY MARKET**

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Net Asset Value per Share, subject to an appropriate provision for Duties and Charges, provided that a valid redemption request from the Shareholder is received by the Management Company by the relevant Dealing Deadline in respect of the Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. Redemption requests may be made on any Business Day and will be processed in line with the next applicable Dealing Deadline following receipt. Settlement will normally take place within two Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline.



## **FEES AND EXPENSES**

The TER for all Share Classes will be up to 0.55% per annum of the Net Asset Value.

Further information in this respect is set out in the “*Fees and Expenses*” section of the Prospectus.

## **DISTRIBUTIONS**

Accumulating Share Classes and Distributing Share Classes are available in the Sub-Fund. With respect to Distributing Share Classes, the Sub-Fund intends to distribute quarterly in accordance with the provisions set out in the “*Distributions*” section of the Prospectus.

## **LISTING**

Shares have been admitted to the Official List and to trading on the regulated market of Euronext Dublin. Shares may also be admitted to trading on other Listing Stock Exchanges as specified on the Website.

## **BENCHMARK DISCLAIMER**

MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

ANNEX III

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Product name:** JPMorgan ETFs (Ireland) ICAV - Climate Change Solutions UCITS ETF

**Legal entity identifier:** 5493006UW36ZSXHP0G74

**Sustainable investment objective**

**Does this financial product have a sustainable investment objective?**

**Yes**                         **No**

It will make a minimum of **sustainable investments with an environmental objective:** 100%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

**It promotes Environmental/ Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What is the sustainable investment objective of this financial product?**

**Sustainability indicators** measure

The Sub-Fund's sustainable investment objective is to provide exposure to the theme of climate change

how the sustainable objectives of this financial product are attained.

solutions. The Sustainable Investments contribute to this objective by providing solutions in relation to key sub-themes of climate change, which may evolve, such as Renewables & Electrification, Sustainable Construction, Sustainable Food & Water, Sustainable Transport and Recycling & Re-Use.

Companies developing solutions within the sub-themes as further detailed in the response to the question below are expected to have positive impacts from a climate change mitigation perspective.

No benchmark has been designated for the purpose of attaining the environmental or social characteristics.

***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The Investment Manager seeks to identify and invest in companies producing products and / or services (solutions) to mitigate the key drivers of green house gas emissions and groups these companies within the key sub-themes of climate change as detailed further below.

Companies that have been identified by the Investment Manager, at the time of purchase, as best positioned to develop solutions to address climate change, are companies that are significantly engaged in developing such solutions. Significant engagement in developing climate change solutions will be measured through metrics such as the revenue or potential revenue generated by companies through such solutions or other metrics applied by the Investment Manager which may change from time to time, in relation to the key sub-themes as described above. The Investment Manager supplements quantitative information with a robust qualitative process to determine eligibility in the portfolio. The qualitative analysis assesses the applicable environmental benefits associated with a company's products and services and whether they contribute under one of the sub-themes. Such analysis also considers the risks to the company, including whether there are business activities in other areas that could negate the positive benefits created by the company's products or services.

For companies below the revenue threshold or where the Investment Manager determines that revenue is not available, relevant or meaningful, the Investment Manager may still determine that the company contributes to the objective based on one or more of the following considerations: (i) an identification of who benefits from the company's products and / or services,

(ii) the scale and scope of the company's products and services, and (iii) the environmental outcomes associated with the company's products and services and whether such outcomes would happen without such products or services.

The types of companies that may qualify as a Sustainable Investment for inclusion in the portfolio in relation to the key sub- themes may include the following:

- Renewables & Electrification - companies developing clean energy such as wind, solar, or hydro across the full production chain, and enabling electrification across the economy.
- Sustainable Construction - Companies developing less carbon-intense forms of construction, including energy efficiency of buildings and cement & steel production.
- Sustainable Food & Water - Companies investing in less carbon-intense forms of agriculture, sustainable food, or clean water.
- Sustainable Transport - Companies investing in sustainable forms of transportation across automobiles, trains, and planes.
- Recycling & Re-Use - Companies developing technologies to reduce waste, including equipment and materials recycling.

***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

**Principal adverse**

Sustainable Investments are subject to a screening process that seeks to identify and exclude, from qualifying as a Sustainable Investment, those companies which the

**impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Investment Manager considers the worst offending companies, based on a threshold determined by the Investment Manager, in relation to certain environmental considerations. Such considerations include climate change, protection of water and marine resources, transition to a circular economy, pollution and protection of biodiversity and ecosystems. The Investment Manager also applies a screen that seeks to identify and exclude those companies that the Investment Manager considers to be in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights based on data supplied by third party service providers.

— *How have the indicators for adverse impacts on sustainability factors been taken into account?*

The indicators for adverse impacts on sustainability factors in Table 1 of Annex 1 and certain indicators, as determined by the Investment Manager, in Tables 2 and 3 of Annex 1 of the EU SFDR Regulatory Technical Standards have been taken into account as further described below. The Investment Manager either uses the metrics in the EU SFDR Regulatory Technical Standards, or where this is not possible due to data limitations or other technical issues, it uses a representative proxy. The Investment Manager consolidates the consideration of certain indicators into a “primary” indicator as set out further below and it may use a broader set of indicators than referenced below.

The relevant indicators in Table 1 of Annex 1 of the EU SFDR Regulatory Technical Standards consist of 9 environmental and 5 social and employee related indicators. The environmental indicators are listed at 1-9 and relate to green-house gas emissions (1-3), exposure to fossil fuel, share of non-renewable energy consumption and production, energy consumption intensity, activities negatively affecting biodiversity sensitive areas, emissions to water and hazardous waste (4-9 respectively).

Indicators 10 – 14 relate to a company’s social and employee matters and cover violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles, unadjusted gender pay gap, Board gender diversity and exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons) respectively.

The Investment Manager’s approach includes quantitative and qualitative aspects to take the indicators into account. It uses particular indicators for screening, seeking to exclude companies that may cause significant harm. In addition to screening and engagement, the Investment Manager reviews, currently quarterly, all Table 1 indicators and select indicators from Tables 2 and 3 in respect of a peer group comparison.

The data needed to take the indicators into account, where available, may be obtained from investee companies themselves and/or supplied by third party service providers (including proxy data). Data inputs that are self-reported by companies or supplied by third-party providers may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. The Investment Manager cannot guarantee the accuracy or completeness of such data.

### **Screening**

Certain of the indicators are taken into account through values and norms-based screening to implement exclusions. These exclusions take into account indicators such as 10 and 14 in relation to UN Global Compact principles and OECD Guidelines for Multinational Enterprises and controversial weapons.

The Investment Manager also applies a purpose built screen. Due to certain technical considerations, such as data coverage in respect of specific indicators, the Investment Manager either applies the specific indicator per Table 1 or a representative proxy, as determined by the Investment Manager to screen investee companies in respect of the relevant environmental or social & employee matters. For example, greenhouse gas emissions are associated with several indicators and corresponding metrics in Table 1, such as greenhouse gas emissions, carbon footprint and greenhouse gas intensity (indicators 1-3). The Investment Manager currently uses greenhouse gas intensity data (indicator 3), data in respect of non-renewable energy consumption and production (indicator 5) and data on energy consumption intensity (indicator 6) to perform its screening in respect of greenhouse

gas emissions.

In connection with the purpose built screening and in respect of activities negatively affecting biodiversity sensitive areas and the emissions to water (indicators 7 and 8), due to data limitations, the Investment Manager uses a third party representative proxy rather than the specific indicators per Table 1. The Investment Manager also takes in to account indicator 9 in relation to hazardous waste in respect of the purpose built screen.

### Engagement

In addition to screening out certain companies as described above, the Investment Manager engages on an ongoing basis with selected underlying investee companies. A subset of the indicators will be used, subject to certain technical considerations such as data coverage, as the basis for engaging with selected underlying investee companies in accordance with the approach taken by the Investment Manager on stewardship and engagement. The indicators currently used in respect of such engagement include indicators 3, 5 and 13 in relation to greenhouse gas intensity, share of non-renewable energy and board gender diversity from Table 1. It also uses indicators 2 in Table 2 and 3 in Table 3 in relation to emissions or air pollutants and number of days lost to injuries, accidents, fatalities or illness.

— *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Sub-Fund applies a screen to align with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as provided for under the Minimum Safeguards in the EU Taxonomy Regulation. Third party data is used to identify violators and prohibit relevant investments in these issuers.



## Does this financial product consider principal adverse impacts on sustainability factors?

X

Yes

The Sub-Fund considers principal adverse impacts on sustainability factors through values and norms based screening to implement exclusions and active engagement with select investee companies.

The Sub-Fund uses a comprehensive range of indicators from Annex I of the EU SFDR Regulatory Technical Standards in respect of such screening. It uses indicators 1-14 in table 1 of this Annex which covers adverse sustainability impacts such as violations of the UN Global Compact, controversial weapons, GHG intensity, share of non-renewable energy consumption and production, energy consumption and hazardous waste. It also considers select indicators in tables 2 and 3.

A subset of the above mentioned Adverse Sustainability Indicators will be used in respect of the screening and to identify a target list of issuers held to engage with based on their PAI performance. If engagement is not successful in improving on PAIs, investments in these companies may be reduced in size or the issuers may be sold and excluded indefinitely.

Further information can be found in future annual reports in respect of the Sub-Fund and under “Approach to EU MiFID Sustainability Preferences” on [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu).

No



## What investment strategy does this financial product follow?

The Sub-Fund's strategy can be considered in respect of its general investment approach and ESG approach as follows:

Investment approach

- Uses the ThemeBot which, through natural language processing, determines textual relevance and

revenue attribution to identify companies exposed to the theme of climate change solutions and its related sub-themes.

- Using the results of Themebot as the basis for company selection, applies an active, bottom-up investment approach to stock selection, drawing on a fundamental research-based investment process.
- Applies values and norms based screening to implement exclusions.

ESG approach: Thematic

- Excludes certain sectors, companies / issuers or practices based on specific values or norms based criteria.
- Objective to deliver a sustainability related theme with intentional environmental/ social outcome.
- All issuers / companies follow good governance practices.

Please refer to the Sub-Fund Supplement for further detail.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The following are binding elements of the investment strategy used to select the investments to attain the Sustainable Investment objective:

- To invest in companies that have been identified by the Investment Manager, at the time of purchase, as best positioned
- to develop solutions to address climate change, by being significantly engaged in developing such solutions, whilst not significantly harming any environmental or social objectives and following good governance practices.
- The values and norms based screening to implement full exclusions in relation to issuers that are involved in certain activities such as manufacturing controversial weapons and applying maximum revenue, production or distribution percentage thresholds to others such as those that are involved in thermal coal and tobacco.
- The requirement for all issuers in the portfolio to follow good governance practices.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● ***What is the policy to assess good governance practices of the investee companies?***

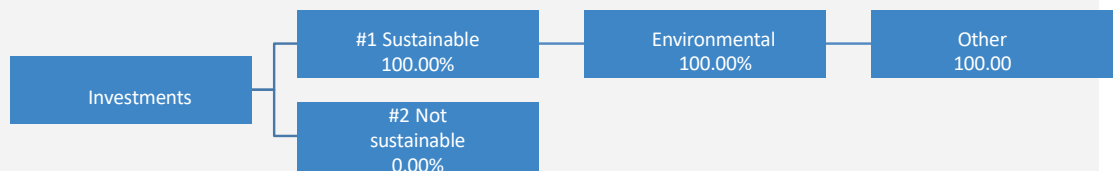
All investments (excluding cash and derivatives) are screened to exclude known violators of good governance practices.

**Asset allocation** describes the share of investments in specific assets.

**What is the asset allocation and the minimum share of sustainable investments?**

Sub-Fund plans to allocate portfolio assets to Sustainable Investments contributing to the theme of climate change solutions and other assets for a specific purpose such as liquidity management.

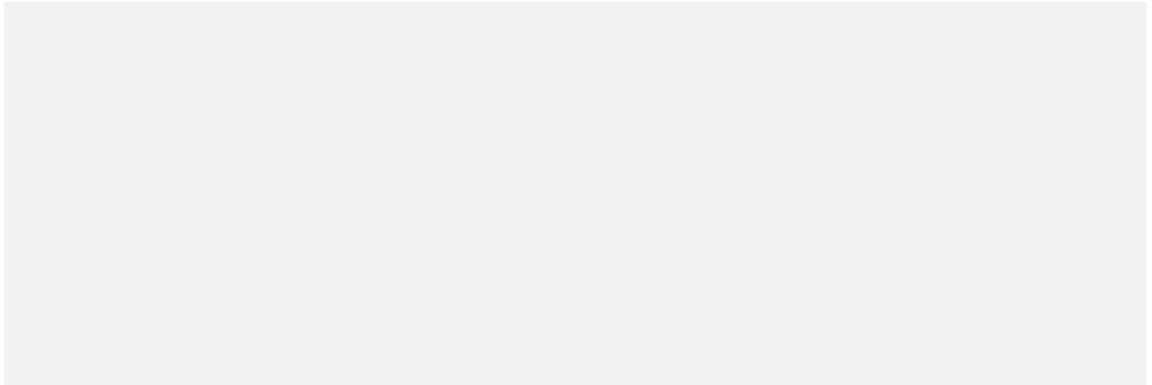
Ancillary cash, cash equivalents, money market funds and derivatives for EPM are not included in the % of assets set out in the table below. These holdings fluctuate depending on investment flows and are ancillary to the investment policy with minimal or no impact on investment operations.



#1 Sustainable covers sustainable investments with environmental or social objectives.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the sustainable investment objective?**

Derivatives are not used to attain the Sustainable Investment objective.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund invests 100% of assets in Sustainable Investments, however, 0% of assets are committed to Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional**

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>**

**Yes:**

In fossil gas     In nuclear energy

**No**

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

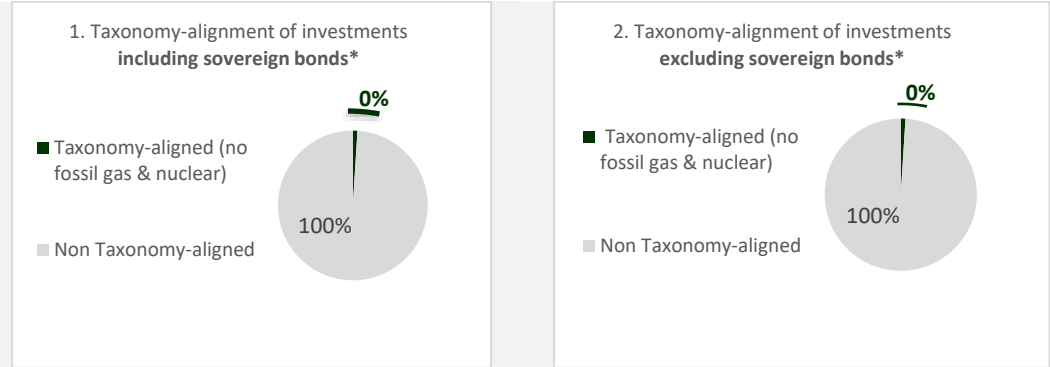
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

**activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund invests 100% of assets in Sustainable Investments, however, 0% of assets are committed to Sustainable Investments with an environmental objective aligned with the EU Taxonomy. Accordingly, 0% of assets are committed to transitional and enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund invests 100% its assets in sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



**What is the minimum share of sustainable investments with a social objective?**

There is no committed minimum share of sustainable investments with a social objective.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The Sub-Fund invests exclusively in Sustainable Investments in pursuit of its Sustainable Investment objective.

**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

● **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**

Not applicable.

● **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**





Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:  
[www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu) by searching for your particular Sub-Fund and accessing the ESG Information section.