

# **JPMORGAN ETFS (IRELAND) ICAV**

## **EUR Corporate Bond Research Enhanced Index (ESG) 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 – EUR Corporate Bond Research Enhanced Index (ESG) UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.**

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

**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>	Euro
<b>Benchmark</b>	Bloomberg Euro Corporate Index.  Currency hedged versions of the Benchmark may provide a more relevant point of reference for the Currency Hedged Share Classes.
<b>Benchmark Provider</b>	Bloomberg
<b>Dealing Deadline - Cash</b>	14:00 hrs (UK time) for all Share Classes on each Dealing Day.
<b>Dealing Deadline - In Specie</b>	14:30 hrs (UK time) for Currency Hedged Share Classes on each Dealing Day.  16:00 hrs (UK time) for unhedged Share Classes on each Dealing Day.
<b>Investment Manager</b>	J.P. Morgan Investment Management Inc., 383 Madison Avenue, New York, NY 10179, United States of America, whose business includes the provision of investment management services.
<b>Minimum Subscription Amount</b>	20,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	20,000 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 bid 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 long-term return in excess of the Benchmark by actively investing primarily in a portfolio of investment grade Euro denominated corporate debt securities.

**Investment Policy.** The Sub-Fund aims to invest at least 67% of its assets (excluding assets held for ancillary liquidity purposes) in investment grade Euro denominated corporate debt securities. Issuers of these securities may be located in any country, including emerging markets.

The Sub-Fund systematically includes environmental, social and governance (“ESG”) analysis in its investment decisions on at least 90% of securities purchased. Pursuant to the Sub-Fund’s ESG analysis, at least 51% of the Sub-Fund’s assets are invested in issuers with positive environmental and/or social characteristics that follow good governance practices, as measured through the Investment Manager’s proprietary ESG scoring methodology and/or third party data. The Sub-Fund promotes environmental and/or social characteristics. Further details on the ESG analysis applied are provided below.

The Sub-Fund invests at least 10% of assets excluding cash, cash equivalents, money market funds and derivatives for efficient portfolio management, in Sustainable Investments, as defined under SFDR, contributing to environmental or social objectives.

In addition, 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-eur-corporate-bond-rei-ucits-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 and nuclear weapons) (excluding companies who support nuclear weapons programmes to states within [the Treaty on the Non-Proliferation of Nuclear Weapons](#), commonly known as the Non-Proliferation Treaty or “NPT”).

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 company is a producer, distributor or service provider) which are derived from certain industries (such as conventional weapons: >10%, tobacco production: >5%, power generation from thermal coal: >20%, thermal coal extraction: >20%, 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 minimum 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 an 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

The risk characteristics of the portfolio of securities held by the Sub-Fund, such as volatility levels and duration, will be broadly equivalent to the risk characteristics of the Benchmark while offering potential for excess returns.

The Investment Manager aims to outperform the Benchmark over the long-term by systematically buying and selling investments for the Sub-Fund using a process that involves determining a sector strategy followed by a security strategy, each as described below.

In establishing the Sub-Fund's sector strategy, the Investment Manager uses both top down and bottom up analysis to determine the sector weightings of the portfolio. Sectors are evaluated based on the broad macro-economic environment, with the Investment Manager using research to consider the relative financial worth of different sectors within the investment universe, and bottom up analysis based on factors such as quarterly results and capitalisation of entities across the relevant sector.

Following the above sector strategy approach, the security strategy involves using bottom up analysis to create a scored investable universe of researched issuers and securities. This process involves analysing fundamental factors, including, for example, the competitive landscape, management of the issuing entity, historical financial performance and expected financial results of the issuer. Technical factors are also considered as part of the bottom up security analysis, including the supply and demand for individual issuers and securities. Finally, valuation factors, such as industry and broad market comparative value analysis, are also considered to assess the financial worth of securities within the universe. Based on the above, the Investment Manager overweights and underweights its sector and security investments relative to the Benchmark.

The Sub-Fund will seek to outperform the Benchmark over the long-term. The Benchmark consists of investment grade, fixed rate debt securities of varying maturity issued by issuers globally ("**Benchmark Securities**"). As at the date of this Supplement, the Benchmark comprises 3,346 fixed income securities. The constituents and this list of countries may be subject to change over time. The Benchmark is comprised of fixed income securities from issuers which mainly operate within the industrial, financials and utilities sectors. Further details on the Benchmark, including its components and performance, are available at <https://assets.bbhub.io/professional/sites/27/Fixed-Income-Index-Methodology.pdf>. The Benchmark has been included as a point of reference against which the performance of the Sub-Fund may be measured. The Sub-Fund will bear a close resemblance to its Benchmark.

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 hold a portfolio of fixed income securities (which may include but will not be limited to Benchmark Securities) which are actively selected and managed with the aim of delivering an investment performance which exceeds that of the Benchmark over the long-term. In order to seek to achieve this, the Investment Manager may overweight the securities which it considers to have the highest potential to outperform the Benchmark and underweight or not invest at all in securities which the Investment Manager considers may underperform based on fundamental or relative value analysis.

The Investment Manager also evaluates whether ESG factors could have a material negative or positive impact on the cash flows or risk profiles of many issuers in which the Sub-Fund may invest. This impact is determined by identifying issuers which are negative outliers, based on the potential impact of ESG factors on the sustainability and redeployment of the issuers' cash flows. The Investment Manager's research analysts focus on key risk factors, including, for example, accounting and tax policies, disclosure and investor communications, shareholder rights, remuneration and social and environmental factors to seek to identify such negative outliers. Social factors include, but are not limited to, issues relating to labour management and health and safety. Environmental factors include, but are not limited to, issues relating to carbon emissions, environmental regulations, water stress and waste. The ESG assessment using these risk factors is integrated into the investment process described above to form a holistic view on whether ESG factors will affect the sustainability of issuers' cash flows. These determinations may not be conclusive and securities of issuers which may be negatively impacted by such factors may be purchased and retained by the Sub-Fund while the Sub-Fund may divest or not invest in securities of issuers which may be positively impacted by such factors where the Investment Manager believes that this is in the best interests of the Sub-Fund on the basis of the other elements of the investment policy.

**Instruments / Asset Classes.** The Sub-Fund may invest in debt securities (including bonds and notes) and high quality money market instruments, such as commercial paper and certificates of deposit which have been issued by corporate issuers. In addition, the Sub-Fund may invest in debt issued by REITs subject to a limit of 10% of its Net Asset Value and privately placed securities including Regulation S Offerings and Rule 144A securities (which provide an exclusion from certain registration requirements under the 1933 Act). The Sub-Fund may also invest in Sovereign Debt, when-issued securities, delayed delivery securities, forward commitments, zero-coupon securities and non-Euro denominated assets but will not be substantially invested in these assets. Where the Sub-Fund purchases non-Euro denominated assets, the currency exposure of such assets may be managed by reference to the Benchmark.

The investment grade Euro denominated, fixed and floating rate debt securities in which the Sub-Fund will primarily invest will (i) carry a minimum rating of Baa3, BBB- or BBB- or better by Moody's Investors Service Inc. (Moody's), Standard & Poor's Corporation (S&P), or Fitch Ratings (Fitch), respectively, or (ii) if such investments are unrated, be deemed by the Investment Manager to be of comparable quality at the time of investment.

The Sub-Fund also, on an ancillary basis, may invest in securities rated below investment grade (i.e., high yield bonds, also called junk bonds or non-investment grade bonds) or the unrated equivalent. These securities generally are rated in the fifth or lower rating categories (for example, BB+ or lower by S&P and Ba1 or lower by Moody's). These securities generally offer a higher yield than investment grade securities, but involve a high degree of risk. A security's quality is determined at the time of purchase and securities that are rated investment grade or the unrated equivalent may be downgraded or decline in credit quality such that subsequently they would be deemed to be below investment grade.

Further information on the risks of investment in such securities are outlined below and in the “*Risks in relation to Sub-Funds Investing in Debt Securities*” sub-section of the Prospectus.

The Sub-Fund will invest primarily in securities listed or traded on Recognised Markets in the EU and the United Kingdom.

In normal circumstances, the Sub-Fund may hold up to 10% of its Net Asset Value in ancillary liquid assets (deposits, certificates of deposit, commercial paper and money market funds) in accordance with the UCITS Regulations. Subject to the following paragraph, the Sub-Fund may hold a higher percentage of its Net Asset Value in such ancillary liquid assets following large cash flows into or out of the Sub-Fund, as it may be inefficient and contrary to Shareholders’ best interests to seek to invest cash received as subscriptions, or realise assets to meet large redemptions, solely on the relevant Dealing Day. The Sub-Fund will seek to reduce the percentage of its Net Asset Value held as ancillary liquid assets to below 10% of Net Asset Value as quickly as practicable, acting in the best interests of Shareholders.

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**”) to take exposure to assets of the type described above, primarily to reduce the Sub-Fund’s cash balances, hedge specific risks, and/or manage the cash flows and trading across multiple time-zones. Any use of FDI by the Sub-Fund shall be limited to (i) futures in respect of UCITS-eligible fixed income indices and the other assets in which the Sub-Fund may invest, as described above; (ii) forward foreign exchange contracts (including non-deliverable forwards), (iii) options, (iv) interest rate swaps, and (v) credit default swaps. The Sub-Fund may either be a buyer or seller of protection under credit default swaps. 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.

## **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 debt securities may change significantly depending on economic and interest rate conditions as well as the credit worthiness of the issuer. Issuers of debt securities may fail to meet payment obligations or the credit rating of debt securities may be downgraded. These risks are typically increased for below investment grade debt securities which may also be subject to higher volatility and lower liquidity than investment grade debt securities. The credit worthiness of unrated debt securities is not measured by reference to an independent credit rating agency.

Exclusion of issuers 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.

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. 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.

The Sub-Fund is aimed at investors seeking to achieve a long-term return in excess of the Benchmark by actively investing primarily in a portfolio of investment grade Euro denominated corporate debt securities, with positive environmental and/or social characteristics that follow good governance practices, with an overlay of ESG integration and values and norms-based screening of its investment universe.

Typical investors in the Sub-Fund are expected to be investors who want to make an asset allocation into the investment grade EUR-denominated corporate securities sector and benefit from the higher yields generally offered by corporate bonds compared to government securities.

## **SUBSCRIPTIONS – PRIMARY MARKET**

Accumulating Share Classes and Distributing Share Classes are available for subscription in the Sub-Fund in an unhedged EUR 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. 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 that have not been launched as of the date of this Supplement will be available from 9 am (UK time) on 3 April 2024 to 2 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 EUR 100 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 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, and, in respect of Share Classes that have been already launched, from the date of this Supplement, 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 on each Dealing Day by making an application by the 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.

Currency Hedged Share Classes will use the NAV 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 Dealing Deadline on the relevant Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. 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 0.19% per annum of the Net Asset Value. The TER is subject to a fee waiver by the Management Company in the amount of 0.15% per annum for 12 months. From 1 June 2024 the TER will revert to up to 0.19% per annum.

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 semi-annually 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**

Bloomberg® and Bloomberg Euro Corporate Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”), and have been licensed for use for certain purposes by JPMorgan Chase & Co.

The Sub-Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the Sub-Fund or any member of the public regarding the advisability of investing in securities generally or in the Sub-Fund particularly. The only relationship of Bloomberg to JPMorgan Chase & Co is the licensing of certain trademarks, trade names and service marks and the use of Bloomberg Euro Corporate Index, which is determined, composed and calculated by BISL without regard to JPMorgan Chase & Co or the Sub-Fund. Bloomberg has no obligation to take the needs of JPMorgan Chase & Co or the owners of the Sub-Fund into consideration in determining, composing or calculating the Bloomberg Euro Corporate Index. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Sub-Fund to be issued. Bloomberg shall not have any obligation or liability,



including, without limitation, to the Sub-Fund customers, in connection with the administration, marketing or trading of the Sub-Fund.

BLOOMBERG DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE BLOOMBERG EURO CORPORATE INDEX OR ANY DATA RELATED THERETO AND SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. BLOOMBERG DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY JPMORGAN CHASE & CO, OWNERS OF THE SUB-FUND OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE BLOOMBERG EURO CORPORATE INDEX OR ANY DATA RELATED THERETO. BLOOMBERG DOES NOT MAKE ANY EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE BLOOMBERG EURO CORPORATE INDEX OR ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, TO THE MAXIMUM EXTENT ALLOWED BY LAW, BLOOMBERG, ITS LICENSORS, AND ITS AND THEIR RESPECTIVE EMPLOYEES, CONTRACTORS, AGENTS, SUPPLIERS, AND VENDORS SHALL HAVE NO LIABILITY OR RESPONSIBILITY WHATSOEVER FOR ANY INJURY OR DAMAGES—WHETHER DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR OTHERWISE—ARISING IN CONNECTION WITH THE SUB-FUND OR BLOOMBERG EURO CORPORATE INDEX OR ANY DATA OR VALUES RELATING THERETO—WHETHER ARISING FROM THEIR NEGLIGENCE OR OTHERWISE, EVEN IF NOTIFIED OF THE POSSIBILITY THEREOF.

**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.

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** JPMorgan ETFs (Ireland) ICAV - EUR Corporate Bond Research Enhanced Index (ESG) UCITS ETF

**Legal entity identifier:** 549300Z5FR0TBRCVY095

### Environmental and/or social characteristics

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

**Yes**
   **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ___%	<input checked="" type="checkbox"/> <b>It promotes Environmental/ Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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**What environmental and/or social characteristics are promoted by this financial product?**



The Sub-Fund promotes a broad range of environmental and social characteristics through its inclusion criteria for investments that promote environmental and/or social characteristics. It is required to invest at least 51% of its assets in such securities. It also promotes certain norms and values by excluding particular issuers from the portfolio.

Through its inclusion criteria, the Sub-Fund promotes environmental characteristics which may include effective management of toxic emissions and waste as well as good environmental record. It also promotes social characteristics which may include effective sustainability disclosures, positive scores on labour

relations and management of safety issues.

Through its exclusion criteria, the Sub-Fund promotes certain norms and values such as support for the protection of internationally proclaimed human rights and reducing toxic emissions, by fully excluding issuers that are involved in particular 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. Please refer to the exclusions policy for the Sub-Fund on [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu) for further information.

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

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

A combination of the Investment Manager's proprietary ESG scoring methodology and/or third party data are used as indicators to measure the attainment of the environmental and/ or social characteristics that the Sub-Fund promotes.

The score is based on an issuers management of key relevant ESG issues. To be included in the 51% of assets promoting environmental and/or social characteristics, an issuer must score in the top 80% relative to the Sub-Fund's Benchmark on either its environmental score or social score and follow good governance practices. Please refer to "What is the policy to assess good governance practices of the investee companies?" below for further detail on good governance.

To promote certain norms and values, the Investment Manger utilises data to measure an issuers participation in activities potentially contrary to the Sub-Fund's exclusion policy, as referenced in the answer to the question directly above, such as issuers manufacturing controversial weapons. The data may be obtained from investee issuers themselves and/or supplied by third party service providers (including proxy data). Data inputs that are self-reported by issuers 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. Third party data providers are subject to rigorous vendor selection criteria which may include analysis on data sources, coverage, timeliness, reliability and overall quality of the information, however, the Investment Manager cannot guarantee the accuracy or completeness of such data.

Screening on that data results in full exclusions on certain potential investments and partial exclusions based on maximum percentage thresholds on revenue, production or distribution on others. A subset of the "Adverse Sustainability Indicators" as set out in the EU SFDR Regulatory Technical Standards is also incorporated in the screening and the relevant metrics are used to identify and screen out identified violators.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The objectives of the Sustainable Investments that the Sub-Fund partially intends to make may include any individual or combination of the following or be linked to an environmental or social objective through the use of proceeds of the issue: Environmental Objectives (i) climate risk mitigation, (ii) transition to a circular economy; Social Objectives (i) inclusive and sustainable communities - increased female executive representation, (ii) inclusive and sustainable communities - increased female representation on boards of directors and (iii) providing a decent working environment and culture.

Contribution to such objectives is determined by either (i) products and services sustainability indicators, which may include the percentage of revenue derived from providing products and / or services that contribute to the relevant sustainable objective, such as company producing solar panels or clean energy technology that meets the Investment Manager's proprietary thresholds contributing to climate risk mitigation; (ii) the use of proceeds of the issue, if such use is designated as linked to a specific environmental or social objective, or (iii) being an operational peer group leader contributing to the relevant objective. Being a peer group leader is defined as scoring in the top 20% relative to the Sub-Fund's benchmark based on certain operational sustainability indicators. For example, scoring in the top 20% relative to the Benchmark on total waste impact contributes to a transition to a circular economy. The test for supranational and sovereign issuers may consider the issuer's mission or contributions, as peer group leaders or improvers, to positive environmental and social objectives subject to certain criteria.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The Sustainable Investments that the Sub-Fund partially intends to make are subject to a screening process that seeks to identify and exclude, from qualifying as a Sustainable Investment, those issuers which the Investment Manager considers the worst offending issuers, 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 issuers 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 an issuers 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 also takes into account PAI 16 in relation to Investee countries subject to social violations.

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 issuers that may cause significant harm. It uses a subset for engagement seeking to influence best practice and it uses certain of them as indicators of positive sustainability performance, by applying a minimum threshold in respect of the indicator to qualify as a Sustainable Investment.

The data needed to take the indicators into account, where available, may be obtained from investee issuers themselves and/ or supplied by third party service providers (including proxy data). Data inputs that are self-reported by issuers 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 the values and norms-based screening to implement exclusions described above in the answer to “What environmental and/or social characteristics are promoted by this financial product?” These exclusions take into account indicators 10, 14 and 16 in relation to UN Global Compact principles and OECD Guidelines for Multinational Enterprises, controversial weapons and investee countries subject to social violations.

**Principal adverse 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.

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 issuers 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 issuers as described above, the Investment Manager engages on an ongoing basis with selected underlying investee issuers. 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 issuers 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.

### Indicators of sustainability

The Investment Manager uses indicators 3 and 13 in relation to GHG Intensity and board gender diversity as indicators of sustainability to assist in qualifying an investment as a Sustainable Investment. One of the pathways requires an issuer to be considered as an operational peer group leader to qualify as a Sustainable Investment. This requires scoring against the indicator in the top 20% relative to the Benchmark as detailed further in the answer above to the question, "What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives"?

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

The norms based exclusions as described above under "What environmental and/or social characteristics are promoted by this financial product?" seek alignment with these guidelines and principles. Third party data is used to identify violators and prohibit relevant investments in these issuers.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

X

**Yes,**

The Sub-Fund considers select principal adverse impacts on sustainability factors through values and norms-based screening to implement exclusions. Indicators 10, 14 and 16 in relation to violations of the UN Global Compact, controversial weapons and country level social violations from the EU SFDR Regulatory Technical Standards are used in respect of such screening.

The Sub-Fund also uses certain of the indicators as part of the “Do No Significant Harm” screen as detailed in the response to the question directly above to demonstrate that an investment qualifies as a Sustainable Investment.

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 a research-driven investment process that focuses on analysing fundamental, technical and valuation factors across countries, sectors and issuers.
- Enhanced index approach that builds a portfolio in reference to the benchmark by overweighting securities with the highest potential to outperform and underweighting securities based on fundamental or relative value analysis.
- Applies values and norms based screening and implements minimum investment thresholds on companies with positive ESG characteristics.

ESG approach: ESG Promote

- Excludes certain sectors, companies / issuers or practices based on specific values or norms based criteria.
- At least 51% of assets to be invested in positive ESG issuers / companies.
- At least 10% of assets to be invested in Sustainable Investments.
- All issuers / companies follow good governance practices.

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

#### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are:

- The requirement to invest at least 51% of assets in securities with positive environmental and/or social characteristics.
- 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.

The Sub-Fund also commits to investing at least 10% of assets in Sustainable Investments.

#### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

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

The Sub-Fund does not apply such a committed minimum rate.

**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. In addition, for those investments included in the 51% of assets promoting environmental and/or social characteristics or qualifying Sustainable Investments, additional considerations apply. For these investments, the Sub-Fund incorporates a peer group comparison and screens out issuers that do not score in the top 80% relative to the Sub-Fund's Benchmark based on good governance indicators.



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

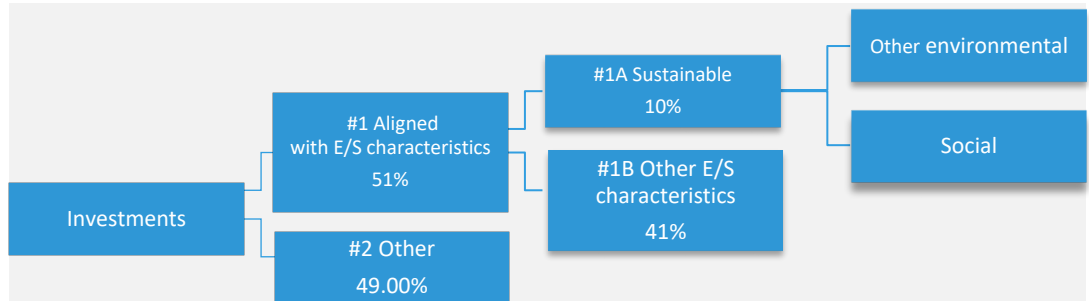
**What is the asset allocation planned for this financial product?**

The Sub-Fund plans to allocate at least 51% of assets to issuers with positive environmental and/or social characteristics and a minimum of 10% of assets to Sustainable Investments. The Sub-Fund does not commit to investing any proportion of assets specifically in issuers exhibiting positive environmental characteristics or specifically in positive social characteristics or both nor is there any commitment to any specific individual or combination of environmental or social objectives in respect of the Sustainable Investments. Therefore, there are no specific minimum allocations to environmental or social objectives referred to in the diagram below.

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.

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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments..

**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Derivatives are not used to attain the environmental or social characteristics promoted by the Sub-Fund.

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 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.



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

The Sub-Fund invests at least 10% of assets in Sustainable Investments, however, 0% of assets are committed to Sustainable Investments with an environmental objective aligned with the EU Taxonomy

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



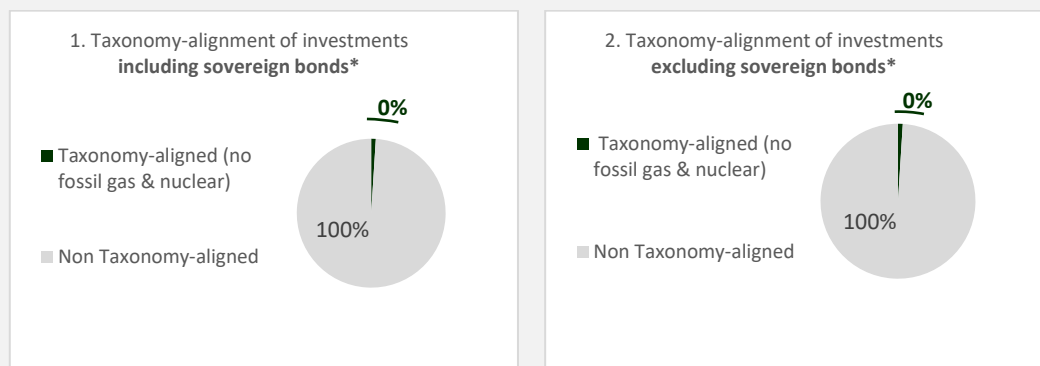
Yes:

 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.*



\* 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 at least 10% 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 at least 10% of assets in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or



are sustainable

<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.



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

combination of Sustainable Investment objectives and therefore there is no committed minimum share.



### What is the minimum share of socially sustainable investments?

The Sub-Fund invests at least 10% of assets in Sustainable Investments, typically across both environmental and social objectives. However, it does not commit to any specific individual or combination of Sustainable Investment objectives and therefore there is no committed minimum share.



### What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The “other” investments are comprised of issuers that did not meet the criteria described in response to above question entitled, “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?” to qualify as exhibiting positive environmental or social characteristics. They are investments for diversification purposes. Ancillary cash, cash equivalents, money market funds and derivatives for EPM are not included in the % of assets included in the asset allocation diagram above, including under “other”. These holdings fluctuate depending on investment flows and are ancillary to the investment policy with minimal or no impact on investment operations.

All investments, including “other” investments are subject to the following ESG Minimum Safeguards/principle:

- The minimum safeguards as outlined by Article 18 of the EU Taxonomy Regulation (including alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).
- Application of good governance practices (these include sound management structures, employee relations, remuneration of staff and tax compliance).
- Compliance with the Do No Significant Harm principle as prescribed under the definition of Sustainable Investment in EU SFDR.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
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.

