

# **JPMORGAN ETFS (IRELAND) ICAV**

## **US Research Enhanced Index Equity SRI Paris Aligned UCITS ETF**

**13 June 2023**

**(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 June 2023 (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 - US Research Enhanced Index Equity SRI Paris Aligned 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>	US Dollars.
<b>Benchmark</b>	MSCI USA SRI EU PAB Overlay ESG Custom Index*.
<b>Benchmark Provider</b>	MSCI
<b>Dealing Deadline</b>	14:30 hrs (UK time) for Currency Hedged Share Classes on each Dealing Day.  16:30 hrs (UK time) for unhedged Share Classes on each Dealing Day.
<b>EU Climate Benchmarks Regulation</b>	Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks.
<b>High Climate Impact Sectors</b>	As at the date of this Supplement, as the following NACE (Nomenclature of Economic Activities) sectors: agriculture, forestry and fishing; mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply, sewerage, waste management and remediation activities; construction; wholesale and retail trade and repair of motor vehicles and motorcycles; transporting and storage; real estate activities.
<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>	50,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	50,000 Shares (for in specie redemptions) or cash equivalent (for cash redemptions).
<b>Paris Agreement</b>	The Paris Agreement is an agreement among the leaders of over 180 countries to reduce greenhouse gas emissions and limit the global temperature increase to below 2 degrees Celsius (3.6 F) above pre-industrial levels by the year 2100.
<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 long-term return in excess of the Benchmark by actively investing primarily in a portfolio of US companies while aligning with the objectives of the Paris Agreement.

**Investment Policy.** The Sub-Fund aims to invest its assets primarily in equity securities of companies that are domiciled in, or carry out the main part of their economic activity in, the US.

The Sub-Fund may also invest in Canadian companies to a limited extent.

The Sub-Fund has sustainable investment as its objective and the Investment Manager considers that the Sub-Fund's investments will qualify as "sustainable investments" for the purposes of the SFDR.

The Sub-Fund will seek to outperform the Benchmark over the long-term, while aligning with the objectives of the Paris Agreement. The Benchmark is comprised of large capitalisation stocks of US companies ("**Benchmark Securities**"). The constituents of the Benchmark are selected from the constituents of the MSCI USA Index (the "**Investible Universe**") and the Benchmark aims to meet the requirements for EU Paris-aligned Benchmarks as defined in the EU Climate Benchmarks Regulation and provide lower carbon emission exposure relative to the Investible Universe with a view to achieving the long-term global warming objectives of the Paris Agreement. In particular, the Benchmark aims to:

- achieve a reduction of the greenhouse gas intensity of the Benchmark of at least 7% on average per annum
- achieve an overall reduction of the greenhouse gas intensity of the Benchmark compared to the Investible Universe of at least 50%. Greenhouse gas intensity means greenhouse gas emissions divided by enterprise value including cash
- not underweight High Climate Impact Sectors compared to the Investible Universe.

The constituents of the Benchmark may be subject to change over time. Further details on the Benchmark, including its components and performance, are available at <https://www.msci.com/index-methodology>. 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 equity securities (which may include but will not be limited to Benchmark Securities) which is 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 most overvalued.

The Sub-Fund's portfolio will be constructed such that it aims to meet the Benchmark's obligations under the EU Climate Benchmarks Regulation, as described above. Consequently the Sub-Fund will also seek to achieve a reduction of its greenhouse gas intensity of at least 7% on average per annum and an overall reduction of its greenhouse gas intensity compared to the Investible Universe of at least 50%. In addition, whilst the Investment Manager may underweight, or not invest at all in, Benchmark Securities, the Investment Manager will not actively underweight High Climate Impact Sectors as a whole, relative to the Investible Universe.

In seeking to identify under and overvalued securities, the Sub-Fund will leverage on the expertise of the Investment Manager’s fundamental research analysis. This fundamental research is applied consistently across geographical regions and industrial sectors and involves making regular site visits to the issuers of the securities, 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 issuers’ future cash flow, earnings and dividends. These estimates are then analysed in conjunction with the market prices of the securities which is the basis on which the relative attractiveness of the securities for investment is determined by the Investment Manager.

The Investment Manager evaluates and applies values and norms based screening to implement exclusions including, for example, identifying issuers that are involved in the manufacturing of controversial weapons (such as cluster munitions, depleted uranium ammunition and armour or anti-personnel mines), thermal coal and tobacco among others. Values based screening assesses issuers against key environmental, social and governance (“ESG”) values, such as environmental damage and production of controversial weapons, while norms based screening assesses issuers against internationally accepted principles such as the UN Global Compact. 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.

The Investment Manager fully excludes issuers that are involved with certain industries to any extent and issuers with severe violations of the [UN Global Compact](#), which is an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. For certain other industries the Investment Manager applies maximum percentage thresholds typically based on production, turnover 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 above which issuers are also excluded. Please see below for details of how exclusions are applied to the Sub-Fund.

	<b>Threshold Exclusions</b>	<b>Full Exclusions</b>
<b>Values Based</b>	Conventional Weapons Production (5%)	Controversial Weapons
	Tobacco (5%)	Tobacco Production
	Gambling Operations (5%)	Nuclear Weapons
	Gambling Related Business Activities (10%)	Civilian Firearms Producer
	Alcohol Producer (5%)	Fossil Fuel Reserve - Energy Application
	Alcohol Distributing, Retailing, licensing and Supplying (15%)	Unconventional Oil & Gas (e.g. oil sands, shale gas)
	Power Generation (50%)	Thermal Coal Mining
	Oil & Gas (10%)	
	Adult Entertainment (5%)	
	Genetically Modified Organisms (GMO) (5%)	
	Nuclear Power Installed Capacity (5%)	
	Weapons (15%)	
	Nuclear Power Generation (5%)	
	Nuclear Power Activities (15%)	
Thermal Coal Power Generation (5%)		
<b>Norms Based</b>		Companies in breach of the UN Global Compact

Securities which breach these exclusions following acquisition by the Sub-Fund may only continue to be held where the Investment Manager permits an exemption based on either:

- (i) research: i.e. the issuer has acknowledged the issue leading to the breach and has put in place sufficient, meaningful and robust remedial action, where the outcome is clear; or
- (ii) engagement: i.e. the issuer is taking steps to acknowledge and establish remedial steps but the Investment Manager believes that engagement over 1-2 years with clear objectives to drive reform is required, in which case a detailed engagement plan must be provided with clear targets to track engagement success.

Exemptions are reviewed regularly and if the Investment Manager determines that a security no longer qualifies for an exemption the security will be sold as soon as practicable in the best interests of the Sub-Fund.

Further details on the screening process can be found 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-jseu-exclusion-policy-ce-en.pdf> .

The Sub-Fund seeks to assess the impact of ESG factors through a forward looking investment approach, active engagement with companies, where possible, and seek to positively influence business practices to improve sustainability. This aims to deliver long-term sustainable financial returns while also serving as the foundation to align investment decisions with investor values. The Investment Manager's research analysts and corporate governance specialists focus on key risk factors, including, for example, accounting and tax policies, disclosure and investor communications, shareholder rights, remuneration and social and environmental factors. 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.

If a security ceases to qualify as a Sustainable Investment, the Investment Manager will sell it as soon as practicable in the best interests of the Sub-Fund and in accordance with its exclusion policy.

The Sub-Fund systematically includes ESG criteria in investment analysis and investment decisions on all securities purchased (excluding cash).

The Sub-Fund may invest in assets denominated in any currency and currency exposure in the Sub-Fund may be managed by reference to the Benchmark.

The risk characteristics of the portfolio of securities held by the Sub-Fund, such as volatility levels, will be broadly equivalent to the risk characteristics of the Benchmark.

**Instruments / Asset Classes.** The Sub-Fund will invest in securities listed or traded on Recognised Markets in the US and Canada.

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, fixed rate bonds issued by governments which are rated investment grade 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**") 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) index futures in respect of UCITS eligible equity indices (subject to a maximum of 20% of Net Asset Value, provided however that this restriction will not apply following large cash flows into or out of the Sub-Fund for the reasons outlined in the "Instruments/Asset Classes" section above); (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 equity securities 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.

Exclusion of companies that do not meet certain 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 by investors seeking to achieve a long-term return in excess of the Benchmark by actively investing primarily in a portfolio of US companies, while aligning with the objectives of the Paris Agreement.

Investors should understand the risks involved, including the risk of losing all capital invested and must evaluate the Sub-Fund's 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 investors who want to take broad market exposure to the US stock market, who seek to benefit from potential excess returns with similar risks to investing in securities representing the Benchmark and who are prepared to accept the risks associated with an investment of this type, including the volatility of such market.

## **SUBSCRIPTIONS – PRIMARY MARKET**

Accumulating Share Classes and Distributing Share Classes are available for subscription in the Sub-Fund in an unhedged Share Classes and Currency Hedged Share Classes, each denominated in any currency listed in the “*Classes of Shares*” section of the Prospectus, with the exception that no Currency Hedged Share Classes are available in US Dollars. 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 that have not been launched as of the date of this Supplement will be available from 9 am on 14 June 2023 to 4:30 pm on 13 December 2023 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 except in the case of MXN Share Classes where the Initial Offer Price is expected to be MXN 9000 (together with any applicable Duties and Charges). 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 0.20% 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 annually in accordance with the provisions set out in the “*Distributions*” section of the Prospectus.

## **LISTING**

An application has been made for the Shares to be admitted to the Official List and to trading on the 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))

\* An MSCI Custom index based on exclusion list provided by JP Morgan Asset Management



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



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained

**Product name:** JPMorgan (Ireland) ICAV US Research Enhanced Index Equity SRI Paris Aligned UCITS ETF **Legal entity identifier:** 549300FZ7YUTJ13G1V05

## Sustainable investment objective

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

**Yes**    **No**

- |   |  |
|---|--|
| <p><input checked="" type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: 100%</p>   | <p><input type="checkbox"/> It promotes <b>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 ___% of sustainable investments</p>  |
| <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> | <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> |
| <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>  | <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>  |

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

The Sub-Fund's sustainable investment objective is to provide lower carbon emission exposure relative to the MSCI USA Index (the "**Investable Universe**") with a view to achieving the long-term global warming objectives of the Paris Agreement.

The Sub-Fund's portfolio will be constructed such that it aims to meet the obligations under the EU Climate Benchmarks Regulation. Consequently the Sub-Fund will seek to achieve a reduction of its greenhouse gas intensity of at least 7% on average per annum and an overall reduction of its greenhouse gas intensity compared to the Investable Universe of at least 50%.

In addition, the Investment Manager will not actively underweight High Climate Impact Sectors as a whole, relative to the Investable Universe.

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

The primary sustainability indicator used to measure the attainment of the sustainable investment objective is the overall carbon intensity of the portfolio, as defined by its

Weighted-Average Carbon Intensity ("WACI").

This is the weighted sum of the Enterprise Value including cash adjusted Green House Gas emissions of the underlying constituents of the portfolio.

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

**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.

Sustainable Investments are subject to a screening process that seeks to identify and exclude, from qualifying as a Sustainable Investment, those companies which the Investment Manager considers the worst offending companies in relation to Environmental issues, based on MSCI Environmental Controversy scores. 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 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 indications 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 into 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? Details:*

The methodology 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 1 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 companies 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 companies/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-Funds' strategy can be considered in respect of its general investment approach and ESG as follows:

#### Investment Approach

- Uses a fundamental, bottom-up selection process.
- Enhanced index approach that builds a portfolio in reference to a Paris Aligned Benchmark by overweighing securities with the highest potential to outperform and underweighing securities considered most overvalued.
- Diversified portfolio with disciplined, risk-controlled portfolio construction while retaining the decarbonization objectives of the Paris Agreement.
- Applies values and norms-based screening to implement exclusions.

#### ESG approach: Best-In-Class

- Excludes certain sectors, companies or practices based on specific values or norms-based criteria.
- The Sub-Fund will seek to achieve a reduction of its greenhouse gas intensity of at least 7% on average per annum and an overall reduction of its greenhouse gas intensity compared to the Investable Universe of at least 50%.
- All companies follow good governance practices.

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

- The Sub-Fund will seek to achieve a reduction of its greenhouse gas intensity of at least 7% on average per annum and an overall reduction of its greenhouse gas intensity compared to the Investable Universe of at least 50%.
- 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

#### ***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 based on MSCI ESG Controversies scores. MSCI ESG Controversies scores provides assessments of controversies concerning the negative environmental, social, and/or governance impact of company operations, products and services.

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

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



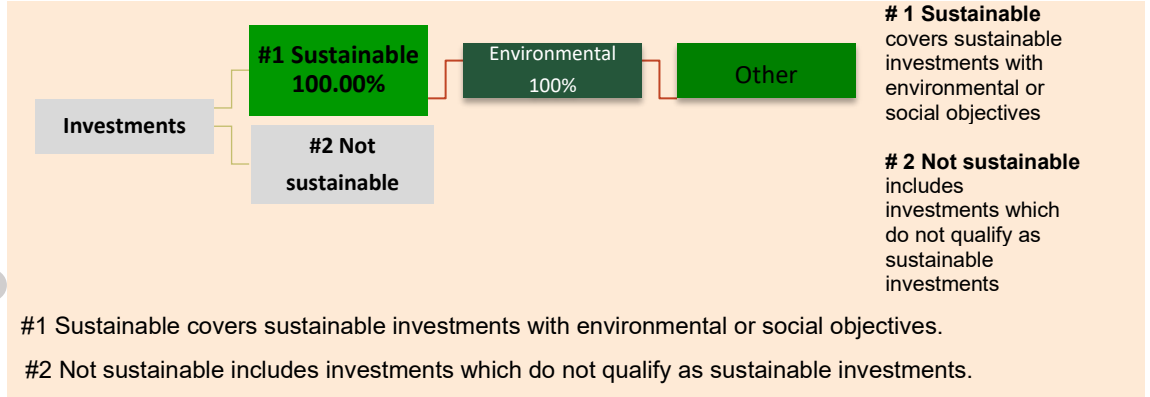
**Asset allocation** describes the share of investments in specific assets.

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

The Sub-Fund plans to allocate portfolio assets to Sustainable Investments. The Sub-Fund will seek to achieve a reduction of its greenhouse gas intensity of at least 7% on average per annum and an overall reduction of its greenhouse gas intensity compared to the Investable Universe of at least 50%. 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.



#### How does the use of derivatives attain the sustainable investment objective

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

### 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.

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

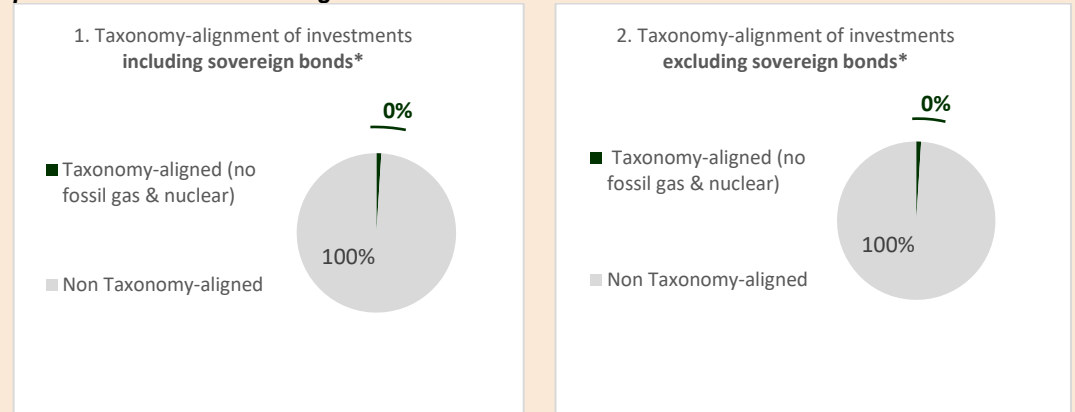
- Yes:**
- In fossil gas     In nuclear energy
- No**

<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.

**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.

**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

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

▪ **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 socially sustainable investments?**

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?**

**Reference benchmarks** are

▪ **How does the reference benchmark take into account sustainability factors in**

indexes to measure whether the financial product attains the sustainable investment objective.

***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.

