

# **JPMORGAN ETFS (IRELAND) ICAV**

## **All Country Research Enhanced Index Equity Active UCITS ETF**

**18 October 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 19 July 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 - All Country Research Enhanced Index Equity Active UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

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

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

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

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

<b>Base Currency</b>	US Dollars.
<b>Benchmark</b>	MSCI ACWI Index
<b>Benchmark Provider</b>	MSCI.
<b>Dealing Deadline</b>	16:30 hrs (UK time) on the Business Day immediately prior to each Dealing Day.
<b>Investment Manager</b>	JPMorgan Asset Management (UK) Limited, 60 Victoria Embankment, London, EC4Y 0JP, whose business includes the provision of investment management services.
<b>Minimum Subscription Amount</b>	400,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	400,000 Shares (for in specie redemptions) or cash equivalent (for cash redemptions).
<b>Settlement Deadline</b>	Appropriate cleared subscription monies / securities must be received by the second Business Day after the Dealing Day, or such later date as may be determined by the ICAV and notified to Shareholders from time to time.
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the “ <i>Determination of Net Asset Value</i> ” section of the Prospectus, using last traded prices for securities.
<b>Valuation Point</b>	Close of business on each Business Day on the market that closes last on the relevant Business Day and on which the relevant security or investment is traded.
<b>Website</b>	<a href="http://www.jpmorganassetmanagement.ie">www.jpmorganassetmanagement.ie</a>

## INVESTMENT OBJECTIVE AND STRATEGY

**Investment Objective.** The objective of the Sub-Fund is to achieve a long-term return in excess of the Benchmark by actively investing primarily in a portfolio of large and mid-capitalisation companies, globally.

**Investment Policy.** The Sub-Fund aims to invest at least 67% of its assets (excluding assets held for ancillary liquidity purposes) in equity securities of companies, globally. Companies issuing these securities may be located in any country, including developed and emerging markets.

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

The Sub-Fund will seek to outperform the Benchmark over the long-term.

The Benchmark consists of large and mid-capitalisation stocks issued by companies in developed markets and emerging markets globally ("**Benchmark Securities**"). The constituents and countries may be subject to change over time. Further details on the Benchmark, including its components and performance, are available at <https://www.msci.com/documents/10199/a71b65b5-d0ea-4b5c-a709-24b1213bc3c5>. 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. 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 companies 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 companies' 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 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.

The Sub-Fund may invest in assets denominated in any currency and currency exposure in the Sub-Fund may be hedged back to USD.

**ESG Approach.** The Investment Manager also integrates financially material environmental, social and governance (“ESG”) issues<sup>1</sup> as part of the Sub-Fund’s investment process (“ESG Integration”). ESG Integration is the systematic inclusion of ESG issues in investment analysis and investment decisions with the goals of managing risk and improving long-term returns. ESG Integration by itself focuses on financial materiality and is therefore only part of a broader investment process. It is only one of the factors alongside other factors that the Investment Manager considers in portfolio construction, including buying and selling securities.

ESG issues are non-financial considerations that may positively or negatively affect a company’s revenues, costs, cash flows, value of assets and/or liabilities. While the Investment Manager includes financially material ESG issues, alongside other relevant factors, in the portfolio construction process, ESG determinations may not be conclusive and securities of individual companies / issuers may be purchased, retained and sold without limit, by the Investment Manager regardless of potential ESG impact.

In addition to ESG integration, as an SFDR Article 8 fund, the Sub-Fund promotes environmental and/or social characteristics such as:

- effective management of toxic emissions and waste as well as good environmental record;
- effective sustainability disclosure of an issuer’s environmental and/or social characteristics, positive scores on labour relations and management of safety issues;
- support for the protection of internationally proclaimed human rights and reducing toxic emissions.

The Sub-Fund systematically includes ESG analysis in its investment decisions on at least 90% of securities purchased. Pursuant to the Investment Manager’s ESG analysis, at least 51% of the Sub-Fund’s Net Asset Value is invested in companies 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 also invests at least 20% of the Sub-Fund’s Net Asset Value 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 companies 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 a company’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-all-country-rei-equity-ucits-etf-exclusion-policy-ce-en.pdf>.

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

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<sup>1</sup> Environmental issues relate to the quality and functioning of the natural environment and natural systems, such as carbon emissions, environmental regulations, water stress and waste. Social issues relate to the rights, wellbeing and interests of people and communities, such as labour management and health and safety. Governance issues relate to the management and oversight of companies and other investee entities, such as board, ownership and pay.

The Investment Manager fully excludes companies 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.

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 companies are also excluded. "Revenue Threshold" is the percentage of a company'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 company 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 companies 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 a company that would have been excluded based on such data if, in the view of the Investment Manager the data is incorrect, or the company demonstrates progress to remediate the violation and the Investment Manager engages with the company.

**Instruments / Asset Classes.** The Sub-Fund will invest primarily in securities listed or traded on Recognised Markets globally. Companies issuing these securities may be located in any country, including developed and emerging markets (which may include China and India).

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 10% 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.

The Sub-Fund may invest in securities of smaller companies which may be less liquid, more volatile and tend to carry greater financial risk than securities of larger companies.

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

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

In respect of unhedged Share Classes in a currency other than the Base Currency of the Sub-Fund, the value of the Share Class will be subject to exchange risk in relation to the Base Currency of the Sub-Fund.

Sustainability risk is defined in the SFDR as “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment”. The Management Company considers sustainability risk as risks that are reasonably likely to materially negatively impact the financial condition or operating performance of an issuer and therefore the value of that investment. In addition, sustainability risk may increase the Sub-Fund’s volatility and/ or magnify pre-existing risks to the Sub-Fund. Sustainability risk considerations are part of ESG Integration and the likely impacts of sustainability risks on the returns of the Sub-Fund are assessed in reference to the Investment Manager’s approach to sustainability risk management in the Sub-Fund’s investment process. For the Sub-Fund, sustainability risks are considered to have a lower likely impact on returns relative to other sub-funds under the ICAV. This is due to the sustainability risk

mitigating nature of the relevant investment strategies. Investors should refer to the “*Sustainability Risks*” section of the Prospectus for further information.

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 developed and emerging market companies, globally, with positive environmental and/or social characteristics that follow good governance practises, 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 take broad market exposure to global developed and emerging market stock markets, 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 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 will be available from 9 am (UK time) on 21 October 2024 to 4 pm (UK time) on 18 April 2025 or such earlier or later date as the Directors may determine (the “**Offer Period**”). During the Offer Period, the Initial Offer Price is expected to be approximately USD 25 per Share (together with any applicable Duties and Charges) or its equivalent in the class currency of the relevant Share Class. The actual Initial Offer Price per Share may vary from its estimated price depending on movements in the value of the securities between the date of this Supplement and the date that the Offer Period closes. The actual Initial Offer Price per Share will be available from the Administrator and on the Website following the Closing Date.

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

the applicable Settlement Deadline. Subscription applications may be made on any Business Day and will be processed in line with the next applicable Dealing Deadline following receipt.

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

## **REDEMPTIONS – PRIMARY MARKET**

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

## **FEES AND EXPENSES**

The TER for all Share Classes will be up to 0.25% per annum of the Net Asset Value.

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

## **DISTRIBUTIONS**

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

## **LISTING**

An application has been made for the Shares to be admitted to the Official List and to trading on Euronext Dublin. Shares may also be admitted to trading on other Listing Stock Exchanges as specified on the Website.

## **BENCHMARK DISCLAIMER**

MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the “MSCI Parties”) expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-



infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com)).

## ANNEX

**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 – All Country Research Enhanced Index Equity Active UCITS ETF

**Legal entity identifier:** 98450074B462A6A0AC24

### Environmental and/or social characteristics

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

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%

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

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

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

☒ **It promotes Environmental/ Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20.00% of sustainable investments

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

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

☒ with a social objective

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

**What environmental and/or social characteristics are promoted by this financial product?**



The Sub-Fund promotes, among other characteristics, the following environmental or social characteristics through its inclusion criteria for investments that promote environmental or social characteristics. It is required to invest at least 51% of its Net Asset Value in such securities. It also promotes environmental or social characteristics by excluding particular companies from the portfolio.

Through its inclusion criteria, the Sub-Fund promotes effective management of toxic emissions and waste, as well as good environmental record. It also promotes effective sustainability disclosures (i.e. the publication by companies of information on pertinent environmental and social metrics, such as GHG emissions, carbon footprint, workforce-related and gender diversity disclosures), positive scores on labour relations and management of safety issues).

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

Through its exclusion criteria, the Sub-Fund promotes support for the protection of internationally proclaimed human rights and reducing toxic emissions, by fully excluding companies that are involved in manufacturing controversial weapons and applying maximum revenue, production or distribution percentage thresholds to others 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.

***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 through the implementation of the inclusion and exclusion criteria detailed above.

The methodology is based on a company's management of relevant environmental or social issues such as its toxic emissions, waste management, labour relations and safety issues. To be included in the 51% of assets promoting environmental and/or social characteristics, a company must score in the top 80% relative to its peers on either its environmental score or social score and follow good governance practices, which is based on portfolio screening to exclude known violators of good governance practices. This screening aims to identify companies with unaddressed issues relating to sound management structures, employee relations, remuneration of staff and tax compliance. 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 Manager utilises data to measure a company's participation in activities potentially contrary to the Sub-Fund's exclusion policy, as referenced in the answer to the question directly above, such as companies manufacturing controversial weapons. The data 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. 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: 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 a company producing solar panels or clean energy technology that meets the Investment Manager's proprietary thresholds contributing to climate risk mitigation; or (ii) 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 peers based on certain operational sustainability indicators. For example, scoring in the top 20% relative to peers on total waste impact contributes to a transition to a circular economy.



***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 companies which the Investment Manager considers the worst offending companies, based on a threshold determined by the Investment Manager, in relation to certain environmental considerations such as climate change mitigation and adaptation and pollution prevention and control. The screening process identifies the sectors considered by the Investment Manager as most likely to do significant harm excludes the bottom 5% (as at the date of this Supplement) of companies in these sectors. Such considerations include climate change, protection of water and marine resources, transition to a circular economy, pollution and protection of biodiversity and ecosystems. The Investment Manager also applies a screen that seeks to identify and exclude those companies that the Investment Manager considers to be in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights based on data supplied by third party service providers.

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

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

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

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

The Investment Manager’s approach includes quantitative and qualitative aspects to take the indicators into account. It uses particular indicators for screening, seeking to exclude companies that may cause significant harm. 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 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 the values and norms-based screening to implement exclusions described above in the answer to “What environmental

**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.

and/or social characteristics are promoted by this financial product?" These exclusions take into account indicators 10 and 14 in relation to UN Global Compact principles and OECD Guidelines for Multinational Enterprises and controversial weapons.

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

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

### **Engagement**

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

### **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 a company 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 peers 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 companies.

*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?

☒ **Yes**

The Sub-Fund considers select principal adverse impacts on sustainability factors through values and norms-based screening to implement exclusions. Indicators 10 and 14 in relation to violations of the UN Global Compact and controversial weapons 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 fundamental, bottom-up stock selection process.
- Enhanced index approach that builds a portfolio in reference to the benchmark by overweighting securities with the highest potential to outperform and underweighting securities considered most overvalued.
- Diversified portfolio with disciplined, risk-controlled portfolio construction.
- 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 or practices based on specific values or norms based criteria.
- At least 51% of the Sub-Fund's Net Asset Value to be invested in companies with positive environmental and/ or social characteristics.
- At least 20% of the Sub-Fund's Net Asset Value to be invested in Sustainable Investments.
- All companies follow good governance practices, which is based on portfolio screening to exclude known violators of good governance practices.

### ***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 the Sub-Fund's Net Asset Value in companies with positive environmental and/or social characteristics.
- The values and norms based screening to implement full exclusions in relation to companies that are involved in certain activities such as manufacturing controversial weapons and nuclear weapons and applying maximum revenue, production or distribution percentage thresholds to others that are involved in conventional weapons (>10%), thermal coal (>20%) and tobacco (>5%).

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

The Sub-Fund's full exclusion policy can be found on <https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/policies/exclusion-policy/jpm-etf-icav-all-country-rei-equity-ucits-etf-exclusion-policy-ce-en.pdf>.

- Portfolio screening to exclude known violators of good governance practices.

The Sub-Fund also commits to investing at least 20% of the Sub-Fund's Net Asset Value 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 Sub-Fund does not apply such a committed minimum rate.

**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 particular, sound management structures, employee relations, remuneration of staff and tax compliance. The Investment Manager implements this screening through internal and / or third party research in respect of reported controversies / violations of these practices. The research evaluates allegations through criteria aligned with recognised standards of business conduct. The analysis assesses, among other considerations, the severity of the violation, scope of the impact and any remedial measures to assist the Investment Manager with its view as to whether the company is a verified known violator that needs to be excluded. In addition, for those investments included in the 51% of Net Asset Value 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 companies that do not score in the top 80% relative to peers based on good governance indicators.

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

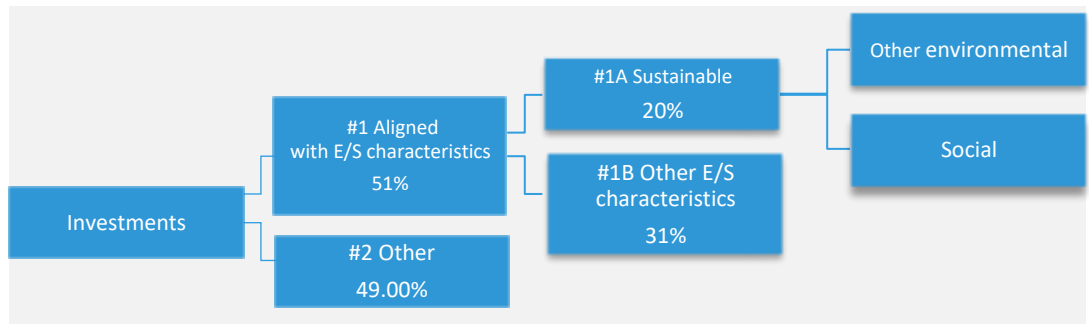
**What is the asset allocation planned for this financial product?**

The Sub-Fund plans to allocate at least 51% of its Net Asset Value to companies with positive environmental and/or social characteristics and a minimum of 20% of its Net Asset Value to Sustainable Investments. The Sub-Fund does not commit to investing any proportion of assets specifically in companies 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.

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

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.

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.

**#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.

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

The Sub-Fund invests at least 20% of its Net Asset Value 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>2</sup>?**

☐

**Yes:**

☐

In fossil gas

☐

In nuclear energy

☒

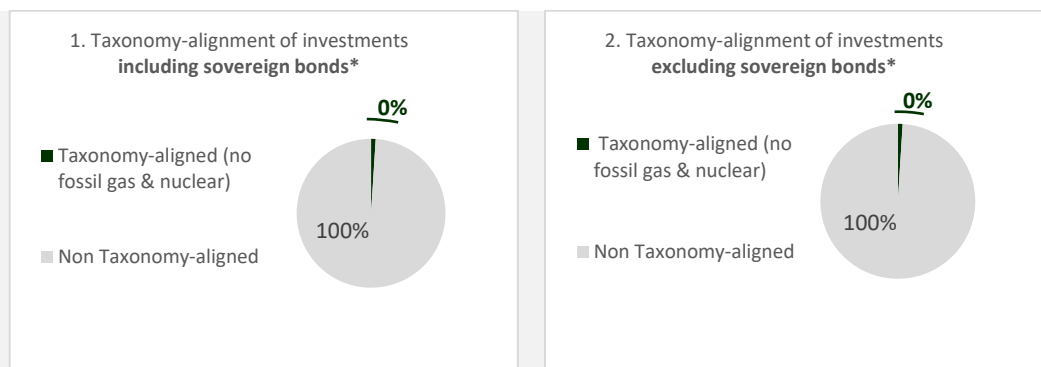
**No**

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

<sup>2</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.



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



\* 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 20% of its Net Asset Value 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 20% of its Net Asset Value in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or 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 20% of its Net Asset Value 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 companies 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 and/or social characteristics (which are investments for diversification purposes), and additionally cash, cash equivalents (certificates of deposit, commercial paper and fixed rate bonds issued by governments which are rated investment grade), money market funds and derivatives for efficient portfolio management (“EPM”).

Holdings of ancillary cash, cash equivalents, money market funds and derivatives for EPM 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 (excluding ancillary cash, cash equivalents, money market funds and derivatives for EPM) 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.