

# **JPMORGAN ETFS (IRELAND) ICAV**

## **Green Social Sustainable Bond UCITS ETF**

**29 November 2022**

(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 29 November 2022 (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 – Green Social Sustainable Bond UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the ICAV.

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

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

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

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

<b>Base Currency</b>	US Dollar
<b>Benchmark</b>	Bloomberg Global Aggregate Green Social Sustainability Bond 1-10 year Index  Currency hedged versions of the Benchmark may provide a more relevant point of reference for the Currency Hedged Share Classes.
<b>Benchmark Provider</b>	Bloomberg
<b>Dealing Deadline</b>	16:30 hrs (UK time) on the Business Day immediately prior to each Dealing Day.
<b>Green Bond</b>	A use of proceeds bond that raise funds for climate and environmental projects.
<b>Investment Manager</b>	J.P. Morgan Investment Management Inc., 383 Madison Avenue, New York, NY 10179, whose business includes the provision of investment management services.
<b>Minimum Subscription Amount</b>	30,000 Shares (for in specie subscriptions) or cash equivalent (for cash subscriptions).
<b>Minimum Redemption Amount</b>	30,000 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>Social Bond</b>	A use of proceeds bond that raises funds for new and existing projects that address or mitigate a specific social issue and / or seek to achieve positive social outcomes.
<b>Sustainable Bond</b>	A use of proceeds bond that raises funds to finance or re-finance a combination of green and social projects or activities.
<b>Sustainability-Linked Bond</b>	Any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability / ESG objectives.
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the “ <i>Determination of Net Asset Value</i> ” section of the Prospectus, using last bid prices for securities.
<b>Valuation Point</b>	Close of business on each Business Day on the market that closes last on the relevant Business Day and on which the relevant security or investment is traded.
<b>Website</b>	<a href="http://www.jpmorganassetmanagement.ie">www.jpmorganassetmanagement.ie</a>

## INVESTMENT OBJECTIVE AND STRATEGY

**Investment Objective.** The objective of the Sub-Fund is to achieve a long-term return in excess of the Benchmark by investing primarily in bonds where proceeds are directed to projects and activities that contribute towards a more sustainable and inclusive economy.

**Investment Policy.** The Sub-Fund aims to invest in a portfolio of investment grade bonds which have been labelled as Green, Social, Sustainable and Sustainability-linked (or which have equivalent features or labels, as determined by the Investment Manager, using the proprietary framework described below) issued by governments and their agencies, state and provincial governmental entities and supranational organisations and corporations. The bonds may include up to 20% of Net Asset Value in MBS/ABS and up to 15% of Net Asset Value in below investment grade bonds. Issuers may be located anywhere in the world, including (without limit) emerging markets and onshore bonds issued within the PRC, through China-Hong Kong Bond Connect.

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. Investments are evaluated and deemed sustainable investments via the following process.

The investment process to identify bonds for inclusion in the Sub-Fund's portfolio has two steps: 1) application of proprietary selection criteria through the Investment Manager's proprietary research framework to identify the most compelling, sustainable issuances; and 2) exclusionary framework:

Step 1: The Investment Manager's proprietary framework determines whether a bond is eligible for inclusion in the Sub-Fund's portfolio based on the following criteria:

- the bond type label i.e. Green, Social, Sustainable or Sustainability-Linked;
- the consistency of the projects for which the bonds have been issued to fund with the Investment Manager's Sustainable and Inclusive Economy Framework and industry recognised standards. In order to assess the consistency of the projects, the use of the proceeds from each project will be measured against industry-recognised principles (for example, renewable energy and pollution prevention and control) which promote the role global debt capital markets can play in financing progress towards environmental and social sustainability. The principles outline best practices when issuing bonds serving social and/or environmental purposes, thereby underpinning the integrity of the market;
- a quantitative assessment based on the following industry principles: use of proceeds, project evaluation, segregation/transparency of proceeds, reporting and compliance;

Further details of the Sustainable and Inclusive Economy Framework can be found on <https://am.jpmorgan.com/lu/en/asset-management/adv/investment-themes/sustainable-investing/sustainable-and-inclusive-economy-investment-framework/>

Step 2: 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 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 (such as controversial weapons, white phosphorus and nuclear weapons) to any extent and issuers with severe violations of the [UN Global Compact](#). For certain other industries the Investment Manager applies maximum percentage thresholds typically based on 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 (such as conventional weapons: >10%, tobacco production: >5%, thermal coal: >30% and revenue from connections to the nuclear weapons industry: >2%), above which issuers are also excluded. 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-green-social-sustainable-bond-ucits-etf-exclusion-policy-ce-en.pdf>.

The Investment Manager may actively invest in certain bonds whose proceeds are directed to the transition to a sustainable economy. As a result the Sub-Fund may invest in bonds issued by issuers that would otherwise be excluded by the exclusions detailed above. Investment in such bonds is conditional on the bonds being sustainable investments and the issuer having good governance.

Ongoing monitoring is in place to ensure that the proceeds of bonds in which the Sub-Fund has invested are deployed as intended. If the proceeds are not deployed as intended, the Investment Manager will engage with the issue to determine the circumstances surrounding the difference in deployment relative to the Investment Manager's expectation. If the issuer can resolve the matter in the short-term the bond may continue to be held in the Sub-Fund's portfolio. If not, the bond will be sold as soon as reasonably practicable, taking into account the best interests of Shareholders.

The Investment Manager aims to outperform the Benchmark over the long-term by systematically buying and selling investments for the Sub-Fund. In establishing the Sub-Fund's strategy, the Investment Manager uses a globally integrated research driven investment process that focuses on analysing fundamental, quantitative and technical factors across countries, sectors and issuers. This process involves analysing fundamental factors, including, for example (but not limited to), the competitive landscape, management of the issuing entity, historical financial performance and expected financial results of the issuer. Technical factors are also analysed as part of the bottom up security analysis, including the supply and demand for individual issuers and securities. Finally, valuation factors, such as industry and broad market comparative value analysis, are also considered to assess the financial worth of securities within Green, Social, Sustainable and Sustainability-Linked bond universe.

The majority of issuers/issues invested in by the Sub-Fund are likely to be represented in the Benchmark because the Investment Manager uses it as a basis for portfolio construction but has some discretion to deviate from its composition and risk characteristics within indicative risk parameters. Any issuers/issues which are not represented in the Benchmark are selected by the Investment Manager following the application of the investment process outlined above.

The Benchmark consists of investment grade, fixed rate debt securities of varying maturity, issued by issuers globally ("**Benchmark Securities**"). As at the date of this Supplement, the Benchmark comprises 1437 fixed income securities. The constituents may be subject to change over time. The

Benchmark is comprised of fixed income securities from issuers which mainly operate within the financial, utility, transportation and supranational and agencies sectors. Further details on the Benchmark, including its components and performance, are available at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>. The Benchmark has been included as a point of reference against which the performance of the Sub-Fund may be measured. The Sub-Fund may bear a close resemblance to the Benchmark.

However, for the avoidance of doubt, investors should note that the Sub-Fund will not seek to track the performance of or replicate the Benchmark, rather the Sub-Fund will hold a portfolio of fixed income securities (which may include but will not be limited to Benchmark Securities) which are actively selected and managed with the aim of delivering an investment performance which exceeds that of the Benchmark over the long-term. In order to seek to achieve this, the Investment Manager may overweight the securities which it considers to have the highest potential to outperform the Benchmark and underweight or not invest at all in securities which the Investment Manager considers may underperform based on fundamental or relative value analysis. The risk characteristics of the portfolio of securities held by the Sub-Fund, such as volatility levels and duration, will be broadly equivalent to the risk characteristics of the Benchmark, while offering potential for excess returns relative to the Benchmark.

The Sub-Fund systematically includes environmental, social and governance (“**ESG**”) analysis in its investment decisions on at least 90% of securities purchased.

The Sub-Fund may invest in assets denominated in any currency and currency exposure 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 may invest in debt securities (including bonds and notes) and high quality money market instruments, such as commercial paper and certificates of deposit which have been issued by governments and their agencies, state and provincial governmental entities and supranational organisations and corporations. The Sub-Fund may also invest in when-issued securities, delayed delivery securities, forward commitments, zero-coupon securities and non-USD denominated assets but will not be substantially invested in these assets.

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

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

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

The Sub-Fund will invest primarily in securities listed or traded on Recognised Markets globally.

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

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

**Use of FDI and Risk Management.** In addition, the Sub-Fund may, for efficient portfolio management purposes, use financial derivative instruments (“**FDI**”) to take exposure to assets of the type described above, primarily to reduce the Sub-Fund’s cash balances, hedge specific risks, and/or manage the cash flows and trading across multiple time-zones. Any use of FDI by the Sub-Fund shall be limited to (i) futures in respect of UCITS-eligible fixed income indices and the other assets in which the Sub-Fund may invest, as described above; (ii) forward foreign exchange contracts (including non-deliverable forwards), (iii) options, (iv) interest rate swaps, and (v) credit default swaps. The Sub-Fund may either be a buyer or seller of protection under credit default swaps. FDI are described under “*Use of Financial Derivative Instruments*” in the “*Investment Objectives and Policies*” section of the Prospectus.

The global exposure of the Sub-Fund is measured by the relative value-at-risk methodology, as described under “*Risk Management*” in the “*Investment Objectives and Policies*” section of the Prospectus. The value-at-risk of the Sub-Fund will be no greater than twice the value-at-risk of the Benchmark.

The Sub-Fund’s expected level of leverage is 400% of its Net Asset Value, although it is possible that leverage might significantly exceed this level from time to time. In this context, leverage is calculated as the sum of notional exposure of the FDI used, as defined in the “*Risk Management*” section of the Prospectus.

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

## **INVESTMENT RISKS**

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

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

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.

Mortgage-backed and asset-backed securities (MBS and ABS) depend on the cash flows from a specified pool of financial assets (i.e. mortgages in the case of MBS) and are subject to greater credit and interest rate risk and may be more volatile than other bonds. In addition, investments in MBS / ABS may be less liquid than investments in other bonds.

Investments in onshore debt securities issued within the PRC through Bond Connect are subject to regulatory change and operational constraints which may result in increased counterparty risk. Market volatility and potential lack of liquidity due to low trading volumes may cause prices of bonds to fluctuate significantly.

Investments through Bond Connect are subject to the following additional risks:

- **Regulatory Risk.** Current rules and regulations may change and have potential retrospective effect which could adversely affect the Sub-Fund.
- **Investor Compensation.** The Sub-Fund will not benefit from investor compensation schemes either in the PRC or Hong Kong.
- **Operating Times.** Trading through Bond Connect can only be undertaken on days when both the PRC and Hong Kong markets are open and when banks in both markets are open on the corresponding settlement days. Accordingly the Sub-Fund may not be able to buy or sell at the desired time or price.

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

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

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

## **INVESTOR PROFILE**

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

The Sub-Fund is aimed at investors seeking to achieve a long-term return in excess of the Benchmark by actively investing primarily in a portfolio of Green, Social, Sustainable and Sustainability-linked Bonds.

Typical investors in the Sub-Fund are expected to be investors who want to make an asset allocation into the Green, Social, Sustainable and Sustainability-linked Bond sector.

## **SUBSCRIPTIONS – PRIMARY MARKET**

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

Shares will be available from 9 am (UK time) on 30 November 2022 to 4 pm (UK time) on 29 May 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 100 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, in respect of which 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, 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 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 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 0.32% 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**

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# Product name: JPMorgan ETFs (Ireland) ICAV - Green Social Sustainable Bond UCITS ETF

Legal entity identifier: 549300M1N85IR6YN8P35

## Sustainable investment objective

**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.

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

☒ ☒ ☒ **Yes**

☐ ☐ ☐ **No**

☒ It will make a minimum of **sustainable investments with an environmental objective: 0.00%**

☐ 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 0.00%**

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

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

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

☐ with a social objective

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



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

The Sub-Fund's sustainable investment objective is to contribute towards a sustainable and inclusive economy ("SIE"). The SIE is based on a framework that aims to identify the key risks and challenges to the creation of a global economy that supports equal opportunities and sustainable ecosystems. Further information on the SIE Framework can be found on

[www.jpmmorganassetmanagement.lu](http://www.jpmmorganassetmanagement.lu).

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

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

The sustainability indicators used to measure the attainment of sustainable investment objectives are based on the Investment Manager's proprietary sustainable issuance framework. The framework applies a quantitative assessment of the issuer/issue (as relevant) based on a set of criteria that analyses the use of proceeds of the issuance, the allocation and transparency of such proceeds and other control criteria such as reporting and compliance.

The framework then applies a classification process which evaluates each entity/issuer as a platform and individual ideas. Approval for entity level would be granted based on the entity's use of proceeds principles. Approval would deem any existing or new issuance, regardless of the currency, eligible for investment, issuers that do not receive entity level approval would be eligible for issue level approval. At issue level, individual fixed income securities are evaluated based on specific criteria. The process positively screens for issues/issuers that are dedicated to use of proceeds objectives and are split into categories based on whether the proceeds are segregated or fungible.

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

Sustainable Investments are subject to a screening process that seeks to identify and exclude, from qualifying as a Sustainable Investment, those issuers which the Investment Manager considers the worst offending companies, based on a threshold determined by the Investment Manager, in relation to certain environmental considerations. Such considerations include climate change, protection of water and marine resources, transition to a circular economy, pollution and protection of biodiversity and ecosystems. The Investment Manager also applies a screen that seeks to identify and exclude those issuers that the Investment

Manager considers to be in violation of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights based on data supplied by third party service providers.

**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, anticorruption and antibribery matters.

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

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

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

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

The Investment Manager’s approach includes quantitative and qualitative aspects to take the indicators into account. It uses particular indicators for screening, seeking to exclude issuers that may cause significant harm. It uses a subset for engagement seeking to influence best practice. 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 issuers themselves and/or supplied by third party service providers (including proxy data). Data inputs that are self-reported by issuers or supplied by third-party providers may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. The Investment Manager cannot guarantee the accuracy or completeness of such data.

#### Screening

Certain of the indicators are taken into account through the values and norms-based screening to implement exclusions. 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 issuers in respect of the relevant environmental or social & employee matters. For example, greenhouse gas emissions are associated with several indicators and corresponding metrics in Table 1, such as greenhouse gas emissions, carbon footprint and greenhouse gas intensity (indicators 1-3). The Investment Manager currently uses greenhouse gas intensity data (indicator 3), data in respect of non-renewable energy consumption and production (indicator 5) and data on energy consumption intensity (indicator 6) to perform its screening in respect of greenhouse gas emissions.

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

#### Engagement

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

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



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

☒ 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 issuers.

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

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

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

☐ No



## What investment strategy does this financial product follow?

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

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

Investment approach

- Uses a globally integrated research driven investment process that focuses on analysing fundamental, quantitative and technical factors across countries, sectors and issuers.
- Has sustainable investment as its objective, underpinned by a robust risk management and governance framework.
- Utilises proprietary framework, aligned with industry recognised standards, to identify sustainable issuances that contribute to a sustainable inclusive economy.

ESG approach: Thematic

- Excludes certain sectors, companies / issuers or practices based on specific values or norms based criteria.
- Objective to contribute towards a sustainable and inclusive economy.
- All issuers / 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 following are binding elements of the investment strategy used to select the investments to attain the sustainable investment objective:

- To invest in securities that contribute towards a sustainable and inclusive economy.
- The values and norms based screening to implement full exclusions in relation 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. The Sub-Fund applies a nuanced approach to identifying good governance across three issuers: corporate, sovereign and securitised.

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

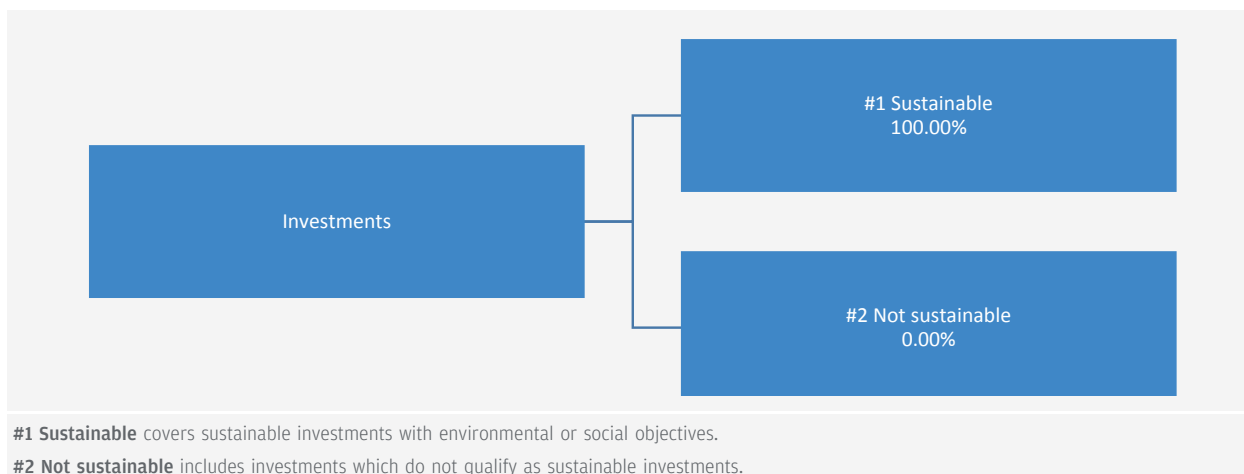


## What is the asset allocation and the minimum share of sustainable investments?

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

The Sub-Fund plans to allocate portfolio assets to Sustainable Investments contributing to the SIE.

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.



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

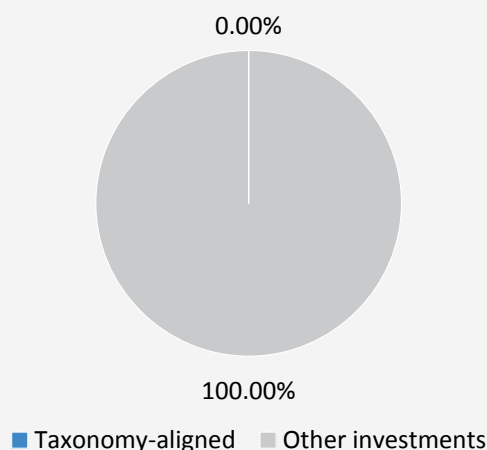
Derivatives are not used to attain the sustainable investment objective.



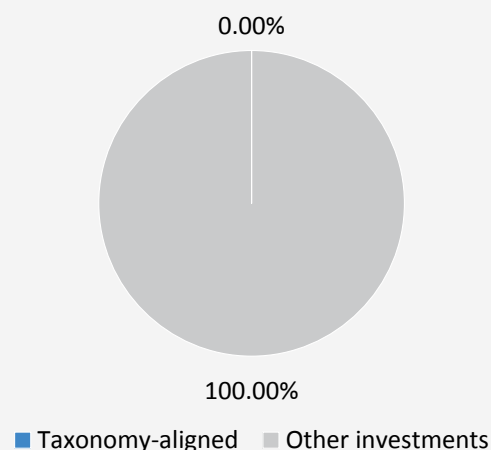
### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in blue 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.

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



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

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.

### ● 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.

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.

**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.



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



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

The Sub-Fund invests across both environmental and social objectives with no committed minimum investment in either.



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

The Sub-Fund invests across both environmental and social objectives with no committed minimum investment in either.



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

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable



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

More product-specific information can be found on the website: [www.jpmmorganassetmanagement.lu](http://www.jpmmorganassetmanagement.lu)