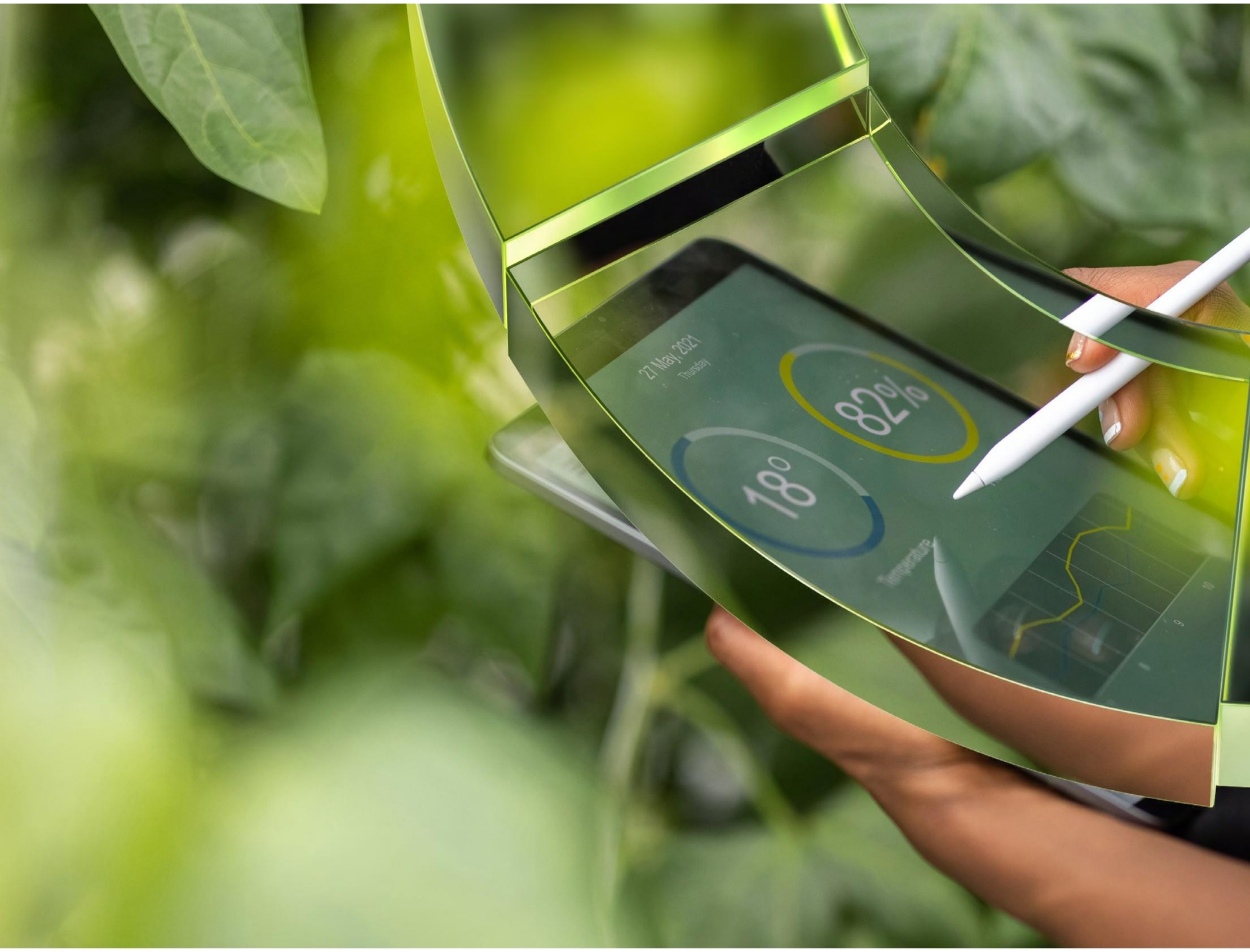

2021 Reporting

Energy - Climate Law Article 29

J.P. Morgan Asset Management Real Estate (France) SAS

Summary

Introduction

J.P. Morgan Asset Management Real Estate (France) SAS is a portfolio management company approved by the Autorité des Marchés Financiers since 2013 under number GP-13000016

The management company has 2 directors Jean-Philippe Vergnol and Sabrina Yon-Boyenval.

The Real Estate Europe employees covering the work impacted by this report as referred as 'JPMAM RE'.

'Since 2013 when creating our management company in France, in all our real estate investments, we focused on improving environmental performance to reduce energy consumption for the benefit of our tenants and to shape a better future. Our team of real estate investment specialists is trained to deploy ESG strategies on every asset we own and manage. Any investment is contemplated with environmental performance upgrade in mind from better insulation, low emission cooling and heating systems, electrifying car spaces, maximising bicycle car parks to green spaces and roofs.

Out of our 14 managed real estate investments, 9 are in operation and they all benefit from in-use labels (HQE and/or BREEAM) which are regularly assessed for potential improvements. The remainder of the office portfolio consists 4 large office projects (building to be refurbished, or ongoing refurbishment) which are all targeting best-in-class ESG credentials with minimum 5 construction labels (HQE, BREEAM, WIREDSCORE, BIODIVERSITY and BBCA). Eventually our last investment which is residential multifamily development over-performs by 15% to 20% (depending on the assets) the energy savings standards imposed on new constructions at the time.

Lastly, our team has defined a list of 75 specific ESG targets in 2021 aiming to deploy on all our investments. It encompasses Green energy only energy contracts and fully selective waster management to social inclusion in local communities for instance. We are fully committed to achieve best in class performance on ESG management to have an real impact on limiting the effect of climate change, help communities and promote specific actions with peers, clients and suppliers.'

Jean-Philippe Vergnol

Structure of the report

JPMorgan Asset Management documents were used to produce this report such as the latest Task Force on Climate-Related Financial Disclosure report and Sustainability Risk Integration policy. This is the first report produced by JPMAM RE, additional information will be included in due course.

1. Investment strategy – general approach
2. Internal resources and Governance
3. Environmental, Social and Governance quality criteria
4. Investment scope and voting policy
5. Strategy for alignment with the Paris Agreement
6. Information on the strategy for alignment with long-term biodiversity goals
7. Information on approaches to taking environmental, social and governance quality criteria into account when managing risks

1. Investment strategy – general approach

J.P. Morgan Asset Management - Real Estate believes that continuous improvement of our assets with respect to environment, social, governance, and resilience ("ESG+R") policies will ultimately improve the environment in which those assets exist and, more importantly, enhance their competitiveness in the market place. Opportunities and risks regarding ESG+R are identified and evaluated as part of our real estate investment due diligence process and for our existing investments. We integrate ESG+R into investment decisions and have fully integrated these sustainability objectives into our overall business strategies to mitigate those risks and capitalize on opportunities while supporting the aims of the United Nations Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly to address global challenges and achieve a more sustainable future.

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Investor communication

The investors are informed of the criteria relating to the environmental, social and quality of governance objectives taken into account in the investment policy and strategy via a quarterly reporting.

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Scope of funds managed by JPM AM RE integrating ESG criteria

JPMAM RE creates and manages Professional OPCIs (OPPCI) or specialized professional funds (formed in the form of specialized professional investment funds, specialized professional investment companies (SICAVs) or free partnership companies, mainly invested in real estate assets located in France.

The Management Company manages 4 OPPCIs and 1 SICAV with a total AUM of 679€.

The ESG strategy and sustainability factors are applied in a consistent manner across the assets managed by JPMAM RE.

JPMAM RE manages funds solely investing in real estate in France; there is no plan to extend the activity to other mandates or ESG services.

JPMorgan Asset Management commitment

At J.P. Morgan Asset Management, we believe contributing to addressing climate change is important to creating long-term value for our clients.
As of December 31, 2021, J.P. Morgan Asset Management has more than USD 2.65 trillion in assets under management across a broad range of investment strategies and operates in every major market in the world to serve our diversified client base – from institutions to financial intermediaries and individual investors.
We have made significant investments in our climate related investment capabilities and enhanced our efforts to help clients consider the material implications of climate change within their portfolios.
We believe we can meaningfully reduce greenhouse gas (GHG) emissions in our assets under management in several ways. First, we can actively engage with our investee companies to help them set net-zero commitments and pursue emission reduction pathways.
We can also invest in companies that are well positioned to benefit from the transition to a low-carbon economy and reduce exposure to the largest carbon-emitting companies or sectors. Finally, we will continue to expand our sustainable product offering.
In 2021, J.P. Morgan Asset Management became a signatory of the Net Zero Asset Managers initiative (NZAM). As part of this commitment, we are partnering with our clients on their transition to net zero and setting a target to manage a proportion of our client assets in line with the goal to achieve net-zero GHG emissions by 2050 or sooner.

Within JPMAREF ESG is fully integrated in the decision process when investing into new assets or maintaining existing assets. A green label is associated to each single asset with the intention to achieve a high rating for all of them. External consultants are engaged by JPMAM RE to support this initiative.

2. Internal resources and Governance

All JPMAM RE employees managing the assets have incorporated ESG factors in a meaningful, day-to-day and consistent way, inclusive of incorporating sustainability risk into their investment decision-making process. In addition, one UK based employee spends 20% of his time on the general development and ESG strategies in France.

JPMAM RE engaged two key suppliers:

Lord Green Strategies for the following activities:

- Strategic advice around ESG trends, legislation requirements, JPM corporate policy
- ESG training for asset managers and property managers across the European funds
- Building performance data collection
- Analysis of performance data, and reporting on a quarterly and annual basis
- Benchmarking of assets across the funds based on sector
- Acquisition assessments – focusing on strategic ESG risks
- GRESB application management

For Longevity for the following activities:

- ESG due diligence for all potential investments, including carbon studies, green label improvements, opportunities to upgrade
- Project-specific design advice for live projects; this includes all major and minor works programmes
- Design-stage pre-assessments (BREEAM, WELL, LEED)
- Post-completion assessments
- Physical and climate risk assessments

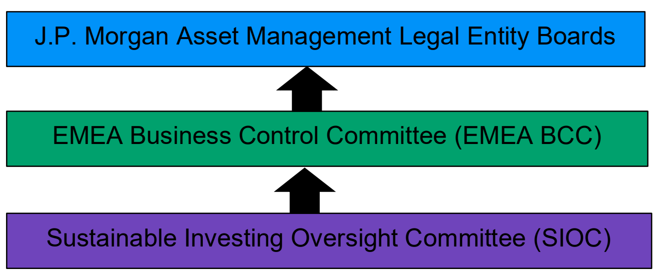
Note that that this is not an exhaustive list of activities, the activities and budget are largely dependent on the project workload, the fees can vary between €150k and €250k per year for each supplier.

All asset managers do receive dedicated training every quarter from Lord Green strategies.

In term of Governance, the ESG Strategy Group meets quarterly to review the general asset progress, including the green label allocated to the assets, trends, ESG benchmarking across the fund(s), and other oversight of our policies and achievements. The ESG Strategy Group is made up of JPMAM Real Estate Europe Investment Committee members, acquisition officers, asset manager, Development and Engineering Group (DEG) and investment operations representatives.

The DEG representative for Real Estate Europe reports issues and challenges to the Real Estate Oversight Committee. The Real Estate Oversight Committee reports to AM EMEA Business and Control Committee.

At a global level, in 2021, to enhance the governance of our activities related to sustainable investing, J.P. Morgan Asset Management established the Sustainable Investing Operating Committee 'SIOC'.
The SIOC can escalate risk and controls issues to the Business Control Committees (BCC) of the relevant region, where required. These regional BCCs provide oversight of the operational risks and control environment across the entire asset management business, in order to properly identify, manage and monitor existing and emerging operational risks, control issues and trends.
These BCCs serve as a point of escalation to the relevant J.P. Morgan Asset Management legal entity board. Legal entity boards also have oversight of relevant risk management activities and receive investment risk updates from J.P. Morgan Asset Management's Risk team. As part of the Risk team's development of a framework to monitor material ESG factors and their consideration in the investment process of our active strategies, sustainability risk information will be provided to select regional legal entity boards.



Sustainable investing governance
SIOC provides strategic oversight of sustainable investing activities including engagement, proxy voting, sustainable investments criteria, ESG integration and review of implementation plans for the firm's commitment to Net Zero Asset Managers initiative. SIOC also oversees related policies, programs, targets and performance, and reviews J.P. Morgan Asset Management's sustainable investing frameworks, including those that consider climate change risks and opportunities.
Committee members include the Chief Investment Officers (CIOs) of each asset class and the Global Head of Sustainable Investing, the Global Head of Investment Stewardship and heads of control functions.

The CIOs and the Global Head of Sustainable Investing participate in day-to-day management meetings across their asset classes and with senior management, allowing SIOC to provide strategic oversight across teams and strategies. This also establishes a clear line of escalation, with members providing updates to SIOC where applicable.

Outside of SIOC, we also have regional Proxy Oversight Committees, which are responsible for formulating regional voting policies and guidelines, including guidelines related to climate change. The committees are established in our four key investing regions: North America, EMEA, Asia ex-Japan, and Japan. These committees can escalate issues into SIOC, which will also receive periodic updates from these committees.

We also engage with key external and internal stakeholders on climate change to assess and manage the related risks and opportunities. For example, we seek to understand clients' views and positions on climate change on an ongoing basis, and communicate our approach through our dedicated teams of client advisors around the world, either via direct discussions or written communications. We also do this on an ad-hoc basis through events, training webinars, surveys and due diligence feedback.

The Sustainable Investing team, in partnership with our Client Skills Training Team, has developed an online Sustainable Investing Academy for our employees, with a broad curriculum including climate change. We also conduct informational sessions for some of the distribution and investment teams so they can build a foundation of knowledge around the implications of climate change for our investment portfolios and learn about climate-related metrics.

We also have peer advisory working groups to connect expertise across our investment and distribution platforms, such as the Sustainable Investing Client Strategy Working Groups (organized in three regional chapters) and the ESG Data and Research Working Group. Both Working Groups meet regularly to discuss various matters related to sustainable investing, including climate change.

3. Environmental, Social and Governance quality criteria at the JPM AM RE governance level

JPMAM RE is managed by two directors.

Jean-Philippe Vergnol, Executive Director, is a French citizen with 24 years of experience. Jean-Philippe is based in Paris and serves as Head of Acquisitions for France and BeNeLux. He joined J.P. Morgan Asset Management in 2006 in London before opening J.P. Morgan Asset Management's Real Estate Paris office in 2010. Prior to joining the firm in July 2006, Jean-Philippe was Head of Acquisitions at DTZ Asset Management Europe for 6 years and prior to that he was a member of the acquisition team at Archon Group in Paris, analyzing investment opportunities on behalf of the Whitehall Funds. Jean-Philippe holds a first class specialized Masters of Private Banking & Financial Planning from ESCP-EAP and a Master's degree in Economics and Finance from the ESLSCA Business School. He is fluent in French and English - and has a basic command of Spanish.

Sabrina Yon-Boyenval, Executive Director, is a French citizen with 15 years of experience and is based in Paris where she serves as an Asset Manager for the Real Estate Europe Group. Sabrina is responsible for the strategic asset management of the group's French and BeNeLux investment portfolios. Prior to joining J.P. Morgan Asset Management in February 2011, Sabrina was a Financial Analyst at Caisse des Dépôts et consignations, where she focused on asset management of their French property portfolio. Sabrina started her career at Deloitte Finance in the transaction services department. Sabrina holds a Master degree in Corporate Finance from Reims Management School. She is fluent in French and English.

Our **remuneration policy** was reviewed in accordance with Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.

The Firm's disciplined pay-for-performance framework focuses on Total Compensation – base salary and incentive pay - so that pay is commensurate with the overall performance of the Firm, respective businesses and individual performance. This includes a balanced discretionary approach to assess the employee's performance throughout the year against four broad dimensions - business results, client/customer/stakeholder, teamwork and leadership, and risk, controls and conduct. These performance dimensions appropriately consider short, medium and long-term priorities that drive sustained shareholder value, while accounting for risk, controls, and conduct objectives. To promote a proper pay-for-performance alignment, the Firm does not assign relative weightings to these dimensions and also considers other relevant factors, including market practices.
When conducting this balanced assessment of performance, for select employees in the Portfolio Management population, regard is given to the performance of relevant funds / strategies. Each Portfolio Manager's performance is evaluated annually based on a number of factors, including, but not limited to:

• The primary consideration which is blended investment performance relative to the competitive indices or peers, with investment performance generally weighted more to the long term;

• individual contribution relative to the client's risk and return objectives; and

• adherence with the Firm's compliance, risk, regulatory and client fiduciary responsibilities, including adherence to the Sustainability Risk Integration Policy – J.P. Morgan Asset Management which contains relevant Environmental, Social and Corporate Governance ("ESG") factors that are intended to guide investment decision-making An individual performance assessment using the criteria above, in addition to the overall performance of the relevant business unit and investment team, is integrated into the final assessment of IC for an individual Portfolio Manager as part of the assessment of Business Results.

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Integration of environmental, social and governance quality criteria in the internal rules of the governing body

JPMorgan Asset Management believes that the absence of a diverse and relevant skill set within a board or governing body may result in less well-informed decisions being made without appropriate debates and an increased risk of "group think". Further, the absence of an independent chairperson of the board, particularly where such role is combined with the role of chief executive officer, may lead to a concentration of powers and hamper the board's ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration otherwise set the board's agenda.

JPMAM RE has a full gender parity in its governing body to achieve the goal of the Rixain Law of December 2021.

4. Investment scope and voting policy

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Our voting policy

We consider voting against directors, executive compensation or other management resolutions where we are not satisfied with the steps taken by the company on climate risk, the quality of the engagement discussion or its progress. Voting on climate change shareholder proposals is another important way of expressing our views where we think management could better manage climate risk.

Climate resolutions are complex. We tend to support votes on governance and strategy transparency, climate risk disclosure and lobbying. We also recognise that some industries have characteristics that do not suit broad-brush, top-down action, which means we consider climate resolutions based on their individual merits.

There are no investments in securities attached to voting rights in the Funds managed by JPMAM RE

JPMAM RE makes its investment decision at the Executive & Investment Committee where any investment decision must include ESG and SFDR considerations and must comply with the JPMAM Sustainability Risk Policy. These decisions are applied by the entity managers of the SAS and SCI holding the assets.

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Our decision process over sectoral disengagement.

Within a given sector and region, the importance of different climate related risks and opportunities can vary significantly. Therefore, we believe considering the materiality of these impacts is a key element of the company-specific analysis underlying our ESG integrated products and strategies.

Taking the Oil and Gas sector as an example, most oil companies will likely suffer in any transition to a low-carbon economy for the simple reason that fossil fuel extraction, along with oil consumption, is a significant cause of $CO2$ emissions. Thus, companies in this sector along with others in the Utilities, Energy and Materials sectors may be exposed to stranded asset risk. However, companies that are better positioned than their peers, for example those with relatively low emissions intensity, may still see significant opportunities that are not reflected in current asset prices. Therefore, we may still choose to invest in companies that are in sectors which tend to be exposed to high transition risk, but which we have identified as having lower risks than their peers. On the other hand, reducing the portfolio stake of a company that is overly reliant on fossil fuels compared to its peers or benchmark can be another way to manage the climate risk of a portfolio.

Moreover, in order to further enhance our understanding of our overall exposure to the climate-related risks and opportunities resulting from a transition to a low-carbon economy, we, as a JPM Group have conducted a preliminary assessment covering a subset of our equities portfolios. The purpose of this assessment was to help us gain a more granular understanding of the degree to which we are exposed to each of the climate impacts, and how this exposure can vary across sectors.

The relative performance of companies was assessed across a range of 32 climate-related metrics that account for a company's current climate action and impact, and the potential impact of climate change on the company. The metrics are sourced from our proprietary ESG assessments based on company-level ESG data and fundamental research. Metrics are categorized into four categories of opportunities, and include key inputs, such as company GHG emissions, whether the

company has set an emissions reduction target, whether the company is developing sustainable products and the proportion of renewable energy the company is producing.

JPMAM RE has no investment in the sectors referred above since the investments are limited to real estate in France.

5. Strategy for alignment with the Paris Agreement

In October 2020, JPMorgan Chase announced our commitment to align key sectors of our financing portfolio with the goals of the Paris Agreement. Our commitment towards Paris-alignment is an important step toward accelerating the low-carbon energy transition and encouraging near-term actions that will set a path for achieving net-zero emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.. By working directly with clients to develop and finance their transition strategies and goals, we will help them navigate the challenges and opportunities of decarbonization and the energy transition, while also helping accelerate new technologies and business strategies.
Our commitment means we are measuring the emissions of our clients in key sectors of our financing portfolio (our "financed emissions") and are setting reduction targets for these sector portfolios that are Paris-aligned. To start, we have developed

intermediate Paris-aligned targets to reduce the carbon intensity in our Oil & Gas, Electric Power and Auto Manufacturing portfolios by 2030.

To set our targets and measure and track progress against them, we developed Carbon CompassSM. We built this methodology to incorporate, but also expand on, existing approaches to define robust, decision-useful, and science-based metrics and targets on a sector-by-sector basis

The Four Key Elements of Carbon CompassSM

Science-based: To align our selected portfolios with the goals of the Paris Agreement, JPMorgan Chase has set targets that build on the transition pathways outlined in the IEA Sustainable Development Scenario (SDS), along with a wide range of public resources, including additional climate scenarios, decarbonization research and other frameworks for assessing Paris alignment.

Sector-specific: We have developed metrics and targets tailored to individual sectors, recognizing that each sector faces unique challenges. Within a given sector, we have focused on specific activities with material emissions and credible transition pathways.

Decision-useful metrics: For each sector, we define one or more core metrics that capture essential facts about companies' performance and progress towards decarbonization, and that are compatible with the benchmark trajectories we use to evaluate Paris alignment.

Best available data: Our metrics are designed to make use of consistent, well-reported and standardized data. However, more and better data is still needed. In particular, improved company- and activity-level emissions data will enhance the ability to measure results, track progress and drive accountability. We are actively supporting improved measurement and better disclosure of data and will update our methodology to reflect improvements over time.

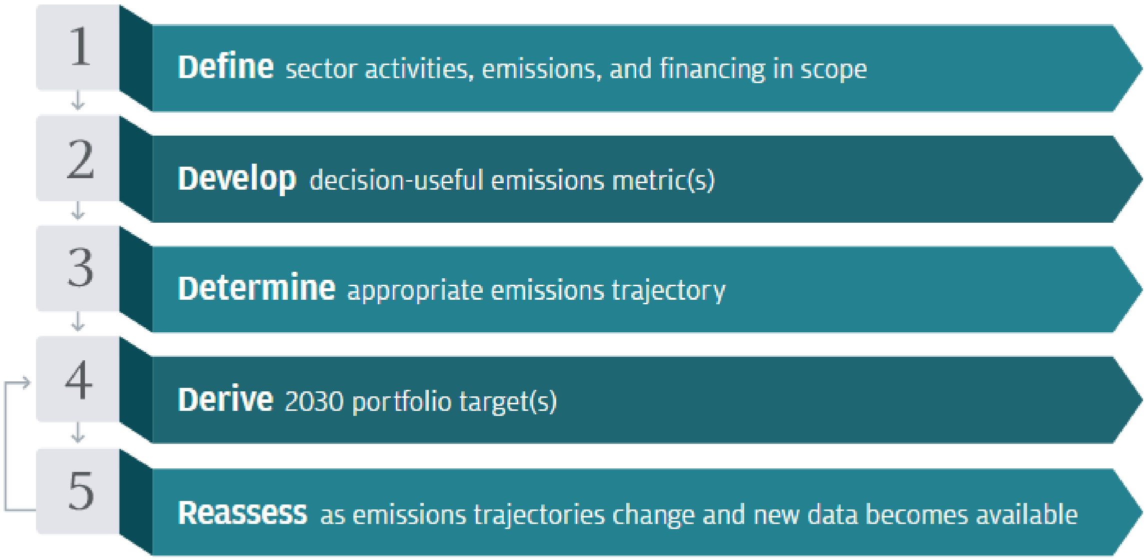
To evaluate Paris alignment of JPMorgan Chase's global financing portfolio in each of the included sectors, we compute a portfolio-weighted average of emissions performance for all our clients in the sector portfolio. Weights are determined based on our cumulative financing to each client as a share of our total financing to the sector. We include both financing that we directly provide (such as through revolving credit facilities) as well as our share of facilitated financing (such as through our underwriting in debt and equity capital markets).

Calculating Our Sector Portfolio Emissions Metric

$$\text{JPMC Sector Portfolio Emissions Metric} = \sum \left(\text{Client Weight in JPMC Sector Portfolio (\%)} \times \text{Client Emissions Metric} \right)$$

How We Designed Carbon CompassSM for Each Sector

Carbon CompassSM incorporates what we believe are the most relevant, impactful, credible and decision-useful data and metrics to drive progress. One of the essential features of our approach is the use of a tailored methodology for each included sector. The following summarizes the process we use, including key considerations at each step, and outlines the general framework for our sector-specific methodologies.



The Focus on emissions reduction is in Three Key Sectors:

Oil & Gas: We have established two distinct metrics and targets for Oil & Gas: Operational intensity for emissions from production and refining activities (Scopes 1 and 2), and End Use intensity to capture emissions from the combustion of oil and natural gas (Scope 3). This approach acknowledges that both Operational and End Use emissions are important to the sector's climate impact, and that there is a particular need to address operational methane emissions in the near term.

Electric Power: We focus on direct CO2 emissions from power generation *(Scope 1)*, which account for the vast majority of the sector's climate impact. The methodology is designed to track the fuel mix of power generation activities as it shifts from being predominantly fossil-based to more reliant on renewables, in a bid to rapidly decarbonize electricity grids globally.

Auto Manufacturing: We measure direct emissions from auto manufacturing *(Scopes 1 and 2)* as well as "tank-to-wheel" emissions from vehicle end use *(Scope 3)*. In addition to global passenger car sales, our methodology also includes U.S. sales of light trucks (SUVs, vans and pickups), as these are primarily sold as passenger vehicles and can account for as much as 30% of global sales for some portfolio companies.

Over time, we intend to expand Carbon CompassSM to address additional sectors, and we aim to extend and improve its application in accordance with best practices and improved data availability.

2030 Global Portfolio Emission Reduction Targets

The table below summarizes the current portfolio-weighted average carbon intensity of JPMorgan Chase's in-scope clients and the interim targets we have defined for 2030 for each sector, which are aligned to the goals of the Paris Agreement.

Sector		2019 Portfolio Baseline	2030 Portfolio Targets
Oil & Gas	Operational *(Scopes 1 and 2)*	6.1 g CO_2e/MJ	**-35%** reduction from 2019 baseline
	End Use *(Scope 3)*	66.5 g CO_2e/MJ	**-15%** reduction from 2019 baseline
Electric Power *(Scope 1)*		375.6 kg CO_2/MWh	**115.4** kg CO_2/MWh -69% reduction from 2019 baseline
Auto Manufacturing *(Scopes 1, 2 and 3)*		157.8 g CO_2e/km	**92.3** g CO_2e/km -41% reduction from 2019 baseline

How We Will Use Our Targets

Going forward, we intend to align our lending and underwriting decisions in our chosen sectors to work towards achieving our portfolio targets. This means we will increasingly support those companies that are helping to advance the goals of the Paris Agreement, such as by expanding their investment in low- and zero-carbon energy sources and technologies and reducing their GHG emissions.

Significant amounts of capital and strategic advice will be needed to support companies in their low-carbon transition efforts, including to help decarbonize their operations and products and develop new technologies and solutions to address the critical challenges climate change presents. As a global financial services company, and one of the largest financiers to many sectors that will be significantly impacted by climate change and the energy transition, we are well-positioned to use our capital and expertise to encourage and help our clients to make the transition.

With our sector-specific and global portfolio-level commitment design, we are positioned to understand the unique challenges that each sector – and each company – faces in the low-carbon transition and to provide targeted support. We will continually look for opportunities to engage with new clients and to bank new sectors and technologies that focus on sustainability and low-carbon transition.

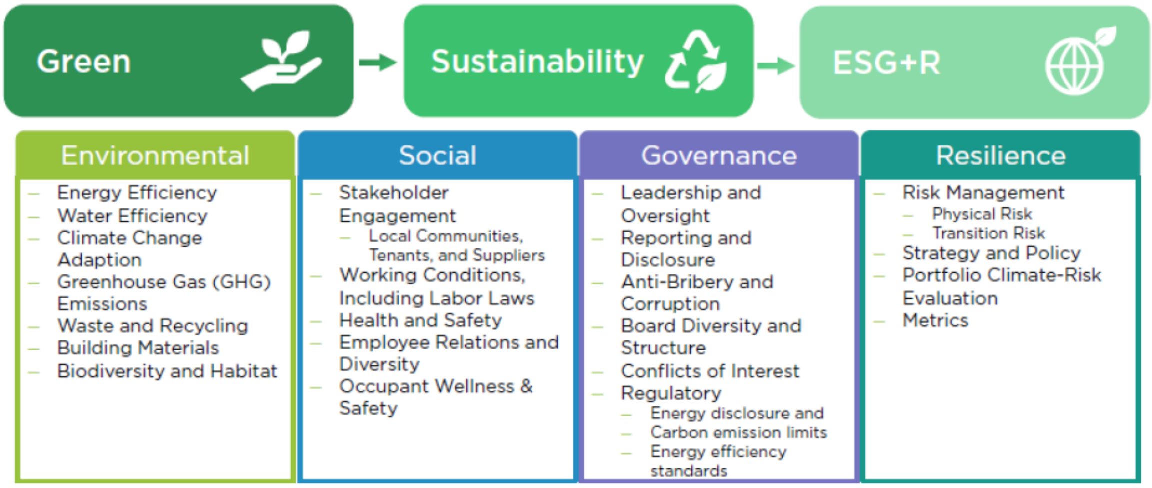
Next steps

Our Carbon CompassSM methodology establishes a strong foundation for implementation of JPMorgan Chase's Paris-aligned financing commitment, including clear frameworks for how we will measure progress and engage with clients in key sectors, beginning with Oil & Gas, Electric Power and Auto Manufacturing sectors.
We believe our approach reflects the ambition, thoughtfulness and rigor that our clients and other stakeholders expect from us, and which will be crucial as we work together to help accelerate the transition to a low-carbon economy. Yet, these are just the first steps of the longer journey that our Paris-aligned financing commitment represents.
We will engage with and provide annual updates to our stakeholders on the implementation of our commitment. Over time as scenarios and data improve, technology develops and we engage more with clients, we will look at what it would take to enhance our targets to bring them in line with net-zero by 2050. Additionally, we will continue to evaluate the appropriateness and technical feasibility of expanding our commitment to other sectors.
We understand the urgency and the scale of the climate challenge. Our Paris-aligned financing commitment, combined with a number of other strategic efforts across our business, is a key step forward. We look forward to building on it and doing our part to achieve the goals of the Paris Agreement.

6. Information on the strategy for alignment with long-term biodiversity goals

Over the past few years, J.P. Morgan Asset Management has announced several initiatives aimed at making sustainability and climate solutions integral to both our business and platform. In an effort to directly impact the transition to a low-carbon economy and provide diversified investment opportunities related to climate change and conservation of biodiversity.

The preservation of the biodiversity is considered within all ESG consideration taken by JPMAM RE, via the due diligences, while acquiring new assets or managing existing assets.



7. Information on approaches to taking environmental, social and governance quality criteria into account when managing risks

Definitions

A sustainability risk is an environmental, social or governance event or situation that, if it occurs, could have a significant actual or potential negative impact on the value of the investment. As it pertains to the investment into the asset.

In addition, JPMAM considers these risks to mean those risks that are reasonably likely to materially negatively impact the financial condition or operating performance of a company or an issuer and therefore the value of that investment.
By way of examples, see below a non-exhaustive indicative list of environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

- **Environmental risk:**

Environmental risks are associated with environmental events or conditions and their effect on the value of assets to which JPMAM's financial products may have exposure. Such risks may arise in respect of the company itself, its affiliates or in the supply chain and / or apply to a particular economic sector, geographical or political region. Environmental risks include:

Climate change: risks arising from climate change, including the occurrence of extreme weather events (for example major droughts, floods, or storms) may adversely impact operations, revenue and expenses of certain industries and may result in physical loss or damage of, or otherwise loss in value of, assets, and in particular physical assets such as real estate and infrastructure. Global warming may result in extreme heat waves, increased localised or widespread flooding and rising sea levels, compromising infrastructure, agriculture and ecosystems, increasing operational risks and the cost of insurance, which may affect the utility and value of investments. To the extent that companies in which JPMAM invests have historically contributed to climate change, they could face enforcement action by regulators and / or be subject of fines or other sanctions. The likelihood and extent of any such action might be unknown at the time investment.

Natural resources: the relationship between businesses and natural resources is becoming increasingly important due to the scarcity of fresh water, loss of biodiversity and risks arising from land use. Water is critical to agriculture, industrial, domestic, energy generation, recreational and environmental activities. Reduced supply or allocation of water and / or increased costs in supply control over its use may adversely impact the operations, revenue and expenses of certain industries in which JPMAM may invest. Biodiversity underpins ecosystem services such as food, clean water, genetics resources, flood protection, nutrient cycling climate regulation. A continued loss of biodiversity may adversely affect the operations, revenue and expenses of certain industries in which JPMAM may invest, such as land users and marine industries, agriculture, the extractives industries (cement and aggregates, oil, gas and mining) forestry and tourism.

Land use and land use management practises have a major impact on natural resources. In particular, industries dependent on commodities linked to deforestation such as soy, palm oil, cattle and timber may suffer an adverse impact on their operations, revenue and expenses as a result of measures taken to manage land use.

Pollution and waste: pollution adversely affect the amount and may for example, result negative impacts on human health, damage to ecosystems and biodiversity and reduced crop harvests. Measures introduced by governments or regulators to transition to low-carbon economy and more broadly reduced pollution and control and reduce waste may adversely impact the operations, revenue and expenses of industries in which JPMAM may invest. Technologies linked to the environmentally harmful materials or practises may become obsolete, resulting in a decrease in value of investments.

- **Social risk:**

Social risks may be internal or external to a business and are associated with employees, local communities and customers of companies in which JPMAM may invest or otherwise have an exposure. Social risks also relate to the vulnerability of a business to, and its ability to take advantage of, broader social "megatrends". Such risks may arise in respect of the company itself, its affiliates or its supply chain. Social risks include:

Internal social factors: human capital considerations such as human rights violations, lack of access to clean water, food and sanitary living environment, human trafficking, modern slavery / forced labour, inadequate health and safety, discrimination, breaches of employee rights and use of child labour which may, in particular give rise to negative consumer sentiment, fines and other regulatory sanctions and / or investigations and litigation. The profitability of a business reliant on adverse treatment of human capital may appear materially higher than if appropriate practises were followed.

External social factors: for example, restrictions on or abuse of the rights of consumers including consumer personal data, management of product safety, quality and liability, relationships with and infringements of rights of local communities and indigenous populations may, in particular, give rise to negative consumer sentiment, fines other regulatory sanctions and / or investigations and litigation.

Social "megatrends": trends such as globalisation, automation and the use of artificial intelligence in manufacturing and service sectors, inequality and wealth creation, digital disruption and social media, changes to work, leisure time and education, changes to family structures and individual rights and responsibilities of family members, changing demographics including though health and longevity and urbanisation are all examples of social trends that can have material impact on businesses, sectors, geographical regions and the vulnerability and inability to adapt or take advantage of such trends and may result in material negative impacts on JPMAM investments.

- **Governance risk:**

Governance risks are associated with the quality, effectiveness and process of the oversight of day to day management of companies which JPMAM may invest or otherwise have exposure to. Such risks may arise in respect of the company itself, its affiliates or its supply chain. These risks include:

Lack of diversity at board or governing body level: the absence of a diverse and relevant skill set within a board or governing body may result in less well informed decisions being made without appropriate debates and an increased risk of “group think”. Further, the absence of an independent chairperson of the board , particularly where such role is combined with the role of chief executive officer, may lead to a concentration of powers and hamper the boards ability to exercise its oversight responsibilities, challenge and discuss strategic planning and performance, input on issues such as succession planning and executive remuneration otherwise set the board’s agenda.

Inadequate external or internal audit: ineffective or otherwise inadequate internal and external audit functions may increase the likelihood that fraud and other issues within their company are not detected and / or that material information used as part of the company's valuation and or JPMAMs decision making is inaccurate

Infringement or curtailment rights of (minority) shareholders: extent to which rights of shareholders, and in particular minority shareholders (which may include JPMAM funds) are appropriately respected within the company's formal decision making process may have an impact on the extent to which the company is managed in the best interest of its shareholders as a whole (rather than, for example, a small number of dominant shareholders) and therefore the value of the investment in it .

Bribery and corruption: the effectiveness of the company's controls to detect and prevent bribery and corruption both within the company and its governing body and also suppliers contractors and subcontractors may have an impact on the extent to which a companies operating in furtherance of its business objectives

Lack of scrutiny of executive pay: failure to align levels of executive pay with performance and long-term corporate strategy in order to protect and create value may result in executives failing to act in the long term interests of the company.

Poor safeguards in personal data / IT security (of employees and / or customers): the effectiveness of measures taken to protect personal data of employees and customers and, more broadly, IT and cyber security will affect company’s susceptibility to inadvertent data breaches and its resilience to “hacking”.

The absence of appropriate and effective safeguards for employment related risks: discriminatory employment practises, workplace harassment, discrimination and bullying, respect for rights of collective bargaining or trade unions, the health and safety of the workforce, protection for whistleblowers and non-compliance with minimum wage (or where appropriate) living wage requirements may ultimately reduce the talent pool available to the company , the wellbeing, productivity and overall quality of its workforce and may lead to increased employment and other business costs.

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Identification of sustainability risks We identify and assess climate-related risks in our client accounts by leveraging our proprietary qualitative and quantitative ESG research and assessments. Once identified, climate-related risks are managed through our risk governance structure and incorporated into J.P. Morgan Asset Management risk-management processes.

Leveraging ESG research to identify climate-related risks
To identify climate-related risks in our investments on behalf of clients, we are continuing to develop portfolio and risk management tools and research focused on assessing companies' climate-risk exposure and resilience. Our central technology platform provides a hub for our
fundamental research analysts to assess companies, share insights and provide updates on engagement efforts. It also houses quantitative data that may serve as an additional input into qualitative assessments.

Qualitative ESG assessments
Qualitative assessment of financially material ESG factors, including climate risk, varies by investment group and strategy. For example, the Equity and Global Fixed income Currency & Commodities have developed a detailed 40-question ESG checklist that sets a baseline fundamental assessment for over 3,000 companies globally. The assessment informs discussions between portfolio managers and fundamental analysts, and our engagements with the companies we cover.

Quantitative ESG assessments

The rapid improvement in the size and quality of ESG-related data has enabled us to conduct in-depth quantitative assessments on the extent to which companies face and manage financially material ESG risk. In these analyses, we use granular data including a company's management of natural resources and environmental impacts leveraging company disclosures, third-party estimates of environmental impact
and data science signals. As a result, we obtain a number of important climate-related metrics which help us both identify as well as manage the associated risks. As such, climate related risks are considered alongside other ESG related risks, and the relative significance is determined using industry-level materiality assessments.
Our ESG data not only supports an investment team's quantitative analysis, but also helps to inform qualitative assessments of individual companies. This capability aims to enhance our understanding of what ESG information is available for research and investment decision making and provides a consistent view around the material ESG factors of each sector in order to manage the associated risks and opportunities.

<u>Climate metrics used in quantitative assessments</u>

GHG Emissions

- Scope 1 and Scope 2 GHG emissions intensity
- Assessment of carbon reduction target by Science-Based Targets Initiative
- Does the company have a climate change policy

Business Model Resilience:

- Products relating to climate change opportunities

Energy Management

- Controversies around energy use and GHG emissions

Product Design and Lifecycle

- Scope 3 sales intensity
- Controversies around carbon impact of products
- Assessment of a carmaker's sales-weighted fleet average CO^2 emissions

Enhancements to climate-related data and analysis

We are currently working towards enhancing our processes for identifying, assessing and managing climate-related risks by developing a dedicated climate analytics platform. This platform will provide insights on relevant climate-related metrics, starting with a core set of emissions-based metrics that are more extensive that the metrics currently used in the quantitative ESG assessment. We expect to include metrics such as total current emissions and emissions intensity, as discussed in the Metrics and Targets chapter. As part of this process, we have recently onboarded Trucost as our primary emissions data source, which has coverage for over 14,000 publicly listed companies and combines reported data with an effective emissions estimation model. Over time, we will add additional data and capabilities that will cover the full range of climate related risks and opportunities identified in Exhibit X in the Strategy section and incorporate scenario analysis tools into this platform. We envisage that insights from the climate analytics tool will be combined with ESG quantitative analysis and our qualitative assessment tool, to help portfolio managers to understand the holistic nature of climate-related risks and opportunities.

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JPMAM RE approach

Environmental risks – JPMAM RE applies a standard Technical Due Diligence process that includes the undertaking of an environmental assessment on all potential investments. This assessment includes analyses of flooding risk, contamination, ground conditions, historic uses, deleterious materials, etc. Some assets then require an enhanced due diligence (Site Investigations) depending on the nature of the site, its historic setting and uses, and any proposed redevelopment works.

Social Risks – JPMAM RE includes Social Risks over its standard Technical Due Diligence process. This is performed by specialist external ESG consultants, looking at physical risks, location and environment, climate risk, current ESG performances, opportunities for upgrades and improvements (and associated green labels).

Governance Risks – JPMAM RE applies strict rules to Know its counterparties. Anti-Corruption, Financial Crimes and Sanctions checks are carried over the Due Diligence process.
The checks are performed on brokers, sellers, buyers, tenants and contractors. This process is governed by JPMorgan Chase & Co. who established a Global Sanctions Compliance consisting of the following elements: (i) procedures, systems, and internal controls designed to comply with applicable sanctions;(ii) a designated person responsible for the day-to-day implementation and operation of the Program; (iii) independent testing; (iv) an ongoing training program; and (v) reporting and recordkeeping.

participate in any of the transactions mentioned herein. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit and accounting implications and determine, together with their own financial professional, if any investment mentioned herein is believed to be appropriate to their personal goals.

Investors should ensure that they obtain all available relevant information before making any investment. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not reliable indicators of current and future results.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.