

Sustainability-related disclosures for Private Suite - JPM Europe Equity

This document provides you with a summary of sustainability-related information available on our website about this financial product. It is prepared in relation to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. The information disclosed is required by law to help you understand the sustainability characteristics and/or objectives and risks of this financial product.

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<p>Summary</p>	<p>This Sub-fund promotes environmental or social characteristics. The Investment Manager identifies the sustainable investments according to SFDR on the basis of UN SDGs as described in more detail below in the section "Methodologies". No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund. The indicators used to measure the attainment of each of the environmental or social characteristic promoted by the Sub-fund are:</p> <ul style="list-style-type: none"> • the binding restrictions in the investments in securities that are on the exclusion list as result of the application of the exclusion policy. The Investment Manager excludes investment in sectors which deems to be harmful from an SRI/ESG perspective or which do not follow good governance practices. The Sub-fund complies with an exclusions policy which refers to: i) the production, maintenance, sales and storage of weapons of mass destruction (WMD); and ii) the extractive activities, production and distribution of electricity connected with thermal coal, the energy source among fuels which represents the highest contributor in terms of carbon dioxide emissions; therefore, issuers deriving at least 25% of their revenues from these activities are excluded. The exclusion is extended to those issuers in breach of the Principles of the UN Global Compact which include principles relating to human rights, labour conditions, environmental issues and anti-corruption practices; • the ESG rating of the portfolio. <p>To undertake the ESG rating analysis, sustainable characteristics of the underlying investments are defined by reference to a combination of data generated internally by the Investment Manager's proprietary models and data provided by external ESG research providers. The assessment of the good governance practices is a central pillar of the investment process adopted by the Investment Manager and it consists on the assurance that the governance of each investee company is based on rules of conduct aligned to international best practices and inspired by the consideration of all stakeholder's interests also by means of a remuneration policy. The good governance assessment takes into account sound management structures, employee relations, remuneration of staff and tax compliance.</p> <p>In order to guarantee compliance with the strategies adopted to promote environmental and social characteristics, the Investment Manager relies on external info-providers. The Investment Manager's approach includes the adoption of strategies in line with the Principles for Responsible Investing. These strategies can be integrated into different steps of the investment process and they are based on exclusion criteria (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and in the integration of ESG factors into the analysis, selection and composition of managed portfolios with flexible approaches with regards to asset class typology and product investment strategy. In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 50% of the portfolio (box #1 Aligned with E/S characteristics).</p> <p>The remaining proportion (50% corresponding to the box #2 Other) of the investments (not included in the investments for promoting environmental or social characteristics) should be limited to:</p> <ul style="list-style-type: none"> • cash and cash equivalent instruments which may be held as ancillary liquidity or for risk balancing purposes; • derivatives which may be held for risk balancing purposes and efficient portfolio management but not for promoting environmental and social characteristic; • securities for which relevant data is not available.
<p>No sustainable investment objective</p>	<p>This Sub-fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.</p>
<p>Environmental or social characteristics of the financial product</p>	<p>The main environmental and social characteristics promoted by the Sub-fund through the Investment Manager's ESG methodology are the following:</p> <ul style="list-style-type: none"> • Environmental: climate change prevention (in terms for example of reduction of carbon emission, carbon footprint, climate change vulnerability), pollution & waste prevention (with reference to toxic emissions & waste, packaging material & waste, electronic waste), environmental opportunities (in clean tech, in renewable energy); • Social: human capital (labor management, health & safety, human capital development, supply chain labor standards), product liability (product safety & quality, chemical safety, consumer financial protection, privacy & data security, responsible investment, health & demographic risk), social opportunities (access to communications, access to finance, access to health care, opportunities in nutrition & health), stakeholder opposition (controversial sourcing, community relations). <p>No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.</p>
<p>Investment strategy</p>	<p>The Investment Manager's approach includes the adoption of strategies in line with the Principles for Responsible Investing. These strategies can be integrated into different steps of the investment process and they are based on exclusion criteria (for Issuers operating in non-socially responsible sectors or exposed to ESG risk) and in the integration of ESG factors into the analysis, selection and composition of managed portfolios with flexible approaches with regards to asset class typology and product investment strategy.</p> <p>All investments (excluding cash and derivatives) are screened to exclude known violators of good governance practices. In addition, for those investments included in the 50% of assets promoting environmental and/or social characteristics or qualifying Sustainable Investments, additional considerations apply. For these</p>

	<p>investments, the Sub-Fund incorporates a peer group comparison and screens out companies that do not score in the top 80% relative to peers based on good governance indicators.</p>
Proportion of investments	<p>In accordance with the binding element of the investment strategy adopted for promoting the environmental and social characteristics, the minimum proportion of the investments that meet the ESG criteria (in terms of ESG rating coverage) should be at least 50% of the portfolio (box #1 Aligned with E/S characteristics). The remaining proportion (50% corresponding to the box #2 Other) of the investments (not included in the investments for promoting environmental or social characteristics) should be limited to:</p> <ul style="list-style-type: none"> • cash and cash equivalent instruments which may be held as ancillary liquidity or for risk balancing purposes; • derivatives which may be held for risk balancing purposes and efficient portfolio management but not for promoting environmental and social characteristic; • securities for which relevant data is not available.
Monitoring of environmental or social characteristics	<p>The Investment Manager monitors on an ongoing basis the ESG scoring of the portfolio versus the benchmark. The ongoing control of the other negative screening criteria, such as the restrictions to the investment in issuers characterised by:</p> <ul style="list-style-type: none"> • an ESG rating equal to “CCC”, classified according to the proprietary rating methodology of the external provider MSCI, which contemplates a range of values going from “AAA”, for the best rated issuers, to “CCC” for the riskiest issuers. • a severe and serious dispute equal to “Red”, classified according to the proprietary methodology of the external provider MSCI, that indicates an ongoing very severe ESG controversy (a controversy having a social and/or environmental impact) involving a company directly through its actions, products or operations (e.g., loss of life, destruction of eco-system, economic shakedown affecting multiple jurisdictions). <p>is guaranteed by the ex-ante limitations to the Investment manager of the fund managers.</p>
Methodologies	<p>A combination of the Investment Manager's proprietary ESG scoring methodology and/or third-party data are used as indicators to measure the attainment of the environmental and/ or social characteristics that the Sub-Fund promotes.</p> <p>The methodology is based on a company's management of relevant environmental or social issues such as its toxic emissions, waste management, labour relations and safety issues. To be included in the 51% of assets promoting environmental and/or social characteristics, a company must score in the top 80% relative to its peers on either its environmental score or social score and follow good governance practices.</p> <p>To promote certain norms and values, the Investment Manager utilises data to measure a company's participation in activities potentially contrary to the Sub-Fund's exclusion policy such as companies manufacturing controversial weapons. The data may be obtained from investee companies themselves and/or supplied by third party service providers (including proxy data). Data inputs that are self-reported by companies or supplied by third-party providers may be based on data sets and assumptions that may be insufficient, of poor quality or contain biased information. Third party data providers are subject to rigorous vendor selection criteria which may include analysis on data sources, coverage, timeliness, reliability and overall quality of the information, however, the Investment Manager cannot guarantee the accuracy or completeness of such data. Screening on that data results in full exclusions on certain potential investments and partial exclusions based on maximum percentage thresholds on revenue, production or distribution on others. A subset of the “Adverse Sustainability Indicators” as set out in the EU SFDR Regulatory Technical Standards is also incorporated in the screening and the relevant metrics are used to identify and screen out identified violators.</p>
Data sources and processing	<p>(a) the data sources used to attain each of the environmental or social characteristics promoted by the financial product;</p> <p>Inclusion Criteria In relation to the 51% of assets promoting environmental and/or social characteristics, two proprietary scores are calculated drawing on various sources of data. The first, the JPMAM Fundamental ESG Score, is based on an ESG Checklist completed by the Investment Manager's analysts. As well as conducting their own proprietary research and directly communicating with companies, they draw on data from company and industry sources which may include company regulatory filings, annual reports, company websites, media, data from third party providers, sell-side investment research, reports from industry groups. The second score is the JPMAM Quantitative ESG Score which draws on third-party ESG analysis from specialist data providers and sell-side brokers. The JPMAM Fundamental ESG Score is prioritised where available, otherwise the JPMAM Quantitative ESG Score or a combined score with respect to the JPMAM Fundamental ESG Score and the JPMAM Quantitative ESG Score.</p> <p>Exclusion Criteria To promote certain norms and values, the Investment Manger utilises data to measure a company's participation in activities potentially contrary to the Sub-Fund's exclusion policy, such as companies manufacturing controversial weapons. The data may be obtained from investee companies themselves and/or supplied by third party service providers (including proxy data).</p> <p>(b) the measures taken to ensure data quality; The proprietary scores are subject to oversight and peer review and are transparent to all relevant investment team members through J.P. Morgan SpectrumTM, J.P. Morgan Asset Management's common technology platform. The ESG Checklist from which the JPMAM Fundamental ESG Score is derived is produced by the relevant analyst, reviewed by the Directors of Research, and the output may be subject to challenge by the investment teams.</p>

	<p>Third party data providers are subject to rigorous vendor selection criteria. Each service provider is considered carefully before the decision is taken to onboard them. When selecting and onboarding any new provider, the Sustainable Investing team conduct an in-depth evaluation of its capabilities, resourcing, costs and controls. Where the Investment Manager considers data from investee companies or third-party ESG data providers to be outdated or factually incorrect, they may work closely with the data provider to improve the data accuracy and timeliness.</p> <p>(c) how data are processed; The data are processed on J.P. Morgan Spectrum™ which is J.P. Morgan Asset Management's common technology platform. The platform standardizes and enhances research, portfolio construction and risk management capabilities, including proprietary scores. Spectrum™ is a single centralized source for all critical data sets, which helps provide consistency of portfolio information throughout the full lifecycle.</p> <p>(d) the proportion of data that are estimated. The proportion of data used to support the JPMAM Fundamental ESG Score or the JPMAM Quantitative ESG Score that is estimated will vary depending on such factors as company level disclosures. For example, Scope 1 & 2 green house gas emissions are widely reported by companies, while Scope 3 data, where available, is often estimated.</p>
<p>Limitations to methodologies and data</p>	<p>(a) Limitations to methodologies and data sources: While covering a diverse range of environmental, social and governance factors, the JPMAM Fundamental ESG Score and the JPMAM Quantitative ESG Score are used to identify the most financially material ESG risks and opportunities, and so may not be exhaustive. 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. With respect to third party data, the criteria and rating systems used by third-party providers can differ significantly. Since there is no standard ESG scoring system, the methodology and conclusions reached by third-party providers may differ significantly from those that would be reached by other third-party providers or the Investment Manager. While JPMorgan Asset Management seeks data inputs that it believes to be reliable, it cannot guarantee the accuracy or completeness of its proprietary system or third-party data.</p> <p>(b) how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met: These limitations do not affect how the environmental or social characteristics promoted by the financial product are met as they are mitigated with the aim of ensuring the integrity and appropriateness of the data used. Third party data providers are subject to rigorous vendor selection criteria which may include analysis on data sources, coverage, timeliness, reliability and overall quality of the information. The evaluation of vendors continues on an ongoing, periodic basis during the term of subscriptions to the service to ensure that the provider is delivering on the agreed service. New providers are considered on an ongoing basis to determine if they would add benefit beyond the existing providers. The ESG Checklist from which the JPMAM Fundamental ESG Score is derived is produced by the relevant analyst, reviewed by the Directors of Research, and the output may be subject to challenge by the investment teams</p>
<p>Due diligence</p>	<p>A key strength of the investment process is in-house research, produced by a team of fundamental and quantitative equity analysts. ESG views on specific companies are the product of proprietary research and one-on-one engagements with companies. The Investment Manager also draws on data from external providers.</p> <p>The Investment Manager's research framework uses several internally developed processes to assess the quality of a company including its ESG credentials. The ESG assessment includes the use of the ESG Checklist with detailed questions put to companies under coverage globally (where possible, not all companies can be covered), proprietary data-driven ESG scoring, a fundamental materiality framework and strategic classification framework.</p> <p>The due diligence or research on the underlying companies is conducted by research analysts and/or the Investment Manager and there are designated persons responsible for quality control of both fundamental and quantitative research. On a quarterly basis, a team independent of the Investment Manager conduct formal review meetings with each investment team. Portfolios are reviewed in the context of objectives, performance, risk positioning and ESG integration.</p>
<p>Engagement policies</p>	<p>With the aim of preventing, containing and managing the main adverse impacts of investment decisions on sustainability factors, the Management Company conducts engagement actions - both individual and collective with other investors - and exercises its voting rights on the issuers in its portfolio, in order to create awareness and orient the issuers' behaviors towards specific sustainability issues, according to the times and methods formalized in its "Engagement Policy" and in the "Strategy for the exercise of the attendance and voting rights attached to the financial instruments held by the UCITS under management". In this case, the Company informs the issuer about the identified criticalities, directing its decisions towards their immediate reduction. If these actions are not addressed in an effective and timely manner by the issuer, the Company evaluates to initiate specific reduction or disposal initiatives, even of a progressive nature, of the investment in these issuers. The initiatives carried out and the decisions taken regarding these activities are reported and formalized in order to guarantee a thorough traceability of the decision-making processes and outcomes</p>

Designated reference benchmark	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund .
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