

## Sustainability related disclosures

Capitalised terms used but not defined herein shall have the meanings set forth in the Fund's supplement.

**Product name:** JP MORGAN CHINA A-SHARES OPPORTUNITIES FAM FUND

**Legal entity identifier:** 254900X39YSDFXAY5889

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
Yes	No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> 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 10.00% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

#### A. Summary

The Sub-Fund promotes a broad range of environmental and/or social characteristics through its inclusion criteria for investments that promote environmental and/or social characteristics. It is required to invest at least 51% of its assets in such securities. It also promotes certain norms and values by excluding particular companies from the portfolio. All investments (excluding cash and derivatives) are screened to exclude known violators of good governance practices.

Through its inclusion criteria, the Sub-Fund promotes environmental characteristics which may include effective management of toxic emissions and waste, as well as good environmental record. It also promotes social characteristics which may include effective

sustainability disclosures, positive scores on labour relations and management of safety issues.

Through its exclusion criteria, the Sub-Fund promotes certain norms and values such as support for the protection of internationally proclaimed human rights and reducing toxic emissions, by fully excluding companies that are involved in particular 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.

While the Sub-Fund does not have a sustainable investment objective, it will invest at least 10% of assets in Sustainable Investments. The Investment Manager (“J.P. Morgan”) follows a framework in seeking to avoid any Sustainable Investments significantly harming any environmental or social objectives. 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 are taken into account in respect of this framework. The Sub-Fund does not commit to investing any proportion of its assets specifically in companies exhibiting positive environmental characteristics or specifically in positive social characteristics or both nor is there any commitment to any specific individual or combination of environmental or social objectives in respect of the Sustainable Investments.

Ancillary Liquid Assets, Deposits with Credit Institutions, money market instruments / funds (for managing cash subscriptions and redemptions as well as current and exceptional payments) and derivatives for EPM are not included in the % of assets calculations. Minimum investment threshold and exclusions are monitored through rules in the portfolio guidelines system aiming to ensure that the Sub-Fund complies at all times through its lifecycle.

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. The data may be obtained from investee companies themselves and/or supplied by third party service providers. The data may be subject to limitations in respect of its accuracy or completeness but mitigating safeguards are in place.

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. Active ownership is a key component of the investment process, used not only to understand how companies and issuers consider issues related to ESG. but also to try to influence their behavior and encourage best practices, for the purpose of enhancing returns. The Sub-Fund does not use a designated reference benchmark to meet the environmental or social characteristics it promotes.

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## **B. No sustainable Investment Objective**

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objectives of the Sustainable Investments that the Fund partially intends to make may include any individual or combination of the following:

- Environmental Objectives (i) climate risk mitigation, (ii) transition to a circular economy;
- Social Objectives (i) inclusive and sustainable communities - increased female executive representation, (ii) inclusive and sustainable communities - increased female representation on boards of directors and (iii) providing a decent working environment and culture.

Contribution to such objectives is determined by either (i) products and services sustainability indicators which may include the percentage of revenue derived from providing products and / or services that contribute to the relevant sustainable objective, such as a company producing solar panels or clean energy technology that meets the Investment Manager's proprietary thresholds contributing to climate risk mitigation; or (ii) being an operational peer group leader contributing to the relevant objective. Being a peer group leader is defined as scoring in the top 20% relative to peers based on certain operational sustainability indicators. For example, scoring in the top 20% relative to peers on total waste impact contributes to a transition to a circular economy.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The Sustainable Investments that the Fund partially intends to make are subject to a screening process that identifies and excludes, from qualifying as a Sustainable Investment, the worst offending companies, in relation to certain environmental considerations such as 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 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.

**How does this financial product take into account principal adverse impacts on sustainability factors?**

Certain indicators for adverse impacts on sustainability factors as set out in the EU SFDR Regulatory Technical Standards are taken into account to demonstrate that an investment qualifies as a Sustainable Investment. In particular, adverse sustainability indicators 10 and 14 from the EU SFDR Regulatory Technical Standards in relation to violations of the UN Global Compact and controversial weapons have been taken into account through the values and norms-based exclusions described above in the answer to "What environmental and/or social characteristics are promoted by this financial product?".

Further additional adverse sustainability indicators, such as indicators 3, 5, 6 and 9 as set out in the EU SFDR Regulatory Technical Standards in relation to GHG intensity, share of non renewable energy consumption and production, energy consumption and hazardous waste are considered as part of the do no significant harm screen described in the answer to the above question. Issuers below a predefined threshold using the relevant EU SFDR Regulatory Technical Standards metrics will be screened out.

The Investment Manager may consider a broader set of indicators for adverse impacts on sustainability factors at its discretion.

### **Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

The norms based portfolio exclusions as described above under “What environmental and/or social characteristics are promoted by this financial product?” seek alignment with these guidelines and principles. Third party data is used to identify violators and prohibit relevant investments in these companies.

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## **C. Environmental or social characteristics promoted by this financial product**

### **What are the environmental or social characteristics promoted by this financial product?**

The Fund promotes a broad range of environmental and/or social characteristics through its inclusion criteria for investments that promote environmental and/or social characteristics. It is required to invest at least 51% of its assets in such securities. It also promotes certain norms and values by excluding particular companies from the portfolio.

Through its inclusion criteria, the Fund promotes environmental characteristics which may include effective management of toxic emissions and waste, as well as good environmental record. It also promotes social characteristics which may include effective sustainability disclosures, positive scores on labour relations and management of safety issues.

Through its exclusion criteria, the Fund promotes certain norms and values such as support for the protection of internationally proclaimed human rights and reducing toxic emissions, by fully excluding companies that are involved in particular 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. Please refer to the exclusions policy for the Fund on <http://www.jpmorganassetmanagement.lu/> and [FAM - Sustainability | Fineco FAM - Fineco FAM \(finecoassetmanagement.com\)](#) for further information.

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

## **D. The Investment Strategy**

**What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The Fund's strategy can be considered in respect of its general investment approach and ESG approach as follows:

Investment approach

- Uses a fundamental, bottom-up stock selection process.
- Uses a high conviction approach to finding the best investment ideas.
- Seeks to identify high quality companies with superior and sustainable growth potential.

ESG approach: ESG Promote

- Excludes certain sectors, companies or practices based on specific values or norms based criteria.
- At least 51% of assets to be invested in companies with positive environmental and/or social characteristics.
- At least 10% of assets to be invested in Sustainable Investments.
- All companies follow good governance practices.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics are:

- The requirement to invest at least 51% of assets in companies with positive environmental and/or social characteristics.
- The values and norms based screening to implement full exclusions in relation to companies that are involved in certain activities such as manufacturing controversial weapons and 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 companies in the portfolio to follow good governance practices.

The Fund also commits to investing at least 10% of assets in Sustainable Investments.

**What is the policy to assess good governance practices of the investee companies?**

All investments (excluding cash and derivatives) are screened to exclude known violators of good governance practices. In addition, for those investments included in the 51% of assets promoting environmental and/or social characteristics or qualifying Sustainable Investments, additional considerations apply. For these investments, the 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.

**Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy? (Including an indication of the rate)**

Not applicable.

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

Yes

No

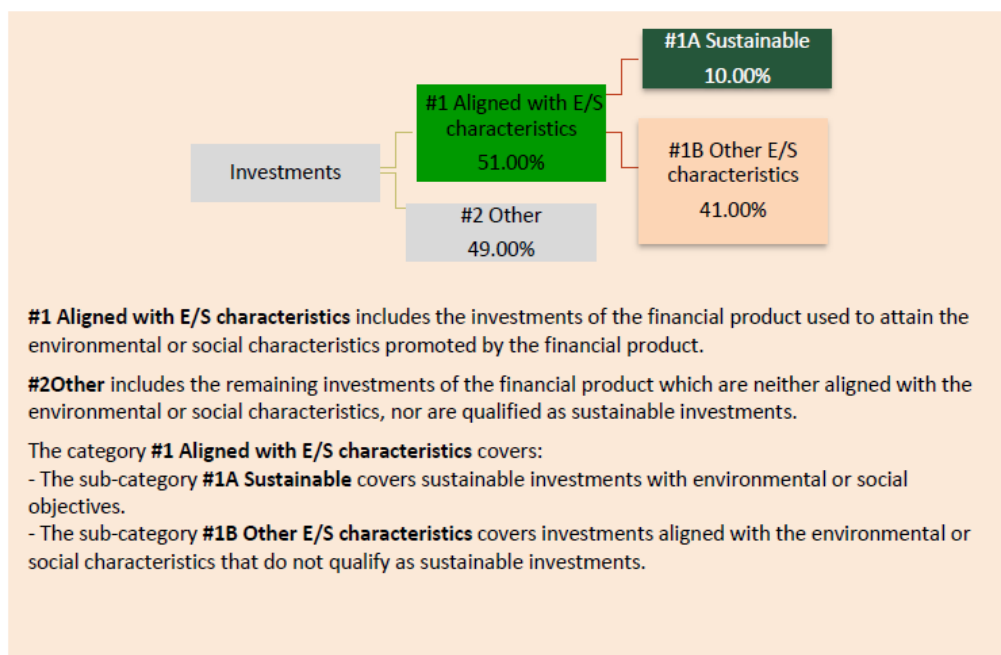
Yes, The Fund considers select principal adverse impacts on sustainability factors through values and norms-based screening to implement exclusions. Indicators 10 and 14 in relation to violations of the UN Global Compact and controversial weapons from the EU SFDR Regulatory Technical Standards are used in respect of such screening. The Fund also uses certain of the indicators as part of the “Do No Significant Harm” screen as detailed in the response to the question directly above to demonstrate that an investment qualifies as a Sustainable Investment.

Information on how the principal adverse impacts were taken into account will be provided in the Fund’s annual report.

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## E. Proportion of Investments

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



The Fund plans to allocate at least 51% of its assets to companies with positive environmental and / or social characteristics and a minimum of 10% of assets to Sustainable Investments. The Fund does not commit to investing any proportion of assets specifically in companies exhibiting positive environmental characteristics or specifically in positive social characteristics nor is there any commitment to any **specific** individual or combination of environmental or social objectives in respect of the Sustainable Investments. Therefore, there are no specific minimum allocations to environmental or social objectives referred to in the diagram below.

Ancillary Liquid Assets, Deposits with Credit Institutions, money market instruments / funds (for managing cash subscriptions and redemptions as well as current and exceptional payments) 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.

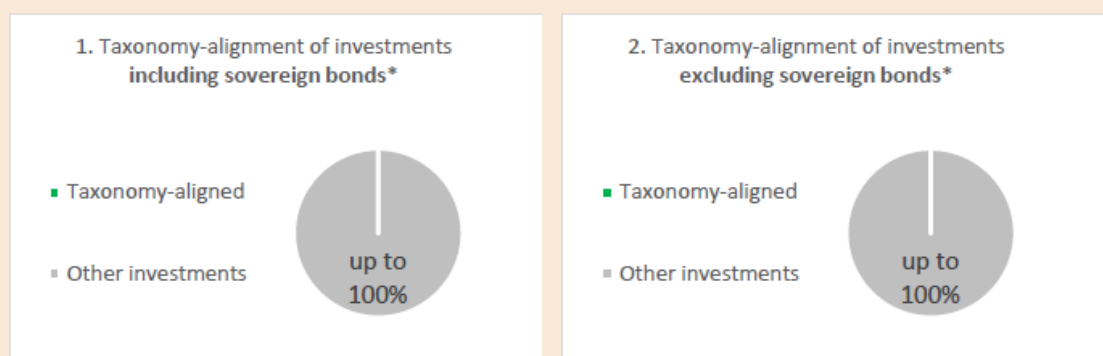
**How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable.

**What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)**

The Fund invests at least 10% of assets in Sustainable Investments, however, 0% of assets are committed to Sustainable Investments with an environmental objective aligned with the EU Taxonomy.

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



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

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

The Fund invests at least 10% of assets in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or combination of Sustainable Investment objectives and therefore there is no committed minimum share.

**What is the minimum share of socially sustainable investments?**

The Fund invests at least 10% of assets in Sustainable Investments, typically across both environmental and social objectives. It does not commit to any specific individual or combination of Sustainable Investment objectives and therefore there is no committed minimum share.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “other” investments are comprised of companies that did not meet the criteria described in response to above question entitled, “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?” to qualify as exhibiting positive environmental and/or social characteristics. They are investments for diversification purposes.

All investments, including “other” investments are subject to the following ESG Minimum Safeguards/principle:

- The minimum safeguards as outlined by Article 18 of the EU Taxonomy Regulation (including alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).
- Application of good governance practices (these include sound management structures, employee relations, remuneration of staff and tax compliance).
- Compliance with the Do No Significant Harm principle as prescribed under the definition of Sustainable Investment in EU SFDR.

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**F. Monitoring of environmental or social characteristics**

**What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

A combination of the Investment Manager's proprietary ESG scoring methodology and/or third party data are used as indicators to measure the attainment of the environmental and/ or social characteristics that the Fund promotes.



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 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. Please refer to "What is the policy to assess good governance practices of the investee companies?" below for further detail on good governance.

To promote certain norms and values, the Investment Manager utilises data to measure a company's participation in certain related activities. 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.

**How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?**

The minimum investment threshold of 51% in companies with positive environmental and / or social characteristics and the exclusions are monitored through rules in the portfolio guidelines system aiming to ensure that the Sub-Fund complies at all times through its lifecycle. The controls are automated in internal systems. The relevant rules are coded as part of pre & post-trade monitoring and monitored daily in accordance with the net asset value frequency. This tracks portfolio exposure to avoid purchasing excluded securities and to ensure that the minimum required level of 51% in companies with positive environmental and / or social characteristics is complied with.

Any breaches of the rules are treated on a case by case basis depending on the nature / severity of the breach are escalated within the Management Company for review and validation including the analysis and supporting documentation evidencing the breach as required. In addition, the Investment Manager can view portfolio and stock/asset level pass rates and portfolio level coverage ratios on a daily basis through the portfolio management systems.

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**G. Methodologies**

**What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?**

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.

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 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.

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.

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## **H. Data Sourcing and processing**

**What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**

### Data Sources

#### **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.

#### **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).

#### 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 Spectrum™, 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.

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.

#### How data is processed

Data is processed through a combination of external and internal proprietary systems and digital platform tools which monitor the exposure of the funds both at fund and security level both pre and post trade.

#### Proportion of data that is 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.

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## **I. Limitations to methodologies and data**

### **What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)**

#### **(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.

(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.

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## **J. Due Diligence**

### **What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?**

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.

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.

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.

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## **K. Engagement Policies**

**Is engagement part of the environmental or social investment strategy?**

Yes

**If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)**

Active ownership is a key component of the investment process, used not only to understand how companies and issuers consider issues related to ESG but also to try to influence their behavior and encourage best practices, for the purpose of enhancing returns. The Investment Manager define engagement as active interaction with investee companies or issuers, exercising J.P. Morgan's voice as a long-term investor through industry participation and proxy voting. Active ownership allows the Investment Manager to manage ESG risks and to systematically incorporate insights gained from engagement into J.P. Morgan's investment decisions. For further details on J.P. Morgan's engagement processes, please see J.P. Morgan's Annual Investment Stewardship Report. The Investment Manager monitors controversies in respect of underlying companies / issuers, and in particular, United Nations Global Compact breaches. There are processes to assess the severity of these issues and consider whether engagement would be an effective approach by which to elicit a positive response from the company / issuer.

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## **L. Reference Benchmark**

**Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?**

Yes

No

**How is that index designated as a reference benchmark aligned with the environmental or social characteristics promoted by the financial product? (including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated)**

The Sub-Fund does not use a designated reference benchmark to meet the environmental or social characteristics promoted.

**How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

This question is not applicable.

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

This question is not applicable.

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

This question is not applicable.