

JPMAM Exclusionary Framework & Guidelines

Overview of Exclusionary Framework

- JPMAM's Exclusionary Framework was established in Q2 2019
- The framework serves to create a consistent set of guidelines across JPMAM's sustainable product categories. Specifically, these guidelines seek consistency in JPMAM's sustainable product set by region
 - a) required minimum set of categories to exclude
 - b) minimum revenue thresholds to uphold
 - c) third party providers and lists utilized to implement those exclusions

Strategies to utilize Exclusionary Framework

- Strategies which fall into the following three sustainable product categories are required to utilize JPMAM's exclusionary framework:
 - ESG Screen: The exclusion from a fund or portfolio of certain sectors, companies or practices based on specific ESG criteria.
 - Positive Tilt: Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers, and are better positioned to benefit from, and build resilience to, long-term societal and economic trends.
 - Best in Class: a comparative investment style that involves investing only in companies that lead their peer groups in respect of sustainability performance

Exclusionary Guidelines

- Note that the below table outlines the *minimum* required set of guidelines for strategies to implement. See Governance, Procedures, and Monitoring for treatment of deviation outside of the below guidelines.

Exclusion Category	Threshold for "Best in Class" Strategies	Minimum Threshold for "ESG Screen" or "Positive Tilt" Strategies	Required Category (EMEA / US)	Third Party Provide/List
Controversial Weapons	Any Involvement	Any Involvement	Yes / Yes	ISS Red List (EMEA); MSCI (U.S.)
Tobacco	10% revenue threshold (Producers)	10% revenue threshold (Producers)	Yes / Yes	MSCI (Base) and/or ISS-ETHIX (must be approved)
Thermal Coal Extraction	10% Revenue Threshold	30% Revenue Threshold	Yes / Yes	"
Unconventional Oil & Gas Extraction	10% Revenue Threshold	30% Revenue Threshold	Yes / No	"
Alcohol	30% Revenue Threshold	30% Revenue Threshold	No / No	"
Gaming	30% Revenue Threshold	30% Revenue Threshold	No / No	"
Adult Entertainment	Producers	Producers	No / No	"
Traditional Weapons	30% Revenue Threshold	30% Revenue Threshold	No / No	"
UN Global Compact*	N/A*	N/A*	No / No	ISS (EMEA); MSCI (U.S.)

Governance, Procedures, Monitoring

- Strategies seeking to incorporate exclusions reviewed by members of Product Development and Product Strategy and existing governance forums, in particular the Product Steering Committee, to ensure accordance with meeting minimum standards above
- Should strategies deviate above minimum thresholds (e.g. less stringent) they may only be implemented via separate account
- Ongoing application of the guidelines will be monitored through BAU compliance processes
- Changes and updates to the requirements will be managed through existing governance forums e.g. Product Steering Committee

As of June 2019 *Strategies choosing to employ UN Global Compact Principles as an exclusionary category must have well-defined screens & policy around consideration of companies in breach.

J.P.Morgan
Asset Management

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