

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

## Environmental and/or social characteristics

For the GROUPAMA HORIZON ACTIONS EMERGENTES JPMORGAN FUNDS EMERGING MARKETS SUSTAINABLE EQUITY FUND UCITS, the ESG strategy is that of its master fund. The annex below is therefore that of its master UCITS.

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

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: N/A

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

it will make a minimum of **sustainable investments with a social objective**: N/A

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 40.0% of sustainable investments

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

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

with a social objective

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What environmental and/or social characteristics are promoted by this financial product?

The Subfund promotes a wide range of environmental and/or social characteristics through its criteria for the inclusion of investments that highlight such characteristics. It is required to invest at least 67% of its assets in these securities. It also promotes certain standards and values by excluding certain companies from the portfolio.

Through its inclusion criteria, the Subfund promotes environmental characteristics such as effective management of emissions and toxic waste or a good environmental assessment. It also promotes social characteristics, which may include effective sustainability communication and positive ratings in the areas of labour relations and safety management.

Through its exclusion criteria, the Subfund promotes certain standards and values, such as support for the protection of universally recognised human rights and the reduction of toxic emissions, by totally excluding companies involved in certain activities such as the manufacture of controversial weapons and by applying to others, such as those operating in thermal coal and tobacco-related activities, maximum thresholds to percentage of turnover, production or distribution.

Please refer to the Subfund exclusion policy on [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu) for more information; you can search for your Subfund and access the ESG information section.

No benchmark has been designated to achieve the environmental and/or social characteristics.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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

The Investment Manager relies on both its proprietary ESG rating methodology and third-party data to provide indicators to measure the achievement of the environmental and/or social characteristics that the Subfund promotes.

The methodology assesses a company's management of relevant environmental or social issues such as toxic emissions, waste management, labour relations and safety issues. To be included in the 67% of assets promoting environmental and/or social characteristics, a company must rank among the 80% best rated compared to its peers for its environmental or social score and apply good governance practises.

In order to promote certain standards and values, the Investment Manager relies on data to measure a company's participation in activities potentially contrary to the Subfund's exclusion policy, such as companies manufacturing controversial weapons. The data may be obtained from the companies benefiting from the investments themselves and/or provided by third-party service providers (including indirect data). Data provided by companies themselves or by third-party providers may be based on data sets and assumptions that may be inadequate, of poor quality or contain biased information. While third-party data providers are subject to rigorous vendor selection criteria that may include analysis of data sources, coverage, timeliness, reliability and overall quality of information, the Investment Manager cannot guarantee the accuracy or completeness of this data.

The filtering carried out on this data results in the outright exclusion of certain potential investments and the partial exclusion of others, based on maximum thresholds as a percentage of turnover, production or distribution. A subset of "adverse sustainability indicators", as defined in the Regulatory Technical Standards of the EU SFDR, is also integrated into the screening process. Relevant indicators are used to identify and exclude issuers that do not meet these standards and values.

***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 sustainable investment objectives that the Subfund intends to partially achieve may include one or more of the following objectives: Environmental objectives: (i) climate risk mitigation, (ii) transition to a circular economy; social objectives: (i) inclusive and sustainable communities – increased representation of women on leadership teams, (ii) inclusive and sustainable communities – increased representation of women on boards of directors and (iii) establishment of a decent work environment and culture.

The contribution to these objectives shall be determined either by (i) indicators of sustainability of products and services, such as the percentage of turnover from the supply of products and/or services that contribute to the relevant sustainability objective, for example the production by the company of solar panels or clean energy technologies that meet the specific thresholds set by the Investment Manager for contribution to climate risk mitigation. The current percentage of income is set at a minimum of 20% and the entire stake in the company/issuer is considered a sustainable investment; or (ii) being the operational leader of a group of peers contributing to the objective in question. The leader of a peer group is that which achieved a score ranking them in the top quintile compared to their peers in terms of certain indicators of operational sustainability. For example, achieving a score in the top quintile compared to peers on the overall waste impact criterion 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 Subfund partially intends to make are subject to a screening process aimed at identifying and excluding from the investment universe the companies whose activities are, in the view of the Investment Manager, the most harmful in relation to certain environmental considerations, based on a threshold determined by the Investment Manager. These considerations include climate change, the protection of aquatic and marine resources, the transition to a circular economy, pollution and the protection of biodiversity and ecosystems. The Investment Manager also applies screening to identify and exclude companies that, in their view, violate the OECD Guidelines for Multinational Enterprises and the

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

United Nations Guidelines on Business and Human Rights, on the basis of data provided by third-party service providers.

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

The indicators concerning adverse impacts on sustainability factors in Table 1 of Annex 1 and certain indicators, as determined by the Investment Manager, Tables 2 and 3 of Annex 1 of the Regulatory Technical Standards of the EU SFDR have been taken into account as described below. The Investment Manager shall use the indicators contained in the Regulatory Technical Standards of the EU SFDR or, where this is not possible due to data limitations or other technical problems, a representative substitute indicator. The Investment Manager consolidates several indicators into a single “master” indicator, as described in more detail below and can use a broader set of indicators than the one mentioned below.

Relevant indicators in Table 1 of Annex 1 of the Regulatory Technical Standards of the EU SFDR include 9 environmental indicators and 5 indicators linked to social and employee matters. Environmental indicators are numbered 1 to 9 and relate to greenhouse gas emissions (1 to 3), exposure to fossil fuels, share of non-renewable energy consumption and production, energy consumption intensity, activities negatively affecting biodiversity-sensitive areas, emissions to water and hazardous waste (4 to 9 respectively).

Indicators 10 to 14 relate to corporate social and employee matters and cover violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the lack of compliance processes and mechanisms to monitor compliance with the UN Global Compact principles, the uncorrected gender pay gap, board gender diversity and exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons), respectively.

The Investment Manager’s approach includes quantitative and qualitative aspects in the consideration of indicators. It is based on specific indicators for filtering in order to exclude companies likely to cause material harm. It uses a subset for engagement purposes to influence best practises and uses some of them as indicators of positive sustainability performance, applying a minimum threshold to the indicator for inclusion as a sustainable investment.

The data necessary to take the indicators into account may, where appropriate, be obtained from the investee companies themselves and/or provided by third-party service providers (including indirect data). Data provided by companies themselves or by third-party providers may be based on data sets and assumptions that may be inadequate, of poor quality or contain biased information. The Investment Manager cannot guarantee the accuracy or completeness of this data.

#### **Filtering**

Some of the indicators are taken into account through value-based or standard-based filtering to enforce exclusions. These exclusions take into account indicators 10 and 14 relating to the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises and controversial weapons.

The Investment Manager also applies a filter designed specifically for this purpose. Due to certain technical considerations, such as the coverage of data for certain indicators, the Investment Manager applies either the specific indicator in Table 1 or a representative substitution indicator, as determined by the Investment Manager, in order to filter the companies benefiting from the investments according to environmental issues or relevant social and employee matters. For example, greenhouse gas emissions are associated with several indicators and corresponding measures in Table 1, such as greenhouse gas emissions, carbon footprint and greenhouse gas intensity (indicators 1 to 3). The Investment Manager currently uses greenhouse gas intensity data (indicator 3), non-renewable energy consumption and production data (indicator 5) and energy consumption intensity data (indicator 6) to filter for greenhouse gas emissions.

With regard to specifically designed filtering, and that for activities negatively affecting biodiversity-sensitive areas and emissions to water (indicators 7 and 8), taking into account the data-related limitations, the Investment Manager uses a proxy indicator representative of a third party rather than the specific indicators in Table 1. The Investment Manager also takes into account indicator 9 relating to hazardous waste as part of the specifically designed filter.

## Commitment

In addition to the exclusion of certain companies as described above, the Investment Manager engages, on an ongoing basis, with certain investee companies. Subject to certain technical considerations such as data coverage, a subset of indicators will serve as the basis for engagement with certain investee companies, in line with the Investment Manager's approach to management and engagement. The indicators currently in use

under this commitment are indicators 3, 5 and 13 relating to greenhouse gas intensity, non-renewable energy share and board gender diversity listed in Table 1. Indicators 2 in Table 2 and 3 in Table 3 relating to emissions of air pollutants and number of days lost to injuries, accidents, fatalities or illness are also used.

## Sustainability indicators

The Investment Manager uses indicators 3 and 13 relating to GHG intensity and board gender diversity as sustainability indicators to qualify an investment as a sustainable investment. One method requires that a company be considered an operational leader of a peer group to qualify as a sustainable investment. To do this, a score in the top quintile compared to peers must be obtained for the indicator.

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

The normative exclusions of the portfolio described above under the heading "What environmental and/or social characteristics are promoted by this financial product?" are intended to align with these guidelines and principles. Third-party data is used to identify offenders and prohibit investments in these companies.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

Yes,

The Subfund takes into account certain principal adverse impacts on sustainability factors by applying filtering according to values and standards to implement these exclusions. Indicators 10 and 14 of the Regulatory Technical Standards of the EU SFDR relating to violations of the United Nations Global Compact and controversial weapons are used for the purpose of this filtering.

The Subfund also uses certain indicators in the context of filtering based on the application of the do no significant harm principle, described in detail in the answer to the previous question, to demonstrate that an investment can be considered a sustainable investment.

More information will be included in the Subfund's next annual reports and in the "approach to sustainability preferences in accordance with MiFID" section on [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu).

No



## What investment strategy does this financial product follow?

The Subfund's strategy in terms of its overall investment approach and ESG approach can be summarised as follows:

### Investment approach

- Applies a fundamental bottom-up stock selection process.
- Uses an approach based on strong convictions to identify the best investment ideas.
- Seeks to identify quality companies with superior and sustainable growth potential.
- Takes ESG criteria into account to identify companies with robust or improving sustainability characteristics.

### ESG approach: Best-in-Class

- Excludes certain sectors, companies or practises, taking account of criteria based on specific values or standards.
- At least 67% of assets must be invested in companies with positive or improving environmental and/or social characteristics.
- At least 40% of assets must be invested in sustainable investments.
- All companies apply good governance practises.

### ***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 as follows:

- The obligation to invest at least 67% of assets in companies with positive E/S characteristics or with improved E/S characteristics.
- The implementation of values-based and standards-based filtering to completely exclude issuers involved in certain activities such as the manufacture of controversial weapons, while maximum thresholds regarding percentage of turnover, production or distribution are applied to other issuers such as those engaged in activities related to thermal coal and tobacco. Please refer to the Subfund exclusion policy on [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu) for more information; you can search for your Subfund and access the ESG information section.
- All companies in the portfolio must apply good governance practises.

The Subfund also undertakes to invest at least 40% of its assets in sustainable investments.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

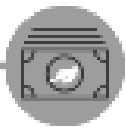
The Subfund excludes from its investment universe securities in the last 20% based on its ESG criteria.

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

All investments (excluding cash and derivatives) are filtered to exclude those that are notorious in contravention of good governance practises. In addition, other considerations are relevant for investments included in the 67% of assets that promote environmental and/or social characteristics or are eligible as sustainable investments. For these investments, the Subfund compares against peer groups and eliminates companies that are not among the top 80% compared to their peers in terms of good governance indicators.

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

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



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

The Subfund plans to allocate at least 67% of its assets to companies with positive environmental and/or social characteristics and a minimum of 40% to sustainable investments. The Subfund does not undertake to invest a proportion of its assets specifically in companies with positive environmental characteristics or positive social characteristics or both, or to achieve one or more specific environmental or social objectives with regard to sustainable investments. There are therefore no minimum allocations specific to environmental or social objectives, as indicated in the diagram below.

Ancillary liquidity, deposits with credit institutions, money market instruments/money market funds (for the management of cash subscriptions and redemptions, as well as for current and exceptional payments) and derivatives held for the purposes of efficient portfolio management are not included in the percentage of assets shown in the table below. These positions fluctuate with investment flows and have an ancillary role in the investment policy, with little or no impact on investment transactions.

### Asset allocation

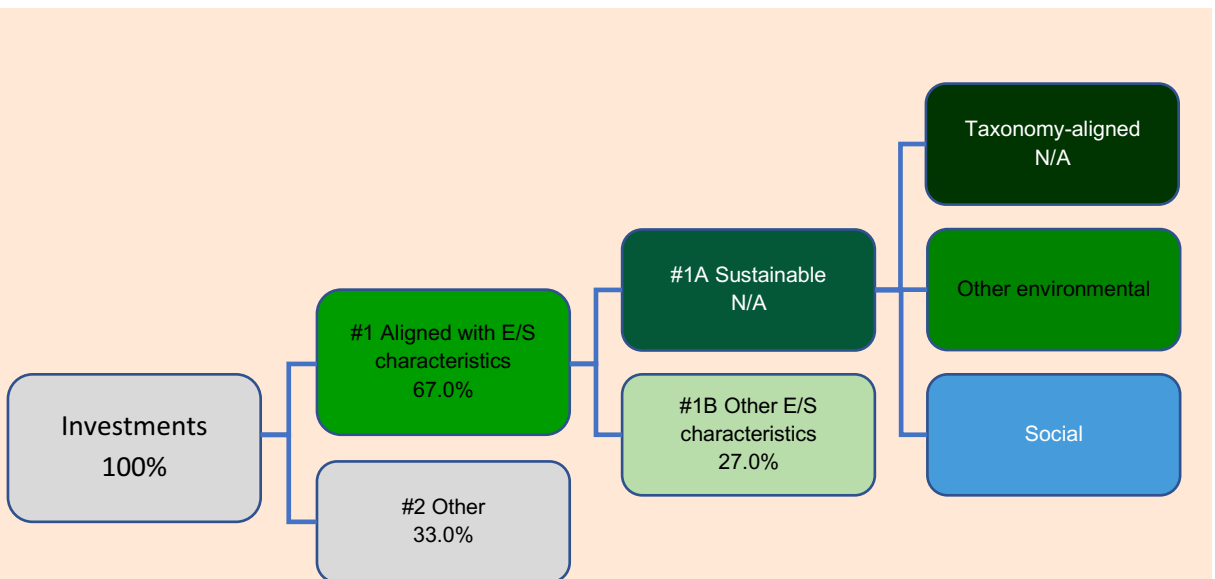
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

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

Derivatives are not used to attain the environmental or social characteristics promoted by the Subfund.



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

The Subfund invests at least 40% of its assets in sustainable investments, however, 0% of the assets are allocated to sustainable investments with an environmental objective aligned with the EU Taxonomy

### ***Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?***

Yes

In fossil gas

In nuclear energy

No

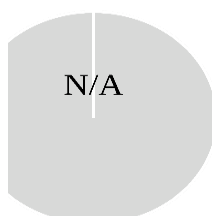
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial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

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

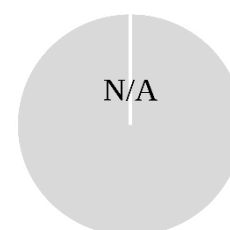
#### 1. Taxonomy-alignment of investments including sovereign bonds\*

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no fossil gas & nuclear)
- Non Taxonomy-aligned



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

- Taxonomy-aligned: Fossil gas
- Taxonomy-aligned: Nuclear
- Taxonomy-aligned: (no fossil gas & nuclear)
- Non Taxonomy-aligned



This graph represents N/A of the total investments.

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

### ***What is the minimum share of investments in transitional and enabling activities?***

The Subfund invests at least 40% of its assets in sustainable investments, however, 0% of the assets are earmarked for sustainable investments with an environmental objective aligned with EU Taxonomy. As a result, 0% of assets are allocated to transitional and enabling activities.



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

The Subfund invests at least 40% of its assets in sustainable investments, however, 0% of the assets are allocated to sustainable investments with an environmental objective aligned with EU Taxonomy



What is the minimum share of socially sustainable investments?

The Subfund invests at least 40% of its assets in sustainable investments that generally have both environmental and social objectives. It does not commit to achieving a specific sustainable investment objective or combination of objectives and therefore there is no minimum percentage of commitment.



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

“Other” investments consist of companies that do not meet the criteria described in the answer to the question above entitled “What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?” to be considered to have positive environmental and/or social characteristics.

These investments are made for diversification purposes.

Ancillary liquidity, deposits with credit institutions, money market instruments/money market funds (for the management of cash subscriptions and redemptions, as well as for current and exceptional payments) and derivatives held for the purposes of efficient portfolio management are not included in the percentage of assets listed in the asset allocation diagram above, including under “Other”.

These positions fluctuate with investment flows and have an ancillary role in the investment policy, with little or no impact on investment transactions.

All investments, including “other” investments, must apply the following minimum guarantees/ESG principles:

- ‡ the minimum guarantees set out in 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).

- ‡ the application of good governance practices (including sound management structures, employee relations, remuneration of staff and tax compliance).

- ‡ compliance with the “do no significant harm” principle as set out in the definition of sustainable investment in the EU SFDR

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



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable



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

More product-specific information can be found on the website [www.jpmorganassetmanagement.lu](http://www.jpmorganassetmanagement.lu) by searching for your subfund