

Sustainable Finance Disclosure Regulations (SFDR), Article 3 Disclosure Document: J.P. Morgan SE

The EU's Sustainable Finance Disclosure Regulation (2019/2088) ("SFDR") requires financial market participants and financial advisers to publish on their websites information about their policies on the integration of sustainability risks into their investment decision-making and investment advice.

"Sustainability risk" is defined in the SFDR as an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Examples of sustainability risks which are potentially likely to cause a material negative impact on the value of an investment, should those risks occur, are as follows:

- environmental sustainability risks may include climate change, carbon emissions, air pollution, rising sea levels or coastal flooding or wildfires;
- social sustainability risks may include human rights violations, human trafficking, child labour or gender discrimination; and
- governance sustainability risks may include a lack of diversity at board or governing body level, infringement or curtailment of rights of shareholders, health and safety concerns for the workforce or poor safeguards on personal data or IT security.

J.P. Morgan SE¹ (acting through its Luxembourg Branch) ("JPMSE") has integrated sustainability risks into its discretionary investment decision-making process.

JPMSE is appointed by its clients to act as an agent for the lending of securities / assets into the market against collateral.

One service offered as part of the agency securities finance product is the reinvestment of cash collateral generated from the lending of securities. JPMSE is considered a "financial market participant" under SFDR specifically in the context of the reinvestment of cash collateral in certain types of investments under its cash collateral management service. Such investments may include shares, debt instruments and units in money market funds.

JPMSE has limited discretion to manage cash collateral on an agency basis within the confines of a pre-agreed set of investment guidelines incorporated into the contractual legal documentation between JPMSE and a client. The goal of this activity is to provide preservation of principal and maintain portfolio liquidity for the client, while maximising income in support of securities financing activities.

For agency securities finance, JPMSE's policies on the integration of sustainability risks into its investment decision-making rely on the JPMC Environmental and Social Policy Framework (see [Link](#)), and this has been incorporated into specific procedures across the business.

Sustainability risk would not in itself prevent JPMSE from making an investment. Instead, sustainability risk forms part of JPMSE's overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to JPMSE's determination of risk.

A link to the relevant disclosure statement for other areas of JPMSE's activities outside of Securities Services can be found here (see [link](#)).

¹ J.P. Morgan SE is the resulting entity from a merger of J.P. Morgan AG, J.P. Morgan Bank Luxembourg S.A. and J.P. Morgan Bank (Ireland) Public Limited Company in January 2022.

