

## Sustainable Finance Disclosure Regulations (SFDR), Article 6 Pre-contractual Disclosure of Sustainability Risk: J.P. Morgan SE

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J.P. Morgan SE<sup>1</sup> (acting through its Luxembourg Branch) (“JPMSE”) has integrated sustainability risks into its discretionary investment decision-making process. For agency securities financing and in particular, the reinvestment of cash collateral as a financial product, JPMSE’s policies on the integration of sustainability risks into its investment decision-making rely on the JPMC Environmental and Social Policy Framework [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. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

“Sustainability risk” is defined in the EU’s Sustainable Finance Disclosure Regulation (2019/2088) 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.

The likely impacts of a sustainability risk may be numerous and can vary depending on the specific risk and asset class. To the extent that a sustainability risk materialises, or materialises in a manner that is not anticipated by JPMSE, there may be a sudden, material negative impact on the value of an investment.