Introducing the J.P. Morgan ESG Global Corporate Index

The JESG GCI is a comprehensive ESG benchmark encompassing global investment grade and high yield corporate debt.
What is the JESG GCI?

We introduce the J.P. Morgan ESG Global Corporate Index (JESG GCI), an integrated environmental, social, and governance corporate benchmark covering Investment Grade and High Yield markets across USD, EUR, and GBP currencies. The newly launched aggregate index and the investment grade variant are the latest expansions to the established J.P. Morgan ESG (JESG) global fixed income index family. The new additions complement the JESG GCI High Yield index launched in 2019 (can be read here), providing a complete ESG corporate benchmark.

- **All-encompassing global corporate baseline index:** The JESG GCI is built atop a non-ESG baseline, an inclusive multi-currency benchmark that tracks global corporate issuances across developed and emerging markets. The baseline GCI includes 19,000+ securities from nearly 2,000 investment grade and 1,700 high yield issuers, with a total notional of US $14.8 trillion, as of December 31st, 2021.

- **Broad ranging coverage due to expansive inclusion criteria:** The index uniquely features the inclusion of floating rate notes, perpetual notes, Tier 2, non-contingent convertible Tier 1 capital, and non-registered securities. The baseline GCI includes corporate debt denominated in USD, EUR, and GBP currencies, which make up 70%, 26%, and 4% of the index, respectively.

- **Ethical screening and green bonds used to tilt index weights:** Corporate issuers with higher ESG scores are over-weighted compared with the baseline index. Green bonds, as designated by the Climate Bonds Initiative (CBI), will receive a one-notch upgrade. While, on the exclusionary side, issuers with any revenue from production of tobacco, thermal coal, oil sands, or military/controversial weapons and lack of adherence to United Nations Global Compact (UNGC) principles are excluded. As of December 31st, 2021, 14% of the baseline GCI is excluded from JESG GCI due to negative screening or low ESG scores.

- **Enhanced bespoke index capability:** JESG GCI offers depth and transparency with over 7,000 sub-indices available, across JESG band, currency, industry, region, credit rating, and maturity. Hedged index levels are calculated in 8 key currencies. In order to facilitate evolving ESG investment mandates, JESG GCI also offers expansive tailored solutions, including fine tuning of discretionary ESG criteria, controversial issuer exclusion, green bond weight adjustment, selective JESG bands inclusion or incorporating other labelled bonds weighting methodology.

- **Fallen angels and rising stars:** To bring a holistic view into ESG corporate investing, the index adopts a unified index criteria and a harmonized industry classification across IG and HY. Bespoke indexation for fallen angels and rising stars are available for mandates seeking custom holding periods during credit transitions.

- Pricing and FX rates for the JESG Global Corporate Index are provided by thirdparty vendors, Pricing Direct and WM/Refinitiv, respectively.

- JESG GCI family of indices offer daily returns and statistics since December 31st, 2012. Index data is accessible on J.P. Morgan Markets (can be read here) and Bloomberg via JGCIAGIN Index <GO> and JIGEAGIN Index <GO>.

### The GCI Index Profile

<table>
<thead>
<tr>
<th></th>
<th>GCI Index</th>
<th>GCI IG Index</th>
<th>GCI HY Index</th>
<th>GCI USD Index</th>
<th>GCI EUR Index</th>
<th>GCI GBP Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Securities (baseline)</td>
<td>19,028</td>
<td>15,113</td>
<td>3,915</td>
<td>13,294</td>
<td>4,706</td>
<td>1,029</td>
</tr>
<tr>
<td>No. of Issuers (baseline)</td>
<td>3,579</td>
<td>1,995</td>
<td>1,694</td>
<td>2,756</td>
<td>1,069</td>
<td>395</td>
</tr>
<tr>
<td>No. of Countries (baseline)</td>
<td>89</td>
<td>60</td>
<td>79</td>
<td>83</td>
<td>44</td>
<td>27</td>
</tr>
<tr>
<td>Avg. Credit Rating (JESG index)</td>
<td>BBB+/Baa1/BBB+</td>
<td>A-/A3/A-</td>
<td>BB-/B1/BB</td>
<td>BBB+/Baa1/BBB+</td>
<td>BBB+/Baa1/BBB+</td>
<td>BBB+/Baa1/BBB+</td>
</tr>
</tbody>
</table>

Source: J.P. Morgan, as of December 31st, 2021
The initial JESG was launched for the leading EM suite of indices, including JESG EMBI, JESG GBI-EM, JESG CEMBI.

February
JESG family expands to cover the global high yield credit markets. JESG GCI HY was launched.

May
JESG GCI IG Sterling was created to expand the credit coverage in IG.

November
JESG GCI IG USD was established shortly after, for DM markets. JESG GENIE index was introduced to track the rapid growing green bond asset class.

November
J.P. Morgan Carbon Analytics demonstrates for the first time our indices exposure to climate change, commencing with carbon footprints of our flagship sovereign debt benchmarks.

October
JESG GCI IG Euro added to the GCI family a few months later.

October
JESG GCI broadens to full credit stack, encompassing IG and HY, across EM and DM Markets and includes US Dollar, Euro and Sterling denominated debts.

On Our Radar
J.P. Morgan Carbon Analytics will expand to also encompass our flagship corporate debt benchmarks.

We are working with leading data suppliers on carbon emission data to achieve decarbonization targets for clients.

Corporate Paris-Aligned and Sovereign decarbonization index methodologies are in our pipeline to better meet our clients sustainable investing ambitions.

On Our Radar
Social, Sustainability, and Sustainability-Linked Bonds are on our radar for assessment, alongside our existing Green Bond analysis.
The first ESG benchmark to cover the global credit markets

J.P. Morgan ESG GCI

$15 Trillion Notional
Tracks debt stocks from 89 countries of DM & EM markets

JESG Framework
Integrates ethical screening, ESG weight tilts, Green Bond overweight, etc.

Over 9yrs ESG History
Provides daily JESG scores of 5,400 global corporate issuers

IG & HY Landscape
Represents debt from 5,400 companies globally

7,000+ Sub-indices
Enhanced granularity & bespoke customization available

USD, EUR & GBP Denominated Debt
Comprises of 37,500 instruments historically

Daily Analytics
Bond & Index
Offers return attribution and to-maturity / worst statistics

CONTACT INFORMATION

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The JESG GCI suite offers 7,000+ discrete sub-indices

JESG GCI Performance

Over time, the J.P. Morgan ESG Global Corporate Index (JESG GCI) delivers comparable absolute and risk-adjusted returns to its baseline index, while equally demonstrating stronger ESG characteristics across IG and HY asset classes.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>JESG GCI</th>
<th>Baseline GCI</th>
<th>Diff GCI</th>
<th>JESG GCI IG</th>
<th>Baseline GCI IG</th>
<th>Diff GCI IG</th>
<th>JESG GCI HY</th>
<th>Baseline GCI HY</th>
<th>Diff GCI HY</th>
</tr>
</thead>
<tbody>
<tr>
<td>TR 2013</td>
<td>2.51%</td>
<td>2.20%</td>
<td>+0.31%</td>
<td>1.50%</td>
<td>1.24%</td>
<td>+0.26%</td>
<td>7.54%</td>
<td>7.18%</td>
<td>+0.35%</td>
</tr>
<tr>
<td>TR 2014</td>
<td>2.81%</td>
<td>3.18%</td>
<td>-0.37%</td>
<td>3.30%</td>
<td>3.70%</td>
<td>-0.40%</td>
<td>0.82%</td>
<td>0.80%</td>
<td>+0.02%</td>
</tr>
<tr>
<td>TR 2015</td>
<td>-3.40%</td>
<td>-3.44%</td>
<td>+0.04%</td>
<td>-3.27%</td>
<td>-3.23%</td>
<td>-0.04%</td>
<td>-4.03%</td>
<td>-4.49%</td>
<td>+0.46%</td>
</tr>
<tr>
<td>TR 2016</td>
<td>5.51%</td>
<td>5.70%</td>
<td>-0.19%</td>
<td>3.43%</td>
<td>3.74%</td>
<td>-0.32%</td>
<td>15.01%</td>
<td>15.26%</td>
<td>-0.25%</td>
</tr>
<tr>
<td>TR 2017</td>
<td>9.48%</td>
<td>9.34%</td>
<td>+0.14%</td>
<td>9.29%</td>
<td>9.14%</td>
<td>+0.15%</td>
<td>10.35%</td>
<td>10.32%</td>
<td>+0.02%</td>
</tr>
<tr>
<td>TR 2018</td>
<td>-3.37%</td>
<td>-3.34%</td>
<td>-0.04%</td>
<td>-3.34%</td>
<td>-3.32%</td>
<td>-0.02%</td>
<td>-3.71%</td>
<td>-3.44%</td>
<td>-0.27%</td>
</tr>
<tr>
<td>TR 2019</td>
<td>11.32%</td>
<td>11.52%</td>
<td>-0.21%</td>
<td>10.95%</td>
<td>11.13%</td>
<td>-0.17%</td>
<td>13.26%</td>
<td>13.59%</td>
<td>-0.33%</td>
</tr>
<tr>
<td>TR 2020</td>
<td>9.85%</td>
<td>9.91%</td>
<td>-0.06%</td>
<td>10.21%</td>
<td>10.28%</td>
<td>-0.07%</td>
<td>7.83%</td>
<td>7.65%</td>
<td>+0.18%</td>
</tr>
<tr>
<td>TR 2021</td>
<td>-2.41%</td>
<td>-2.27%</td>
<td>-0.14%</td>
<td>-3.18%</td>
<td>-2.97%</td>
<td>-0.21%</td>
<td>1.46%</td>
<td>1.25%</td>
<td>+0.21%</td>
</tr>
<tr>
<td>Cumulative Return</td>
<td>35.61%</td>
<td>36.27%</td>
<td>-0.66%</td>
<td>31.19%</td>
<td>32.23%</td>
<td>-1.04%</td>
<td>57.54%</td>
<td>56.85%</td>
<td>+0.69%</td>
</tr>
<tr>
<td>Annualized Return</td>
<td>3.44%</td>
<td>3.50%</td>
<td>-0.06%</td>
<td>3.06%</td>
<td>3.15%</td>
<td>-0.09%</td>
<td>5.18%</td>
<td>5.13%</td>
<td>+0.05%</td>
</tr>
<tr>
<td>Annualized Volatility</td>
<td>4.00%</td>
<td>3.99%</td>
<td>+0.01%</td>
<td>4.27%</td>
<td>4.25%</td>
<td>+0.02%</td>
<td>4.61%</td>
<td>4.61%</td>
<td>+0.00%</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>0.86</td>
<td>0.88</td>
<td>-0.02</td>
<td>0.72</td>
<td>0.74</td>
<td>-0.02</td>
<td>1.12</td>
<td>1.11</td>
<td>+0.01</td>
</tr>
<tr>
<td>YTW</td>
<td>2.50%</td>
<td>2.57%</td>
<td>-0.07%</td>
<td>2.29%</td>
<td>2.37%</td>
<td>-0.08%</td>
<td>4.41%</td>
<td>4.45%</td>
<td>-0.04%</td>
</tr>
<tr>
<td>STW</td>
<td>134</td>
<td>135</td>
<td>-1</td>
<td>110</td>
<td>112</td>
<td>-2</td>
<td>350</td>
<td>349</td>
<td>+1</td>
</tr>
<tr>
<td>Mod Dur. to Worst</td>
<td>6.24</td>
<td>6.43</td>
<td>-0.19</td>
<td>6.79</td>
<td>6.99</td>
<td>-0.2</td>
<td>3.58</td>
<td>3.64</td>
<td>-0.06</td>
</tr>
<tr>
<td>JESG Score</td>
<td>60</td>
<td>54</td>
<td>+6</td>
<td>60</td>
<td>55</td>
<td>+5</td>
<td>59</td>
<td>54</td>
<td>+5</td>
</tr>
</tbody>
</table>

Source: J.P. Morgan, as of December 31st, 2021
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