

NE XUS STRATEGY OF EQUITY INDICES (ESG )

BE NCHM ARK STATEMENT

J. P. MORGAN SECURITIES PLC

## **BENCHMARK STATEMENT**

Name of Benchmark Family: Nexus Strategy of Equity Indices (ESG)

Administrator: J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London, E14 5JP

Prior to 11pm London time on December 31, 2020 (the end of the Brexit Transitional Period), JPMS plc was registered as a benchmark administrator under article 34 of the EU Benchmarks Regulation (EU BMR). After the end of the Brexit Transitional Period, JPMS plc was removed as a licensed benchmark administrator under EU BMR and became a licensed benchmark administrator under article 34 of the UK Benchmarks Regulation (UK BMR). Therefore, this document represents the Benchmark Statements solely in respect of JPMS plc's obligations under the UK BMR.

Categorisation: Non-significant Benchmarks. The Administrator does not treat any of its Benchmarks as regulated data Benchmarks. This Benchmark family pursues environmental, social and governance (**ESG**) objectives as set out in more detail in Annex 1.

Contribution: The Benchmarks are not determined using contributions of input data within the meaning of either the EU Benchmarks Regulation (EU 2016/1011) (the **EU BMR**) or the UK Benchmarks Regulation (the **UK BMR**, and together with the EU BMR, the **Regulations**).

ISIN: Details of the ISINs for indices in this family, where relevant, are available to users on request to the Administrator free of charge at the details specified above.

Date of initial publication of this Benchmark Statement: April 2020.

Date of last update of this Benchmark Statement: March 2022.

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### **1. Status of this document**

This is the Benchmark Statement for the above Benchmark Family, and provides an overview of certain key information relating to the Benchmarks, as required by the Regulations. Detailed rules for each of the Benchmarks are set out in the relevant Benchmark methodologies. The Benchmark methodologies are available to users on request to the Administrator at the details specified above. Information on conflicts of interest and a document containing supplemental disclosure on the Administrator's governance and oversight framework are also available at: <https://www.jpmorgan.com/country/GB/en/cib/markets-investor-services/nexus>

**Nothing contained in this Benchmark Statement should be construed as an offer or solicitation of any transaction.**

This Benchmark Statement will be reviewed and, if necessary, updated at least every two years, but may be updated more frequently in accordance with the requirements of the Regulations.

### **2. Description of the Benchmarks and the market or economic reality that the Benchmarks intend to measure**

Each Benchmark in the Family seeks to provide exposure to its constituents. The

constituents are indices providing exposure to global, European and/or North American equity markets. The weightings and in some cases also the Benchmarks' constituents are adjusted in accordance with the Benchmark methodology. Depending on the Benchmark methodology:

- the new weight for each constituent may be determined based on the performance and realised volatility of a range of eligible portfolios over the relevant volatility observation period;
- on each rebalancing date, constituents may be rebalanced to a weight as specified in the Benchmark methodologies; and/or
- Benchmark constituents may be selected by a strategy allocator specified in the Benchmark methodology from the permitted universe of constituents as set out in the Benchmark methodologies. In this case, the new weight for each constituent will be determined by the strategy allocator in accordance with the requirements in the Benchmark methodologies.

The rationale for adopting the Benchmark methodologies is to create Benchmarks which measure the market or economic reality described above. The Benchmarks in the family may be referenced in, or form the basis of, a range of financial transactions, including index linked products to be issued by one or more J.P. Morgan group entities or by third parties under licence from the J.P. Morgan group, and/or may be used as input data for other indices which in turn form the basis of, or are referenced by, financial instruments.

On each Benchmark calculation day, each Benchmark will be calculated by the Administrator or a calculation entity it appoints based on the relevant input data levels and the Benchmark methodology. Priority is given to published levels of the constituents unless a disruption occurs as described below. As a minimum the Administrator or calculation entity will need a value for the level of each Benchmark constituent and failing this may need to adjust the Benchmark.

### **3. Limitations of the Benchmarks and circumstances in which the measurement of this market or economic reality may become unreliable**

Each Benchmark relies upon the continued availability and quality of data used in and required for the Benchmark calculations, which may, depending on the Benchmark methodology, include the index values, foreign exchange rates and/or option prices for each of the constituents, and permission for the Administrator and/or calculation entity (or, where relevant, any of their respective affiliates) to use such data for the purposes of the Benchmark. There may be circumstances, including in the event of market disruption or in illiquid markets, where input data is unavailable and/or where the unavailability of some input data means that a Benchmark is no longer representative of the market or economic reality that it is intended to measure. There may also be circumstances or events that are not catered for in the Benchmark methodology.

To the extent that any relevant input data is temporarily or permanently unavailable (whether generally or for the purposes of its use in determining the Benchmark), and/or where the Benchmark methodology does not otherwise adequately address a circumstance or event, depending on the relevant circumstances and the Benchmark methodology, the Benchmark methodology may allow the Administrator or calculation entity to:

- use a good faith estimate in place of such input data;
- make certain adjustments to the terms of a Benchmark;
- cease to determine a Benchmark; and/or
- calculate a Benchmark on an alternative basis. An alternative basis for estimates or adjustments may include the use of models or methods of extrapolation for the purposes of determining the relevant input data.

Without limitation such events or circumstances may lead to a possible lack of diversity or depth of input data and hence a concentration of input data used to determine the Benchmark. If, following exercise of the Administrator or calculation entity's adjustment powers, one of the constituents ceases to be a "constituent" of a Benchmark, that Benchmark will no longer reflect the performance of that constituent. The Administrator may but does not have to at any time and for any reason appoint a calculation entity or an alternative entity as the replacement calculation entity which may be a non-related third party or an affiliate or subsidiary of the Administrator.

#### **4. Use of discretion in determination of the Benchmarks**

The Benchmarks are calculated in accordance with a rules based methodology, and generally neither the Administrator nor any calculation entity has discretion in relation to the determination of the Benchmarks, except in exceptional circumstances as described in section 3 above.

In accordance with the Administrator's processes, the methodology for each Benchmark specifies the circumstances in which the Administrator or any calculation entity, may exercise discretion in respect of the determination of a Benchmark. Such circumstances may include certain events affecting (i) the data required to calculate the Benchmarks or (ii) the ability of a relevant party to use any data required to calculate the Benchmarks (or underlying input data). Depending on the nature of the relevant event and the Benchmark methodology, such discretion may include the power to:

- delay or estimate the valuation of an affected constituent;
- adjust the Benchmark methodology;
- exclude or replace a constituent or other reference data; and/or
- cease calculation and publication of a Benchmark.

In order to ensure consistency the Administrator or any calculation entity are required to exercise all discretions or judgement in respect of a Benchmark in accordance with the relevant Benchmark methodology and in a commercially reasonable manner and in good faith. Such discretions may only be exercised by staff of the Administrator or calculation entity that is duly authorised and appropriately trained. The Administrator's Nexus Platform Global Governance Forum (the **Forum**) oversees the creation and operation of each Benchmark. Details of any exercise of discretion or judgement in respect of a Benchmark are reported to the Forum for subsequent evaluation by the Forum.

#### **5. Procedures for determination of the Benchmarks in periods of stress or where transaction data sources may be insufficient, inaccurate or unreliable**

In the event of a disruption in the availability of the required input data relating to any Benchmark, depending on the Benchmark methodology the Administrator or calculation entity may:

- have the power to delay determining the level of such input data until such disruption ceases; and/or
- calculate the Benchmark using the alternative calculation method specified in the Benchmark methodology,

or, for events and circumstances that are not covered by the Benchmark methodology, the Administrator or calculation entity may exercise discretion as described above. Any such event or circumstance may mean there is a delay or temporary or permanent

unavailability of a Benchmark and this may adversely affect any financial transaction that uses the relevant Benchmark.

## **6. Procedures for the approval and review of the Benchmark methodologies**

The Administrator has implemented processes for the approval of new Benchmarks. The Benchmark methodologies have been reviewed and approved in accordance with the internal processes in application at the time of creation of the relevant Benchmark.

The processes require that each Benchmark is transparent with respect to its operation. The design of each Benchmark is intended to support an accurate and reliable representation of the underlying strategy related to the objective of the Benchmark and to mitigate factors that might result in a distortion of a price, rate, index or value of the Benchmark or one of its constituents. In light of the underlying strategy related to the objective of the Benchmark, the Benchmark design should be intended to reflect the economic reality of the markets for the underlying constituents of the Benchmark. In accordance with the Administrator's internal processes, the data used for each Benchmark is expected to be sufficient to accurately and reliably represent each constituent included in the Benchmark.

## **7. Changes to, and cessation of, the Benchmarks**

Factors, including external factors beyond the control of the Administrator, may necessitate changes to, or the cessation of, the Benchmarks. Users of the Benchmarks should note that any such changes to the Benchmarks, or the cessation of the Benchmarks, may have an impact on any financial instruments or financial contracts that reference the Benchmarks and any investment funds in respect of which the performance is measured by reference to the Benchmarks.

## **8. Procedures for dealing with errors in input data or in the determination of the Benchmarks**

The Administrator has implemented processes to deal with any errors in input data or in the determination of the Benchmark, including when a re-determination of the Benchmark is required. Following identification of any error, the Administrator prepares management information on the errors and such information is presented to the Forum to agree on any appropriate action to be taken.

## ANNEX 1

### EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE BENCHMARK STATEMENT

<b>SECTION 1 – CONSIDERATION OF ESG FACTORS</b>	
<b>Item 1.</b> Name of the benchmark administrator.	J.P. Morgan Securities plc
<b>Item 2.</b> Type of benchmark or family of benchmarks.  <i>Choose the relevant underlying asset from the list provided in “Annex II” of the applicable legislation under EU BMR or UK BMR.</i>	Nexus Strategy of Equity and Fixed Income Indices  For the purposes of Annex II, the relevant underlying assets are: Equity and Fixed Income.  Note: The benchmark tracks both Equity and Fixed Income underlyers. However, as of the strategy live date, only the equity underlyers within the strategy have been identified as pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that do not qualify as sustainable.
<b>Item 3.</b> Name of the benchmark or family of benchmarks.	Global Cross-Asset (EUR) Sustainability Strategy
<b>Item 4.</b> Are there in the portfolio of the benchmark administrator any (as defined in the applicable Regulations) EU Climate Transition Benchmarks, UK Climate Transition Benchmarks, EU Paris-aligned Benchmarks, UK Paris-aligned Benchmarks or benchmarks that pursue ESG objectives or benchmarks that take into account ESG factors?	Yes
<b>Item 5.</b> Does the benchmark or family of benchmarks pursue ESG objectives?	Yes
<b>Item 6.</b> Where the response to Item 5 is positive, provide below the details (score) in relation to the ESG factors listed in Annex II for each family of benchmarks at aggregated level.  The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.	
a) List of combined ESG factors:	The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure

	<p>statements of the rules and methodology of the Non-Proprietary Indices in ensuring that the sustainability objectives of the strategy are met. Please refer to the hyperlinks provided below for information on ESG factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</p> <p>Note: The benchmark tracks both Equity and Fixed Income underlyers. However, as of the strategy live date, only the equity underlyers within the strategy have been identified as pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that do not qualify as sustainable.</p>
<p>b) List of environmental factors:</p>	<p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to environmental factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the strategy are met. <b>Please refer to the hyperlinks provided below for information on environmental factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b></p> <p>Note: The benchmark tracks both Equity and Fixed Income underliers. However, as of the strategy live date, only the equity underliers within the strategy have been identified as pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that do not qualify as sustainable.</p>
<p>c) List of social factors:</p>	<p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to social factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the strategy are met. <b>Please refer to the hyperlinks provided below for information on social factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b></p> <p>Note: The benchmark tracks both Equity and Fixed Income underliers. However, as of the strategy live date, only the equity underliers within the strategy have been identified as pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that</p>



	do not qualify as sustainable.
d) List of governance factors:	<p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to governance factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the strategy are met. <b>Please refer to the hyperlinks provided below for information on governance factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b></p> <p>Note: The benchmark tracks both Equity and Fixed Income underliers. However, as of the strategy live date, only the equity underliers within the strategy have been identified as pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that do not qualify as sustainable.</p>
<p><b>Item 7.</b> Where the response to Item 5 is positive, provide below the details (score) for each benchmark, in relation to the ESG factors listed in Annex II, depending on the relevant underlying asset concerned.</p> <p>Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in the benchmark statement. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years.</p> <p>The score of the ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p>	
a) List of combined ESG factors:	<p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices in ensuring that the sustainability objectives of the strategy are met. Please refer to the hyperlinks provided below for information on ESG factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</p> <p>Note: The benchmark tracks both Equity and Fixed Income underliers. However, as of the strategy live date, only the equity underliers within the strategy have been identified as</p>

	<p>pursuing sustainable objectives. Accordingly, it is important to note that the benchmark also tracks certain constituents that do not qualify as sustainable.</p>
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<p>b) List of environmental factors:</p>	<p>In relation to Equity underlying assets only:</p> <p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to environmental factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the strategy are met. <b>Please refer to the hyperlinks provided below for information on environmental factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b></p>
<p>c) List of social factors:</p>	<p>In relation to Equity underlying assets only:</p> <p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to social factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the strategy are met. <b>Please refer to the hyperlinks provided below for information on social factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b></p>
<p>d) List of governance factors:</p>	<p>In relation to Equity underlying assets only:</p> <p>The strategy methodology relies on input data from a range of third party indices that track economic activity that contributes to a sustainable objective as further outlined below. The strategy methodology relies on the mandatory disclosure statements of the rules and methodology of the Non-Proprietary Indices <b>in relation to governance factors taken into account in the methodology of such Non-Proprietary Indices</b> in ensuring that the sustainability objectives of the</p>

	strategy are met. <b>Please refer to the hyperlinks provided below for information on governance factors taken into account in the Non-Proprietary Indices which may be selected as constituents of this benchmark.</b>
Hyperlink to the information on ESG factors for each benchmark:	<a href="https://www.msci.com/index-profile">https://www.msci.com/index-profile</a> <a href="https://www.msci.com/msci-esg-leaders-indexes">https://www.msci.com/msci-esg-leaders-indexes</a> <a href="https://www.msci.com/msci-sri-indexes">https://www.msci.com/msci-sri-indexes</a>  <a href="https://www.spglobal.com/spdji/en/governance/regulatory-information/">https://www.spglobal.com/spdji/en/governance/regulatory-information/</a> <a href="https://www.spglobal.com/spdji/en/indices/equity/sp-500-esg-index/#overview">https://www.spglobal.com/spdji/en/indices/equity/sp-500-esg-index/#overview</a>
<b>Item 8. Data and standards used</b>	
<p>a) Description of data sources used to provide information on the ESG factors in the benchmark statement.</p> <p><i>Describe how the data used to provide information on the ESG factors in the benchmark statement are sourced and whether, and to what extent, data are estimated or reported.</i></p>	<p>All ESG-related data inputs, which are the Closing Levels of each Constituent, are sourced externally from levels published by Bloomberg, subject to fallbacks set out elsewhere in the Strategy Rules.</p> <p>The Strategy Sponsor has in place internal processes to satisfy the monitoring, validating and verification input data requirements of the EU Benchmarks Regulation. The index methodology relies on disclosures from third party data providers in ensuring that the sustainability objectives of the strategy are met, as outlined above.</p> <p>Where a strategy is identified as inclusive of constituents which</p>
	<p>track ESG objectives, the Strategy Sponsor is, wholly or in part, reliant on public sources of information, (including such information produced by the Constituent itself). Further, the ability of the Strategy Sponsor to verify such objectives may be limited by the integrity of the data available in respect of the underlying Constituents. Therefore, the disclosures contained in this Appendix are made on a reasonable efforts basis and are subject to change.</p>
<p>b) Reference standards.</p> <p><i>List the supporting standards used for the reporting under item 6 and/or item 7.</i></p>	<p>EU BMR and UK BMR</p>

**SECTION 2 – ADDITIONAL DISCLOSURE REQUIREMENTS FOR EU CLIMATE TRANSITION BENCHMARKS, UK CLIMATE TRANSITION BENCHMARKS, EU PARIS-ALIGNED BENCHMARKS AND UK PARIS-ALIGNED BENCHMARKS**

**Item 9.** Where a benchmark is labelled as ‘EU Climate Transition Benchmark’, ‘UK Climate Transition Benchmark’, ‘EU Paris-aligned Benchmark’ or ‘UK Paris-aligned Benchmark’, benchmark administrators shall also disclose the following information:

a) forward-looking year-on-year decarbonisation trajectory;	In this Benchmark Family there are no EU Climate Transition Benchmarks, UK Climate Transition Benchmarks, EU Paris-aligned Benchmarks or UK Paris-aligned Benchmarks.
b) degree to which the IPCC decarbonisation trajectory (1,5°C with no or limited overshoot) has been achieved on average per year since creation;	In this Benchmark Family there are no EU Climate Transition Benchmarks, UK Climate Transition Benchmarks, EU Paris-aligned Benchmarks or UK Paris-aligned Benchmarks.
c) overlap between those benchmarks and their investable universe, as defined in the relevant delegated legislation under EU BMR or UK BMR, using the active share at asset level.	In this Benchmark Family there are no EU Climate Transition Benchmarks, UK Climate Transition Benchmarks, EU Paris-aligned Benchmarks or UK Paris-aligned Benchmarks.

**SECTION 3 – DISCLOSURE OF THE ALIGNMENT WITH THE OBJECTIVES OF THE PARIS AGREEMENT**

**Item 10.** By the date of application of the relevant delegated legislation under EU BMR or UK BMR, for significant equity and bond benchmarks, EU Climate Transition Benchmarks, UK Climate Transition Benchmarks, EU Paris-aligned Benchmarks and UK Paris-aligned Benchmarks, benchmark administrators shall also disclose the following information.

By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, disclose the following information:

a) Does the benchmark align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement;	No and not applicable.
b) the temperature scenario, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement;	No and not applicable.
c) the name of the provider of the temperature scenario used for the alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;	No and not applicable.
d) the methodology used for the measurement of the alignment with the temperature scenario;	No and not applicable.
e) the hyperlink to the website of the temperature scenario used.	No and not applicable.
<b>Date on which information in this Annex has last been updated and reason for the update:</b>	March 2022 updated from December 2020 to update information regarding disclosures.