

## Key ESG Takeaways

J.P. Morgan Asset Management (JPAM) oversees more than USD 2.65 trillion in client assets under management globally (December 31, 2021). JPAM’s engagement with companies is based on in-depth investment research, alongside an assessment of macroeconomic drivers, sectoral factors, and ESG themes.

### 2021 Engagement Highlights and Approach

In 2021, JPAM engaged with **1393** companies in 25 different sectors, including **capital goods, materials, retailing, and energy**, on ESG topics. These engagements were broad-based and included discussions on material ESG issues and best practices. Engagements by category and material ESG topics are detailed below.



JPAM identified **Five Stewardship Priorities** that pose significant long-term risks and opportunities to investments. These priority topics are: **governance, strategy alignment with the long term, human capital management, stakeholder engagement, and climate risk.**

Within these priority areas, JPAM identified a series of sub-themes that may be addressed within a shorter timeframe. A combination of long-term priority topics and evolving sub-themes is used to provide a structured and targeted guidance framework for engagements with portfolio companies around the world.

A breakdown of the number of engagements based on this combination of topics is detailed on the right.

Topics and number of engagements

Governance	642
Executive pay	214
Business conduct	322
Human capital	947
Social stakeholder management	473
Natural resources and ecosystems	303
Climate change	837

### Enhanced Engagement Program

To drive meaningful change at portfolio companies that merit focused time and attention, JPAM started an **Enhanced Engagement Program**. This program is dedicated to a narrower group of companies identified by internal research. The three key pillars of this program are:

- **Focus list** – A list of portfolio companies identified as having one or more area(s) of financially material ESG issues. JPAM takes into consideration the company’s potential, response, and engagement track record before establishing clear, up-front engagement objectives. Of all ESG engagements in 2021, 114 portfolio companies were on the Focus List.
- **Thematic projects** – JPAM runs engagement initiatives on specific themes aligned with the Five Stewardship Priorities, targeting portfolio companies on the same set of issues with the intention of engaging 30-40 companies through the lifetime of the project. For example, in 2021, JPAM started two net-zero emissions-focused projects.
- **Reactive engagements** – While JPAM strives to proactively engage with portfolio companies, reactive engagements may arise as a result of controversies, breaches of norms such as UN Global Compact, and matters arising from the proxy voting process that require reactive engagement.

### Priorities for 2022

In 2022, JPAM will focus on how companies address themes including employee safety, human capital management, climate change risks and opportunities, executive pay, data privacy, cybersecurity, and effective board oversight.

### What ZMH Can Do for You

*Our Proprietary ESG Engagement Dashboard™ allows you to leverage technology and data to optimize your shareholder interactions.*

Know what could be asked during an engagement	Stay up to date on investor’s ESG priorities	Access to 1000+ case studies & detailed analysis
Understand how investors will vote on your ballot	Gain access to 7M NPX voting records & governance policies	Contact information & key players at each firm

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