J.P. Morgan Securities (Asia Pacific) Limited, JPMorgan Chase Bank, N.A., Hong Kong Branch - Climate Disclosure under HKMA Supervisory Policy Manual GS-1

JPMorgan Chase & Co. ("the Firm" or "JPMorganChase") believes working to promote a sustainable and low-carbon future is good for business, clients and communities. The Firm aims to use its capital, data and expertise to support clients with financing solutions to scale and grow their businesses, as well as to navigate the challenges of the transition to a low-carbon economy. The Firm's goal is to help its clients capitalize on opportunities and, where appropriate, facilitate their decarbonization objectives and advise them as they evolve their business models toward a low-carbon future. The Firm also recognizes that supporting the transition to a low-carbon economy requires balancing environmental needs; societal advancement; economic stability; and energy access, reliability, security and affordability. The JPMorganChase 2024 Climate Report ("the Climate Report") outlines the measures the Firm is taking to respond to climate risks and opportunities across its business. The Climate Report is informed by the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The TCFD data table identifies where to find information related to recommended disclosures from TCFD. J.P. Morgan Securities (Asia Pacific) Limited ("JPMSAPL") and JPMorgan Chase Bank, N.A., Hong Kong Branch's ("JPMCB HK Branch") activities are broadly expected to contribute to and align with the Firm's overall approach as described in the Climate Report. The sections below describe the governance, strategy, risk management, and operational impacts that are specifically applicable to JPMSAPL and JPMCB HK Branch and their activities in Hong Kong.

Governance

The board of directors of JPMSAPL and the branch committee of JPMCB HK Branch (collectively, the "Boards") are responsible for oversight of the business affairs of the respective entities. Oversight of climate and sustainability-related matters is an important part of the Boards' work. On a regular basis, the Boards are provided updates on climate and sustainability-related matters. The Hong Kong Location Operating Committee ("HK LOC") and the Hong Kong Risk Asset and Liability Committee ("HK RALCO") are accountable to the Boards. The HK LOC is accountable for executing the Firm's location strategy with a focus on performance and stability of the operating platform and providing oversight of the progress on strategic alignment with business strategy. The HK RALCO provides oversight of risks inherent in JPMSAPL and JPMCB HK Branch's business. Climate-related updates are integrated into the frameworks of the HK LOC and HK RALCO.

Executing the Strategy in Hong Kong Supporting Our Clients

The Firm's strategy can be found in the "Strategy" section of the Climate Report. Where relevant, Hong Kong specific aspects are described further below.

Corporate and Investment Bank (Investment Banking, Payments, Global Research)

JPMorganChase continues to broaden its efforts to support the climate- and sustainability-related banking needs of clients, from early stage and small companies through to multinationals and other large corporations. The Firm deploys its capital and expertise to assist clients working to transition their business model and operations to reduce emissions. As JPMorganChase, JPMSAPL and JPMCB HK Branch expand their capabilities across the lines of business, they aim to provide clients with increasingly diverse and innovative solutions while helping to grow the market for green and sustainable financing.

The Hong Kong-based Corporate Advisory team, including Asia Pacific ("APAC") regional representatives of the Center for Carbon Transition ("CCT") and Sustainable Solutions, comprises ESG subject matter experts who provide sustainability-related advice and transaction support to advance sustainability solutions for its clients and enable access to ESG and sustainability-focused capital across equity, debt and private markets. The team advises clients across the major industry verticals on improving their sustainability credentials, optimizing value, mitigating risk and addressing stakeholders' concerns through effective ESG integration, disclosure and engagement. JPMSAPL and JPMCB HK Branch support APAC clients across many sectors and products as they develop or strengthen their sustainability strategy, set ESG targets, and report in line with investors' expectations, regulatory requirements and industry practices. In line with the Firm's net zero-aligned targets for key sectors of our portfolio, the team engages

with JPMSAPL and JPMCB HK Branch clients who operate in the Oil & Gas, Electric Power, Auto Manufacturing, Iron & Steel, Cement, Aviation, Shipping, and Aluminum sectors with the goal of accelerating the low-carbon transition and encouraging near-term actions that will set a path for net zero emissions by 2050.

The Payments business in Hong Kong currently offers ESG-linked Supply Chain Financing and ESG-linked Core Trade solutions and is in the process of evaluating and expanding its ESG-linked offerings to additional Trade & Working Capital products.

The APAC ESG Research team, managed out of Hong Kong and part of the Firm's Global Corporate and Investment Bank ("CIB"), provides insight on key ESG market trends and developments to institutional investors. The team is part of the wider Global ESG Research team within CIB, which combines both a quantitative approach and in-depth ESG knowledge with industry context and expertise from within the Global Research franchise across asset classes.

Private Bank

The International Private Bank¹ ("IPB")'s climate strategy continues to be structured around the following core components across the business:

- Understanding its business environment Assessing the impact of climate-related risks and opportunities
 on its business and the business environment in which it operates, and training senior management
 around these risks.
- Educating and advising clients Educating clients about climate-related risks and opportunities in their portfolios and offering strategies to meet their climate-related investment needs.
- Offering investment strategies Offering ESG, sustainable and climate-related third-party investment strategies and Wealth Management-managed portfolios (i.e. portfolio of funds managed on a discretionary basis).
- Developing portfolio climate analytics and reporting capabilities Improving its understanding of climaterelated risks in its investment portfolios.

For additional details, please visit the "Strategy" section of the <u>International Private Bank Climate Report</u> ("IPB Climate Report").

Risk Management

JPMSAPL and JPMCB HK Branch's approach to climate risk management is informed by the firmwide climate risk framework. The firmwide climate risk framework outlines the capabilities JPMorganChase employs to identify, assess, manage and quantify the potential impacts of physical and transition risk, which the Firm views as drivers of each of its four risk types (credit and investment, market, operational and strategic). This framework is comprised of the following components: Risk Governance, Scenario Analysis, Risk Identification, Risk Measurement, Data Management and Reporting & Disclosures. In the following pages, we have sections discussing the scenario analysis component of our climate risk framework. Other capabilities are described in the "Risk Management" section of the Climate Report.

Scenario Analysis

To assess the range of potential climate-driven paths and outcomes, JPMSAPL and JPMCB HK Branch apply an array of scenarios to their internal risk processes, as appropriate. JPMSAPL and JPMCB HK Branch use internationally recognized scenarios from the Network for Greening the Financial System ("NGFS") and the Intergovernmental Panel on Climate Change ("IPCC") to inform their measurement of the potential financial and economic impacts to the legal entities from climate risks.

¹ The International Private Bank ("IPB") is part of J.P. Morgan Global Private Bank ("GPB") operating within the Asset and Wealth Management ("AWM") business of JPMorgan Chase & Co. The Private Bank business in Hong Kong forms part of the IPB. Its clients are primarily ultra-high net worth individuals, charities, endowments, and foundations. Additionally, its Credit business primarily caters to individuals and to a lesser extent includes operating companies. The IPB maintains a strategic focus on diversification in order to provide its clients with holistic advice and solutions on wealth management.

Physical risk Scenario Analysis

JPMSAPL and JPMCB HK Branch use physical risk scenario inputs derived from the IPCC to evaluate the potential impacts of more frequent and severe weather events on their business operations, credit exposures, and collateral locations. The legal entities use both a "baseline" physical risk scenario and a "stress" physical risk scenario to understand possible outcomes.

- Baseline Scenario: The IPCC Representative Concentration Pathway ("RCP") 4.5 scenario represents a
 middle-of-the-road scenario where societal, economic and technological trends do not shift markedly
 from historical patterns: global and national institutions make slow progress toward sustainable
 development goals and the intensity of resource and energy use declines. The scenario assumes that
 global mean temperature reaches 2.7°C warming above pre-industrial levels by 2100.
- Stress Scenario: The IPCC RCP 8.5 scenario represents the highest emissions IPCC scenario. The scenario assumes that global mean temperature reaches 4.4°C warming above pre-industrial levels by 2100 due to the continued heavy use of fossil fuel resources and a continued rise in resource- and energy-intensive activities around the world. Under this scenario, there is no transition to a low-carbon economy and greenhouse gas ("GHG") emissions continue to rise throughout the 21st century.

Transition Risk Scenario Analysis

JPMSAPL and JPMCB HK Branch apply macroeconomic and industry-specific factors, like Oil & Gas demand and steel production, from NGFS scenarios to gauge the potential impacts of transition risk to the legal entities. Consistent with the physical risk approach, a "baseline" transition risk scenario and a "stress" transition risk scenario is used, both from the NGFS.

- Baseline Scenario: The NGFS Current Policies ("CP") scenario represents a low-transition risk scenario
 based on the current state of global climate policy. The scenario assumes that no additional emissions
 reduction policies are implemented by governments, leading to high physical risks. In this scenario, 3°C or
 more of warming could occur by 2100².
- Stress Scenario: The Divergent Net Zero ("DNZE") scenario assumes that global net zero emissions are reached by 2050 through a rapid increase in carbon prices with an accelerated phase-out of fossil fuels, despite divergence in policies introduced by governments across the world. The scenario assumes that global warming is successfully limited to 1.5°C by 2100, which limits physical risk impacts. In 2023, the NGFS discontinued the DNZE scenario. While JPMSAPL and JPMCB HK Branch continued to leverage the DNZE scenario as an extreme transition risk NGFS scenario in 2024, the legal entities will use an Internal Severe Climate Transition Scenario considers the Firm's specific concentrations and exposures and also decreases the Firm's dependence on third-party scenarios.

For more information, please refer to the "Risk Management" section of the Climate Report.

In relation to IPB's risk management practices specifically for its Investments business, please refer to the "Risk Management" section of the IPB Climate Report.

² Temperature increases are relative to global mean temperatures at pre-industrial levels (1850–1900).

Metrics and Targets

The metrics and targets used to manage and implement the Firm's environmental sustainability approach is available in the "Metrics and Targets" section of the Climate Report. Further details regarding IPB's approach are also available in the "Metrics and Targets" section of the IPB Climate Report.

Managing JPMSAPL and JPMCB HK Branch's Operational Footprint

The Firm strives to manage the environmental impact of its own operations – including its real estate – and supply chain. Its approach includes managing its energy and carbon footprint, constructing and operating more sustainable buildings and implementing leading practices in sustainable sourcing and resource management. The Firm's strategy for energy and carbon footprint management is guided by the concept of the greenhouse gas ("GHG") mitigation hierarchy, designed to prioritize actions with the largest potential impact on emissions reduction.

To view the Firm's initiatives globally, refer to the Climate Report.

In Hong Kong, JPMorganChase GHG emissions are largely driven by Scope 2 building-related purchased electricity and Scope 3 (Category 6 - business travel).

JPMSAPL and JPMCB HK Branch's GHG Emissions (t_CO2e)3,4

GHG Emissions (t_CO ₂ e)	Description	2024	2023
Scope 1	Fugitive emissions	152	163 ⁵
Scope 1 Total		152	163
Scope 2	Purchased Electricity	8, 964	8,994 ⁶
Scope 2	Purchased Electricity (Company-owned electric vehicles) ⁴	3	2
Scope 2 Total		8,967	8,996
Scope 3	Car Rental	23	
Scope 3	Personal Expensed Miles	1	
Scope 3	Rideshare	1,224	
Scope 3	Air	5,137	Not
Scope 3	Rail	29	Reported
Scope 3	Hotel	631	
Scope 3 (Category 6-business travel) Total		7,045	
Total		16,164	9,159

³ t CO₂e – metric ton of carbon dioxide equivalent.

⁴ Scope 1 GHG emissions include direct emissions from fugitive emissions from refrigerants used in buildings.

Scope 2 GHG emissions include indirect emissions from purchased electricity (including electric vehicles) used in buildings. For companyowned electric vehicles, emissions are calculated with a distance-based method that takes into account the distance travelled to convert into electricity consumption.

Scope 3.6 GHG emissions from business travel includes indirect emissions from commercial air and rail travel (including subway/ferry), ground transportation (car rental, employee expensed mileage, and ride share (including taxis) expenses), and hotel stays for JPMSAPL and JPMCB HK Branch's employees.

⁵ Revised 2023 GHG emissions: Scope 1 to 163 t CO2e from previously disclosed 81 t CO2e.

 $^{^6}$ Revised 2023 GHG emissions: Scope 2 to 8,996 t CO2e from previously disclosed 10,705 t CO2e.

Measuring Absolute Financed Emissions (Scope 3, Category 15: Investments)

Lending Activity

The Firm's financed emissions are tied to its clients' emissions, its focus is on supporting its clients' decarbonization objectives and driving progress toward its nine net zero-aligned targets. To date, the Firm has set nine net zero-aligned targets for eight sectors — Oil & Gas, Electric Power, Auto Manufacturing, Aviation, Shipping, Iron & Steel, Cement and Aluminum. These targets are defined on the basis of emissions intensity, which measures emissions relative to a given unit of activity or output. The Firm believes intensity-based metrics provide an effective way to evaluate and compare performance at the sector and company level, and thus better inform how it engages with clients and makes capital allocation decisions.

The Firm manages its net zero-aligned targets on a global basis recognizing that its clients are at different points of their transition journeys and have differing business models depending on the markets and jurisdictional policy frameworks in which they operate. This approach enables the Firm to provide financing and guidance to clients at different stages of their decarbonization journeys — both globally and locally.

JPMSAPL and JPMCB HK Branch support the Firm's climate initiatives, objectives and goals by aligning their business activities and contributing to progress, where relevant. The entities' contribution to the Firm's net zero-aligned targets and disclosed Scope 3 – Category 15 absolute financed emissions is limited, given their minimal exposure to sectors and portfolios in scope of the Firm's target. JPMSAPL and JPMCB HK Branch plan to continue to track their business activities to assessing how these contribute to changes in the Firm's Scope 3 - Category 15 financed emissions.

For further information related to the firmwide targets, as well as the Firm's absolute emissions reporting, refer to the Climate Report and Carbon Compass Methodology.

Portfolio Management Activity

The private bank business in Hong Kong conducts portfolio management activity, where it makes discretionary investment management decisions on behalf of its clients. As of end-FY24, all such Asset Under Management (AUM)⁷ from Hong Kong advised clients were booked in Singapore. Please refer to "Metrics and Targets" section of the IPB Climate Report for carbon exposure metrics of IPB AUM.

In 2025, the IPB is expecting to roll out climate-related client reporting for its clients, allowing them to understand the carbon-related characteristics of their portfolios. This will include historical metrics such as absolute carbon emissions and carbon footprint, as well as forward-looking metrics such as Implied Temperature Rise (ITR).

⁷ Assets under management constitute our Investments services across Discretionary/Investment Management business where we conduct Portfolio Management activity, also known as our Entrust business. Please refer to the executive summary section of the IPB Climate Report for a detailed description of the Investment services.