

# J.P.Morgan

## J.P. MORGAN COLLABORATES WITH BLACKROCK TO LAUNCH NEW ESG SUITE OF INDICES: THE J.P. MORGAN ESG INDEX (JESG)

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**New York, April 18, 2018** – J.P. Morgan today announces a new suite of global fixed income indices, the J.P. Morgan ESG (“JESG”), which integrates environmental, social, and governance (ESG) factors in a composite benchmark. The idea for the index was conceived in collaboration with BlackRock to address growing demand from bond investors looking for a benchmark that targets emerging market (EM) issuers with strong ESG practices.

The new index is independently managed by J.P. Morgan and will cater to investors looking to gradually incorporate ESG and responsible investing in their overall fixed income investment strategies by anchoring its methodology around the bank’s widely used flagship indices such as the EMBI, GBI-EM and the CEMBI.

Joyce Chang, Global Head of Research for J.P. Morgan said, “We are launching the J.P. Morgan ESG index (JESG), the first-of-its kind in emerging markets fixed income, to promote responsible investing. BlackRock played a critical role in its inception and we are excited to see this idea come to fruition.”

Gloria Kim, Head of the Global Index Research Group at J.P. Morgan added, “Responsible investing is becoming the cornerstone of many of our clients’ strategies and having access to a proper global fixed income benchmark that integrates ESG is essential. We are pleased to help investors access ESG investments on a global scale through our new index lineup.”

Sergio Trigo Paz, Head of BlackRock Emerging Market Debt, commented, “Sustainable investing is about investing in progress and pioneering better ways of doing business. Strong ESG practices positively impact creditworthiness in the long-term, and up until now ESG in emerging market debt has been more bespoke and project-based, as opposed to providing solutions at scale. Establishing these benchmarks will be instrumental in redefining the investment universe and setting an industry standard to help make ESG investment within EMD more broadly accessible to all investor types. This is a big step forward for emerging market investment.”

The initial JESG is available for the EMBI Global Diversified, GBI-EM Global Diversified and CEMBI Broad Diversified. There are five components in the JESG methodology once the baseline index is selected: define the data inputs; establish JESG index scores; apply integration mechanics; consider ethical factors and exclusion and calculate new ESG weights. These newly calculated JESG index scores will be systematically applied to determine the new ESG weights in the index, and issuers with better ESG scores will have their

weights increased relative to their baseline index weights. The JESG suite will also overweight Green Bond issuances.

J.P. Morgan is committed to advancing ESG investing. The firm publishes reports on environmental, social, and governance issues and shares insights and best practices on sustainability with JPMorgan Chase's corporate and investor clients to advance efforts globally. In July 2017, JPMorgan Chase built on its long-term commitment to sustainability by facilitating \$200 billion in clean financing through 2025, the largest commitment by a global financial institution, and pledging to source renewable power for 100 percent of its global energy needs by 2020.

### **Notes to Editors**

JESG index scores for over 170 countries and 650+ issuers are calculated daily, using data from Sustainalytics, RepRisk, and Climate Bonds Initiative (CBI) as inputs.

The JESG indices are produced every business day and rebalanced on the last business day of the month. Index data is available on Bloomberg (JPMX) and on DataQuery via J.P. Morgan Markets.

Ethical screening is also applied for the following controversial sectors: Thermal Coal, Tobacco, Weapons and any violator of the United Nations Global Compact (UNGC) principles.