



SUSTAINABILITY RISK POLICY SFDR COMPLIANCE STATEMENT

Policy reference	Integration of sustainability risks/ESG Policy
Concerned Department(s)	Portfolio and Risk Management
Co-Responsible (co-owner of the Policy)	Conducting Officer in charge of the Portfolio Management Conducting Officer in charge of the Risk Management
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Reviewed by	Mr. Louis Lamotte (LLA) – Conducting Officer in charge of the Compliance function Mr. Benjamin Boulier (BBO) – Conducting Officer in charge of the Portfolio Management function Mr. Hakan Yar (HYA) – Conducting Officer in charge of Risk Management and Valuation
Date of last review	27/11/2023
Date of approval	21/12/2023
Version	4.0
List of associated templates	Portfolio Management checklist PRMF Note
List of linked guidelines, procedures and policies	Investment Management Procedure Risk Management Policy Risk Management Procedure Remuneration Policy ESG Group Policy
Related training	N/A

VERSION HISTORY

The following table describes the history of this document.

Version:	Review date	Reason for update:	Updated by:
1.0	24 Feb 2021	SFDR - Regulation (EU) 2019-2088 on sustainability-related disclosures as further amended	MGO
2.0	21 September 2022	Annual review	MGO
3.0	26 May 2023	Annual review and taking into consideration new requirements from the CSSF	EME
4.0	27 November 2023	Update of the policy to reflect a new SFDR 8 fund.	EME

1. GLOSSARY AND ABBREVIATIONS

AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager, being JTC Global AIFM Solutions S.A.
AIFMD	Directive 2011/61/UE on Alternative Investment Fund Managers
AIFMD Level II	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.
BoD	Board of Directors of the AIFM
CSSF	Commission de Surveillance du Secteur Financier
ESG	Environment, Social and Governance
Employee Handbook	An employee handbook is a document that communicates JTC's mission, policies and expectations. JTC gives this document to employees to clarify their rights and responsibilities while they're employed by one of the entity of JTC.
Environmentally sustainable investment	means an investment in one or several economic activities that qualify as environmentally sustainable under the SFDR
GDPR	General Data Protection Regulation referring to REGULATION (EU) 2016/679 of the European Parliament and of the council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.
JTC	JTC is a publicly listed, global professional services business with deep expertise in fund, corporate and private client services.
JTC Group	Refers to JTC and all its subsidiaries.
PAI	Principle Adverse Impacts
SDG	Sustainable Development Goals
SFDR	Regulation (EU) 2019/2088 of the European Parliament and the council of 27 November 2019
Sustainable Investment	means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
Sustainability risk	environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment
"We", "Our"	JTC Global AIFM Solutions S.A.

2. COMPENDIUM OF KEY INVESTMENT FUND LAWS AND REGULATIONS

- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council
- Updated Joint ESA Supervisory Statement on the application of the Sustainable Finance Disclosure Regulation, 24 March 2022
- CSSF FAQ Sustainable Finance Disclosure Regulation (SFDR)
- Regulation (EU) 2019/2088 of the European Parliament and the council of 27 November 2019
- Regulation (EU) 2020/852 of the European Parliament and the council of 18 June 2020 (the Taxonomy Regulation)
- European Supervisory Authorities (ESAs)/Joint Committee (JC) Final Report on draft Regulatory Technical Standards as further amended
- Law of 12 July 2013 on alternative investment fund managers, as amended;
- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as amended;
- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- Law of 23 July 2016 on reserved alternative investment funds as amended.

3. PREAMBULE

The aim of this policy is to describe how JTC Global AIFM Solutions S.A. (the “AIFM”) has integrated the relevant sustainability risks at the AIFM level and AIF’s level in its day-to-day procedures.

Under SFDR, funds have to be classified in one of the following categories:

- AIFs with sustainable investment objectives (article 9);
- AIFs promoting environmental or social characteristics (article 8);
- and AIFs which either only integrate or do not take into account environmentally sustainable economic activities (article 6).

This procedure applies to all AIFs managed by the AIFM.

As required by the article 3 of the Regulation (EU) 2019/2088 of the European Parliament (the “Regulation”) and the council of 27 November 2019 as further amended, the AIFM will publish on its website information about its policies on the integration of sustainability risks in its investment decision-making process.

4. TRANSPARENCY OF ADVERSE SUSTAINABLE IMPACTS

Also, as per the article 4 of the Regulation and to ensure the transparency of adverse sustainability impacts at entity level, the AIFM shall publish and maintain on its website:

- (a) where they consider principal adverse impacts of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available; or
- (b) where they do not consider adverse impacts of investment decisions on sustainability factors, clear reasons for why they do not do so, including, where relevant, information as to whether and when they intend to consider such adverse impacts.

The AIFM decided not to consider adverse impacts of investment decisions on sustainability factors at entity level due to the current lack of data on the market. The AIFM may opt to consider adverse impacts in future when more data is available on the market. The AIFM can, however, consider the PAI on case by case at the level of AIFs.

Moreover, the adequacy to that regulation implies the conformity to the article 5 of the Regulation where the AIFM shall include in its remuneration policy information on how that policy is consistent with the integration of sustainability risks, and shall publish that information on its website.

Lastly and as required by article 6 of the Regulation, the investment decision process and the risk management policy must be updated to integrate the consideration about the sustainability risk when applicable.

That regulation requires a particular attention and consideration at the entity and product level.

5. INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISION-MAKING PROCESS

5.1 AT THE ENTITY LEVEL

As per the article 3 of the Regulation, the AIFM investment process and the risk management policy have been updated to include the sustainability risks.

The AIFM will consider the potential ESG features mentioned in the AIFs documentation to ensure a proper alignment with his own investment philosophy. As such, the portfolio and risk management function will include in their analysis the ESG considerations described in the information shared with the investors but also general sustainability risks that may arise for each investment. One of the purposes of the reinforcement of those controls is to escalate to the senior management of the AIFM any investment decision that could result in negative effects on the sustainability factors. The granularity of the review will depend on the size, nature, scale of the activities and the types of financial products they make available.

In both cases either the AIFM performs the portfolio management function internally or delegate it to a third-party, the AIFM remains the ultimate responsible for the performance of portfolio management function. The delegation is subject to supervision and monitoring from the AIFM, which has implemented a robust control framework.

The risk management policy has also been updated to include the integration of sustainability risks. The Risk Manager will oversee the integration of the sustainability risks in this decision-making process.

Please refer to the following documents:

- The Investment Management Procedure (including the investment checklist) and
- The Risk Management Policy (including the AIFM risk matrix)

Also, the AIFM remuneration policy promotes a sound and effective risk management with respect to sustainability risks since the structure of the remuneration does not encourage excessive risk-taking with respect to sustainability risk and is linked to the risk-adjusted performance when such risk is taken.

5.2 AT THE PRODUCT LEVEL

At the product-level, all the AIFs have been assessed to determine to which extent a disclosure must be communicated to the investor via the pre-contractual documents and periodic reports.

Currently, the AIFM manages two Sub-Funds that are classified as Article 8 under SFDR. The Sub-Funds promote environmental or social characteristics, without having as their objective a sustainable investment:

- **Azzurra Capital Investments SCSp, SICAV-RAIF – Azzurra Capital Fund I**
- **LLC Real Estate Fund II S.C.A, SICAV-RAIF – LLC Fund II**

All the relevant information about the considered Environmental and Sustainability characteristics can be found in the Pre-contractual Disclosure documents of the AIFs on the website of the AIFs.

All other AIFs managed by the AIFM are currently classified as Article 6 under SFDR.

Please refer to the Investment Management policy and the Risk Management policy for the integration of ESG factors in the AIFM's processes.

6. GOVERNANCE

The AIFM's sustainability risk policy / SFDR Compliance Statement is updated and will be presented to the BoD on an at least annual basis as well as on an ad hoc basis if changes in the AIFM's organisation, business or regulations so require.

7. ENFORCEMENT

This document shall be distributed internally within the AIFM and available on the AIFM website. It shall be electronically accessible to all staff. All Employees, Conducting Officers and Directors of the AIFM are responsible for complying with this policy. Failure to comply with this document may incur disciplinary action against or the termination of the appointment/employment of a respective person, as appropriate under the circumstances in question. This document shall be kept up-to-date taking into account the evolution of the AIFM's activities and reviewed by the Compliance Officer at least annually (or ad-hoc if changing circumstances require this) to ensure that it is accurate and includes any changes in Laws and Regulations and/or changes in the AIFM's business activity. For its entry into force, the Board of Directors of the AIFM shall approve this document.