



SUSTAINABILITY RISK POLICY SFDR COMPLIANCE STATEMENT

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.
- ESMA Guidelines dated 21.08.2024 on Fund's names using ESG or sustainability-related terms and the associated CSSF Circular 24/863 dated 21.11.2024.
- CSSF communique published on 30.06.2023 on the data collection exercise related to the disclosure in periodic reports for financial products disclosing under Article 8 or Article 9 of SFDR.

3. PREAMBULE

The aim of this policy is to describe how JTC Global AIFM Solutions S.A. (the “AIFM”) has integrated and implemented the transparency requirements on sustainability as per the SFDR regulation (EU) 2019/2088, as amended by (EU) 2020/852

Under SFDR, funds must disclose if they fall in one of the following categories as listed :

- AIFs with sustainable investment objectives (article 9);
- AIFs promoting environmental or social characteristics (article 8);
- and AIFs which either only integrate or do not consider 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

As per the article 4 of the Regulation (EU) 2019/2088 and to ensure the transparency of adverse sustainability impacts at entity level, the AIFM shall disclose and maintain on its website:

- a) Principal Adverse Impact (PAI) Statement: If the AIF under management consider principal adverse impacts of investment decisions on sustainability factors, the statement should include:
 - Due Diligence Policies: Detailed descriptions of the due diligence policies in place concerning the identification, prioritization, and management of principal adverse impacts. This involves:
 - Data Collection: Implementation of systems and processes to collect and analyse data on sustainability factors. This includes data from investee companies and third-party ESG data providers.
 - Materiality Assessment: A framework to assess the materiality of identified adverse impacts, determining which impacts are significant and require mitigation.
 - Engagement Policies: Policies on how the AIFM engages with investee companies to address and mitigate adverse impacts, including engagement strategies, objectives, and outcomes.
 - Mitigation Measures: Specific actions and strategies to mitigate identified adverse impacts, including sector-specific measures, divestment strategies, and collaborative initiatives with other investors.
- b) Non-Consideration Statement: If the AIFM does not consider adverse impacts of investment decisions on sustainability factors, the statement should include:

- **Rationale:** Clear reasons for not considering adverse impacts, such as data limitations, resource constraints, or other relevant factors.
- **Future Plans:** Information on whether and when the AIFM intends to consider adverse impacts, including any planned enhancements to data collection and analysis capabilities.
- **PAI Indicators:** The AIFM will track and report on mandatory PAI indicators specified in the SFDR Regulatory Technical Standards (RTS), including greenhouse gas emissions, biodiversity, water, waste, and social factors.
- **Quantitative and Qualitative Metrics:** Both quantitative metrics (e.g., carbon footprint, deforestation rates) and qualitative assessments (e.g., human rights policies, labor practices) will be used to evaluate adverse impacts.
- **Annual Reporting:** An annual report on PAI, including data on indicators, mitigation measures taken, and engagement outcomes, will be published on the AIFM's website.
- **Stakeholder Consultation:** Regular consultations with stakeholders, including investors, civil society organizations, and regulatory bodies, to ensure the robustness and relevance of the PAI framework.

Moreover, compliance with the regulation implies adherence to **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.

Technical Implementation:

- **Remuneration Structure:** The remuneration structure will include sustainability performance metrics, ensuring that variable pay components (bonuses, incentives) are linked to the successful integration of sustainability risks.
- **Performance Criteria:** Specific criteria for assessing sustainability performance, such as reduction in carbon footprint, improvement in ESG ratings, and effective management of identified sustainability risks.
- **Disclosure Requirements:** Detailed disclosure of how sustainability risk considerations are factored into remuneration decisions, including case studies and examples.

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 of sustainability risk when applicable.

- **Investment Decision Process:** Integration of sustainability risk assessments at all stages of the investment decision process, from initial screening and due diligence to final approval and ongoing monitoring.
- **Risk Management Policy:** Updating the risk management policy to include specific procedures for identifying, assessing, and managing sustainability risks, including scenario analysis and stress testing for climate-related risks.
- **Training Programs:** Regular training programs for investment and risk management teams on sustainability risk assessment techniques, regulatory requirements, and best practices.

The AIFM will utilize the Principal Adverse Impact Statement framework outlined by the European Supervisory Authorities (ESAs) to identify, assess, and mitigate principal adverse impacts.

The AIFM will adopt a due diligence process that incorporates environmental, social, and governance (ESG) criteria, with a particular focus on adverse impacts such as greenhouse gas emissions, biodiversity loss, water usage, and social issues.

Data collection mechanisms will be established to gather necessary information on these impacts, including leveraging third-party ESG data providers where necessary.

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, Compliance with the regulation implies adherence to 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.

The remuneration policy will be updated to include metrics related to the integration of sustainability risks. Performance evaluations and incentives will consider the effectiveness of sustainability risk integration, promoting a culture of responsible investing.

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.

The investment decision-making process will incorporate an ESG due diligence checklist, assessing potential investments against established sustainability criteria.

The risk management framework has been enhanced to include specific ESG risk metrics, ensuring ongoing monitoring and management of sustainability risks.

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.

Investment Process:

- The AIFM considers the potential ESG features mentioned in the AIFs documentation to ensure alignment with its investment philosophy.
- The portfolio and risk management functions 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.
- A structured framework for analysing ESG risks is implemented, involving regular assessments and updates to reflect evolving market conditions and regulatory requirements.
- Any investment decision that could negatively impact sustainability factors will be escalated to senior management for review and approval.

Responsibilities and Delegations:

- Whether the AIFM performs portfolio management internally or delegates it to a third party, the AIFM remains ultimately responsible for the portfolio management function.
- The AIFM will maintain a robust control framework to supervise and monitor delegated functions, ensuring compliance with sustainability risk integration.

Risk Management Policy Updates:

- The Risk Manager will oversee the integration of sustainability risks into the decision-making process, ensuring a comprehensive approach to risk management.
- Regular reviews and updates to the risk management policy will be conducted to address new and emerging sustainability risks.

Please refer to the following documents for further details:

- The Investment Management Procedure
- The Risk Management Policy
- Remuneration Policy Alignment

A clear and Detailed approach to integrating sustainability risks at the entity level ensures comprehensive oversight and promotes sustainable investments practices.

5.2 AT THE PRODUCT LEVEL

At the product-level, all the AIFs have been assessed to determine to which extent of disclosure required to communicate sustainability risks to investors through a pre-contractual documents and periodic reports..

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

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

Relevant information about the considered Environmental and Social characteristics considered can be found in the Pre-contractual Disclosure documents of the AIFs, available 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 Board of Directors (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.

- Board Oversight: Establishment of a dedicated sustainability committee within the BoD to oversee the implementation and ongoing monitoring of the sustainability risk policy. This committee will be responsible for:
 - Policy Review and Approval: Reviewing and approving updates to the sustainability risk policy, ensuring alignment with regulatory requirements and best practices.
 - Performance Monitoring: Monitoring the AIFM's performance in integrating sustainability risks, including regular reviews of sustainability metrics and PAI indicators.
 - Stakeholder Engagement: Engaging with key stakeholders, including investors, regulators, and civil society organizations, to gather feedback and ensure transparency in sustainability reporting.
- Compliance Officer Responsibilities: The Compliance Officer will be responsible for:
 - Policy Implementation: Ensuring that the sustainability risk policy is implemented effectively across all levels of the organization, including training and support for staff.
 - Annual Reviews: Conducting annual reviews of the policy to ensure its accuracy and relevance, including updates to reflect changes in laws, regulations, or business activities.
 - Internal Audits: Coordinating internal audits to assess compliance with the sustainability risk policy, identifying areas for improvement, and ensuring corrective actions are taken.
- Integration with Other Policies: Ensuring the sustainability risk policy is integrated with other key policies, such as the Code of Conduct, Anti-Money Laundering (AML) Policy, and Data Privacy Policy, to promote a holistic approach to risk management and compliance.
- Reporting and Disclosure: Enhancing transparency through comprehensive reporting and disclosure of sustainability risks and performance, including:
 - Annual Sustainability Report: Publishing an annual sustainability report detailing the AIFM's performance in managing sustainability risks, progress towards sustainability goals, and key initiatives undertaken.
 - Website Disclosure: Maintaining up-to-date information on the AIFM's website regarding its sustainability risk policy, PAI statement, remuneration policy, and other relevant disclosures.
- Stakeholder Involvement: Encouraging active involvement of stakeholders in the governance process, including:
 - Investor Dialogues: Regular dialogues with investors to understand their expectations and concerns regarding sustainability risks and performance.
 - Public Consultations: Conducting public consultations on key policy updates and sustainability initiatives, allowing for broader input and feedback from civil society organizations and other stakeholders.

By implementing these detailed technical measures, the AIFM ensures robust governance, effective management of sustainability risks, and full compliance with SFDR requirements, thereby enhancing transparency, accountability, and investor trust.

7. FUND'S NAMES USING ESG OR SUSTAINABILITY-RELATED TERMS

7.1. AT ENTITY LEVEL

After the release of the ESMA guidelines on fund's names using ESG or sustainability-related terms (21.10.2024) and its transposition to the Luxembourg regulatory framework (CSSF 24/863 dated 21.10.2024), we apply this new guidance to the AIFs under our management.

Below are key terms in the name of an AIF under scrutiny (as listed in point 5.1 of the ESMA guidelines):

- "Transition"-related terms encompass any terms derived from the base word "transition", e.g. "transitioning", "transitional" etc. and those terms deriving from "improve", "progress", "evolution", "transformation", "net-zero", etc.
- "Environmental"-related terms mean any words giving the investor any impression of the promotion of environmental characteristics, e.g., "green", "environmental", "climate", etc. These terms may also include "ESG10" and "SRI11" abbreviations.
- "Social"-related terms mean any words giving the investor any impression of the promotion of social characteristics, e.g., "social", "equality", etc.
- "Governance"-related terms mean any words giving the investor any impression of a focus on governance, e.g., "governance", "controversies", etc.
- - "Impact"-related terms mean any terms derived from the base word "impact", e.g., "impacting", "impactful", etc.
- - "Sustainability"-related terms mean any terms only derived from the base word "sustainable", e.g., "sustainably", "sustainability" etc.

Provided that one or several of the above-listed key terms are/are planned to be used in the name of an AIF under our management, we make sure that the AIF in question meets the below conditions that allow such use of the key terms:

- Funds using transition-, social- and governance-related terms should:

1) meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristic or sustainable investment objectives in accordance with the binding elements of the investment strategy, which are to be disclosed in Annexes II and III of CDR (EU) 2022/1288; and

2) exclude investments in companies referred to in Article 12(1)(a) to (c) of CDR (EU) 2020/1818*.

- Funds using environmental- or impact-related terms should:

1) meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristic or sustainable investment objectives in accordance with the binding elements of the investment strategy, which are to be disclosed in Annexes II and III of CDR (EU) 2022/1288; and

2) exclude investments in companies referred to in Article 12(1)(a) to (c) of CDR (EU) 2020/1818*.

- Funds using sustainability-related terms should:

1) meet an 80% threshold linked to the proportion of investments used to meet environmental or social characteristic or sustainable investment objectives in accordance with the binding elements of the investment strategy, which are to be disclosed in Annexes II and III of CDR (EU) 2022/1288; and

2) exclude investments in companies referred to in Article 12(1)(a) to (c) of CDR (EU) 2020/1818*.

3) commit to invest meaningfully in sustainable investments referred to in Article 2(17) of the SFDR.

**Article 12(1)(a) to (c) of CDR (EU) 2020/1818 refers to the list of companies excluded for EU Paris-aligned Benchmark*

7.2. AT PRODUCT LEVEL

We currently do not manage any AIFs whose names include one or several of the key terms listed above.

If the case arises, an assessment of the compliance with the requirements as per the CSSF Circular 24/863 and the related ESMA guideline will be performed and formalised. The assessment and formalisation will be monitored throughout the life of each AIF in scope.

8. CSSF DATA COLLECTION FOR SFDR

8.1. SFDR PRECONTRACTUAL DISCLOSURE

The AIFM ensure that AIFs under management, the precontractual information is properly and timely disclosed to the CSSF. The information for each fund and sub-fund in scope is filed on the CSSF eDesk platform and uploaded to be submitted to the Commission.:

- Funds/Sub-funds subject to the SFDR disclosure obligation without being an Art. 8 or Art. 9 product (Article 6)
- Article 8 funds/sub-funds
- Article 9 fund/sub-funds

8.2. SFDR PERIODIC DISCLOSURE

The CSSF performs a periodic data collection related to SFDR and Taxonomy Regulation. In that context, and in accordance with Article 11 of the SFDR and Article 5 of RTS, the AIFM must ensure that AIFs under its management and subject to Article 8 or Article 9 of the SFDR Regulation disclose sustainability-related information in their periodic reports.

To that end, the AIFM makes sure that the sustainability-related information for the funds in scope is disclosed and the information reported on the CSSF eDesk platform. AIFs must provide their periodic reports within 1 month after the legal deadline to publish their annual report (7 months after the financial year-end).

9. ENFORCEMENT

This Policy shall be distributed internally within the Company. It shall electronically accessible to all staff. Any external distribution (to third parties) is subject to the decision of the Conducting Officer in charge of Compliance or the Compliance Officer.

All Employees, Conducting Officers and Directors of the Company are responsible for complying with the ESG Policy. Failure to comply with this Policy may incur disciplinary action against or the termination of the appointment/employment of a respective person, as appropriate under the circumstances in question.

This Policy shall be kept up-to-date taking into account the evolution of the Company's activities and reviewed by the Conducting Officer in charge of PM 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 Company's business activity.

For its entry into force, this Policy shall be approved by the Board of Directors of the Company.

Compliance and Disciplinary Measures:

- Failure to comply with this document may result in disciplinary action against or termination of the appointment/employment of a respective person, as appropriate under the circumstances in question;
- The document shall be kept up to date, taking into account the evolution of the AIFM's activities;