

# Japan Fund Management (Luxembourg) S.A.

## Sustainability Risk Policy

### 1. Regulatory provision

On November 27<sup>th</sup>, 2019, the European Council and European Parliament have reached a political agreement on the Disclosure Regulation regarding sustainability-related disclosures in the financial services sector (EU Regulation 2019/2088, the Sustainable Finance Disclosure Regulation or SFDR or "SFDR") which will come into force on the 10<sup>th</sup> March, 2021 requiring financial market participants, including the Company, to make certain sustainability-related disclosures to end investors.

In seeking to establish a pan-European framework to facilitate Sustainable Investment, the SFDR framework provides a coherent approach for sustainability related disclosures to financial market participants and advisers. Covering a broad range of financial products, its objective is to promote transparency regarding the integration of Sustainability Risks into investment decisions and consideration of adverse sustainability impacts in the investment process. For the purposes of the SFDR, Japan Fund Management (Luxembourg) S.A. (or "JFML") meets the criteria of a "financial market participant", whilst each Fund qualifies as a "financial product".

### 2. Identification of Sustainability Risks

The present Sustainability Risk Policy of JFML provides a description of certain sustainability matters below in accordance with the SFDR. To JFML's understanding and application, sustainability risks mean events or conditions in the environmental, social or corporate governance areas (ESG), the occurrence of which could actually or potentially have material negative effects on the value and return of the investment.

Currently, sustainability risks have been assessed and will be continuously monitored by JFML as per the Portfolio's investment strategy and its asset allocation using quantitative and qualitative methods. Such approach to assess the sustainability risks is detailed in the Risk Management Policy and Sustainability Risk Policy of JFML. Based on this review, such sustainability risks have been assessed as being not relevant and are deemed not to have any impact on the return of the Portfolio. Should there be any sustainability risk identified as being relevant by the AIFM and/or the Investment Manager during the ongoing monitoring of the Portfolio's investments, the AIFM and/or the Investment Manager endeavour to take any necessary actions.

### 3. Oversight Framework over the Investment Managers

As part of its oversight framework, JFML ensures through its periodic due diligence that the investment managers in charge of the various Funds have in place an adequate Sustainability Risk Policy in line with JFML's standards and which identifies the Sustainability Risks which might be linked to the investments.

Monitoring of ex-ante ESG-risk integration is based on a regular due diligence process conducted by the Portfolio Manager of the Funds. The information and indicators to be reported depend on the Fund in question. JFML does not expect the Portfolio Managers to review ESG-risks, if any, in the same way due to the uniqueness of each individual Fund.

The occurrence of any potential ex-post ESG risks is monitored by JFML as part of its risk management process and oversight responsibility.

### 4. Adverse sustainability impacts

With reference to article 4 of Regulation (EU) 2019/2088 regarding sustainability-related disclosures in the financial services sector ("SFDR"), JFML has decided not to consider principal adverse impacts of investment decisions on sustainability factors, such impacts having been deemed as being not relevant for the time being due to the characteristics of the financial products under management.

For more details please refer to the full version of our Sustainability Risk Policy.

### 5. Remuneration Policy

The JFML's approach to remuneration, as set out in its remuneration policy, does not encourage excessive risk-taking with respect to sustainability risks.

For more details please refer to our own Remuneration Policy.