EU Sustainable Finance Disclosure Regulation Entity-Level Disclosure

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Background

Disclosures in this document ("Statement") are made pursuant to Articles 3, 4, and 5, of the EU Sustainable Finance Disclosure Regulation (EU) (2019/2088) (the "SFDR") and relate to Shaftesbury Fund Management Luxembourg S.A.. The entity has been designated as the AIFM of its respective funds (AIFs) for the purposes of AIFMD and thereby as "financial market participants" for the purposes of SFDR. References to "Shaftesbury" should therefore be understood to refer to the AIFM.

This Statement outlines the integration of sustainability risks throughout investment-decision making processes; the consideration of principal adverse impacts of investment decisions on sustainability factors; and how remuneration policies are consistent with the integration of sustainability risks.

1. Integration of sustainability risks in investment decisions (Art. 3 SFDR)

A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Consistent with Shaftesbury Environmental, Social, and Governance (ESG) Policy, the AIFM aims to investigate sustainability risks during investment due diligence processes and consider sustainability risks when making investment decisions.

Shaftesbury's approach to investigating, assessing, and addressing sustainability risks is tailored to each investment strategy, taking into consideration factors such as asset class, geography, and sectors.

While Shaftesbury adopts strategy-specific approaches to investigating, assessing, and addressing sustainability risks, sustainability risks are generally identified upfront during new investment due diligence. Shaftesbury may perform specific research and undertake desktop information reviews, use third-party or proprietary tools, and/or engage with counterparties and advisers to investigate sustainability risks. Any material sustainability risks identified during screening and due diligence are considered as part of the investment decision. Where feasible and permitted by the investment strategy, Shaftesbury will seeks to address and manage material sustainability risks when structuring an investment.

The impact of a sustainability risk may vary depending on the specific risk. The impact of sustainability risks on investment returns may be difficult to predict, and an impact assessment is subject to inherent limitations such as the accessibility and quality of information available.

2. No consideration of adverse impacts of investment decisions on sustainability factors (Art. 4 SFDR)

While Shaftesbury is supportive of enhanced transparency of sustainability-related information, the AIFM does not currently consider the Principal Adverse Impacts of investment decisions on sustainability factors across all its services, as defined under and in accordance with the SFDR (hereafter "PAI").

Indeed, Shaftesbury creates value for its investors by repositioning sub-performing real estate assets through strategic asset management which incorporates sustainability and environmental concerns wherever feasible. Shaftesbury currently monitors a range of sustainability-related information and is actively working to enhance its monitoring and reporting of sustainability-related information. However, PAI metrics are not currently available across all assets managed.

While Shaftesbury does not currently intend to consider PAI, the AIFM aims to continuously enhance its ESG approach, periodically review its preparedness to consider PAI, and continue monitoring regulatory developments and guidance relating to the reporting of sustainability-related information.

3. Consistency between remuneration policies and the integration of sustainability risks (Art. 5 SFDR)

As described in the remuneration policy, the compensation package received by Shaftesbury employees is composed of a fixed remuneration, and a variable annual remuneration which is discretionary. Variable compensation to employees reflects both individual and firm performance. Individual performance is evaluated based on the achievement of qualitative and quantitative objectives and his/her level of commitment. An individual's judgement and integrity, which considers appropriate risk identification and management, including sustainability risks where applicable, are taken into account in assessing the level of an individual's discretionary variable remuneration.