Sustainable Investing Report

2023/24

PEMBERTON

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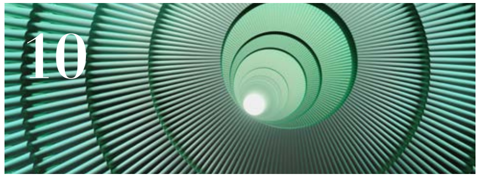


Sustainable Investing Process

Operating Responsibly

Disclosures

About This Report

This report outlines sustainability achievements and progress delivered by Pemberton in both our investments and within the firm's own operations.

We deep-dive on sustainable investing, which is integral to Pemberton's vision and strategy, and highlight our priorities within the firm during 2023. It builds on our last report and is reflective of our focus on continuous improvement.

Reporting on portfolio companies covers activities during the calendar year 2023, unless otherwise stated (the 2023 ESG data capture for our direct lending strategies was undertaken in Q1 2024).

It has been prepared with reference to the Sustainability Accounting Standards Board (SASB) materiality framework.

Separately, we have published our inaugural Task Force on Climate-Related Financial Disclosures (TCFD) report for FY2023, which can be accessed here.

This report is provided for information purposes only and does not constitute an offer or solicitation to invest in any Pemberton product or strategy.

Foreword

During the past 12 months, against the backdrop of a challenging macro-environment, Pemberton has continued to grow our assets under management (AUM), our investor base, and our people, alongside new strategies and product launches.

Since inception, sustainability has been core to our vision and purpose, which is to create long-term value for all our stakeholders, and environmental, social and governance considerations continue to be an integral part of our activity.

We recognise the momentum that is propelling sustainable finance forward, and we want to remain at the forefront in private credit. Last year we welcomed our first Head of Sustainable Investing to help accelerate best practice across our platform and ensure we have the depth of expertise to leverage opportunities. Pemberton is honoured to have been recently appointed to the UN PRI Private Debt Advisory Committee (PDAC), to support the design, delivery and dissemination of sustainable investing guidance for our asset class. We also published our inaugural TCFD report for 2023, an advanced climate disclosure.

We hold ourselves to the same standards we expect of the companies we invest in, with a focus on authenticity in our actions.

We continue to invest in our people, who are key to delivering our objectives. The measures we have taken in the past year include the launch of a mentoring programme and activation of our Purpose and Culture statements to sustain a working environment in which our corporate values are exemplified by all, and our people thrive. This includes embedding impact through active employee involvement in our outreach. We are proud to be involved in initiatives like 'Investing Potential' that advance opportunities for young people from lower socio-economic backgrounds in private credit and asset management.

We hope you enjoy reading about our advancement since our 2022 report and agree with us that considerable progress has been made. We are not complacent and will continue our relentless ambition to establish best practice in sustainable investing in private credit.

Symon Drake-Brockman
Co-Founder and Managing Partner

Keith Jones
Chairman

"At Pemberton, we believe that consideration of material ESG factors in our investment approach enables a more holistic view of the risk-return profile of an investment, and ultimately makes us better investors."

Symon Drake-Brockman
Co-Founder and
Managing Partner

"Our sustainability performance belongs to everyone, and we foster involvement across the firm. This is underpinned by leadership accountability – strong governance and oversight structures are core elements of Pemberton's sustainability agenda."

Keith Jones
Chairman

Pemberton Value Proposition

Pemberton is a leading European private credit manager[1]. Built on more than a decade of experience, we support our limited partners' (LPs) investment objectives with innovative, multi-strategy solutions across the range of performance characteristics:

Targets senior secured investments in publicly rated, liquid, broadly syndicated leveraged loans that are predominantly sponsor-driven

Actively managed

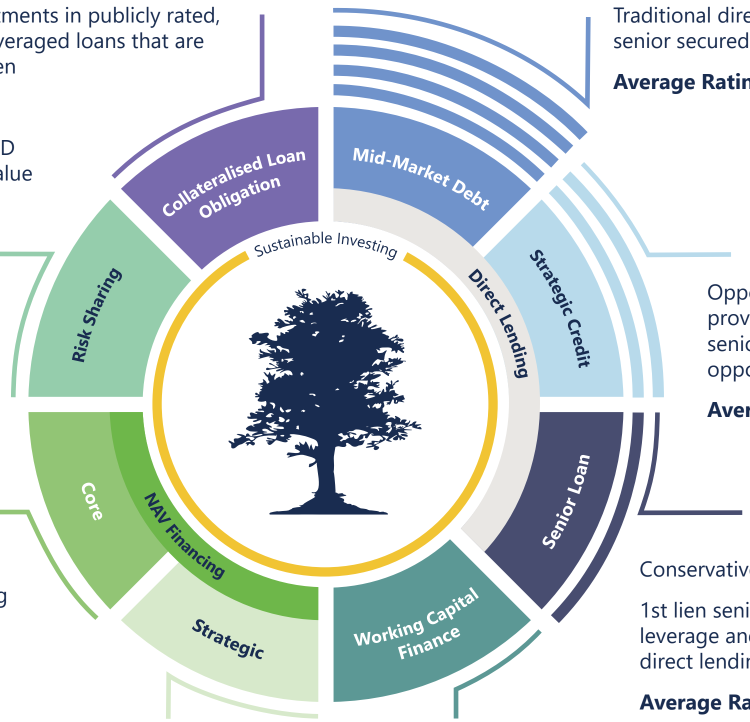
Diversified portfolios using 3D Analysis alongside relative value

Traditional direct lending focused on 1st lien senior secured loans

Average Rating (Internal[2]): B

Participation in diversified portfolios of IG corporate or SME loans held on the balance sheet of leading banks

High running coupons and resilient return profile



Opportunistic 'through the cycle' mandate, providing flexible capital solutions across senior and subordinated loans and opportunistic equity investments

Average Rating (Internal[2]): B

Senior secured lending against more diversified collateral portfolios, targeting lower LTV facilities with investment grade risk profile

External Rating: A to BBB

Conservative, bank style lending

1st lien senior secured loans with lower leverage and LTV relative to the traditional direct lending strategies

Average Rating (Internal[2]): BB-

More flexible financing including senior loans and preferred equity against more concentrated collateral portfolios or targeting higher LTV facilities with higher returns

Short-term working capital financing to large mid-market corporates predominantly in Europe, UK & USA

Public & Private Companies

Average Rating (Internal[3]): BB-

Direct Lending
Predominantly targeting European mid-market companies backed by leading sponsors

NAV Financing
Cross collateralised lending to private equity funds, GPs and LPs against seasoned and diversified portfolios of companies

[1]Please refer to footnote at the end of the document in the disclaimer.
[2]Obligor Rating, S&P equivalent.
[3]Insured share class is A-equivalent credit quality.

Pemberton At a Glance

$22bn
AUM[4] across
7 Strategies

$32bn
Invested[5]
Since Inception

3,575+
Companies Reviewed
Since 2019

250+
Investors
Across the Globe

180+
Professionals[6]
Firmwide

15
Locations[7]
Worldwide

All figures as of 30th June 2024 unless stated otherwise.
[4]Assets under management are defined as committed capital as of 30th June 2024.
[5]Across all funds including recycled capital. FX rate applied as at date of investment.
[6]Pemberton Group, including consultants, contractors and advisors.
[7]Includes three locations in the US.

2023 Sustainability Snapshot

40%
Interim 2030 net zero alignment target for direct lending[8]

85%
Of AUM raised in 2023 classified as SFDR Article 8
2022: 70%

50%
Managing Director / Partner new hires were female
2022: 0%

~100,000
People employed by companies in our direct lending portfolio workforce[9]

4/5
UN PRI score[10]

100%
Employees completed mandatory ESG training[11]

91%
Completion of our ESG Borrower Questionnaire
2022: 95%

40%
Interns came from social mobility partnership initiatives
2022: 67%

29%
Female representation on Management Committee
2022: 14%

62%
Of borrowers attended one or more ESG Workshops
2022: N/A

44%
Of all board members are female[12]
2022: 38%

62%
Of direct lending borrowers had an ESG margin ratchet
2022: 53%

[8] Pemberton set its 2030 interim target during 2023.
[9] Workforce of portfolio companies varies year-on-year with no expected trend or target.
[10] Reflects score on both categories highlighted on page 9. In 2021, achieved 5/5 PRI score Fixed Income – Private Debt.
[11] ESG Training undertaken every year, with expectation of completion by all employees.
[12] This includes PCA, PAMH, PAMSA non-executive board members.

Sustainable Investing Process (yellow)
Corporate Social Responsibility (blue)

Our Sustainability Journey

Embedding environmental, social & governance factors has been at the core of our vision since inception.

2016 – 2020

April 2016

Introduction of Pemberton's **ESG Borrower Questionnaire**

July 2018

Pemberton becomes a **signatory of the UNPRI**

1st FY Carbon Offset 2019

CO_2

September 2019

Introduction of **positive / negative screening** list and additional ESG due diligence

Official formation of the **ESG Working Group**

January 2020

Introduction of Pemberton's **formal ESG training** for all employees

November 2020

Introduction of Pemberton's **ESG Margin Ratchet v1.0**

2021

March

Pemberton becomes a member of the **Net Zero Asset Manager Initiative**

Launch of Pemberton's Diversity & Inclusion council PembertonID

April

Launch of our inaugural annual '**Investing Potential Programme**'

2022

January

Appointment of third-party consultant to develop an **enhanced annual ESG Questionnaire**

March

Launch of the 2022 ESG Borrower Questionnaire Campaign

April

Upgrade of all new Direct Lending Strategies to **SFDR Art. 8**

September

Appointment of external data provider for **GHG emission estimates** on the full DL portfolio based on financial data

December

Pemberton publishes its inaugural **2022 ESG Report**

Reporting of the first ESG Rating to all LPs on their portfolio

2023

February

Launch of the **2023 ESG Borrower Questionnaire** Campaign

Pemberton holds **carbon and ESG workshops** with portfolio companies

May

New **Head of Sustainable Investing** joins the Pemberton Team

June

Release of annual update on proprietary **ESG Ratings**

September

Members of **iCI**

October

Regulatory workshops held (CSRD) in three different languages

November

Further **Carbon workshops** held for Port Cos

December

Onboarding of **ESG risk platform**

2024

January

Members of the **UN PRI Advisory Committee** for Private Credit

Head of Sustainable Investing & member of the Origination team invited to be on the **IIGCC Working Group on Net Zero** Guidance for Private Credit

Launch of **ESG Margin Ratchet v3.0**

March

Launch of the **2024 Borrower Questionnaire** campaign

Action Through Collaboration

An important pillar in our sustainability activity is to engage with industry groups for knowledge-sharing and to promote best practice.

The opportunity to collaborate with our peers on advancing sustainable investing in private credit enables shared learning and accelerates progress, while ensuring we are well-informed on emerging trends and themes.

We also apply our firm's resources through involvement with industry outreach initiatives, with a keen focus on providing work experience and internships for underserved talent.

Pemberton became a signatory to the UN PRI in 2018. Our firm serves on the **Private Debt Advisory Committee** (PDAC) supporting the design, delivery and dissemination of sustainable investing guidance for our asset class.

Pemberton published its FY2023 **TCFD** report to provide clients and other stakeholders with an understanding of our business and investment exposure to climate-related risks, and our management of these risks.

The **Initiative Climate International** (iCI) is a global community of private market investors (250 members, representing USD4.1 trillion AUM) that seeks to better understand and manage the risks associated with climate change. Pemberton collaborates on the Private Credit Working Group.

Pemberton became a member of the European Leveraged Finance Association (ELFA) in 2022 and serves on **ELFA's ESG Committee** that seeks to advance and streamline borrower disclosure through the development of tools such as the ESG Fact Sheets.

The **Institutional Investors Group on Climate Change** (IIGCC). Pemberton was an active participant in the Working Group convened in Q4 2023 to develop the Net Zero Investment Framework (NZIF): Private Debt Guidance.

We partner with **UpReach** to actively foster and advocate for the specific recruitment of interns from lower socioeconomic backgrounds into private credit and asset management.

Pemberton is a participating firm in the **10,000 Black Interns** initiative that champions under-represented talent and promotes equity of opportunity. By the end of summer 2023, almost 5,000 internships have been created in three years.

Pemberton is a participating firm in the **ILPA Diversity in Action** (DIA) initiative for limited partners and general partners who share a commitment to advancing diversity, equity and inclusion in private markets, both within our own firm and the industry more broadly.

For the 3rd year running, in 2023 Making the Leap recognised an initiative founded by Pemberton, '**Private Credit Investing Potential**', which provides a combination of externship and internships, including for students from under-represented socioeconomic backgrounds.

Pemberton's Co-Founder and Managing Partner, Symon Drake-Brockman was appointed to the Advisory Board for a Government-commissioned taskforce to boost **socio-economic diversity** at senior levels in UK financial and professional services.

2023 UNPRI Rating Results

	Pemberton Score[13]	Median Score
For Direct – Fixed Income – Private Debt	★★★★☆ 87%	★★★★☆ 69%
For Policy, Governance and Strategy	★★★★☆ 66%	★★★★☆ 60%

[13] The PRI rating was assigned by the Principles for Responsible Investment (PRI), an investor initiative in partnership with the United Nations Environment Programme (UNEP) and the United Nations Global Compact (UNGC). The PRI assigned ratings to its signatories for the 2023 calendar year according to its published 2023 Reporting Framework. PRI ratings are assigned to all PRI signatories that submit completed responses to the rating due diligence questionnaire provided by the PRI. Pemberton pays an annual membership fee as a signatory of the PRI but does not pay for the PRI rating itself.

Sustainable Investing Process

Meet our Head of Sustainable Investing

I am delighted to have joined Pemberton last year. Having worked in sustainable investing for over 18 years, previously in public markets, I have observed that the momentum of take-up in private credit is happening at an accelerated speed. Pemberton's commitment to ESG leadership stood out to me and I am excited at the opportunity to work with fully engaged investment teams to deliver value for our limited partners (LPs).

Pemberton is an investment business founded on performance, and it is the role of my team to work closely with our investment teams to help deliver financial returns alongside sustainable outcomes. Social and environmental trends are shaping economies and industries, and our focus is to help investors navigate the risks and opportunities that these trends create.

Within private credit, we are acutely focused on identifying and managing the downside ex-ante. What makes a good risk-return has evolved as the relevance and materiality of ESG issues to investment risk have become increasingly clear. Consideration of environmental, social and governance factors helps us avoid undue risk in our investment process.

We continue to monitor performance through the investment lifecycle because we believe that the management of sustainability issues can impact the resilience and growth of our corporate borrowers. Engagement is a key pillar of our portfolio monitoring, and we continue to make progress on a number of fronts as you will read.

ESG and climate data quality is a priority focus area, as an important input to more informed decision-making as well as for disclosure to our investors who in turn have regulatory reporting requirements that need robust datasets. This year we advanced our third-party data capture platform partnerships so as to more efficiently apply commonly used frameworks (e.g. SFDR and market standards) for metric selection in our ESG Borrower Questionnaire, as well as to leverage evolving in-platform guardrails to ensure better data. As we continue to see positive developments in the quality of portfolio-level data, we anticipate this will enhance our insights from our proprietary ESG ratings as well as provide opportunities for deeper engagement.

During the year, we also undertook a market benchmarking exercise of industry trends around ESG-linked loans so as to ensure our framework is aligned with best practice, including the Sustainability Linked Loans Principles. We launched the latest iteration of our ESG margin ratchet (v3.0) in January 2024, including a carbon reduction target in line with the SBTi[14] guidance for SMEs offered on all new ESG-linked loans.

Overall, 2023 represented a landmark year for Pemberton's Sustainable Investing journey. Below is a snapshot of actions and achievements. Going forward, we see an opportunity for further innovation in partnering with our investors to deliver solutions that meet their sustainability objectives.

Niamh Whooley
Managing Director, Head of Sustainable Investing

"The opportunity to collaborate with our peers on advancing sustainable investing in private credit is another important pillar of our activity, enabling shared learning and accelerated progress, while ensuring we are well-informed on emerging trends and themes."

Niamh Whooley
Managing Director,
Head of Sustainable Investing

[14]Science Based Targets initiative.

2023 Actions and Achievements

Established a dedicated sustainable investing process (SIP) team to execute on our business objectives and oversee day-to-day implementation of our strategy.

Advanced our data toolkit with the deployment of third-party ESG data management platforms and enhanced our monitoring of risks and incidents with the onboarding of a dedicated ESG controversy screening provider.

Completed a baseline carbon footprint analysis that spans our direct lending portfolio companies.

Deployed a comprehensive internal guide, the Direct Lending SIP Procedure, which includes detailed instructions on processes for SFDR records, implementation of the ESG Margin Ratchet, and escalation to the ESG Investment Advisory Council.

Developed robust frameworks to support the majority of the new vintages we manage to be categorised as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR).

40%

Undertook a comprehensive scoping as the basis for Pemberton's interim target to bring 40%[15] of direct lending invested capital into alignment with net zero by 2030.

[15]The 40% target assumes that Pemberton is the sole or lead lender, with a degree of influence on portfolio companies to align with net zero milestones and criteria as defined by the Net Zero Investment Framework (NZIF), Private Debt Guidance, produced by IIGCC (Investor Group on Climate Group) and published May 2024.

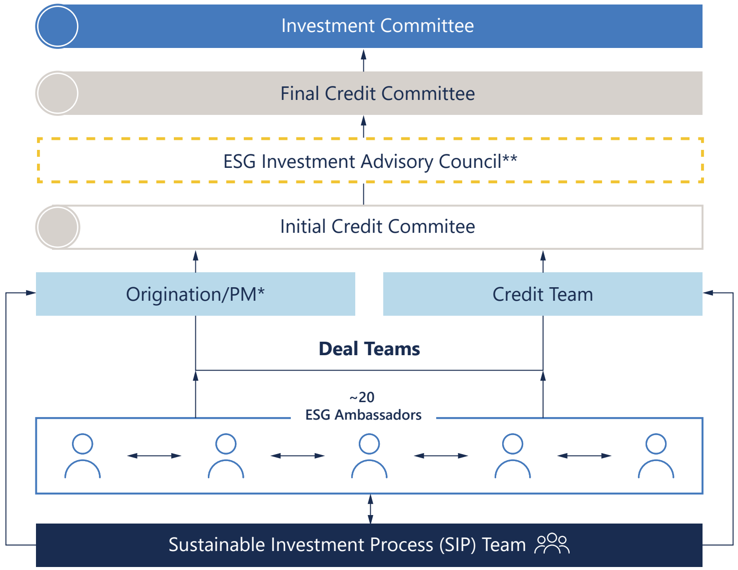
Sustainable Investing Oversight

Day-to-day integration of sustainability considerations in investment processes is the responsibility of all portfolio managers and investment professionals. The dedicated SIP team guides and supports Pemberton's investment teams with the advancement of best practice frameworks, data and tools, together with subject-matter expertise. The SIP team partners with designated 'ESG Ambassadors', including representation for each investment strategy, who help adapt the platform-wide ESG Policy for investing to the specific attributes of each strategy.

Where there is ambiguity in relation to specific investment opportunities that requires deeper guidance and decision-making – such as where climate-related issues for the prospective borrower are a concern – the relevant investment team can escalate the opportunity to the ESG Investment Advisory Council to consider on a case-by-case basis.

The Council is chaired by a member of the Management Committee and consists of key business heads – ensuring consideration of the best interests of clients, investors and the Group – as well as the Head of Sustainable Investing.

Decisions made by the Council are reported at the quarterly ESG Committee meetings.



Source: Pemberton Capital Advisors LLP.
*Portfolio Management.
**Escalation as required.

Robust Integration / Investment Lifecycle

Investment Due Diligence

Exclude

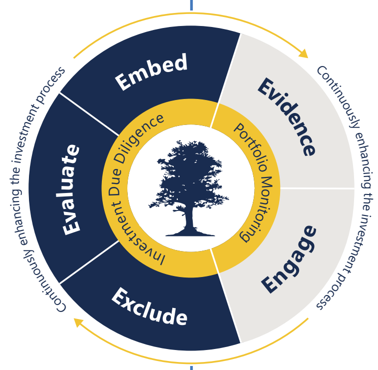
- Negative screen of sectors and activities that do not align to Pemberton's sustainable investing objectives.
- 'Red flags' and controversy assessment using a 3rd party data provider, including any misalignment to market standards (e.g. UN Global Compact).
- Screening also determines the extent of ESG due diligence needed.

Evaluate

- ESG and carbon data capture for baseline rating of disclosure (Article 8 strategies).
- Integrated credit assessment of potential material ESG risks.
- Findings incorporated into the due diligence report considered by the investment team and, after any ESG concerns have been addressed, included in the final paper for our Investment Committee.

Embed

- Where appropriate and consistent with the prospective borrower strategy, Pemberton supports access to ESG-linked loans that offer a downward margin ratchet on the loan for demonstrable performance against pre-defined targets.
- Discussions on appropriate targets and key performance indicators are often 'three-way', between Pemberton, the PE sponsor, and the borrower.



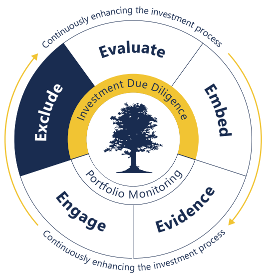
Stewardship and Portfolio Monitoring

Evidence

- Performance and disclosure monitored through our annual ESG Borrower Questionnaire.
- Focus on building analytic capabilities to drive performance e.g. identifying those portfolio companies that have the greatest impact on the portfolio carbon footprint.
- Tracking performance on ratchet key performance indicators, where applicable.

Engage

- The dedicated SIP team undertakes engagement via ESG Workshops and 1:1 meetings.
- Pemberton's policy is for investment teams to maintain an open dialogue with borrowers to minimise risk.
- Proactive discussions are undertaken by the portfolio managers to assess any deterioration in the risk-return profile of the investment, such as governance concerns.



Exclude: Negative Screening

Investments declined on environmental concerns, including exposure to:

1. Single use plastics
2. High carbon intensity (aluminium smelting*)
3. Chemical foams (including little green upside)

Investments declined on social concerns, including exposure to:

1. Gambling / gaming
2. High churn of employees
3. Tobacco production

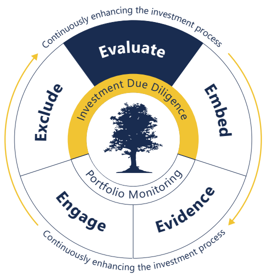
Investments declined on governance concerns, including exposure to:

1. IT and data security / privacy
2. Volatile end market
3. Management concerns

E	**Project Plastic** **Sector:** Chemicals	Business expansion for international supplier and distributor of plastic resins, compounds and additives (products include PET bottles and packaging)	**Declined** due to poor disclosure on 'circular economy' risk management as well as exposure on raw material pricing
S	**Project Consumer** **Sector:** Financial Services	Scale debt collection practice for pan-European operations	**Declined** due to concern over aggressive collection practices
G	**Project Data Privacy** **Sector:** High Tech Industries	Data collection firm using Proxy IP address	**Declined** due to concern over data privacy and security

Note: Project names are representative only.

*Aligns to our credit risk appetite, low exposure to industrials.



Evaluate: Investments

Aside from Pemberton's initial negative screening list of activities and sectors that do not align with the firm's sustainable investing objectives, we do not claim that ESG factors are the sole or primary consideration in investment decision-making.

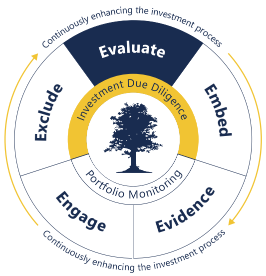
However, evaluation of the material environmental, social and governance-related risks and opportunities of prospective borrowers diversifies the information available to portfolio managers for a more holistic view of the risk-return profile of an investment and related repayment risks.

Our investment teams focus acutely on the sensitivity of a company's cashflows to sudden damage that could arise, including material ESG risks. We also believe that integration of ESG can provide valuable insights into the long-term growth prospects of the company. Ultimately, it makes us better investors and benefits our LPs.

Governance is a core competence of all Pemberton's lending teams as it is the foundation on which all resilient companies are built. Our teams avoid investments where there are concerns about governance shortcomings. Considerations by portfolio managers include board structure, management experience and track record, and evidencing of effective risk management as well as robust oversight of business practices to ensure ethical behaviour throughout the business.

While impact is not currently an objective of our direct lending strategy, we recognise that understanding exposure to the UN Sustainable Development Goals (SDGs) is important to some of our stakeholders. Hence, our case studies outlined in this section indicate investments that are potentially impact-aligned. We do this by applying the SDI taxonomy[16], which is a credible source for mapping investments to the SDGs, related to companies' products and services supporting positive social and / or environmental impact.

[16] Sustainable Development Investments (SDI)-Asset Owner Platform (AOP), which provides comprehensive coverage of global institutional investors' portfolios for their contribution to the Sustainable Development Goals. SDI- AOP has recently extended the Taxonomy and guidance to private markets. SDI classification is either decisive (10-50%) or majority (>50%), based on revenues. The challenge in private markets is the lack of adequate disclosure to enable this analysis, such as detailed revenue allocation for product lines, which is reflected in the confidence level (low-high) for the SDI classification.



Evaluate: Supply Chain

Case Study

Due diligence was undertaken for lending to a leading European private manufacturer of chocolate products and cocoa ingredients, supplying private label segments in Europe and North America. As the business has vertical integration across the value-chain from 'bean to bar', credit analysis included a focus on cocoa both in relation to commodity prices and associated environmental and social supply chain risks.

On cocoa prices, the company had strategically built up its raw material volume both during the Covid-19 period and in response to global supply chain constraints. Its price hedging strategy and cost pass-through mechanisms were determined as robust.

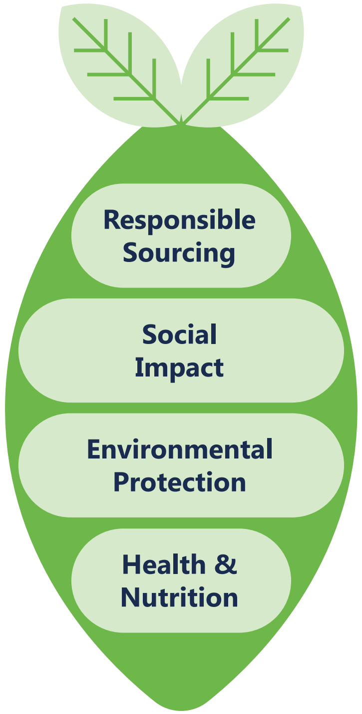
The cocoa beans are procured primarily from Africa – about 70 percent of the world's supply comes from Ivory Coast, Ghana, Nigeria and Cameroon – and South America. The diligence process identified that the company has internationally recognised ISO 20400 Sustainable Procurement certification. Creating a sustainable cocoa supply chain to tackle social and environmental issues is a complex process that the company is committed to via Rainforest Alliance certification.

2 ZERO HUNGER *

Out of the total sourced, 38% is certified sustainable cocoa, with a target of increasing this to 50% and 100% by 2025 and 2030 respectively. On other raw material exposure, the business uses 100% sustainable palm oil and packaging is 93% recyclable / compostable.

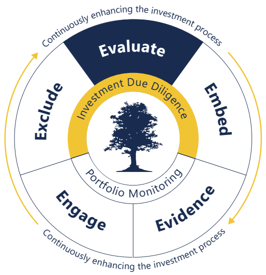
On supply chain labour standards, the company requires 100% of its suppliers to certify compliance with the business's minimum social, environmental and ethics requirements covering worker rights and safety in the workplace, and with zero tolerance of bribery and corruption. Child labour is still a challenge in some of the countries of origin, for example Ivory Coast. The company is participating in collaborative initiatives to combat this, including support for sourcing projects promoted by ILO and UNICEF and as a member of the International Cocoa Initiative (ICI) that focuses on addressing child labour.

The credit assessment paper further highlighted a Better-For-You offering that includes organic, dark chocolate and reduced sugar. At the time of the financing the company was targeting B-Corp certification[17] (since achieved), noted as another indicator of robust sustainability risk / opportunity management by the business.



*SDI classification: decisive, low.

[17] B Corp certification is conferred by a global non-profit organisation that assesses a company's social and environmental performance.



Evaluate: Environmental Factors

Case Study

Two investment opportunities were evaluated involving industrial materials businesses that manufacture and distribute plastic intermediaries and compounds. Due diligence led to different outcomes.

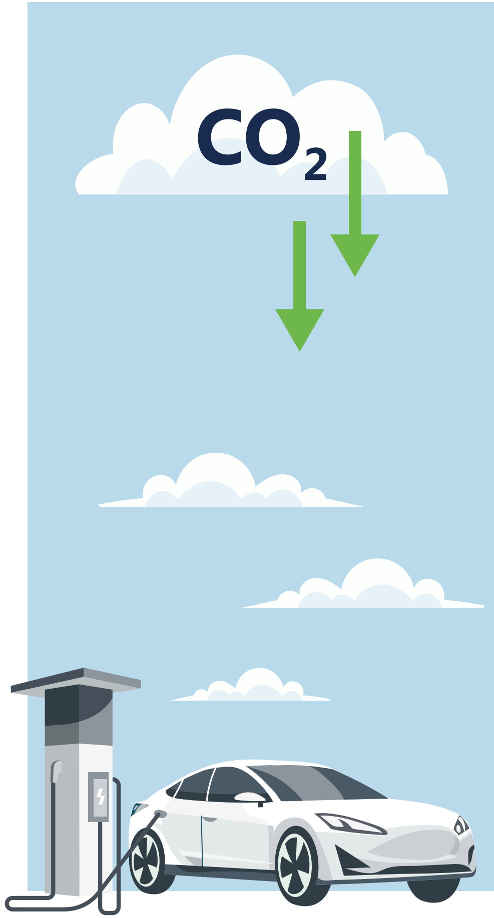
As highlighted in our TCFD report, through our analysis of climate risk we have identified that, while Pemberton has no material exposure to high-risk climate sectors like fossil fuels[18] - the main sectors that contribute to our direct lending portfolio emissions footprint[19] are Construction & Building Materials and Capital Goods & Industrials, with the latter including materials businesses.

Lending was approved for a European manufacturer of engineering plastics, with a global footprint primarily supplying the automotive and electrical component markets. Typical product use cases are Electric Vehicle (EV) battery housings, airbag casings and automotive powertrains. Increasing market penetration in the transition to EVs was determined as a tailwind for company performance given the higher overall plastic polymer used in these vehicles – as well as hybrid vehicles – compared to traditional combustion engine cars. There are also 'lightweighting' benefits as the use of plastics help automakers meet increasingly stringent fuel economy standards. Specialist polymer compounds are further required in EV infrastructure (e.g. charging points).

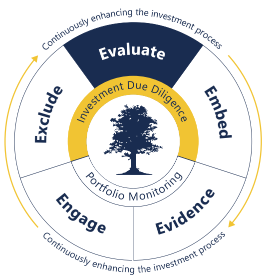
While industrial chemistry like polymers can be a critical player in providing climate solutions, plastification of polymers is an energy-intensive process resulting in high greenhouse gas (GHG) emissions. Post-investment as part of our ongoing monitoring, this company is in focus for targeted engagement on its management and potential improvements areas for operational emissions.

Separately, a potential investment in an international supplier was declined. Project Plastic's products include advanced polymers for industry, as well as other chemicals for both industry and personal care. It was noted during due diligence that, as well as negative exposure on raw material pricing, the business included manufacturing of PET[20] plastic bottles and packaging but poor disclosure on management of related 'circular economy' risk in terms of recycling and other activity.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION *



*SDI classification: decisive, low.
[18]Overall, at a firm level there is exposure in Working Capital Finance (WCF) to short-term receivables arising from oil, oil services and metallurgical coal supply contracts, representing <1% of overall AUM for Pemberton as of 31 December, 2023.
[19]TCFD reporting identified that 11% of Pemberton's invested capital contributes to 74% of the direct lending portfolio carbon footprint (Scope 1+2), with two main sectors forming the majority of this.
[20]Polyethylene Terephthalate (PET).



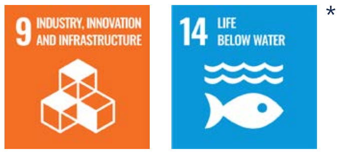
Evaluate: Sustainability Solutions

Case Study

As credit investors, we have a keen focus on downside risk within the investment process.

However, our world is facing an array of environmental and social challenges, and mid-market companies can be part of the solution to these. At the same time, sustainability tailwinds – ranging from new policy responses, evolving regulatory frameworks, changing consumer demand and government investment flow – can strengthen the investment case.

Our direct lending to mid-market companies in Europe can deliver economic value to established businesses with an ambition to take them to the next level of growth.

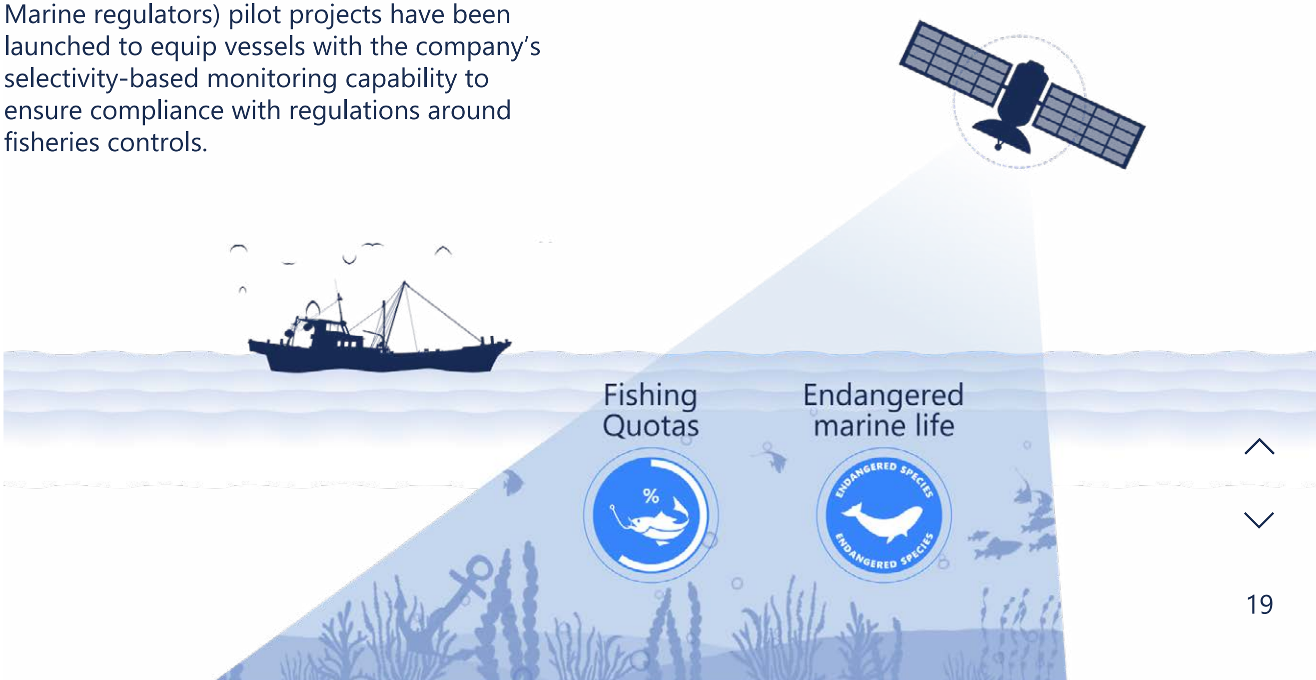


Sustainable Fishing

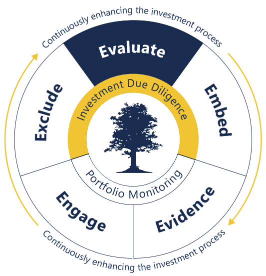
Pemberton financed a European company that has developed revolutionary oceanographic technology tools, facilitated by satellite, that allow fishing crews to make more informed decisions (selectivity based on the health of each stock, including the quantity of fish, their species and size in the growth cycle), as well to avoid the most vulnerable species and respect fishing quotas.

A number of government (Sea Fisheries and Marine regulators) pilot projects have been launched to equip vessels with the company's selectivity-based monitoring capability to ensure compliance with regulations around fisheries controls.

This technology was recognised by the UN Global Compact for its contribution to Sustainable Development Goals 14, Life Below Water. Use of the company's solutions delivers the additional benefit of reducing carbon footprint and fuel consumption through more efficient navigation.



*SDI classification: majority, high.



Evaluate: Regulatory Tailwinds

Case Study

Workplace Safety

*

Pemberton financed a European company with a global leadership delivering operational health and safety technical and training services to over 250,000 workforce personnel. Serving industries with a high risk to the safety of their people, their assets and the environment ranging from Maritime, Oil and Gas, Renewables, Construction, Engineering and Aviation. The business projects that renewables will be the fastest-growing industry segment going forward, such as health and safety training for offshore wind.

Given the severity of errors and failure (e.g., fatalities, casualties, fires, environmental contamination), a high share of certified training (c.70%) for these high consequence industries is mandated by global regulators.

Recognising that evidencing reliability, competence and commitment to sustainability is a priority for building trust with customers, the company released its first Sustainability Report in 2020, with annual updates on progress.

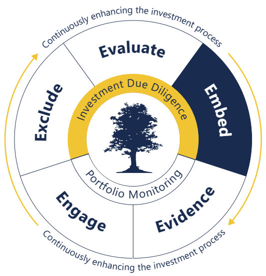
Circular Economy

**

This direct lending portfolio asset is a southern European packaging and recycling company with a growth model supported by environmental regulations that promote a circular economy. It works with businesses and municipal customers on minimising waste. As a specialist in waste management and recycling of urban and industrial non-hazardous dry waste (mainly paper and plastics), services the business provides include collection and transport of 'recoverable materials', alongside providing customers with products and packaging made from the recycling of their paper and plastic waste.

Capabilities include receiving post-consumer plastic waste and transforming it into secondary raw material, which can include 50% lower CO_2 emissions than virgin-only processes[21]. With an ultimate goal of zero landfill, the company is also transforming non-recyclable, residual waste into secondary solid fuel (SSF) to be used in replacing coal in cement works.

*SDI classification: majority, high.
**SDI classification: majority, medium.
[21]The challenge of private markets is that certified and/or evidencing of sustainability claims by prospective borrowers can be limited, and hence the focus of Pemberton's efforts is on encouraging public disclosure of verifiable information and data.



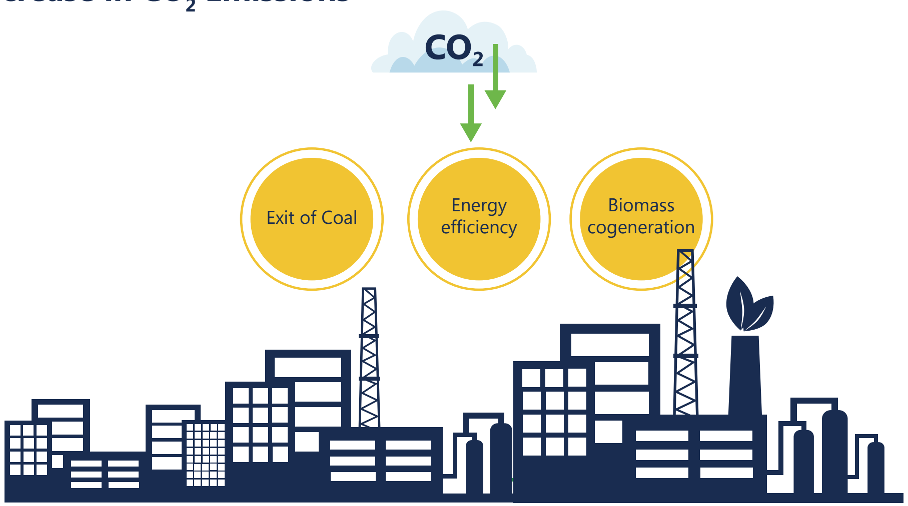
Embed: ESG Margin Ratchet

Case Study

An important lever in our asset class to incentivise progress on sustainability performance is the use of ESG-linked margin ratchets, which reduce the loan interest margin if the borrower delivers against predefined targets.

For a European manufacturer of mineral additives, the environmental impact of the business was a consideration during the diligence process. As a result, we embedded a bespoke ratchet in the lending to certify real world carbon emissions reduction. In this instance a two-way ratchet was introduced which increases the margin in case no action is taken by the borrower. This portfolio company has delivered year-on-year carbon reduction that has outperformed its own projected pathway to reduce emissions, certifying a cumulative reduction over 2 years of 18%.

Decrease in CO_2 Emissions



The climate diagnostic tool

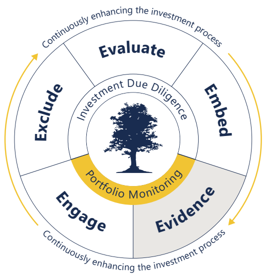
We recently developed a new diagnostic tool to help us better assess the climate risk in our lending, providing a snapshot of a company's physical and transition risks. We have begun working with our investment teams to integrate this new diagnostic tool into our due diligence process for direct lending. Going forward, the climate diagnostic tool will be embedded within our ESG screening checklists, and the result of the assessment will be recorded in papers submitted to the Investment Committee.

Where investment opportunities are identified as having a higher potential exposure to climate-related risks, these will be in focus for take-up of the ESG Margin Ratchet (including climate KPIs), as well as for targeted engagement during portfolio monitoring.

The climate diagnostic tool has 3 inputs:

1. Pemberton's coverage is mapped to the IIGCC Net Zero High Impact Sectors[22] to identify those that have potentially high emissions.
2. These sectors are further mapped to three climate risk categories – physical, transition and regulatory risk – as categorised by the SASB Standards Climate Risk Technical Bulletin[23].
3. Pre-investment data capture of Scope 1, 2 and 3 emissions or, in instances where there is no self-reported data, activity-based inputs provided by prospective borrower on our third-party partner platform to calculate its carbon footprint.

Source: Pemberton Capital Advisors LLP. As of December 2023, this portfolio company has repaid its debt.
[22]IIGCC Net Zero Investment Framework, Implementation Guide, March 2021.
[23]https://sasb.ifrs.org/wp-content/uploads/2023/11/SASB-Climate-Risk-Technical-Bulletin-2023-0823.pdf.



Evidence: Scaling Data Collection

Pemberton's policy is to ensure regular contact with borrowers during the loan lifecycle in order to identify any potential deterioration in the risk-return profile, including ESG concerns. Ongoing performance monitoring also enhances our assessment of sector exposure to positive regulatory tailwinds, as well as our decision making on the viability of further credit arrangements.

Pemberton's investment and monitoring process requires access to relevant, reliable information and data that we can track over time, to help evidence progress of portfolio companies. However, a key hurdle for ESG integration is data availability and quality, which is amplified in private markets as there is currently no mandatory reporting obligation for mid-market companies.

To tackle the issue, in direct lending Pemberton deploys an annual ESG Borrower Questionnaire to build internal capacity and strengthen our analysis. (This augments the ESG and carbon data capture pre-investment for Article 8 strategies, which forms a baseline rating of disclosure). Data is captured from portfolio companies on third-party platforms engaged by Pemberton and selected because of their provision of commonly used frameworks (regulatory e.g. SFDR and market standards) for metric selection, as well providing guardrails at the point of data entry and guidance on how to perform the right calculations.

At the beginning of our campaign to capture 2023 ESG and carbon data we updated our questionnaire, as we do each year, to ensure our data capture is continually evolving and aligned to our limited partners' reporting requirements.

We note that with a European borrower base, Pemberton will benefit going forward from the EU Corporate Sustainability Reporting Directive (CSRD)[24] as it broadens the scope of mandatory ESG metrics and data to some of our portfolio companies for FY2025.

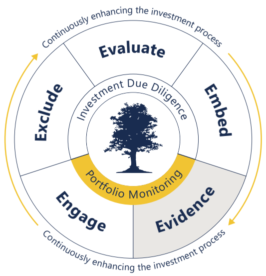
Question topics for borrowers across the E-S-G pillars

E
- Carbon Emissions
- Energy Management
- Water and Wastewater Management
- Ecological Impacts

S
- Employee Diversity, Equity, and Inclusion
- Employee Health and Safety
- Human Rights
- Supply Chain Management

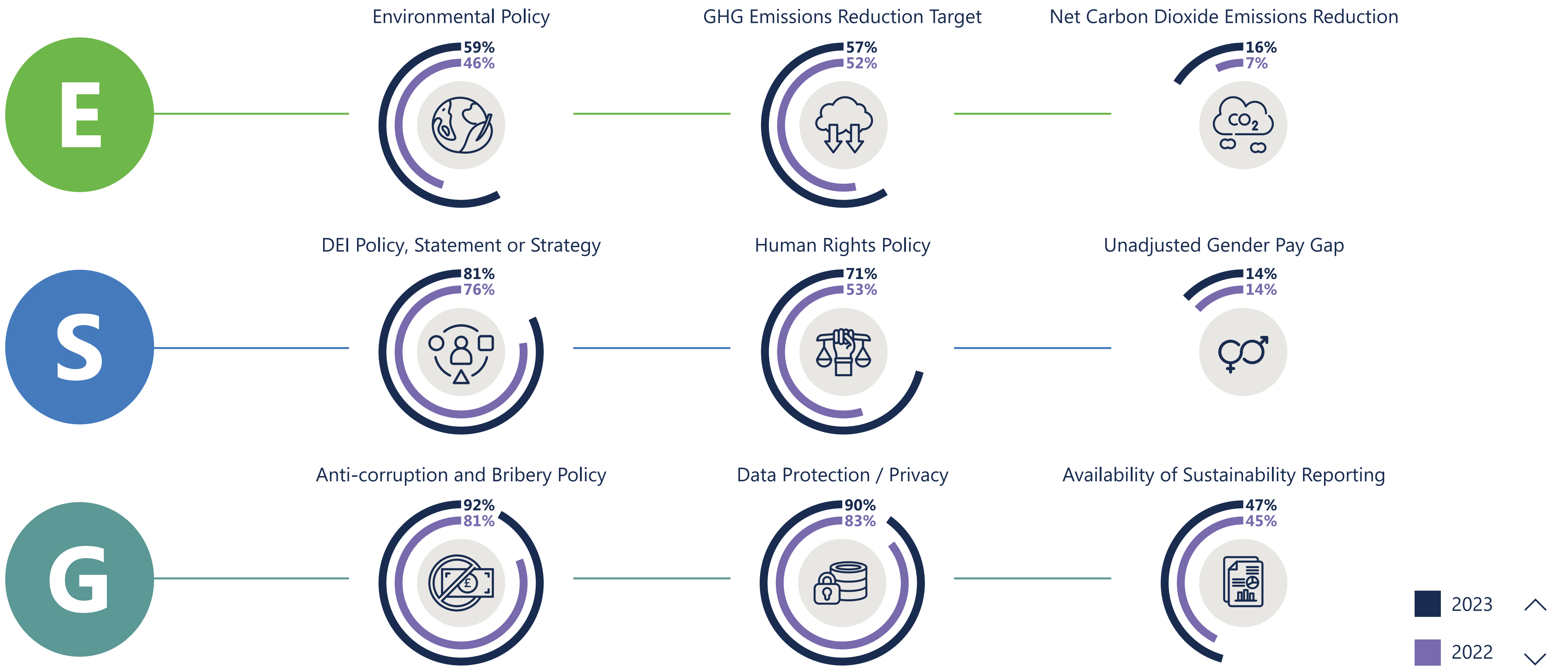
G
- Board Diversity
- Data Security
- Business Model Resilience
- Business Ethics, Bribery and Corruption

[24] CSRD is being phased in gradually depending on company size, revenue and location. European mid-market private companies that meet two of the following criteria: 250+ employees, €50m+ net turnover, €25m+ total assets must comply with the CSRD in 2025, reporting in 2026.

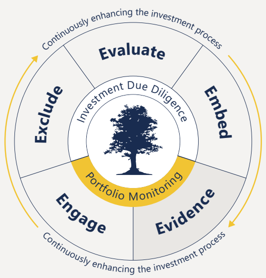


Evidence: Borrower ESG Metrics

Annual Questionnaire Snapshot:



Based on committed capital regarding portfolio companies that submitted data for Pemberton's ESG Questionnaire in 2022 and 2023.



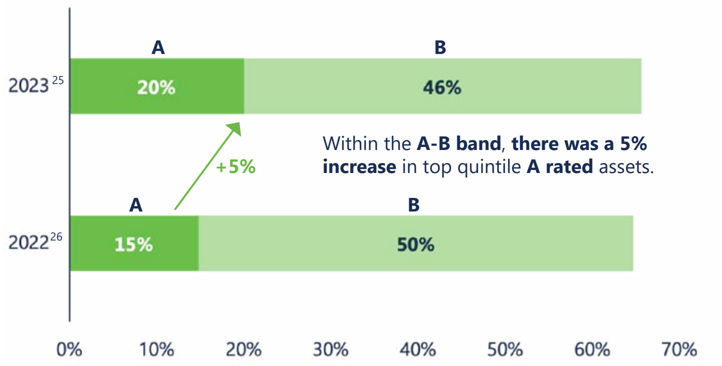
Evidence: Proprietary ESG Rating

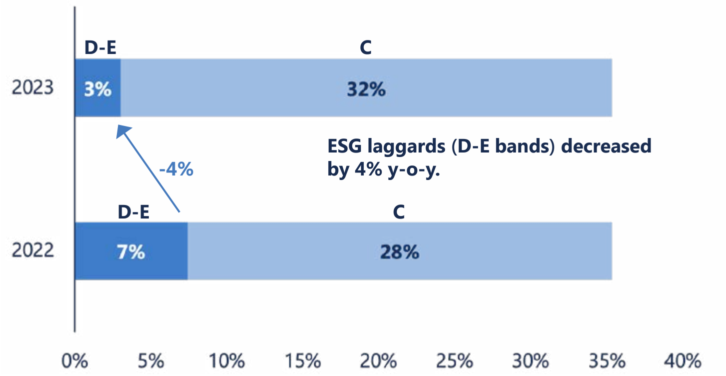
We recognise that ESG ratings are not a 'silver bullet' for measuring management of environmental, social and governance factors by portfolio companies.

However, Pemberton's proprietary ESG rating (including a carbon footprint score) effectively enables us to measure their progress on implementing policies and disclosure year-on year.

While some of our Direct Lending portfolio companies are more progressed on their sustainability reporting journey, others are just beginning. Every new borrower is rated for a baseline, and we update ratings on an annual basis.

This allows us to undertake consistent data analysis across the portfolio to demonstrate this progress to our investors. During 2023, while A-B ratings remained consistent, representing two-thirds of the direct lending portfolio, we recorded continued improvement in the top quintile 'A' rating and among laggards.



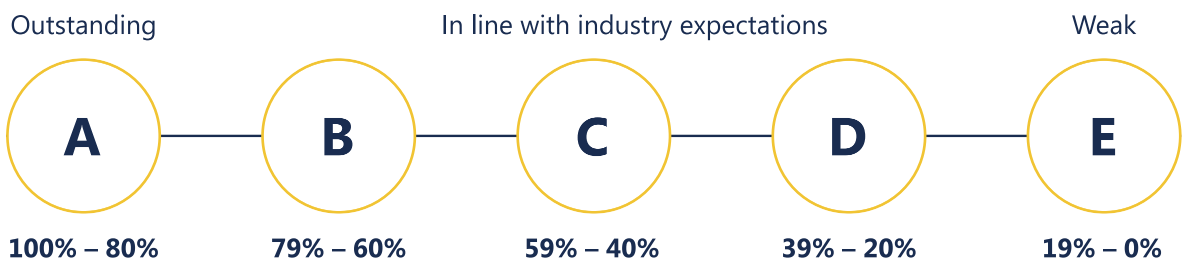


ESG Management Rating

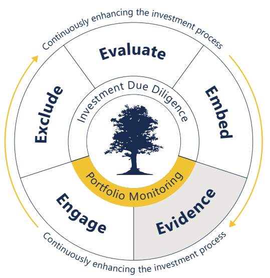
Alphabetical rating from A (Outstanding) to E (Weak).

The ESG Management Rating assigns a score to measurable and objective indicators as set out in the annual Pemberton ESG Borrower Questionnaire which is completed by the relevant management team. Scores have been assigned depending on whether responses reflect expected, good or outstanding practices versus what is standard within the private European mid-market corporate landscape.

This score reflects the ESG maturity of a borrower and its approaches and practices towards each of E, S and G topics. We calculate a separate carbon footprint score that enables us to track carbon disclosure, any reduction targets, and the borrowers contribution to the overall portfolio carbon footprint.



[25]Comparing portfolio companies who provided ESG data to Pemberton for FY 2022 and FY 2023. Snapshot of commitments as at 31/12/2023.
[26]Comparing portfolio companies who provided ESG data to Pemberton for FY 2021 and FY 2022. Snapshot of commitments as at 31/03/2023.
Financial data at year end will be used for data comparison for future comparison.



Evidence: Year-on-Year Progress

Our Rating and Engagement in Action

Active Engagement[27]

Increased to 62% of portfolio

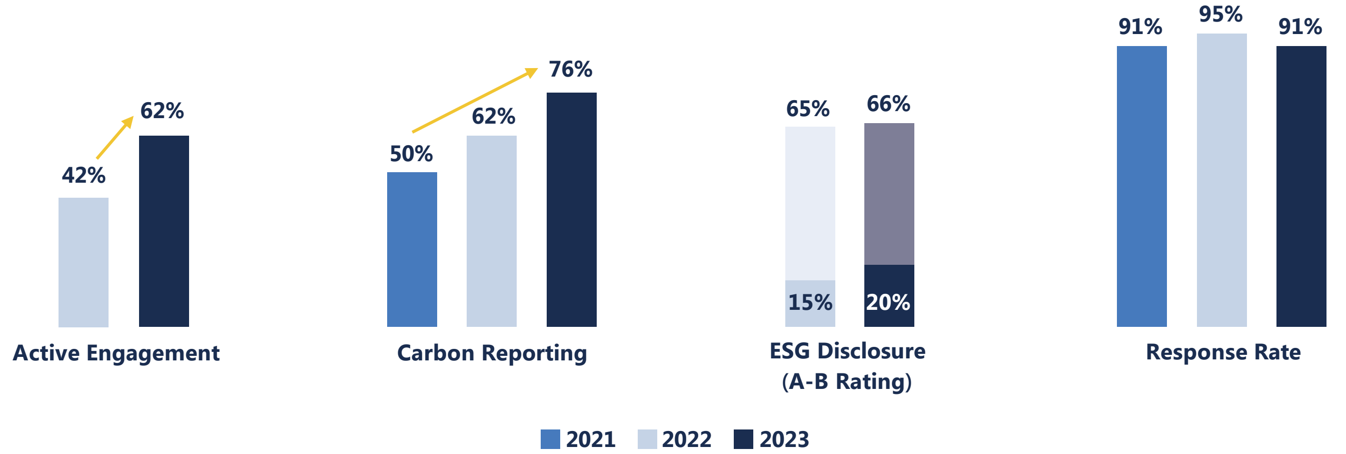
Carbon Reporting

Increase from 62% to 76% of portfolio assets disclosing carbon data

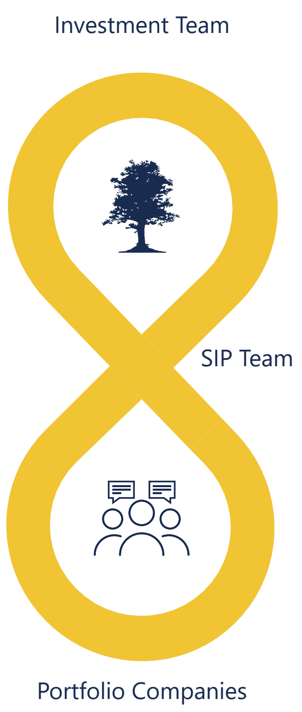
Sustainability Disclosure

5% increase in A rated assets, with 4% decrease in laggards

Continued High Borrower Response Rate[28]

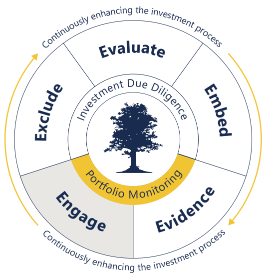


Continuous Feedback Loop



Pemberton's investment teams review material issues, including any ESG concerns, with portfolio companies semi-annually.

Source: Pemberton Capital Advisors LLP. [27]Active Engagement defined as in-person workshops and / or meetings. Comparison is 1H versus 2H 2023. While ongoing dialogue with borrowers is the norm, active engagement by SIP was formalised/ tracked as of Jan 2023. [28]Response rate assessment excludes investments realised intra-year or where realisation was known and occurred in 1H of the following year. Non-responses linked to timing of investment vs reporting campaign timing or other agreed exemptions. The ESG data presented herein does not necessarily reflect the situation upon the day financing has been approved and is subject to change of over time. Further, such ESG data may not be representative of Pemberton's approach to Sustainable Finance Disclosure Regulation (SFDR) or other regulatory initiatives. Pemberton uses ESG data acquired through its own internal due diligence, external consultants and third party data analytical tools when considering a prospective borrower's ESG risk profile. Such due diligence relies on the availability and accuracy of various sources, such as borrower disclosures, which often include forward-looking statements of intent and are not necessarily fact-based or objectively measurable. Pemberton is also dependent on the subjective judgements in respect of ESG risks of its investment analysts.



Engage: Portfolio Monitoring

Active Engagement

Private credit investors have a voice. Contrary to common belief, investors in our asset class can undertake active engagement to exercise influence and help improve performance among companies during the lifetime of the loan. We undertake ongoing dialogue because we believe that companies that effectively manage risks and opportunities related to ESG factors can be better positioned for growth, and ultimately to repay their debt.

We strive to exercise influence and pursue stewardship responsibilities to the extent possible for an investor in private credit. Where Pemberton does have a degree of influence, specifically as the lead or sole lender to companies in its direct lending strategies, the SIP team maintain an ongoing dialogue with portfolio companies, including one-to-one meetings when requested, and 'teach-ins' around use (including metric calculations) of our ESG third-party platform.

During 2023, we launched a successful, ongoing series of ESG Workshops for our portfolio companies to share practical steps and guidance on carbon reporting and preparing for upcoming EU mandatory sustainability reporting (CSRD).

Our SIP-driven active engagement has advanced from 42% to 62%[29], defined as 1:1 meetings or attendance at workshops.

[29] From 1H-2H 2023.

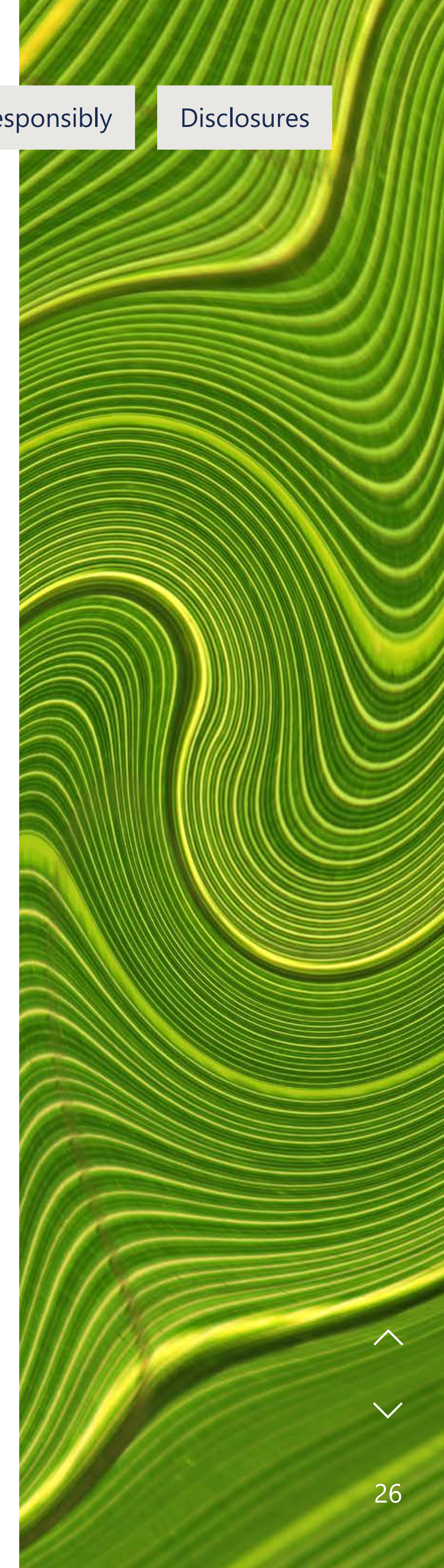
2023 ESG & Carbon Workshop Statistics
of the portfolio assets that attended:

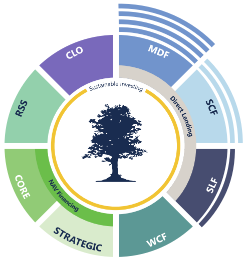
- 62% Direct Lending portfolio companies attended one or more workshops[30]
- 76% of portfolio companies declared their 2023 emissions
- 23% of portfolio companies certified their 2023 emissions

[30] TCFD value references 42%, which is specific to carbon workshops only.

Pemberton's ESG Margin Rachet v3.0 is offered to direct lending borrowers as appropriate, and serves as a key engagement lever that can lead to detailed discussion with the private equity (PE) sponsor, the prospective borrower and Pemberton's Origination and SIP team on key performance indicators (KPIs) and targets that go beyond business as usual (BAU).

Responsibility for post-investment performance monitoring rests with the respective teams, with portfolio managers maintaining regular contact with borrowers in order to identify any potential deterioration in the risk-return profile, including governance concerns. To reinforce that ESG is an ongoing consideration, Pemberton's investment teams share the annual ESG Scorecard with portfolio companies, which benchmarks performance versus other assets.



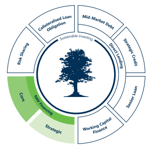


Cross-Platform Frameworks

Pemberton's ESG Policy and governance processes underpin all investment strategies, provide the overarching charter for our approach to responsible investing, and cover >99% of Pemberton's assets under management. This includes that, as a first step, all potential investments across the platform must undergo:

- A 'red flags' controversy screen using a third-party ESG specialist data provider.
- Pemberton's Negative Screen, with two additional screening categories for any funds classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR).
- Escalation to the ESG Investment Advisory Council, as required.

Thereafter, our investment teams customise assessment frameworks to their coverage and the specific characteristics of each strategy. We note that ESG data availability is generally more advanced in direct lending, where Pemberton has a degree of influence as the lead or sole lender and two-way interaction with borrowers is the norm. In other private credit asset classes, the hurdle of data availability is amplified, and pertinent information can be difficult to obtain despite best efforts. However, to the extent possible, as engaged investors, Pemberton's teams are committed to push market participants to enhance their disclosures.



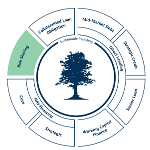
NAV Financing provides financing to private equity funds, limited partners and general partners for a broad range of applications including potential capital and liquidity needs. NAV Financing vintages are classified as Article 8 and ESG is integrated through the financing lifecycle. The ESG 'Negative Screen' is completed during the due diligence process at the level of all underlying collateral portfolio companies, as well as the sponsor for each NAV deal.

In addition, an ESG 'Positive Screen' questionnaire is completed by the sponsor on key metrics for its business across the environmental and social pillars, together with information on governance policies and practices that form part of the good governance assessment. This is the basis of a preliminary ESG rating for the General Partner. The ESG process is updated annually for ongoing risk monitoring. The Sustainable Investing Process (SIP) team further reviews the manager's sustainability disclosure, providing a view on the strength of the programme, which is recorded in the Portfolio Management assessment.

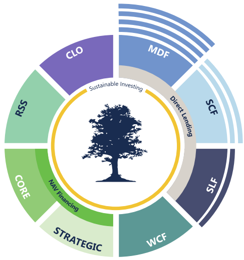
Positive Screening: Applies to All Sponsors

Preliminary & Annual ESG Questionnaire

E	S	G
Climate Change Environmental Management & Policy Biodiversity	Employee DEI Employee Training Workforce Engagement	Risk Management Business Conduct Governing Body (Board) Business Model Resilience



Pemberton's **Risk Sharing Strategy (RSS)** enters long-term partnerships with global banks and leading European lenders to share risk on corporate and SME loan portfolios and other core assets. The latest RSS vintage is Article 8 and seeks to promote the environmental characteristic of climate change mitigation. The ESG assessment of lenders includes analysis that seeks to identify investments where there are robust emissions reduction targets and net zero ambition, together with a trend in reducing exposure to fossil fuels through lending.



Cross-Platform Frameworks

For **Working Capital Finance (WCF),** the ESG assessment takes account of the short tenor (<1 year) and transactional nature of the credit relationship with borrowers, while ensuring our investors can benefit from the attractive characteristics of this asset class in a responsible manner.

Trade transactions can pose higher risk for money laundering, sanctions and geopolitical risk requiring strong compliance and KYC controls, including identification of any 'red flags' such as PEP (Politically Exposed Person) exposure. An ESG data review is undertaken and, while datasets are often incomplete, this is supplemented with the significant experience of our investment team in understanding geopolitical, supply chain and other risks that must be considered (highlighted under Integrated Risk Assessment).

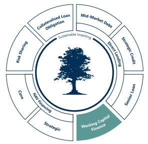
Case Study

Sector: Meat processing

Geography: South America

Description: One of the largest processing companies, serving c.275,000 customers globally, ranging from supermarket chains to small retailers, wholesale clubs and foodservice companies.

Declined: WCF transaction declined due to concerns on the lack of visibility into the origin of the meat it buys. Due diligence identified that some of the farms were located at the border with the Amazon forest and restricted areas, and there were allegations that a portion of supplies originated from an Amazonian farm under sanction for illegal deforestation.



WCF: Integrated Risk Assessment

Liability & financial risk analysis includes ESG factors related to the business, goods, country exposure and supply chain risks as follows:

Governance

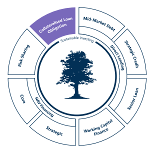
- How the company is managed
- Director track record; e.g. exposure to insolvency
- Geopolitical risk including PEPs

Social

- Industry + country risk; e.g. garments (slave labour)
- Commodity + country risk; e.g. blood diamonds, conflict minerals, artisanal mining

Environmental

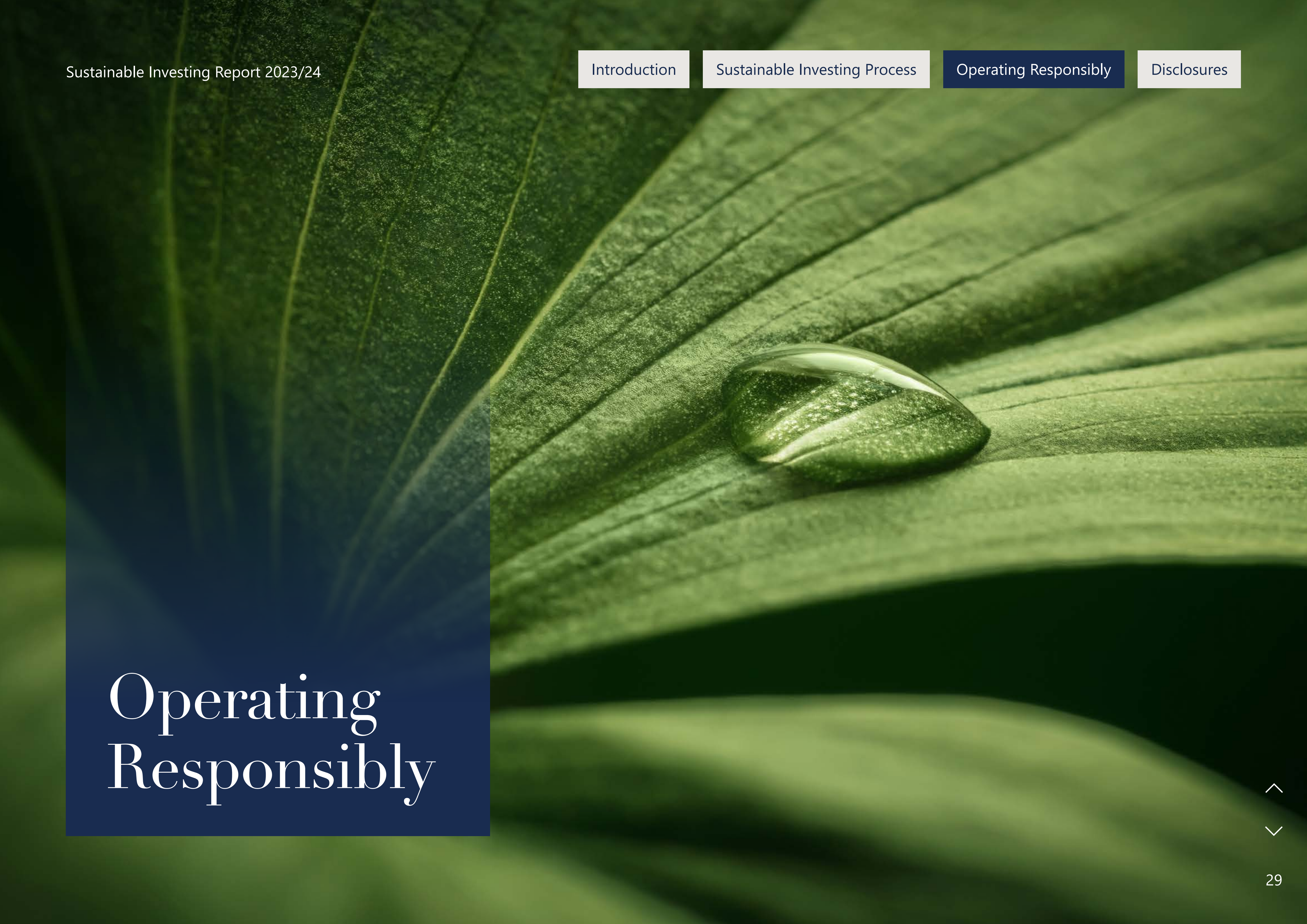
- Commodity risk; e.g. EU Regulation on deforestation-free products



CLO ESG Process

For **Pemberton's CLO team**, asset selection involves both macro and fundamental credit assessment including corporate strategy, transparency and disclosure, as well as management track record. The focus is on cash flow sensitivities, including ESG risks. For example, a portfolio borrower had to close a key plant in an emerging market due to severe water shortage, representing a significant reduction in production capacity. This was deemed a negative credit event and the exposure sold.

The CLO team incorporates an ESG toolkit in decision-making including a carbon intensity calculator and an internal ESG rating system (built from a leading rating agency's sectoral framework). The ESG process is monitored by an Independent Sustainability Coordinator.



Operating Responsibly

Sustainability Governance

Pemberton's commitment to operate responsibly is underpinned by the highest standard of sustainability governance, practices and culture, ensuring that we act in the best interests of our limited partners, our people and other stakeholders.

Oversight begins with Pemberton's ESG Committee, a sub-committee of the Board, which has a remit to consider ESG strategy, policies, implementation and targets across the business. Members of Pemberton's senior management sit on the ESG Committee, including our Managing Partner, Chief Operating Officer and Chairman (who chairs the Committee). Our Group-level material sustainability issues are identified through internal and external dialogue to identify topics that are most important to our business and stakeholders, including consideration of recognised sustainability reporting standards and regulation.

Implementation of our strategy is driven by our network of 'ESG Ambassadors' tasked with building scale and knowledge-sharing across the platform and overseeing key deliverables for the firm, from our commitment to operate responsibly, corporate social responsibility (CSR) activities and our sustainable investing process (SIP).

Sustainable investing cannot be a siloed activity. Our investors and regulators focus on a wide array of issues around sustainable investing processes and communication – which touch on many functions in our firm.

Our dedicated SIP team works cross-functionally to guide and support Pemberton's investment teams, supported by the designated ESG Ambassadors for each investment team who help adapt the platform-wide ESG Policy to the specific characteristics of a strategy. This connectivity and collaboration is supported by Risk and Compliance to ensure adherence to regulatory requirements.

Training is a key area that the ESG Committee tracks, ensuring that all Pemberton personnel understand our commitment to the UN PRI principles during onboarding when new, and at least annually thereafter receive training tailored to their touchpoints with the Sustainable Investing Process. Targeted guidance and training is deployed for those directly involved in the investment process.

We recognise that our people are the driving force behind our business and creating sustainable value. As outlined in the following section, Purpose and Culture is the foundation for how we work to deliver Pemberton's business objectives, while Pemberton's Code of Ethics sits at the heart everything we do, with transparency and integrity central to all activities.

Finally, governance also means applying transparency to strengthen the trust placed in our portfolios by investors. We are committed to reporting on our activities and accomplishments, through publications such as this and our TCFD reporting that outlines our decarbonisation strategy.

Purpose and Culture

Our purpose is to deliver attractive returns for our investors and provide flexible capital solutions to our borrowers. As responsible stewards of capital, we seek to contribute positively to the economic and social success of the communities we are connected to and to provide a working environment where our employees can thrive.

180+
Professionals Firmwide[31]

15
Locations[32]

26
Nationalities

> **Our people are critical to Pemberton's success. We strive to provide a collaborative environment where they can develop their potential, while our Purpose and Culture aims to sustain a working environment in which our corporate values are exemplified by all.**
>
> **Paul Aldrich**
> Partner, Head of People and Performance

Pemberton's culture is built on three pillars: **Supporting**, **Growing**, and **Thriving**. These pillars are brought to life through eight core valued behaviours.

Supporting

Our equitable, diverse and inclusive working environment allows us to build strong, respectful and supportive relationships with our colleagues where everyone's contribution is valued.

Growing

We invest in technical training, leadership development and wellbeing to support personal growth and contribute to the success of the firm.

Thriving

Collaboration, open communication, professionalism and high-performance are core to Pemberton's culture.

All figures as of 30th June 2024 unless stated otherwise.
[31]Pemberton Group, including consultants, contractors and advisors.
[32]Include three locations in the US.

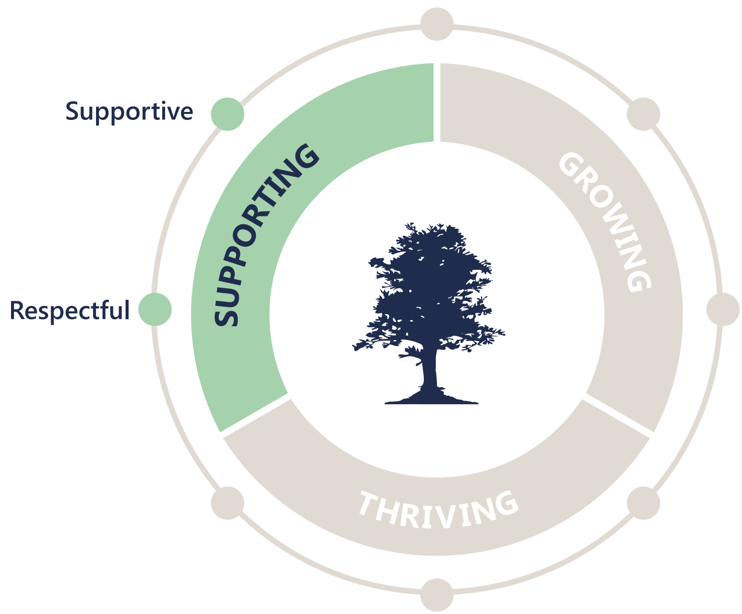
Supporting: Diversity and Inclusion

An equitable, diverse and inclusive working environment allows us to build strong, respectful and supportive relationships with our colleagues where everyone's contribution is valued.

PembertonID council is an important component of the firm's efforts to encourage input from all perspectives, with Gender, Social Mobility, Neurodiversity and LGBTQ+ subgroups each assigned a senior sponsor who is a member of the firm's Management Committee.

We completed a D&I survey[33] during 2023 to identify areas for enhancement in our approach, as well as inclusion barriers that might need action, so as to drive further progress across the business. Recent initiatives have included a workshop on neurodiversity for all management (Partners, MDs), while DEI training is part of our annual compliance cycle.

The Diversity & Inclusion Policy in our Employment Manual highlights our commitment to gender diversity in our interview pool, with a snapshot of female representation in our firm shown below.



29%

Female representation on Management Committee

2022: 14%

44%

Of all board members are female[34]

2022: 38%

24%

Investment professionals are female[35]

2022: 27%

50%

Managing Director / Partner new hires were female

2022: 0%

[33] A number of EU countries have restrictions on the collection and processing of personal data related to race and ethnicity by employers.
[34] This includes non-executive board members.
[35] Permanent employees only.

Growing: Training and Development

It is our people that underpin Pemberton's success in delivering our business objectives. We want to inspire them with opportunities for growth through professional development and continuous learning, while being mindful of their health and wellbeing.

Development initiatives offered range from technical training, presentation skills, mentoring and people management offerings, and a leadership program developed in conjunction with Bayes Business School.

Connectivity is supported across the platform, with regular teach-ins by individual teams. An innovation hub has also been created as a catalyst for ideas around artificial intelligence (AI), digital technology and other transformation approaches for our business.

We offer family-friendly benefits and wellbeing resources to create a workplace that meets the unique circumstances of all employees. Our Employee Assistance Programme helps ensure that employees have access to confidential support when needed, with accredited mental health first aiders (MHFA) on-site to offer guidance.

A Selection of Our Initiatives

- Wellbeing: we have 7 people MHFA trained and provide an EAP for everyone including short-term contracts.
- Innovation: our Innovation Hub has initiated and delivered 5 digital projects, including AI.
- Technical development: training is delivered across the firm using internal and external presenters, and includes legal and compliance, technology, and finance.
- Leadership development: 46% of employees at Director level and above have attended leadership training with the remaining 54% to complete by January 2025.
- Other development: 20 cross-firm internal training sessions were delivered during 2023 covering the Investment Group, Client Group and Central Functions.
- Mentoring and coaching: over 60% of the firm are engaged with mentoring and coaching.
- Employee engagement: 78% of respondents to a 2022 Employee Engagement survey said they had opportunities to learn and grow in the previous 12 months.

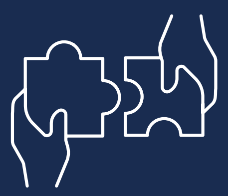
Thriving: A Performance Culture

Pemberton has experienced robust growth and continues to thrive because of an entrepreneurial spirit that anticipates and responds to evolving investor needs.

Collaboration and connectivity among our employees is essential for delivering Pemberton's value creation proposition for clients. This is reinforced with monthly firm-wide update calls led by management, quarterly firmwide Town Halls and bi-annual strategy and team-building offsites.

Strong relationships are key to achieving our objectives. The litmus test for our business is successful collaboration with our investors, which drives our continual assessment of their needs and investment objectives in order to deliver innovative, multi-strategy private credit solutions.

During 2023 we welcomed our new Global Head of Clients, Harriet Steel, to further enhance our global investor franchise and experience. This has included adding strategic hires (Head of Product, Head of Sustainable Investing) and coverage of key client segments and regions to drive our product offering and solutions.

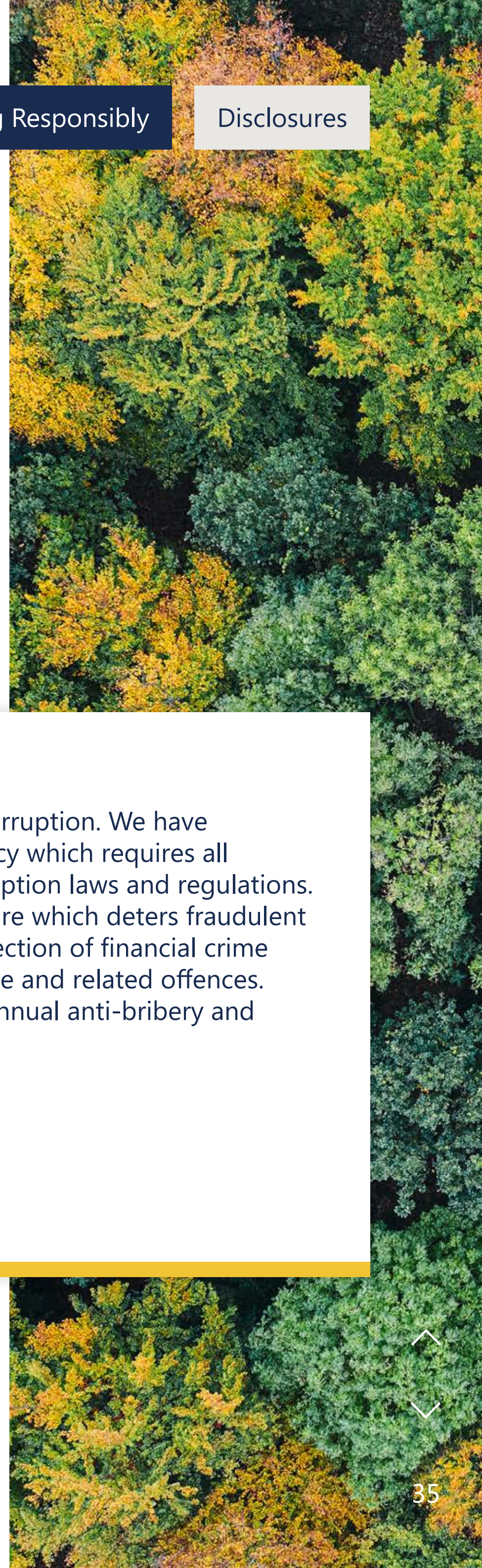


Alignment of Interests

A culture that aligns interests between shareholders, employees and investors is a fundamental part of operating responsibly. Pemberton's business ensures the long-term achievement of our objectives and value creation by design, with:

- An **ownership structure** that includes a leadership team, and partners from investment, client, credit and origination teams, which in aggregate are controlling shareholders, ensuring long-term alignment of key personnel.
- An **institutional shareholder**[36] committed to the long-term success of the business and sustainable investing, as well as being a substantial investor across a range of our strategies.
- An **annual incentive structure** that includes share of carried interest that vests over time.

[36]Legal & General Group Plc, one of Europe's Top 3 insurers.



Business Ethics and Integrity

At Pemberton, we hold ourselves to the highest ethical standards and aim to sustain an environment of honesty and accountability.

During the period 1st January – 31st December 2023, all staff were trained on:

- The conduct rules which form part of the UK's Senior Managers and Certification Regime
- Anti-Money Laundering
- Marketing
- ESG
- Market Abuse / Insider Trading
- Fraud Prevention
- Data Protection Refresher

Code of Ethics

Our Code of Ethics (Code) establishes standards of conduct for all employees. Pemberton has a fiduciary obligation and owes each client a duty of honesty, loyalty, good faith, avoidance of or the proper handling of conflicts, and fair dealing. All employees must confirm they have read, understood and will comply with the Code. All employees must report violations of the Code which are recorded in a breaches and errors log which is reviewed and escalated as required. The Code establishes rules for personal account dealing, the reporting / preclearance for giving and receiving gifts and entertainment and requires the reporting / preclearance of outside activities. The Code helps ensure we comply with applicable law and address (mitigate) conflicts of interest, helps us discharge our fiduciary duties to our investors. It also helps to protect and prevent the misuse of confidential client information.

Anti-Corruption

We are committed to combating bribery and corruption. We have established a Prevention of Financial Crime Policy which requires all employees to comply with applicable anti-corruption laws and regulations. The objective of the Policy is to promote a culture which deters fraudulent activity and to facilitate the prevention and detection of financial crime and will aid in the investigation of financial crime and related offences. It is mandatory for all employees to complete annual anti-bribery and corruption training.

Business Ethics and Integrity

Speak Up Policy (Whistleblowing)

As responsible stewards Pemberton strives to provide a working environment where our employees can thrive. Our people make us who we are, and every employee's contribution is valued and supports the growth and progress of the Firm.

Our Speak Up Policy provides tools for our employees to ensure all employees are supported in speaking up and reporting matters they believe should be reported:

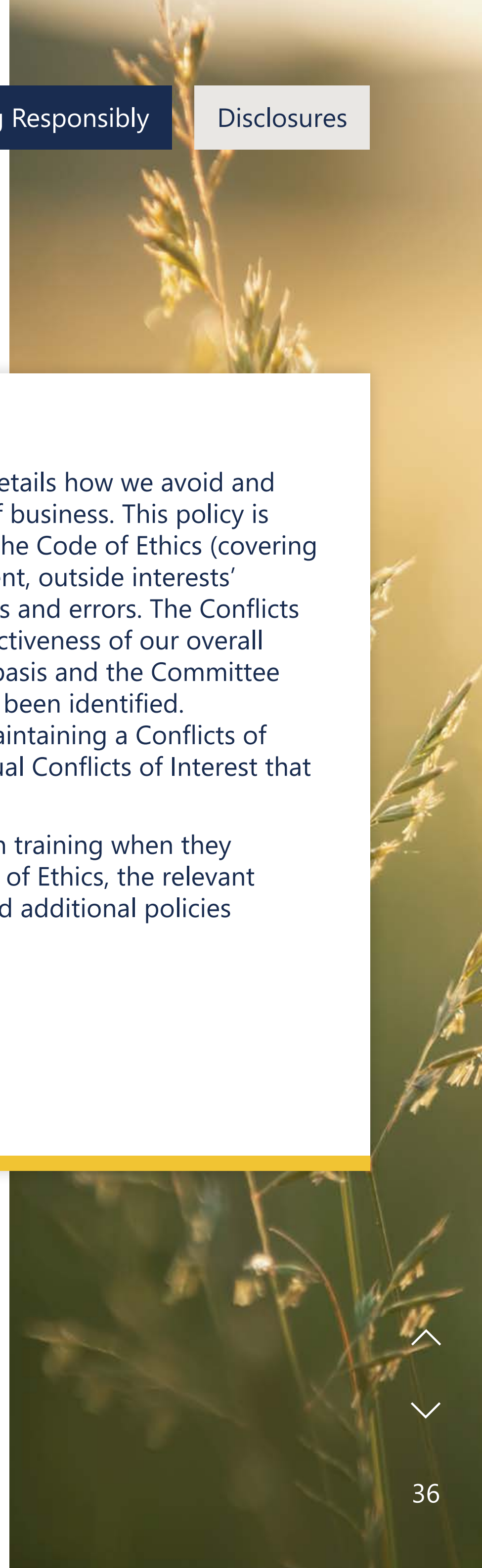
- All improper, unethical, or inappropriate behaviour identified and challenged at all levels of the organisation;
- Provide clear procedures for the reporting of such matters;
- Manage all disclosures in a timely, consistent, and professional manner
- Provide assurance that all disclosures will be taken seriously, treated as confidential and managed without fear of retaliation.

The policy provides protection from dismissal and unfavourable treatment for employees who report suspicions of wrongdoing by appointing an independent Speak Up contact, the Chairman of the Audit Committee, whose role is to oversee the integrity, independence, and effectiveness of the policy.

Conflict of Interest

We maintain a Conflicts of Interest Policy that details how we avoid and manage conflicts that may arise in the course of business. This policy is complimented by other group policies such as the Code of Ethics (covering personal account dealing, gifts and entertainment, outside interests' affiliations), allocations, valuations, and breaches and errors. The Conflicts Committee is responsible for reviewing the effectiveness of our overall Conflicts of Interest framework on an ongoing basis and the Committee also meets to review specific conflicts that have been identified.
Our Compliance Team is also responsible for maintaining a Conflicts of Interest Register that details all potential or actual Conflicts of Interest that Pemberton faces.

All staff are provided with Compliance Induction training when they join the firm, this includes training on the, Code of Ethics, the relevant Compliance Manual and Conflicts of Interest and additional policies and procedures.



Corporate Social Responsibility

Pemberton launched 'Investing Potential' through the Private Credit Social Mobility Partnership to provide work experience and internships to UK students aged 15 to 21 from underprivileged backgrounds. As of 2023, 34 students have completed the Programme since 2020, with seven firms sponsoring the initiative.

ORACLE Head & Neck Cancer UK

As part of Pemberton's wider CSR programme, we are proud to partner with Oracle Head and Neck Cancer UK to support raising awareness as an important first step in the prevention head and neck cancers. We have provided funding to enable the realisation of the 'SignAwayCancer' video and campaign, which has been widely distributed to NHS trusts and practices.

Pemberton partners with local schools to provide opportunities such as interview skills (70+ students) and CV feedback, as well as work experience opportunities for neurodiverse students. The objective is to support students with their ambitions and help them to combat any anxiety or low confidence issues.

University of Roehampton London

Pemberton Asset Management sponsored Roehampton Business School's new Bloomberg Trading Room in 2023. This provides students with the opportunity to become familiar in using this widely used financial services system software. The Finance Lab at Roehampton serves students from challenging socio-economic backgrounds. The Indices of Deprivation 2019 (UKGov, 2019) provide a set of relative measures of deprivation and almost 50% of students at Roehampton come from the deprived and low-income backgrounds.

Corporate Social Responsibility

Employees engaging with communities where we live, work and do business

Malteser Relief Agency

Every year Pemberton's Frankfurt team participate in a social day organised by Malteser, a German charity, to help give back to communities in need. Pemberton colleagues visited the children's youth club 'basement 26', a meeting place that offers children the space to talk, assistance with homework, and involvement in other recreational activities. It also offers German language courses for parents.

The Pemberton team helped build outdoor pallet seats for a terrace space.

Trees for Cities is a charity working to create greener cities. This includes working with London boroughs to help transform underused areas into urban woodland, with tasks undertaken by volunteers including whip planting, mulching and weeding.

A group of Pemberton colleagues planted 150 tree whips (small tree plants). The new trees can help support biodiversity and improve local air quality, as well as create a more welcoming space for local communities.

Amplifying employees' charitable fundraising

We encourage team members to participate in charitable events and are committed to matching any sponsorship a colleague makes to a charitable organisation.

Team Rynkeby, including Pemberton's Head of Business Development – Nordics, cycled from Copenhagen to Paris to raise funds for the benefit of children affected by critical diseases.

Members of Pemberton's Origination team undertook a 100km ultramarathon for a selection of charities.

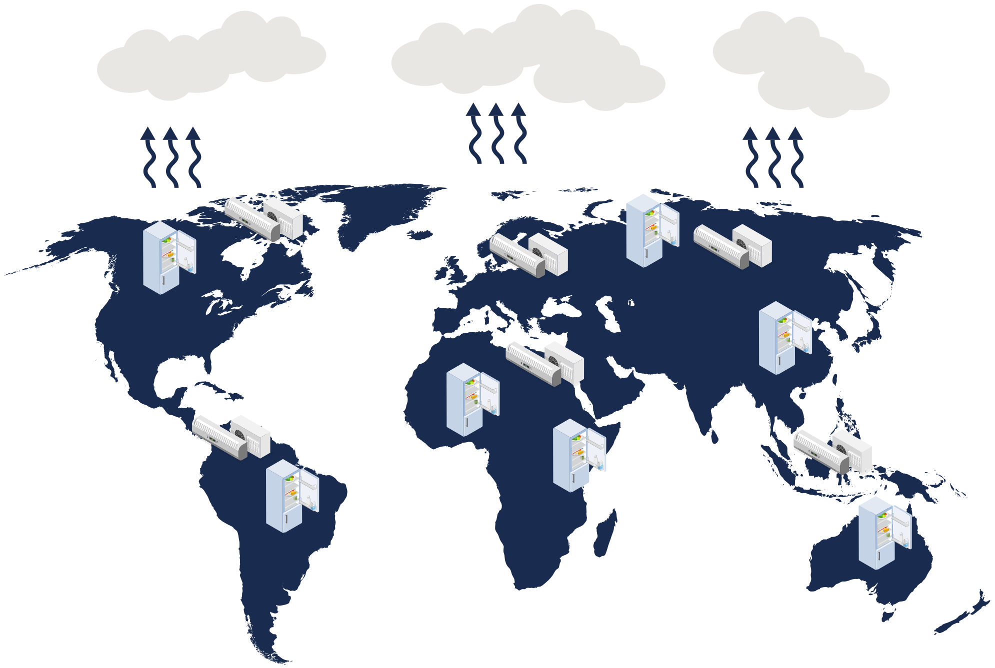
Offsetting Pemberton's Emissions

Via permanent destruction of old CFC refrigerants

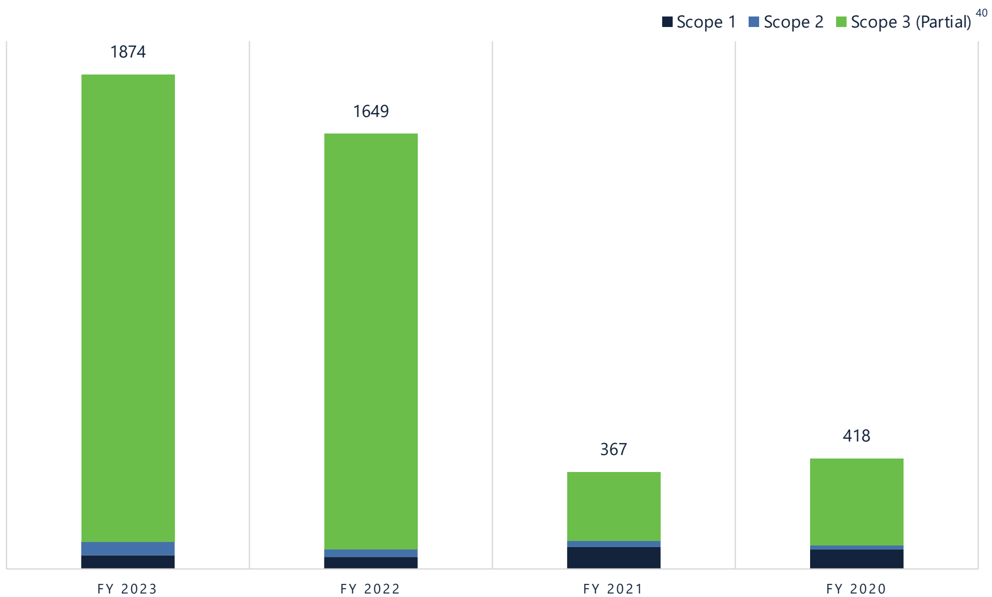
More than 30 years ago, over 200 countries signed the Montreal Protocol, to phase out the production of **chlorofluorocarbons (CFCs),** an ozone depleting refrigerant with a global warming potential 10,000 times more potent than carbon dioxide.

The protocol was about future sources and there was no agreement on how to clean up the world's legacy CFC sources (e.g. old fridges and air-conditioning units) that have atmospheric lifetimes ranging from ~50-640 years.

A 2020 Massachusetts Institute of Technology (MIT) report found that 9 billion metric tons[37] of CO_2e stand to be released into the environment from existing CFC refrigerant gases, similar to the amount that the European Union has pledged to cut from its emissions under the Paris Agreement[38].



Year on Year Carbon Emissions (tCO_2)[39]



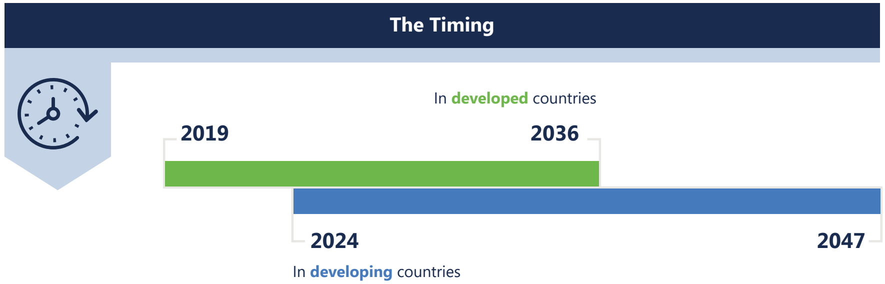
[37]Estimates are based on historical inventories of equipment that contains refrigerants.
[38]https://news.mit.edu/2020/emissions-ozone-cfc-chemicals-0317.
[39]With the COVID-19 pandemic from mid-2020 through early 2021 many of our offices saw limited operational capacity or were closed completely due to COVID-19. Employee business travel and employee commuting to and from offices were also constrained.
[40]This does not include Scope 3.1, purchased goods and services, which was estimated for the first time in 2023.

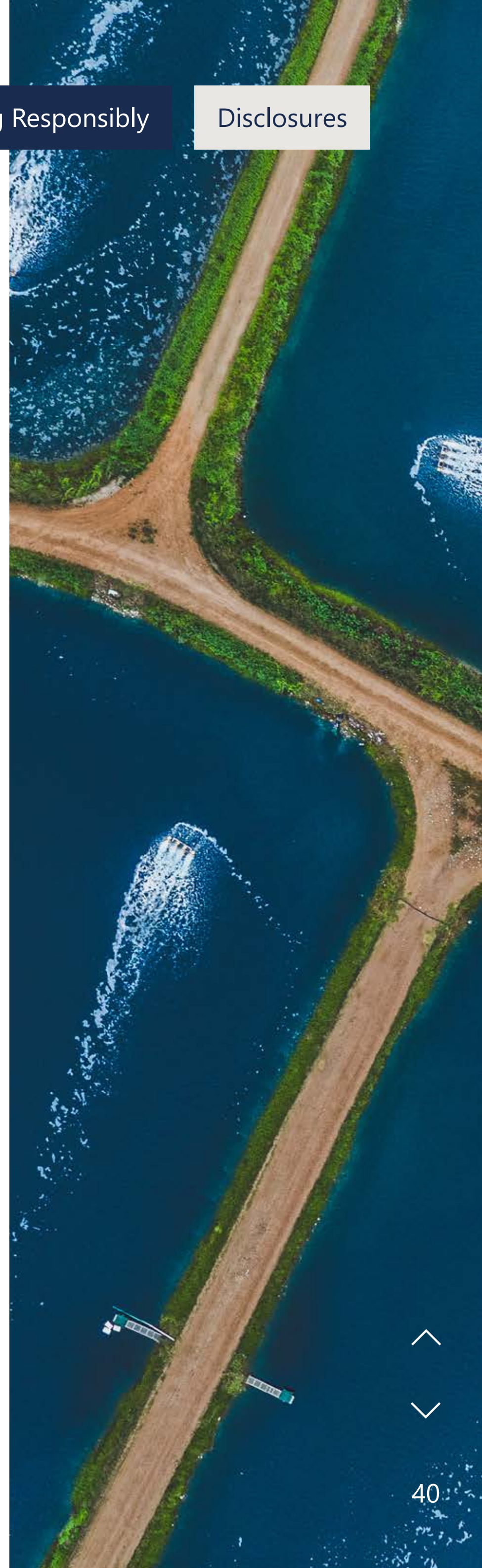
Offsetting Pemberton's Emissions

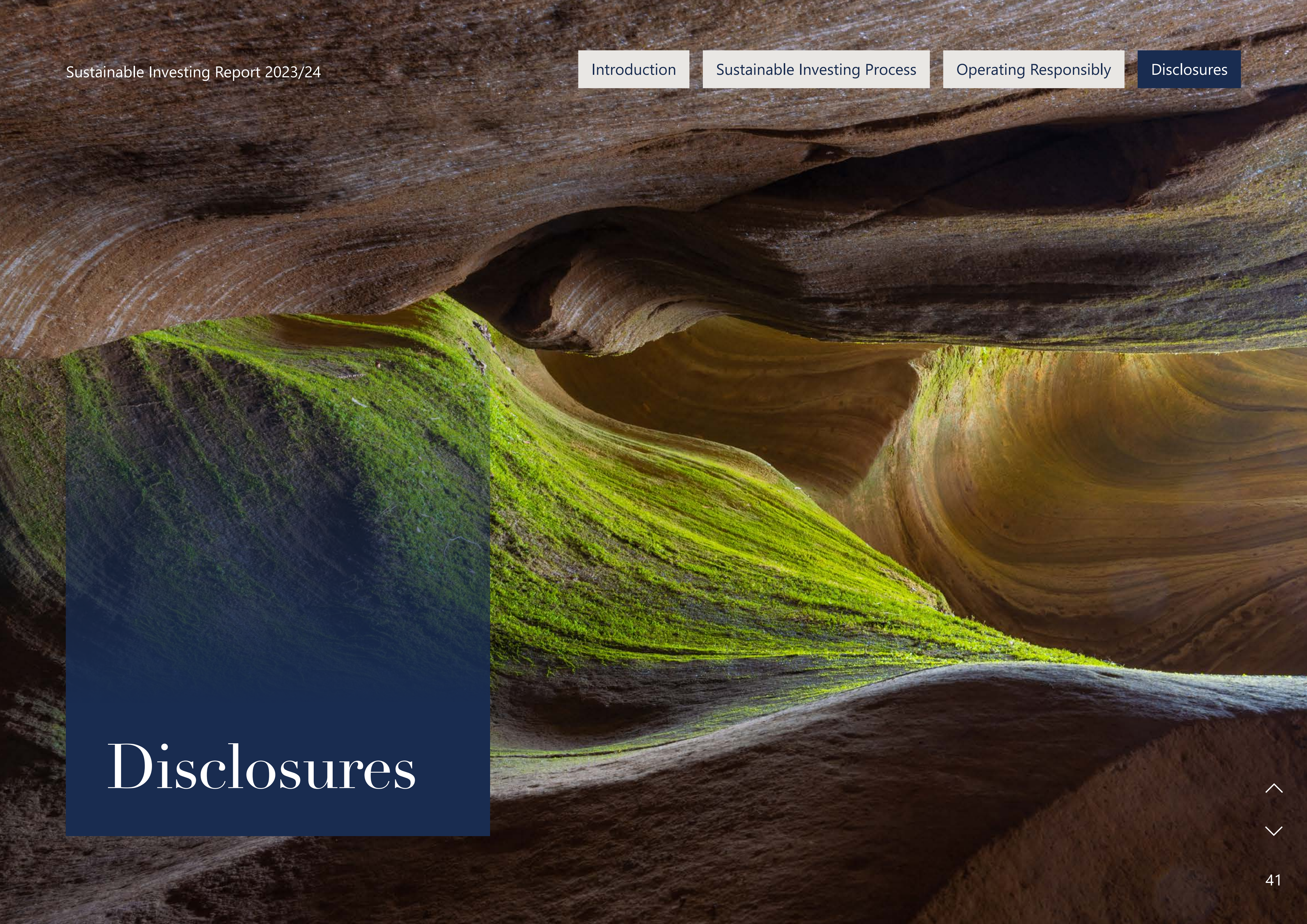
Pemberton has offset its Scope 1 and 2 emission and Scope 3 business travel emissions for 2023, with funding of a CFC permanent destruction project to prevent multiples of carbon dioxide equivalent leaking into the atmosphere. This project resonated with us because of our portfolio exposure to the food sector.

Unlike most other greenhouse gases, CFCs and hydrofluorocarbons (HFCs) are not waste products, but rather are manmade. HFCs are more recently used in refrigeration and are considered more environmentally friendly than CFCs because they do not contribute to the degradation of the ozone layer, although HFCs are also very potent greenhouse gases. Today HFCs are manufactured mainly for use as refrigerants, including air conditioning. However, the Kigali Amendment to the Montreal Protocol, effective from 2019, has agreed a phase down of global HFCs.

The Kigali Amendment HFC phase out timeline below.







Disclosures

TCFD Index

Task Force on Climate-Related Financial Disclosures (TCFD) Index

The following table summarises Pemberton's disclosures in reference to the TCFD recommendations. The full 2023 TCFD report can be accessed here.

TCFD Recommendations to Asset Managers		Section Focus	Title	Summary
Governance	Describe the board's oversight of climate related risks and opportunities and describe management's role in assessing and managing climate-related risks and opportunities.	Pemberton's governance concerning climate-related risks and opportunities.	Board's role.	The ESG Committee, a sub-committee of the Board, has delegated responsibility from the Board for ESG oversight, including climate matters such as monitoring progress towards Pemberton's net zero commitment.
			Management's role.	The Management Committee reviews ESG strategic priorities for the firm and ensures clearly defined roles and responsibilities for oversight and implementation of sustainable investing, including Pemberton's portfolio managers' integration of climate considerations in the investment process.
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Asset managers should describe how climate-related risks and opportunities are factored into investment strategies and how the investment strategy might be affected by the transition to a low-carbon economy.	Identified risks and opportunities, and time horizon lens applied by our investment teams.	Keen focus on downside risk in private credit. Identified climate risks have the potential to ultimately impact fund performance, or increase costs for funds and investments.
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.		Impacts of these risks on our investments.	Climate-related factors are assessed as part of the risk-return profile of a proposed investment. At the portfolio level we focus on the 'high impact' sectors where there is potentially value at risk.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		Scenarios that could alter the base for 'business-as-usual' assumptions of our strategy.	Assessment of physical risk in countries in which our borrowers are based. Dual lens (physical, transition) consideration of scenario outcomes for portfolio sectors that have relatively higher climate risk.
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks.	How Pemberton identifies, assesses and manages climate-related risk.	Risk Management integration of climate risk and tools to identify climate risk.	The firm's 'three lines of defence' framework, how it applies, and carbon exposure assessed with data.
	Describe the organisation's processes for managing climate-related risks.		Engagement and other levers to manage risk.	Engagement, incentives (e.g. margin ratchets), annual questionnaires, industry collaboration.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.		Risk management processes and procedures being put in place.	Supporting policies and cross-functional activity, e.g. training and balanced scorecard approach, to ensure compliance.
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and targets: climate-focused investment exposure.	Top down (portfolio) and bottom up (asset) metrics considered.	Sector risk (portfolio), asset level metrics.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.		Decarbonising our investment portfolios.	Illustrative carbon footprint (direct lending) with TCFD metrics.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		NZAMI target.	Interim 2030 target and associated engagement threshold.

Source: Pemberton Capital Advisors LLP.

SASB Content Index

The following index summarises our relevant metrics against the Sustainability Accounting Standards Board (SASB) standards. We have used sector guidance that most closely aligns to our business: Asset Management & Custody activities. We are utilisng the the SASB standards to help investors make more informed decisions by providing consistent, comparable, and reliable information on the sustainability-related risks and opportunities that are material to Pemberton's financial performance.

Topic	Code	Metric	Category	Response
Transparent Information & Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings 1	Quantitative	To the best of our knowledge, there have been no licensed employees and identified decision-makers with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings.
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers 2	Quantitative	In 2023, Pemberton did not incur any monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers.
	FN-AC-270a.3	Description of approach to informing customers about products and services	Discussion and Analysis	Pemberton's Business Development (BD) and Investor Relations (IR) teams are responsible for the relationship with both existing and prospective investors. Strong and transparent investor dialogue is key to our success, underpinned by continual assessment of their needs and investment objectives in order to deliver innovative, multi-strategy private credit solutions. Pemberton's Compliance department has established processes to ensure that all client-facing communications and materials adhere to applicable laws, rules, and regulations. Pemberton hosts an annual Investor Day to present an overview of Pemberton's Funds' performance and other key developments, as well as interactive Q&A with clients to address any prevailing questions. Pemberton also reports quarterly on fund performance to its clients.
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) professionals, and (d) all other employees 3	Quantitative	Information on Pemberton's workforce gender data can be found in the 2023 ESG Snapshot and Purpose and Culture sections of this report: Page 7, 31. (A number of EU countries impose restrictions on the collection and processing of personal data related to race and ethnicity by employers.)
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing and (3) screening	Quantitative	Pemberton's ESG Policy and governance processes underpin all investment strategies, provide the overarching charter for our approach to responsible investing, and covers >99% of Pemberton's assets under management. This includes that, as a first step, all potential investments across the platform must undergo: • A 'red flags' controversy screen using a third-party ESG specialist data provider. • Pemberton's Negative Screen, with two additional screening categories for any funds classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR). • Escalation to the ESG Investment Advisory Council, as required. Thereafter, our investment teams customise ESG assessment frameworks to their coverage and the specific characteristics of each strategy. We note that ESG data availability is generally more advanced in direct lending, where Pemberton has a degree of influence as the lead or sole lender and two-way interaction with borrowers is the norm. In other private credit asset classes, the hurdle of data availability is amplified, and pertinent information can be difficult to obtain despite best efforts. However, to the extent possible, as engaged investors, Pemberton's teams are committed to push market participants to enhance their disclosures.

Source: Pemberton Capital Advisors LLP.

SASB Content Index

Topic	Code	Metric	Category	Response
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment or wealth management processes and strategies	Discussion and Analysis	Our approach to incorporating financially material environmental, social and governance (ESG) factors in the investment process can be found in our ESG Policy. ESG factors can be important tools for identifying investment risk and capturing opportunities on behalf of our investors. Our robust ESG integration through the investment lifecycle is further details in the Sustainable Investing Process (SIP) section of this report (page 13). Our ESG assessment frameworks vary by private credit asset class, with investment teams customising to the specific characteristics of each strategy. More information is also available in Pemberton's 2023 TCFD Report, an advanced climate disclosure (https://pembertonam.com/wp-content/uploads/2024/06/Pemberton-2023-TCFD-Report.pdf).
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	Discussion and Analysis	Please see our approach to Stewardship outlined within Pemberton's ESG Policy. As a private credit investor, we do not have access to proxy voting. As a lender and not an owner, we do not control the boards or management teams in our portfolio companies, but there are several ways (ESG Margin Ratchet, Engagement) that Pemberton can help these businesses focus on meaningful action on sustainability risks and opportunities. Pemberton strives to exercise influence and pursue stewardship responsibilities to the extent possible for an investor in private credit. Where Pemberton does have a degree of influence, specifically as the lead or sole lender to companies, our active engagement activity is detailed on page 26 of this report.
Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations 4	Quantitative	For the period 2023, to the best of our knowledge, there has been no monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.
	FN-AC-510a.2	Description of whistleblower policies and procedures	Discussion and Analysis	Pemberton has put in place policies and procedures that allows employees to express concerns and report violations of Pemberton's policy and applicable law. Our "Speak Up" policy is designed to make sure all employees feel supported in speaking up and reporting matters they suspect may involve improper, unethical or inappropriate behaviour. Pemberton has outlined clear procedures for the reporting of such matters. Further information can be found in the "Speak Up" policy. The policy provides protection from dismissal and unfavourable treatment for employees who report suspicions of wrongdoing by appointing an independent Speak Up contact, the Chairman of the Audit Committee, whose role is to oversee the integrity, independence, and effectiveness of the policy. Reference page 36 of this report.
Activity Metrics	FN-AC-000.A	Total assets under management (AUM)	Quantitative	As of 30/06/2024, Pemberton's AUM is $22bn.

Source: Pemberton Capital Advisors LLP.

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The ESG data presented herein does not necessarily reflect the situation upon the day financing has been approved and is subject to change of over time. Further, such ESG data may not be representative of Pemberton's approach to Sustainable Finance Disclosure Regulation ("SFDR") or other regulatory initiatives.

Pemberton uses ESG data acquired through its own internal due diligence, external consultants and third party data analytical tools when considering a prospective borrower's adherence to ESG Factors, ESG risks and their potential impact on the fund's returns. Such due diligence relies on the availability and accuracy of various sources, such as borrower disclosures, which often include forward looking statements of intent and are not necessarily fact-based or objectively measurable. In assessing a particular Investment, Pemberton may be dependent upon information and data obtained through third parties that may be incomplete, inaccurate or unavailable. Such data gaps could result in the incorrect assessment of a sustainability practice and / or related sustainability risks and opportunities. Pemberton is also dependent on the subjective judgements in respect of ESG risks of its investment analysts. Each of the foregoing means that an ESG risk relevant to a particular Investment may not be identified prior to an investment being made and losses may be suffered as a result.

[1]Pemberton was the recipient of the Private Debt Investor, 'Lender of the Year Award ' 2023.
The awards received by Pemberton were given by Private Debt Investor Magazine, which is published by PEI Media Group Ltd., the awards are 100% editorially led and voted on by industry participants. Although Pemberton pay for an advert space in the magazine and the winners' 'tombstones' in previous successful years, no amounts are paid by Pemberton in connection with the granting of the awards itself. The awards were received in the year indicated, and in each case, are granted in respect of the preceding prior year.

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