

Sustainable Finance Disclosure Regulation

Integration of Sustainability Risks in Investment Decision-Making

In accordance with Article 3 of the European Union's Sustainable Finance Disclosure Regulation (SFDR, EU Regulation 2019/2088) this section provides information on Pemberton's policy on the integration of sustainability risks in the investment decision-making processes.

Sustainability risk within the meaning of SFDR is an environmental, social or governance event or condition that, if it were to occur, could cause an actual or a potential material negative impact on the value of the investment made by an AIF.

Pemberton Asset Management S.A. (the "**AIFM**") integrates sustainability risk, across several categories of risks that could cause an actual or potential material negative impact on the value of an investment, as part of its investment decision-making process and if possible, risk-monitoring process with respect to the AIFs it manages. In its risk assessment for the AIFs managed by the AIFM, the AIFM may take into consideration risks in relation to certain environmental, social and governance aspects ("**ESG Factors**"), such as physical risk, reputational risk, financial risk, concentration and regulatory risk. These risk factors will be incorporated in the day-to-day risk management of the AIFM over time as relevant data sources develop.

Where appropriate for an investment, the AIFM may conduct sustainability risk-related due diligence and/or take steps to mitigate sustainability risks and preserve the value of the investment.

No consideration of principal adverse impact (PAI)

Principal adverse impacts (PAI) are those impacts of investment decisions and advice that result in negative effects on ESG Factors. For the time being, the AIFM does not consider the adverse impacts of its investment decisions on ESG Factors, within the meaning of Article 4(1)(a) of SFDR. The regulatory environment in respect of SFDR is currently evolving and the expectations in relation to how principal adverse impacts should be defined and evaluated is not yet clear, which makes voluntary compliance with Article 4(1)(a) challenging. In addition, the AIFM does not currently have access to the data necessary to conduct the principal adverse impacts analysis. In light of these circumstances, the AIFM has decided not to voluntarily comply with the requirements under Article 4(1)(a) of SFDR at this time. The AIFM does however intend to consider such adverse impacts in the future. The AIFM's position on this matter will be reviewed at least annually in order to ascertain when the AIFM will be in a position to consider such adverse impacts on ESG factors.

Remuneration Policy

The AIFM has adopted an ESG Policy, as well as a Remuneration Policy. The AIFM's Remuneration Policy includes fixed and variable remuneration components. Variable remuneration takes into consideration personal and firm performance and thus requires appropriate management of possible

risk-taking incentives. Compliance with the AIFM’s policies and procedures, including related to the integration of sustainability risk in the investment decision-making process, is a key element of the overall assessment of variable remuneration.

Sustainability-related disclosures

In accordance with Article 10 of SFDR, this section provides information in relation to the Pemberton funds which have been classified as Article 8 for the purposes of SFDR.

#	Product	Article 10 SFDR Disclosure						
1	Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF	<p><i>No sustainable investment objective</i></p> <p>For the purposes of Article 8(1) of SFDR the Compartment is a financial product that promotes environmental and social characteristics but will not make any sustainable investments. The Compartment does not have a sustainable investment objective in accordance with Article 9 of SFDR.</p> <p><i>Environmental or social characteristics of the financial product</i></p> <p>The AIFM will take into consideration certain ESG Factors when assessing the suitability of prospective borrowers and applies a two-step approach when integrating environmental and social characteristics in the investment process. This two-step process is summarised below.</p> <p>Step 1 - Negative Screening</p> <p>The AIFM integrates environmental and social characteristics in its investment process by investing in a portfolio of financing that is subject to negative screening based on environmental and social criteria. The prospective borrower and, where relevant the target group, will be subject to negative screening in the investment due diligence process meaning that the AIFM applies, on a binding basis, the following negative screening criteria:</p> <table border="1"> <thead> <tr> <th>Sector</th> <th>Negative screening criteria applied by the AIFM</th> </tr> </thead> <tbody> <tr> <td>Production or Sale of Weapons</td> <td>Manufacture and sale of weapons and weapons (including military equipment with a dual purpose) systems whose activities are associated with weapons that contravene conventions, i.e. weapons such as personnel landmines and cluster munitions. Activities associated with weapons that contravene conventions include the use, development, production, acquisition, storage, retention or transfer of anti-personnel landmines and cluster munitions or crucial components thereof.</td> </tr> <tr> <td>Oppressive Regimes</td> <td>Companies that operate in countries that violate the political or human rights of their people unless the companies’ policies respect and promote human rights.</td> </tr> </tbody> </table>	Sector	Negative screening criteria applied by the AIFM	Production or Sale of Weapons	Manufacture and sale of weapons and weapons (including military equipment with a dual purpose) systems whose activities are associated with weapons that contravene conventions, i.e. weapons such as personnel landmines and cluster munitions. Activities associated with weapons that contravene conventions include the use, development, production, acquisition, storage, retention or transfer of anti-personnel landmines and cluster munitions or crucial components thereof.	Oppressive Regimes	Companies that operate in countries that violate the political or human rights of their people unless the companies’ policies respect and promote human rights.
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Oppressive Regimes	Companies that operate in countries that violate the political or human rights of their people unless the companies’ policies respect and promote human rights.							

		Companies that operate in countries subject to a UN, US or EU sanctions restriction by operating in sanctioned industry sectors or associated with sanction named individuals or entities.	
	Tobacco Production	Manufacturers of tobacco products.	
	Adult Content or Violent Material	Pornographic or violent material, this includes print, digital and broadcast media or dedicated licensed sex premises of any type.	
	Short term consumer finance / gambling	Includes any business providing short term consumer finance on terms which are materially out of line with major core finance providers (such as banks) in the relevant market. These include, but are not limited to: payday lenders, pawn brokers or gold purchasers. Includes borrowers that operate without a responsible gaming policy or in an unregulated gaming market. For the avoidance of doubt, Pemberton would consider borrowers such as the UK National Lottery and other lotteries operated for the benefit of organisations with charitable purposes.	
	Animal Welfare	This includes but is not limited to: (i) companies that use animals to test cosmetic or household products (noting that pharmaceutical manufacturers using animals to test pharmaceutical products do not fall under the negative screening criteria); and (ii) the protection of animals kept for farming purposes in accordance with general rules for the protection of animals of all species kept for the production of food, wool, skin or fur or for other farming purposes, including fish, reptiles or amphibians.	
	Carbon Intensity	No lending to companies with material carbon intensive activities without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the carbon footprint.	
	Hazardous Waste	No lending to companies which generate material amounts of hazardous waste without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the environmental impact.	
	<p>The AIFM screen prospective borrowers against UN, US, and EU sanctions.</p> <p>The AIFM is bound to take investment decisions according to the borrower's eligibility subject to the negative screening criteria. Where relevant Pemberton's ESG Committee will be requested</p>		

to provide advice to the AIFM's Investment Committee in relation to the negative screening process.

Step 2 - Positive Screening Criteria

The AIFM will conduct a written due diligence on the prospective borrower to assess their adherence to certain ESG Factors, this is a mandatory part of the loan origination and credit assessment process:

Positive Attributes	Positive Screening criteria
Corporate Governance Practices	<p>Demonstrates openness and transparency of performance, clear decision making and effective risk management.</p> <p>Compliance with local governance requirements.</p> <p>Clear policies and procedures on bribery and corruption.</p> <p>A commitment to diversity at senior management level.</p>
Business Practices	<p>Demonstrates clear policies that encourage good principle business behavior and ethics.</p> <p>Has in place or are working towards an appropriate external accredited international standard of responsible business performance.</p>
Sound Employment Practices	<p>Demonstrates policies and practices supporting employee health, safety, equal opportunities and diversity, and training development.</p>
Community Relations	<p>Demonstrates commitment to community and/or charitable work.</p>
Environmental standards	<p>Demonstrates management of their environmental impact, including carbon footprint, water conservation, air pollution, waste management and recycling.</p> <p>Complies with binding national environmental standards including but not limited to, carbon emissions standards.</p>

The AIFM reflects positively on those borrowers with environmental policies covering the consumption of water, energy, and other natural resources or those with renewable resource policies.

The AIFM determines the approach to governance of investee entities in accordance with the Pemberton ESG Policy.

2	Pemberton Strategic Credit Fund III SCSp, SICIV RAIF	<p><i>No sustainable investment objective</i></p> <p>For the purposes of Article 8(1) of SFDR the Compartment is a financial product that promotes environmental and social characteristics but will not make any sustainable investments. The Compartment does not have a sustainable investment objective in accordance with Article 9 of SFDR.</p> <p><i>Environmental or social characteristics of the financial product</i></p> <p>The AIFM will take into consideration certain ESG Factors when assessing the suitability of prospective borrowers and applies a two-step approach when integrating environmental and social characteristics in the investment process. This two-step process is summarised below.</p> <p>Step 1 - Negative Screening</p> <p>The AIFM integrates environmental and social characteristics in its investment process by investing in a portfolio of financing that is subject to negative screening based on environmental and social criteria. The prospective borrower and, where relevant the target group, will be subject to negative screening in the investment due diligence process meaning that the AIFM applies, on a binding basis, the following negative screening criteria:</p> <table border="1" data-bbox="336 1153 1482 1926"> <thead> <tr> <th data-bbox="336 1153 699 1227">Sector</th> <th data-bbox="699 1153 1482 1227">Negative screening criteria applied by the AIFM</th> </tr> </thead> <tbody> <tr> <td data-bbox="336 1227 699 1563">Production or Sale of Weapons</td> <td data-bbox="699 1227 1482 1563"> Manufacture and sale of weapons and weapons (including ma with a dual purpose) systems whose activities are associated weapons that contravene conventions, i.e. weapons such as personnel landmines and cluster munitions. Activities associated with weapons that contravene conventions include the use, development, production, acquisition, sto retention or transfer of anti-personnel landmines and cluster muni or crucial components thereof. </td> </tr> <tr> <td data-bbox="336 1563 699 1854">Oppressive Regimes</td> <td data-bbox="699 1563 1482 1854"> Companies that operate in countries that violate the political or rights of their people unless the companies' policies respect promote human rights. Companies that operate in countries subject to a UN, US o sanctions restriction by operating in sanctioned industry secto associated with sanction named individuals or entities. </td> </tr> <tr> <td data-bbox="336 1854 699 1926">Tobacco Production</td> <td data-bbox="699 1854 1482 1926">Manufacturers of tobacco products.</td> </tr> </tbody> </table>	Sector	Negative screening criteria applied by the AIFM	Production or Sale of Weapons	Manufacture and sale of weapons and weapons (including ma with a dual purpose) systems whose activities are associated weapons that contravene conventions, i.e. weapons such as personnel landmines and cluster munitions. Activities associated with weapons that contravene conventions include the use, development, production, acquisition, sto retention or transfer of anti-personnel landmines and cluster muni or crucial components thereof.	Oppressive Regimes	Companies that operate in countries that violate the political or rights of their people unless the companies' policies respect promote human rights. Companies that operate in countries subject to a UN, US o sanctions restriction by operating in sanctioned industry secto associated with sanction named individuals or entities.	Tobacco Production	Manufacturers of tobacco products.
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Tobacco Production	Manufacturers of tobacco products.									

Adult Content or Violent Material	Pornographic or violent material, this includes print, digital and broadcast media or dedicated licensed sex premises of any type.	
Short term consumer finance / gambling	Includes any business providing short term consumer finance on terms which are materially out of line with major core finance providers (such as banks) in the relevant market. These include, but are not limited to: payday lenders, pawn brokers or gold purchasers. Includes borrowers that operate without a responsible gaming policy or in an unregulated gaming market. For the avoidance of doubt, Pemberton would consider borrowers such as the UK National Lottery and other lotteries operated for the benefit of organisations with charitable purposes.	
Animal Welfare	This includes but is not limited to: (i) companies that use animals to test cosmetic or household products (noting that pharmaceutical manufacturers using animals to test pharmaceutical products do not fall under the negative screening criteria); and (ii) the protection of animals kept for farming purposes in accordance with general rules for the protection of animals of all species kept for the production of food, wool, skin or fur or for other farming purposes, including fish, reptiles or amphibians.	
Carbon Intensity	No lending to companies with material carbon intensive activities without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the carbon footprint.	
Hazardous Waste	No lending to companies which generate material amounts of hazardous waste without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the environmental impact.	
<p>The AIFM screen prospective borrowers against UN, US, and EU sanctions.</p> <p>The AIFM is bound to take investment decisions according to the borrower's eligibility subject to the negative screening criteria. Where relevant Pemberton's ESG Committee will be requested to provide advice to the AIFM's Investment Committee in relation to the negative screening process.</p> <p>Step 2 - Positive Screening Criteria</p>		

The AIFM will conduct a written due diligence on the prospective borrower to assess their adherence to certain ESG Factors, this is a mandatory part of the loan origination and credit assessment process:

Positive Attributes	Positive Screening criteria
Corporate Governance Practices	<p>Demonstrates openness and transparency of performance, clear decision making and effective risk management.</p> <p>Compliance with local governance requirements.</p> <p>Clear policies and procedures on bribery and corruption.</p> <p>A commitment to diversity at senior management level.</p>
Business Practices	<p>Demonstrates clear policies that encourage good principles of business behavior and ethics.</p> <p>Has in place or are working towards an appropriate external accredited international standard of responsible business performance.</p>
Sound Employment Practices	<p>Demonstrates policies and practices supporting employee health and safety, equal opportunities and diversity, and training and development.</p>
Community Relations	<p>Demonstrates commitment to community and/or charitable work.</p>
Environmental standards	<p>Demonstrates management of their environmental impact, including carbon footprint, water conservation, air pollution, waste management and recycling.</p> <p>Complies with binding national environmental standards including but not limited to, carbon emissions standards.</p>

The AIFM reflects positively on those borrowers with environmental policies covering the consumption of water, energy, and other natural resources or those with renewable resource policies.

The AIFM determines the approach to governance of investee entities in accordance with the Pemberton ESG Policy.

<p>3 Pemberton NAV Financing SCSp SICAV-RAIF – Strategic Fund</p>	<p><i>Environmental and social characteristics promoted by the Fund</i></p> <p>For the purposes of Article 8(1) of SFDR, the Fund is a financial product that promotes environmental and social characteristics but will not make any sustainable investments. The Fund does not have a sustainable investment objective in accordance with Article 9 of SFDR.</p> <p><i>What environmental and social characteristics are promoted by the Fund?</i></p> <p>The AIFM will take into consideration certain ESG Factors when assessing the suitability of prospective Underlying Issuers and applies a two-step approach when integrating environmental and social characteristics in the investment process. The first step is applied to prospective Underlying Issuers and, where relevant, the Underlying Issuer’s portfolio investments, and the second step is applied to prospective Underlying Issuers only. This two-step process is further described below.</p> <p><i>What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by the Fund?</i></p> <p>Step 1 - Negative Screening</p> <p>The AIFM integrates environmental and social characteristics in its investment process by investing in a portfolio of financing that is subject to negative screening based on environmental and social criteria. The prospective Underlying Issuer and, where relevant, the Underlying Issuer’s portfolio investments will be subject to negative screening in the investment due diligence process meaning that the AIFM applies, on a binding basis, the following negative screening criteria:</p> <table border="1" data-bbox="359 1299 1484 1982"> <thead> <tr> <th data-bbox="359 1299 654 1366">Sector</th> <th data-bbox="654 1299 1484 1366">Negative screening criteria applied by the AIFM</th> </tr> </thead> <tbody> <tr> <td data-bbox="359 1366 654 1713">Production or Sale of Weapons</td> <td data-bbox="654 1366 1484 1713"> <p>Manufacture and sale of weapons and weapons (including material of dual purpose) systems whose activities are associated with weapons that contravene conventions, i.e., weapons such as anti-personnel landmines and cluster munitions.</p> <p>Activities associated with weapons that contravene conventions include the use, development, production, acquisition, storage, retention, and transfer of anti-personnel landmines and cluster munitions or components thereof.</p> </td> </tr> <tr> <td data-bbox="359 1713 654 1982">Oppressive Regimes</td> <td data-bbox="654 1713 1484 1982"> <p>Companies that operate in countries that violate the political or civil rights of their people unless the companies’ policies respect and promote human rights.</p> <p>Companies that operate in countries subject to a UN, US or EU sanctions restriction by operating in sanctioned industry sectors or associated with sanction-named individuals or entities.</p> </td> </tr> </tbody> </table>	Sector	Negative screening criteria applied by the AIFM	Production or Sale of Weapons	<p>Manufacture and sale of weapons and weapons (including material of dual purpose) systems whose activities are associated with weapons that contravene conventions, i.e., weapons such as anti-personnel landmines and cluster munitions.</p> <p>Activities associated with weapons that contravene conventions include the use, development, production, acquisition, storage, retention, and transfer of anti-personnel landmines and cluster munitions or components thereof.</p>	Oppressive Regimes	<p>Companies that operate in countries that violate the political or civil rights of their people unless the companies’ policies respect and promote human rights.</p> <p>Companies that operate in countries subject to a UN, US or EU sanctions restriction by operating in sanctioned industry sectors or associated with sanction-named individuals or entities.</p>
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	Tobacco Production	Manufacturers of tobacco products.	
	Adult Content or Violent Material	Pornographic or violent material: this includes print, digital and broadcast media or dedicated licensed sex premises of any type.	
	Short-term consumer finance/gambling	Includes any business providing short-term consumer finance on terms which are materially out of line with major core finance providers (such as banks) in the relevant market. These include, but are not limited to, payday lenders, pawn brokers or gold purchasers. Includes Underlying Issuers and, where applicable, their portfolio investments, that operate without a responsible gaming policy or in an unregulated gaming market. For the avoidance of doubt, Pemberton would consider Underlying Issuers and, where applicable, portfolio investments, such as the UK National Lottery and other lotteries operated for the benefit of organisations with charitable purposes.	
	Animal Welfare	This includes but is not limited to: (i) companies that use animals to test cosmetic or household products (noting that pharmaceutical manufacturers using animals to test pharmaceutical products do not fall under the negative screening criteria); and (ii) the protection of animals kept for farming purposes in accordance with general rules for the protection of animals of all species kept for the production of food, wool, skin or fur or for other farming purposes, including fish, reptiles or amphibians.	
	Carbon Intensity	No lending to companies with significant carbon-emitting activities without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the carbon footprint.	
	Hazardous Waste	No lending to companies which generate significant amounts of hazardous waste without an agreement within the lending document to encourage, periodically monitor and verify specific improvement in business practices to improve the environmental impact.	
	<p>Step 2 - Positive Screening Criteria</p> <p>The AIFM will conduct written due diligence on the prospective Underlying Issuer to assess their adherence to certain ESG Factors as a part of the loan origination and credit assessment process:</p>		
	Positive Attributes	Positive Screening criteria	

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4 Pemberton Risk Sharing Fund SCSp SICAV-RAIF	<p>Environmental characteristics promoted by the Compartment in line with article 8 (1) of SFDR</p> <p>The Compartment promotes environmental characteristics, but does not have as its objective a sustainable investment. The Compartment seeks to promote the environmental characteristic of climate change mitigation.</p> <p>As a binding element of the investment strategy of the Compartment, the Portfolio Management team will commit 50% of the Investable Amount to Investments with Counterparty Financial Institutions that are:</p> <ul style="list-style-type: none"> (i) members of the Net Zero Banking Alliance; or (ii) in the view of the AIFM, have similarly stringent (a) greenhouse gas (“GHG”) emission reduction targets and / or (b) emission intensity reduction targets; and 										

	<p>(iii) have been assessed by the AIFM to follow good governance practices.</p> <p>The AIFM will monitor the relevant Counterparty Financial Institutions' progress on or compliance with (i) – (iii) above. As the Compartment will only provide credit or loan funding via RSS transactions with Counterparty Financial Institutions, the AIFM's assessment of the promotion of climate change mitigation is focussed solely on the Counterparty Financial Institutions with which it transacts. For the avoidance of doubt, the AIFM does not and has no ability to assess whether the businesses or activities of the reference Borrowers of the Counterparty Financial Institutions promote climate change mitigation.</p> <p>In making an assessment as to whether a Counterparty Financial Institution has good governance, the AIFM will consider factors such as:</p> <ul style="list-style-type: none"> • Openness and transparency of performance, clarity of decision making and effective risk management; • Compliance with local governance requirements; • Clear policies and procedures on bribery and corruption; • Commitment to diversity at senior management level; • Clear policies that encourage good principles of business behaviour and ethics; • Have in place or are working towards an appropriate externally accredited international standard of responsible business performance; • Policies and practices supporting employee health and safety, equal opportunities and diversity, and training and development; and • Commitment to community and / or charitable work. <p><i>In assessing the ESG or sustainability commitments of Counterparty Financial Institutions and ensuring they have sufficiently ambitious targets on ESG or sustainability, the Portfolio Management team will rely on publicly available information published by the Counterparty Financial Institutions including, in relation to any Counterparty Financial Institution based in the EEA, any non-financial information reported under the Accounting Directive (2014/34/EU, as amended inter alia by Directive 2014/95/EU) or any subsequent legislation to be applied in this respect going forward, such as the proposal for a Corporate Sustainability Reporting Directive.</i></p>
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Taxonomy Regulation – disclosure

The investments underlying our financial products do not, at present, take into account the EU criteria for environmentally sustainable economic activities.

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SFDR requires Pemberton to provide certain information and disclosures. Please note that this information may be updated from time-to-time.

Where there are any changes to the information provided in this disclosure the AIFM will provide the updated disclosure as well as an explanatory statement on its website at www.pembertonam.com.

