

Pemberton Mid-Market Debt Fund IV SCSp, SICIV RAIF

Sustainability-related disclosures

SFDR website disclosure

FUND: Pemberton Mid-Market Debt Fund IV SCSp, SICIV RAIF (the “**RAIF**”)
LEI: TBC
ISIN: N/A

FUND: Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (EUR) (Compartment)
(EUR) (a “Compartment”)
LEI: TBC
ISIN: N/A

FUND: Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (JPY) (a “Compartment”)
LEI: TBC
ISIN: N/A

FUND: Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (Levered) (a “Compartment”)
LEI: TBC
ISIN: N/A

The RAIF and each of its Compartments (present or future, unless otherwise indicated in writing) collectively referred to hereafter a the “**Fund**”).

MANAGER: Pemberton Asset Management S.A. (the “**AIFM**”)
LEI: TBC
ISIN: N/A

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This document sets out sustainability-related disclosures in relation to the Fund, for the purposes of Article 10 of the EU Sustainable Finance Disclosure Regulation (“**SFDR**”).

(a) Summary

The Fund promotes environmental and social characteristics within the meaning of Article 8 of SFDR but does not have as its objective sustainable investment and does not commit to make any “sustainable investments” for the purposes of SFDR.

The Fund promotes environmental and social characteristics through investment in a portfolio of financing that is subject to negative and positive screening based on environmental and social criteria.

The AIFM will take into consideration certain environmental, social and governance factors when assessing the suitability of prospective borrowers and, where relevant, the target group. The AIFM applies a two-step process when integrating these factors into its investment process:

1. **Negative screening:** 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 excludes, on a binding basis, investments in certain sectors; and

2. **Positive screening:** The AIFM will conduct written due diligence on the prospective borrower to assess their adherence to certain positive ESG factors as a part of the loan origination and credit assessment process as described in the in the “Methodologies” section below.

50% of the investments of the Fund are used to attain the environmental and social characteristics promoted by the Fund, as all investments are subject to the negative screening criteria and the positive screening criteria.

ESG considerations are assessed as part of the Fund’s overall due diligence process. This due diligence process includes, but is not limited to, requiring the borrower to provide comprehensive information and responses Pemberton’s due diligence inquiries, which include environmental, social and governance related questions. Borrowers are provided with a proprietary questionnaire on an annual basis in order to assist with the ongoing monitoring of alignment with the negative and positive screening criteria. The data provided by the borrower through the diligence process enables the AIFM to assess various environmental, social and governance aspects relating to the borrower’s business.

In assessing a particular investment, the AIFM 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 and alignment with the negative and positive screening criteria.

The AIFM and Pemberton Capital Advisors LLC (“the Investment Advisor”) will use the information provided by the prospective borrower during the diligence process to determine whether the prospective borrower, in the view of the AIFM and the Investment Advisor, complies with the negative and positive screening criteria.

If the AIFM becomes aware of a material event that could affect negatively its assessment of a borrower, it will engage with that borrower to understand that event and any steps that the borrower intends to take to remedy the issue.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

Translation in French follows. In case of discrepancies between the French and the English versions, the English version should prevail.

Le Fonds promet des caractéristiques environnementales et sociales au sens de l'article 8 du SFDR mais n'a pas pour objectif l'investissement durable et ne s'engage pas à réaliser des « investissements durables » au sens du SFDR.

Le Fonds promet les caractéristiques environnementales et sociales en investissant dans un portefeuille de financements soumis à une sélection négative et positive basée sur des critères environnementaux et sociaux.

L'AIFM prendra en considération certains facteurs environnementaux, sociaux et de gouvernance lors de l'évaluation de l'adéquation des emprunteurs potentiels et, le cas

échéant, du groupe cible. L'AIFM applique un processus en deux étapes pour intégrer ces facteurs dans son processus d'investissement :

1. *Filtrage négatif* : L'emprunteur potentiel et, le cas échéant, le groupe cible feront l'objet d'un filtrage négatif dans le cadre du processus de diligence raisonnable en matière d'investissement, ce qui signifie que l'AIFM exclut, de manière contraignante, les investissements dans certains secteurs ; et
2. *Sélection positive*: l'AIFM effectuera une diligence raisonnable écrite sur l'emprunteur potentiel afin d'évaluer son respect de certains facteurs ESG positifs dans le cadre du processus d'octroi de prêt et d'évaluation du crédit, comme décrit dans la section « Méthodologies » ci-dessous.

50% des investissements du Compartiment sont utilisés pour atteindre les caractéristiques environnementales et sociales promues par le Fonds, car tous les investissements sont soumis aux critères de sélection négatifs et aux critères de sélection positifs.

Les considérations ESG sont évaluées dans le cadre du processus global de diligence raisonnable du Compartiment. Ce processus de diligence raisonnable comprend, mais sans s'y limiter, l'obligation pour l'emprunteur de fournir des informations complètes et des réponses aux demandes de diligence de Pemberton, qui comprennent des questions liées à l'environnement, à la société et à la gouvernance.

Les emprunteurs reçoivent un questionnaire exclusif sur une base annuelle afin d'aider à la surveillance continue de l'alignement avec les critères de sélection négatifs et positifs. Les données fournies par l'emprunteur dans le cadre du processus de diligence permettent à l'AIFM d'évaluer divers aspects environnementaux, sociaux et de gouvernance liés à l'activité de l'emprunteur.

Lors de l'évaluation d'un investissement particulier, l'AIFM peut dépendre d'informations et de données obtenues par des tiers qui peuvent être incomplètes, inexactes ou indisponibles. De telles lacunes dans les données pourraient entraîner une évaluation incorrecte d'une pratique de développement durable et/ou des risques et opportunités liés au développement durable et un alignement sur les critères de sélection négatifs et positifs.

Le gestionnaire et Pemberton Capital Advisors LLC (« le conseiller en investment») utiliseront les informations fournies par l'emprunteur potentiel au cours du processus de diligence pour déterminer si l'emprunteur potentiel, de l'avis du gestionnaire et du conseiller en placement, respecte les critères de sélection négatifs et positifs. Si le gestionnaire prend connaissance d'un événement important qui pourrait affecter négativement son évaluation d'un emprunteur, il s'engagera avec cet emprunteur pour comprendre cet événement et toute mesure que l'emprunteur a l'intention de prendre pour remédier au problème.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Fund does not commit to make any “sustainable investments”, for the purposes of SFDR.

In practice, the Fund may choose to make “sustainable investments” on an opportunistic basis, although it does not commit to do so to any minimum amount. If the Fund makes sustainable investments, this will be reported in the Fund’s periodic report, as required by SFDR.

The investments underlying the Fund do not take into account the EU criteria for environmentally sustainable economic activities and the Fund does not commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy Regulation.

(c) **Environmental or social characteristics of the financial product**

The Fund promotes environmental and social characteristics through investment in a portfolio of financing that is subject to negative and positive screening based on environmental and social criteria.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

(d) **Investment strategy**

Summary of investment strategy:

The AIFM will take into consideration certain environmental, social and governance factors when assessing the suitability of prospective borrowers and, where relevant, the target group. The AIFM applies a two-step process when integrating these factors into its investment process:

1. **Negative screening:** 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 excludes, on a binding basis, investments in certain sectors as described in the “Methodologies’ section below; and
2. **Positive screening:** The AIFM will conduct written due diligence on the prospective borrower to assess their adherence to certain positive ESG factors as a part of the loan origination and credit assessment process as described in the “Methodologies’ section below.

The AIFM is bound to take investment decisions according to the eligibility of the borrower, and, where applicable, the target group 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.

The AIFM is bound to take investment decisions according to the adherence of the Borrower to the positive screening criteria.

Summary of policy to assess good governance practices of investee companies:

The AIFM assesses good governance of borrowers as part of the investment process through the application of due diligence in the selection of investments (including, where relevant, a consideration of sound management structures, employee relations, remuneration of staff and tax compliance) through leveraging external resources and its own detailed research approach.

(e) **Proportion of investments**

Asset allocation

50% of the investments of the Fund are used to attain the environmental and social characteristics promoted by the Fund, as all investments are subject to the negative screening criteria and the positive screening criteria.

All investments meet the good governance criteria.

Direct and indirect exposures

The Fund provides finance to borrowers (mainly private companies) and predominantly does not invest in the equity of such borrower. As such the exposures provide limited influence.

(f) **Monitoring of environmental or social characteristics**

The AIFM will monitor (post-investment or financing of a given borrower) the extent to which the borrowers in respect of which the Fund has invested continue to meet the negative and positive screening criteria.

Borrowers are provided with a proprietary questionnaire relating to various environmental, social and governance issues on an annual basis in order to assist with the ongoing monitoring of the Fund's promotion of the environmental and social characteristics.

The AIFM will monitor periodically and will endeavour to report material negative ESG events, with the understanding that the Fund may not have the opportunity to divest the exposure to such borrower.

(g) **Methodologies**

Negative Screening

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:

Sector	Negative screening criteria applied by the AIFM
Production or Sale of Weapons	Manufacture and sale of weapons and weapons (including material with a dual purpose) systems whose activities are associated with weapons that contravene conventions, i.e., weapons such as anti-personnel landmines and cluster munitions. Activities associated with weapons that contravene conventions may 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 civil rights of their people unless the companies' policies respect and promote human rights.

Sector	Negative screening criteria applied by the AIFM
	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 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.
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	

Positive Screening

The AIFM will conduct written due diligence on the prospective Borrower to assess their adherence to certain ESG factors as a part of the loan origination and credit assessment process:

Positive Attributes	Positive Screening criteria
Corporate Governance Practices	Demonstrates 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. A commitment to diversity at senior management level.
Business Practices	Demonstrates clear policies that encourage good principles of business behaviour and ethics. Has in place or is working towards an appropriate externally accredited international standard of responsible business performance.

Sound Employment Practices	Demonstrates policies and practices supporting employee health and safety, equal opportunities and diversity, and training and development.
Community Relations	Demonstrates commitment to community and/or charitable work.

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.

(h) Data sources and processing

The data sources used to attain each of the environmental or social characteristics are mainly the result of the investment due diligence process mentioned above. The borrowers are primarily SME's not currently subject to sustainability reporting requirements.

The ESG data collected 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 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.

(i) Limitations to methodologies and data

See (h) above.

(j) Due diligence

The AIFM, together with the Investment Advisor, undertake due diligence on each potential borrower. This due diligence process includes, but is not limited to, requiring the borrower to provide comprehensive information and responses to Pemberton's diligence inquiries, which include environmental, social and governance related questions. The data provided by the borrower through the diligence process enables the AIFM to assess various environmental, social and governance aspects relating to the borrower's business.

The AIFM and the Investment Advisor will use the information provided by the prospective borrower during the diligence process to determine whether the prospective borrower, in the view of the AIFM and the Investment Advisor, complies with the negative and positive screening criteria.

Internal control mechanisms

Please refer to "Internal control mechanisms" at Section F above.

External control mechanisms

Please refer to “External control mechanisms”, at Section F above.

(k) Engagement policies

If the AIFM becomes aware of a material event that could affect negatively its assessment of a borrower, it will engage with that borrower to understand that event and any steps that the borrower intends to take to remedy the issue.

(l) Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.