PEMBERTON

Pemberton Risk Sharing Fund SCSp, SICAV RAIF

Sustainability-related disclosures

SFDR website disclosure

FUND: Pemberton Risk Sharing Fund SCSp, SICAV RAIF (the "**RAIF**")
LEI: 5493000DWC6JDB0KWK14
ISIN: N/A

FUND: Pemberton Risk Sharing Fund SCSp SICAV-RAIF - EUR (Unlevered) (a "Compartment")
LEI: 5493000DWD1PFJAKSH30
ISIN: N/A

FUND: Pemberton Risk Sharing Fund SCSp SICAV-RAIF - USD (Levered) (a "Compartment")
LEI : 5493000DWDI8T43FV025
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: 549300HWNR6RLQJN5J25
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**").

Definitions:

"Sustainability Risk(s)"	means any environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment in accordance with article 2 (22) of SFDR;
"Counterparty Financial Institution"	means global banks and leading European lenders, including their respective group affiliates and relevant associated entities and special purpose vehicles, originating risk sharing transactions the Fund seek to invest in;
"Borrower"	means the borrower associated to one or more loans or other forms of credit of the underlying portfolio;
"Investment"	means any investment made or held directly or indirectly by the Partnership for the account of the Fund or in which the Partnership participates for the account of the Fund, including debt and equity

investments, and which shall include any rights and interests under transaction or loan agreements, any security interests and any hedging arrangements entered into in connection therewith and, in any case herein where the context permits, any proposed or potential investment;

"Partnership"	means (i) Pemberton Risk Sharing Fund SCSp SICAV-RAIF, acting in respect of, or on behalf of, the Compartments or (ii) Pemberton Risk Sharing Fund SCSp SICAV-RAIF, including all its compartments, as the context requires;
"ESG Committee"	means a dedicated group which has been set up to ensure Pemberton's adherence with PRI requirements, prepare annual reporting and produce KPIs as well as adapt Pemberton's internal ESG policy

(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 AIFM will take into consideration certain environmental, social and governance factors when assessing the suitability of prospective Counterparty Financial Institutions.

As part of its risk assessment, the AIFM will consider risks relating to certain environmental, social and governance aspects 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. The AIFM believes that consideration of Sustainability Risks as part of the investment, risk management and due diligence process is a necessary aspect of evaluating the risk associated with a relevant Investment and, accordingly, the return to the Fund.

By taking Sustainability Risks into consideration during its investment decision making and due diligence process, the intention of the AIFM is to manage such Sustainability Risks in a way that Sustainability Risks do not have a material impact on the performance of the Fund. There is, however, no guarantee that Sustainability Risks arising will not negatively impact the performance and return of the Fund.

As the Fund will only take credit exposure via risk sharing transactions with Counterparty Financial Institutions, the AIFM's assessment of the promotion of climate change impact reduction is focused 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 impact reduction.

In assessing whether the Counterparty Financial Institutions promote the E/S Characteristic by meeting the sustainability indicators and ensuring they have sufficiently ambitious targets on ESG or sustainability, the AIFM 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, on information shared by the Counterparty Financial Institution during the due diligence process and other third parties public information.

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.

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

(b) No sustainable investment objective

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

The Fund will invest a minimum of 50% of the investable amount in transactions originated by Counterparty Financial Institutions which promote the E/S Characteristic.

In relation to the transactions which do not meet the sustainability indicators, such investments will still be subject to the investment process which the AIFM follows for the Fund and the minimum safeguards contained therein.

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 seeks to promote the environmental characteristic of climate change impact reduction (the "E/S Characteristic") by targeting transactions originated by Counterparty Financial Institutions which, in the view of the AIFM, are working towards a reduction in their carbon emissions.

In making an assessment, the AIFM takes into consideration whether a Counterparty Financial Institution has good governance.

(d) Investment strategy

The Fund has been established to enable investors to capitalise on the attractive returns that the AIFM believes can be achieved by investing in a portfolio of risk sharing transactions originated from global banks and leading European lenders.

Bank risk sharing transactions are junior tranches (either first-loss or junior mezzanine) of credit portfolios held by banks. They involve a bank contractually transferring the risk of a tranche of a loan portfolio to an investor while remaining the holder and servicer of the portfolio. The transfer of risk is associated with capital relief for the bank.

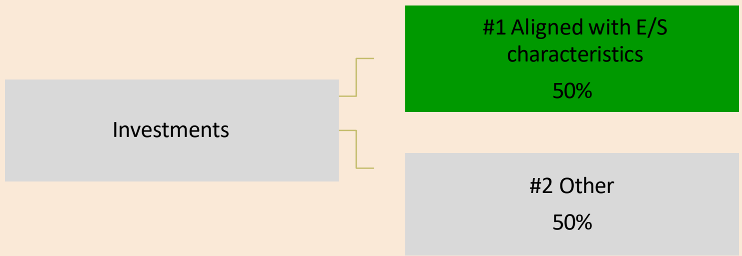
(e) Proportion of investments

The Fund will invest a minimum of 50% of the investable amount in transactions originated by Counterparty Financial Institutions which promote the E/S Characteristic.

The remaining 50% of the Investable Amount will be in a combination of one or more of the following: (i) transactions where the originating Counterparty Financial

Institution does not promote the E/S Characteristic due to not meeting the sustainability indicators; (ii) derivatives transactions; (iii) securities financing transactions; and (iv) other liquidity management tools, such as cash and cash equivalents.

In relation to the transactions which do not meet the sustainability indicators, such investments will still be subject to the investment process which the AIFM follows for the Fund and the minimum safeguards contained therein.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

The AIFM will monitor the extent to which: (i) Counterparty Financial Institutions continue to meet the criteria outlined above; and (ii) Investments continue to promote the E/S Characteristic on at least a semi-annual basis.

If the AIFM becomes aware of a material event that could affect negatively its assessment of a Counterparty Financial Institution, it would engage with that Counterparty Financial Institution to understand that event and any steps that the Counterparty Financial Institution intends to take to remedy the issue. If, in the view of the AIFM's ESG Committee, the Counterparty Financial Institution is not taking sufficient steps to remedy the issue, the Fund would not be permitted to make any new (including follow-on) investments with that Counterparty Financial Institution.

(g) **Methodologies**

As a binding element of the investment strategy of the Fund, at least 50% of the Investable Amount will be committed to Investments with Counterparty Financial Institutions which, in the view of the AIFM, promote the E/S Characteristic.

The AIFM follows the following investment process when selecting Investments for the Fund.

Screening and asset selection – Transactions which promote the E/S Characteristic

As a matter of course, the AIFM considers certain environmental attributes when selecting Investments for the Fund. In order for a Risk Sharing Transaction to be deemed to promote the E/S Characteristic by the AIFM, the originating Counterparty Financial Institution needs to:

1. meet the criteria set out under Step 1 below; and

2. where the Counterparty Financial Institution is covered by the Fossil Fuel Finance Report, meet the criteria under Step 2 below; and
3. meet the criteria that the AIFM has set in relation to good governance (as outlined below).
4. Where the Counterparty Financial Institution is not covered by the Fossil Fuel Finance report, then a transaction will be deemed to promote the E/S Characteristic where the criteria set out under Step 1 is met and where the Counterparty Financial Institution meets the criteria that the AIFM has set in relation to good governance.

<u>Step 1 – Carbon emission reduction targets</u>

The Counterparty Financial Institution will either need to be: (i) a member of the Net Zero Banking Alliance ("NZBA"); or (ii) in the view of the AIFM, have equally strict emission reduction targets to the criteria for NZBA members.

<u>Step 2 – Fossil Fuel Finance Report</u>

Pemberton uses an independent report on bank fossil fuel lending ("Fossil Fuel Finance Report")

If the Counterparty Financial Institution is covered by the FFFR, the AIFM will assess whether:

- its cumulative 5-year lending in fossil fuels is 10% or less of its balance sheet value; and
- its trajectory of reduction in fossil fuel lending is not inconsistent with meeting net zero (i.e. there is an indication of a reduction of fossil fuel lending since 2019, according to the FFFR).

The AIFM will consider the factors above as well as whether the Counterparty Financial Institution is one of the top financiers to fossil fuels in its assessment of whether the transaction promotes the E/S Characteristic.

Screening and asset selection – Transactions which do not promote the E/S Characteristic

The Fund will also hold Investments which do not promote the E/S Characteristic.

Where the risk sharing transactions are with a Counterparty Financial Institution that does not meet Step 1 outlined above but which is covered by the FFFR, the AIFM will still assess the Counterparty Financial Institution against the criteria outlined under Step 2 above (as well as the good governance criteria laid out below) to determine whether it is an eligible Investment.

An Investment whose Counterparty Financial Institution satisfies both of the criteria outlined under Step 2 will be deemed eligible. An Investment from a Counterparty Financial Institution meeting only 1 of the 2 criteria will need to be specifically discussed at investment committee, although the Investment will be automatically judged to be ineligible if the Counterparty Financial Institution is listed as one of the top financiers of fossil fuels in the FFFR. Assets originating from Counterparty Financial Institutions failing both criteria will be ineligible for investment by the Fund.

Where the Counterparty Financial Institution is not covered by the FFFR, then the Counterparty Financial Institution will only be assessed against the good governance criteria.

Good Governance Criteria

In making an assessment as to whether a Counterparty Financial Institution has good governance, the AIFM will consider factors such as:

- 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;
- Clear policies that encourage good principles of business behaviour and ethics; and
- Policies and practices supporting employee health and safety, equal opportunities and diversity, and training and development.

(h) <u>Data sources and processing</u>

In assessing whether the Counterparty Financial Institutions promote the E/S Characteristic by meeting the sustainability indicators and ensuring they have sufficiently ambitious targets on ESG or sustainability, the AIFM 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, on information shared by the Counterparty Financial Institution during the due diligence process and other third parties public information.

The ESG data collected does not necessarily reflect the situation upon the day the transaction 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.

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.

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) <u>Limitations to methodologies and data</u>

See (h) above.

(j) <u>Due diligence</u>

The AIFM undertakes due diligence on each potential Financial Counterparty institution. In the due diligence process, the AIFM 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, on information shared by the Counterparty Financial Institution during the due diligence process and other third parties public information.

(k) Engagement policies

If the AIFM becomes aware of a material event that could affect negatively its assessment of a Counterparty Financial Institution, it would engage with that Counterparty Financial Institution to understand that event and any steps that the Counterparty Financial Institution intends to take to remedy the issue. If, in the view of the AIFM's ESG Committee, the Counterparty Financial Institution is not taking sufficient steps to remedy the issue, the Fund would not be permitted to make any new (including follow-on) investments with that Counterparty Financial Institution.

(l) Designated reference benchmark

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