PEMBERTON

DISCLOSURE STATEMENT RELATING TO

SUSTAINABILITY RISK POLICIES

and

NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

and

REMUNERATION POLICIES IN RELATION TO THE INTEGRATION OF SUSTAINABILITY RISKS

and

PROMOTION OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

pursuant to Articles 3, 4, 5 and 10 respectively, of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR) applicable to

PEMBERTON ASSET MANAGEMENT S.A. (PAMSA)

SUSTAINABILITY RISK POLICIES

This disclosure statement outlines the way in which PAMSA integrates sustainability risks into its investment decision making processes. In evaluating the impact of sustainability risks on investments, PAMSA takes advice from Pemberton Capital Advisors LLP (**PCA**) on potential sustainability risks arising and, accordingly, the below overview reflects the risk management advisory and due diligence practices of PCA. For convenience, PAMSA and PCA are therefore referred to in this disclosure as **Pemberton**.

A sustainability risk is an environmental, social or governance (**ESG**) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment (**sustainability risks**). Sustainability risks taken into account along with other risks, such as financial and concentration risk, include, but are not limited to, environmental risk including transition and physical climate risk, risk associated with employee or human rights matters, risk associated with conduct and governance (including in connection with corruption and bribery), reputational risk and regulatory risk.

Sustainability risks applicable to portfolio companies, the funds owning or private equity sponsors controlling the funds that own the relevant portfolio companies, or financial counterparties (depending on the private credit strategy) (each an **investee entity**) are considered throughout Pemberton's investment process, both pre- and post-investment, as outlined below. Due to the difficulty of divesting from, and the capped upside of, private credit investments post-closing, Pemberton considers it particularly important to manage the downside risk in relation to sustainability risks pre-investment.

The assessment and integration of sustainability risks is subject to the availability of relevant data, which can be challenging to obtain and/or incomplete in private markets. However, Pemberton makes use of available information from third parties involved in transactions such as private equity sponsors as well as responses received directly from investee entities to checklists and questionnaires. Additionally, Pemberton's investment team may subscribe, as appropriate, to specialist data sources such as a dedicated ESG data provider that assists with analysing the potential sustainability risks of investment opportunities.

The majority of the financial products managed by PAMSA follow the process outlined in this document, however, risk management processes may vary in light of requirements of specific investment strategies;

investors should, accordingly, refer to the disclosure regarding integration of sustainability risks pursuant to Article 6 SFDR set out in the offering documentation of the relevant financial product.

Pre-Investment

Pemberton's investment team pre-screens investment opportunities for certain potential sustainability risks through a negative screening process, prior to each investment opportunity being submitted to PAMSA's Investment Committee (**IC**). This negative screening process relies on a standardised checklist that must be completed by or on behalf of each prospective investee entity.

This checklist aims to identify whether prospective investee entities may have material exposure to sensitive sectors and activities that are not aligned with Pemberton's responsible investing objectives, including the production or sales of controversial weapons; operations in jurisdictions with oppressive regimes; production, trade or distribution of tobacco; trade or distribution of adult content or violent material; production, trade or distribution of gambling activities or short term consumer finance; and/or activities contrary to animal welfare (e.g., animal testing) (**Negative Screening**).

Exposure to any of these sectors and/or activities typically leads to the investment opportunity being declined given that such exposure generally carries increased sustainability risks. Where there is ambiguity in relation to the specific investment opportunity's exposure to these sectors and/or activities that requires expert guidance and decision making, the relevant investment team can escalate the opportunity to Pemberton's ESG Investment Advisory Council to consider on a case-by-case basis. The ESG Investment Advisory Council may recommend additional due diligence on the investment opportunity, potential sustainability risk mitigation tools or may decline or recommend that an opportunity proceed to the IC.

For most strategies, sustainability risks - taking into account relevant ESG factors and the specific characteristics of each private credit strategy - are further considered in the credit underwriting and due diligence process. This includes accounting for the quality and track record of the management team of the investee entity from a governance perspective, as effective stewards of the business managing sustainability risks.

Investment decisions made by PAMSA take into account any concerns that have arisen during the credit underwriting and due diligence process including considering any options for risk mitigation. PAMSA may decide to make an investment in a given investee entity, notwithstanding the existence of certain sustainability risks, if the potential financial benefits of the investment are deemed to outweigh such sustainability risks.

Post-Investment

Post-investment, certain of Pemberton's investment teams maintain an open dialogue with investee entities so as to identify and minimise risk, for example by having proactive discussions with investee entities to assess current performance, including any material ESG concerns. Furthermore, depending on investment strategy and the nature of the investee entity, Pemberton may request that its investee entities complete its annual ESG Borrower Questionnaire to gather ESG data and monitor progress in relation to sustainability risks. The investment team may undertake semi-annual reviews with management teams of investee entities to monitor performance and discuss any material issues. This can include ESG-specific issues, including changes in sustainability risks.

Where Pemberton has a degree of influence, specifically as the sole or lead direct lender, it engages with investee entities post-investment to encourage improved sustainability practices which can have a risk mitigating impact. This engagement could include encouraging enhanced ESG disclosure, advocating for better sustainability performance (e.g., carbon reporting), or incentivising the relevant investee entity to achieve mutually agreed-upon sustainability targets as part of Pemberton's ESG margin ratchet.

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NO CONSIDERATION OF ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

While PAMSA takes into account sustainability risks and certain other sustainability factors in its investment management activity, PAMSA does not currently evaluate the adverse impacts of investment decisions made on a uniform set of sustainability factors across all financial products managed.

Having considered the nature of the strategies pursued and the primary asset classes invested in by the financial products which PAMSA manages and the current challenges in obtaining the necessary data from applicable private market stakeholders, PAMSA has determined not to voluntarily comply with the requirements under Article 4(1)(a) of SFDR.

PAMSA will keep this decision under review.

International Standards and Engagement Policies

As a demonstration of its commitment to responsible investment, PAMSA has been a signatory to the Principles for Responsible Investment (**PRI**) since 2018 and, accordingly, the six principles for responsible investment set by the PRI are taken into account in the investment management activities undertaken in respect of the financial products managed by PAMSA. In addition, PAMSA, through the Pemberton group, engages in active stewardship with the investee entities of the financial products that it manages and provides them with ESG related training and ongoing ESG guidance.

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REMUNERATION POLICIES IN RELATION TO THE INTEGRATION OF SUSTAINABILITY RISKS

PAMSA's staff are required to comply with various policies and procedures to the extent the same is relevant for the performance of their function and, to the extent that such staff are "Identified Staff Members" for the purposes of PAMSA's Remuneration Policy, the expectation is that compliance with the policies and procedures applicable to PAMSA, including policies covering the integration of sustainability risks, will be taken into account as part of their remuneration review and in determining their variable remuneration.

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PROMOTION OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The transparency statements under Article 10 of SFDR in respect of the below financial products are available from to prospective and existing investors. Please contact Luxembourg@pembertonam.com for further information.

- Pemberton Debt Fund II SCS SICAV-RAIF - Pemberton EMPD SMA (Levered)
- Pemberton Debt Fund II SCS SICAV-RAIF - Pemberton ESPD SMA (EUR)
- Pemberton Debt Fund II SCS, SICAV-RAIF – Managed Account D
- Pemberton Debt Fund II SCS, SICAV-RAIF – Zurich Private Debt Europe LUX RAIF
- Pemberton Debt Fund II SCS, SICAV-RAIF - IWA - FIPP Europe SMA
- Pemberton NAV Financing SCSp SICAV-RAIF - Core Fund
- Pemberton NAV Financing SCSp SICAV-RAIF – Strategic Fund
- Pemberton Risk Sharing Fund SCSp SICAV-RAIF - GBP (Feeder)
- Pemberton Risk Sharing Fund SCSp SICAV-RAIF - USD (Levered)
- Pemberton Risk Sharing Fund SCSp SICAV-RAIF - EUR (Unlevered)
- Pemberton Strategic Credit Fund III SCSp SICAV-RAIF – Pemberton Strategic Credit Fund III (A)
- Pemberton Strategic Credit Fund III SCSp SICAV-RAIF – Pemberton Strategic Credit Fund III (B)

- Pemberton Strategic Credit Fund III SCSp SICAV-RAIF – Pemberton Strategic Credit Fund III (GBP Feeder)
- Pemberton Senior Loan Fund II SCSp SICAV-RAIF (EUR)
- Pemberton Senior Loan Fund II SCSp SICAV-RAIF (JPY)
- Pemberton Senior Loan Fund II SCSp SICAV-RAIF (PGB SMA)
- Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (JPY)
- Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (EUR)
- Pemberton Mid-Market Debt Fund IV SCSp SICAV-RAIF (Levered)
- Pemberton Debt Participation Fund SCA SICAV-RAIF - PMBT MDF IV (1)