

# Responsible Investing Report

2025/26



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# Responsible Investing Report 2025/26

## About This Report

The aim of the report is to provide transparency on Pemberton's management of, and performance on, material governance and sustainability factors across our assets under management ("AUM") and within our own operations. It offers an in-depth review of our responsible investing approach, which is integral to Pemberton's investment philosophy, anchored in rigorous due diligence and disciplined risk management, and highlights the firm's progress throughout 2025. Building on previous reports, it reflects our ongoing commitment to continuous improvement.

We aim to promote best practice and clear disclosure in our approach, which is governed by Pemberton's Responsible Investing Policy.

Unless otherwise stated, reporting on portfolio companies covers activities during the 2025 calendar year. Data on governance and sustainability factors for our direct lending strategies was collected in the first half of 2026, using our ESG Borrower Questionnaire, and is presented on that basis. Any case studies provided are not representative of all investments and shown solely for illustrative purposes.

The content has been prepared with reference to the following frameworks and standards:

- **SASB:** The Sustainability Accounting Standards Board materiality framework for our industry, which supports the identification of financially material governance and sustainability topics.

- **TCFD:** Our Portfolio Climate Resilience disclosure aligns with the recommendations of the Task Force on Climate-related Financial Disclosures and meets applicable UK Financial Conduct Authority requirements. A key component of our 2025 climate reporting is our review of biodiversity-related risks where they are relevant to our borrowers and sectors.
- **Voluntary Sustainability Reporting Standard (VSME):** For Pemberton's own workforce disclosures, we align to the Voluntary Sustainability Reporting Standard for non listed small and medium-sized enterprises ("SMEs"), published by the European Financial Reporting Advisory Group. VSME provides an accessible baseline for reporting this information.

This report is provided for information purposes only and does not constitute an offer or solicitation to invest in any Pemberton product or strategy. Please refer to the information at the end of this report for important disclosures.



# Foreword

This past year was one of solid progress for Pemberton. We continued our growth trajectory with several important milestones achieved across our multi-strategy private credit platform, including expansion of our US presence and the successful closing of several vintages that exceeded the AUM of their predecessors. Notably, investor sentiment shifted towards Europe in 2025, with allocations to the region overtaking those to North America – a reappraisal that signals growing recognition of Europe’s relative value proposition and the promising growth outlook for the mid-market.

The broader landscape, however, remains challenging. Heightened geopolitical tensions, evolving regulation and persistent market volatility have tested investors, economies and companies alike. Private credit has drawn its share of headlines, prompting investors to look more closely at the asset class, its structures, and the managers behind it. In this environment, fundamentals are paramount: robust underwriting, disciplined capital deployment, effective downside protection and proactive portfolio oversight.

In response, clients, regulators and other stakeholders want clear visibility into how we identify and address the risks that can influence investment outcomes, including governance and sustainability factors. Climate change, poor business conduct, weak governance controls, and human capital considerations can all be financially material if not effectively managed. Our approach is grounded in risk management and capital preservation, while also advancing the sustainability performance of private mid-market companies. Doing so builds resilience, strengthens governance and supports long-term value creation.

This 2025/26 Responsible Investing (“RI”) Report reflects that philosophy in practice, with an approach that is guided by the varied priorities of our limited partners (“LPs”), who operate

across multiple jurisdictions and regulatory environments. Where these issues are financially material, we integrate them into our investment process in support of our central objective: to deliver attractive risk-adjusted returns.

This year, several structural shifts have come into sharper focus. Geopolitical fragmentation has intensified scrutiny of supply chains, including risks related to human rights and environmental regulation. In response, we brought together our investment teams and portfolio companies for a workshop on responsible sourcing, led by an external expert, to strengthen oversight across our lending portfolio.

Artificial intelligence is also reshaping how we operate. We already leverage technology and AI to enhance business operations and fund legal processes, as well as in underwriting to support more informed credit decision-making. Amid AI-related uncertainty around software revenue models, our direct lending portfolio currently has only around 1% software sector exposure.<sup>1</sup> Our teams remain alert to the disruption AI may pose to some borrowers’ business models, and we have hosted a workshop to help companies build a culture in which people and AI work collaboratively, enhancing operational performance and employee engagement.

Climate risk management continues to be embedded in our investment approach, and we support our borrowers as they navigate regulatory requirements and capitalise on low-carbon transition opportunities. Furthermore, investors are increasingly focused on biodiversity, and we assess exposure within these pages.

We invite you to read the full report, which demonstrates our continued commitment to responsible investing.



“  
We aim to finance resilient, well-managed businesses and the integration of governance and sustainability considerations into our underwriting is an important aspect of our investment and risk management processes.”

**Symon Drake-Brockman**  
Co-Founder and Managing Partner

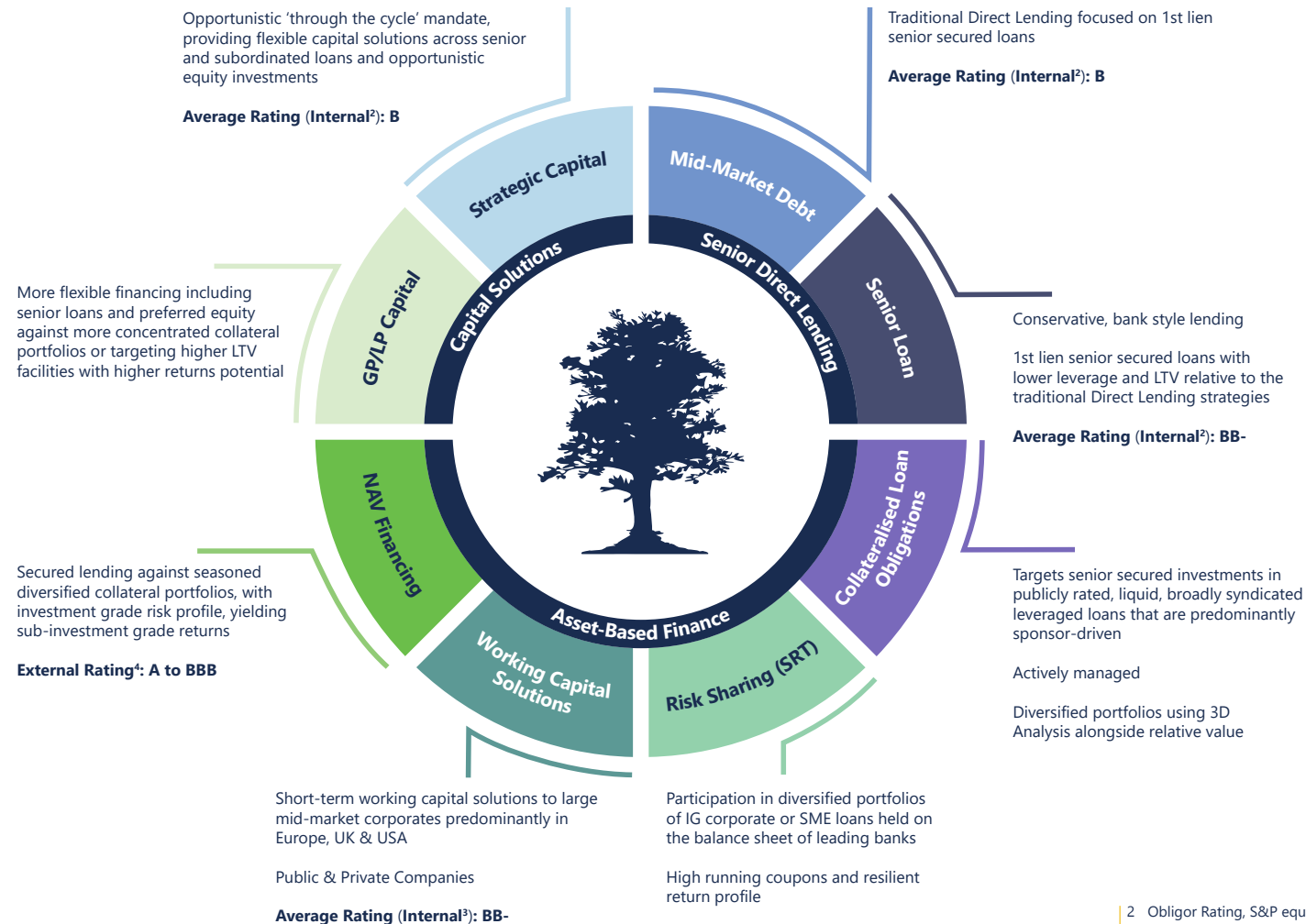


“  
This report marks an important step forward in our portfolio climate resilience approach through the introduction of an initial biodiversity risk exposure assessment, while reaffirming our commitment to transparent communication with investors.”

**Keith Jones**  
Chairman

# Leaders in European Private Credit

Pemberton Asset Management is a leading European private credit manager. Built on more than a decade of experience and deep credit expertise, we provide innovative, cycle-tested private credit solutions for LPs and GPs. Pemberton's extensive origination network of ten European offices, local market and sector expertise are core characteristics of Pemberton's value proposition. A substantial investment team, a broad and independent credit function and rigorous credit analysis inform our investment approach. We are committed to advancing responsible investing in private credit and fostering long-term value through transparent partnerships.



# Pemberton at a Glance



**\$31.1bn**

AUM<sup>5</sup> across 8 strategies



**\$55.7bn**

Invested<sup>6</sup> since inception



**365+**

Investors across the globe



**4,750+**

Companies reviewed since 2019



**210+**

Professionals<sup>7</sup> firmwide



**16**

Locations<sup>8</sup> across Europe, Australia, the U.S. and the Middle East

# 2025/26 Milestones



## Strategic Capital Final Close

We achieved the final close of the fourth vintage of our Strategic Capital strategy at \$4.0bn.



## NAV Financing Final Close

We achieved a \$1.7bn target final close for our first time NAV Financing fund.



## CLO Platform Growth

Our CLO platform demonstrated continued depth and resilience, with the successful pricing of Indigo III and Indigo IV, bringing the total AUM of the strategy to over \$1.7bn.



## North America Expansion

In June 2025 Pemberton announced the opening of its New York office, expanding the team in the US and Canada with several senior hires.

All figures as of March 2026 unless stated otherwise.

<sup>5</sup> Assets under management are defined as committed capital.

<sup>6</sup> Across all strategies including recycled capital.

<sup>7</sup> Pemberton Group, including consultants, contractors and advisors.

<sup>8</sup> Includes one office and two locations in the U.S.

# 2025 Responsible Investing and CSR Snapshot



## 95%

Completion of our annual ESG Borrower Questionnaire

2024: 93%

## 17%

Women in senior roles vs. 16% industry benchmark<sup>9</sup>

2024: 15%

## 5/5

UN PRI Score for Fixed Income-Private Debt category<sup>10</sup>

## ~170,000



People employed by companies in our direct lending portfolio<sup>11</sup>

2024: ~130,000

## 76%

AUM raised in 2025 classified as SFDR Article 8

2024: 87%



## 100%

Employees completed mandatory ESG training<sup>12</sup>

2024: 100%



## 50%

Interns came from social mobility partnership initiatives

2024: 40%

## 69%

Direct Lending Borrowers had an ESG-linked margin Ratchet

2024: 63%

## 18%

Women across Pemberton investment teams<sup>13</sup>

2024: 19%



## 57%

Engagement with direct lending borrowers

2024: 61%



## 33%

Women on Pemberton boards

2024: 44%

## 87%

Carbon data coverage by direct lending borrower count

2024: 82%

<sup>9</sup> Prequin Women in Alternatives 2024. Senior defined as Executive Director, Managing Director, Partner.

<sup>10</sup> Reflects 2024 Score on Fixed Income-Private Debt category only, scored 4/5 on Policy, Governance and Strategy.

<sup>11</sup> Workforce of Portfolio companies varies year-on-year with no expected trend or target

<sup>12</sup> ESG training undertaken every year, with expectation of completion by all employees

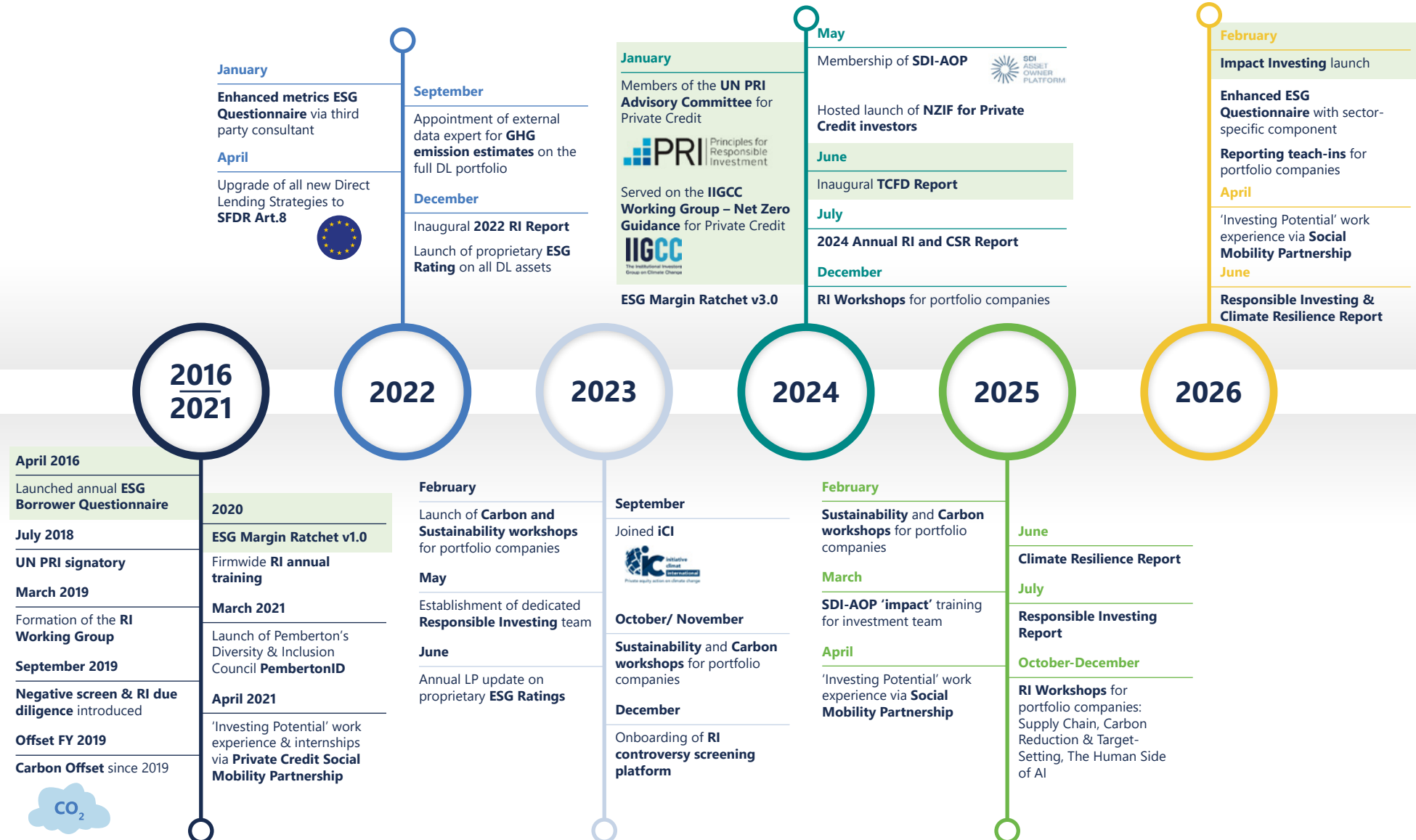
<sup>13</sup> There is no available industry average, Level20 2025 indicates 24% at multi-strategy firms, not pure-play credit managers.

<sup>14</sup> All Corporate Social Responsibility data is as of 31 March 2026

■ Responsible Investing (Portfolio)

■ Corporate Social Responsibility (Pemberton)<sup>14</sup>

# Pemberton's Responsible Investing Journey



# Action Through Collaboration

An important pillar in our responsible investing and corporate social responsibility (CSR) activity is to engage with industry groups for knowledge-sharing and to shape best practice.

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

We also apply Pemberton's resources to community outreach initiatives, including a keen focus on providing work experience and internships for underserved talent and to promote social mobility.



Pemberton has been a signatory to the UN-supported Principles for Responsible Investment since 2018 and serves on the **Private Debt Advisory Committee**, helping to shape guidance for responsible investing in our asset class.



We published our inaugural **TCFD Report in 2023**. The latest annual assessment provides investors and other stakeholders with an understanding of our business and investment exposure to climate related risks and opportunities, in line with UK FCA requirements.



Pemberton joined **initiative Climate International** ("iCI") in 2023, with membership representing a commitment to reduce the carbon emissions of private markets backed companies and to secure responsible investment performance by recognising and incorporating the financial materiality of climate risk.



We have been a member of the European Leveraged Finance Association since 2022, serving on the **ESG Committee**, a forum representing the leveraged loan investor community and advocating for industry best practice.



Pemberton joined the **Sustainable Development Investments-Asset Owner Platform** in 2024. The platform provides a common taxonomy for classifying investments that are aligned with the UN Sustainable Development Goals.



We partner with **UpReach** to foster and promote the recruitment of interns from lower socio-economic backgrounds into private credit and asset management.



Pemberton is a participating firm in the **10,000 Black Interns** initiative, which champions underrepresented talent and promotes equity of opportunity. In 2025 the programme reached its goal of 10,000 internships in the United Kingdom since 2020 and continues to grow.



**Inclusion in Finance:** We have been a member since 2025, a cross-company initiative working to accelerate progress towards a more inclusive, high-performing UK finance industry.



**AIMA:** Pemberton is a member of the AIMA-affiliated Alternative Credit Council, specifically focused on asset management firms in private credit, providing guidance and support on regulatory, advocacy and educational efforts.



## 2024 UNPRI Rating Results

### For Direct – Fixed Income – Private Debt

## Pemberton Score<sup>15</sup>



## Median Score



### For Policy, Governance and Strategy



<sup>15</sup> The PRI rating was assigned by the Principles for Responsible Investment (PRI), an investor initiative in partnership with UNEP Finance Initiative and the United Nations Global Compact (UNGC). The PRI assigned ratings to its signatories for the 2024 calendar year according to its published 2024 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. Pemberton was only required to submit a Senior Leadership Statement (SLS) in 2025 and, as of June 2026, is making a new rating submission.

# Responsible Investing Process

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## Update from our Head of Responsible Investing

Over the last year, Pemberton's responsible investing process has evolved to align with borrowers' growing maturity on sustainability and to deepen our integration activity. We have further enhanced the tools used to generate more decision-useful insights. In direct lending, the ESG Management Rating has shifted to emphasise performance over disclosure. This includes sector-specific metrics and, on climate – while Pemberton has no material exposure to fossil fuels<sup>16</sup> and other traditional high emitters – a sharper focus on the portfolio's relative high-impact sectors, tracking decarbonisation progress and board oversight. For all Pemberton strategies, the resilience lens was broadened to cover nature-related risk exposure.

These developments represent a deliberate refinement, informed by the improvement that portfolio companies have made and our continued identification of accessible research resources, while acknowledging the data constraints that remain inherent in private markets.



**Niamh Whooley**  
Managing Director, Head of Responsible Investing

“  
Our strength is the depth of governance and sustainability data we have built over ten years, alongside a responsible investing approach that is fully embedded in our investment teams.”

### Raising the Performance Bar

Pemberton's proprietary ESG Management Rating was reweighted in 2025, introducing sector-specific KPIs (25% of overall score) drawn from market-standard materiality frameworks. This raises the standard of assessment, enabling sharper differentiation between stronger and median performers and supports thematic evaluations such as supply chain management across relevant sectors during the year.

### Portfolio Climate Resilience

Strengthening climate analysis enables more informed decision-making across portfolios. We assessed climate risk performance for relevant sectors, using our 2025 ESG Borrower Questionnaire. At the direct

lending portfolio level, four sectors were identified – Food & Beverage, Construction & Building Materials, Consumer Durables & Non-Durables, and Capital Goods & Industrials – which represent 33% of unrealised value yet drive 70% of emissions. This deep-dive helps prioritise engagement, supported by carbon-reduction incentives in Pemberton's ESG-linked margin ratchet.

### Biodiversity Risk Screening

Analysis was extended in this report to biodiversity risk across Direct Lending, NAV Financing, Risk Sharing (SRT), Collateralised Loan Obligations and Working Capital Solutions using ENCORE and WWF screening tools.<sup>17</sup> Initial results show 93% of assessed exposures fall in the very low to

<sup>16</sup> As of 31 December 2025, our exposure to fossil fuels remains limited to less than 1% of AUM, primarily through: (a) short-term receivables in Working Capital Solutions (WCS) associated with oil, oil services, and metallurgical coal; and (b) indirect exposure via Significant Risk Transfer (SRT) transactions, where counterparty banks' loans are linked to these sectors.

<sup>17</sup> ENCORE and the WWF Biodiversity Risk Filter are widely used, open-source screening tools that support high level assessment of nature related dependencies, impacts and location specific biodiversity risks.

low-risk range, with just 7% in the moderate risk band. Detailed findings follow on the pages ahead.

### Portfolio Support Workshops

For the third year running, Pemberton hosted a series of Sustainability and Carbon Workshops, with more than 80 borrowers representing 62% of the direct lending portfolio having participated since 2023.<sup>18</sup> The workshops are designed to help management teams identify, prioritise and act on issues material to their business, with themes informed by borrower feedback gathered through our survey. Three recent sessions, led by external experts, focused on Supply Chain Due Diligence, exploring human rights and environmental issues; Emissions Reduction Pathways and Credible Target-Setting; and The Human Side of AI, exploring how organisations can integrate AI adoption while maintaining workforce engagement and skills development. Through these workshops, we aim to help businesses manage related risks, build resilience and identify potential opportunities.

### Stewardship in Private Credit

Pemberton contributed to *Stewardship in Private Debt*, a publication released by the UN-supported Principles for Responsible Investment (PRI) in July 2025, and participated in the PRI launch panel showcasing best practice engagement in private credit.

In the last 12 months, priorities were centred on deepening dialogue, including targeted verification of borrower carbon data quality and discussions through our ESG-linked margin ratchet. On the latter, this process involves multiple meetings on KPIs and targets, with three-way collaboration between Pemberton, private equity sponsors and borrowers, to agree performance objectives from the outset of the lending relationship.

By refining internal tools, strengthening climate and biodiversity analysis, supporting portfolio companies through practical workshops and deepening stewardship dialogue, we continue to integrate sustainability considerations systematically in the investment process. Our approach is designed to deliver long-term value for our investors by financing well-managed European businesses with strong growth potential.



### Training

We delivered targeted training to Pemberton investment professionals on supply chain risks, impact assessment<sup>19</sup> and refreshers on our Responsible Investing Procedural Handbook.



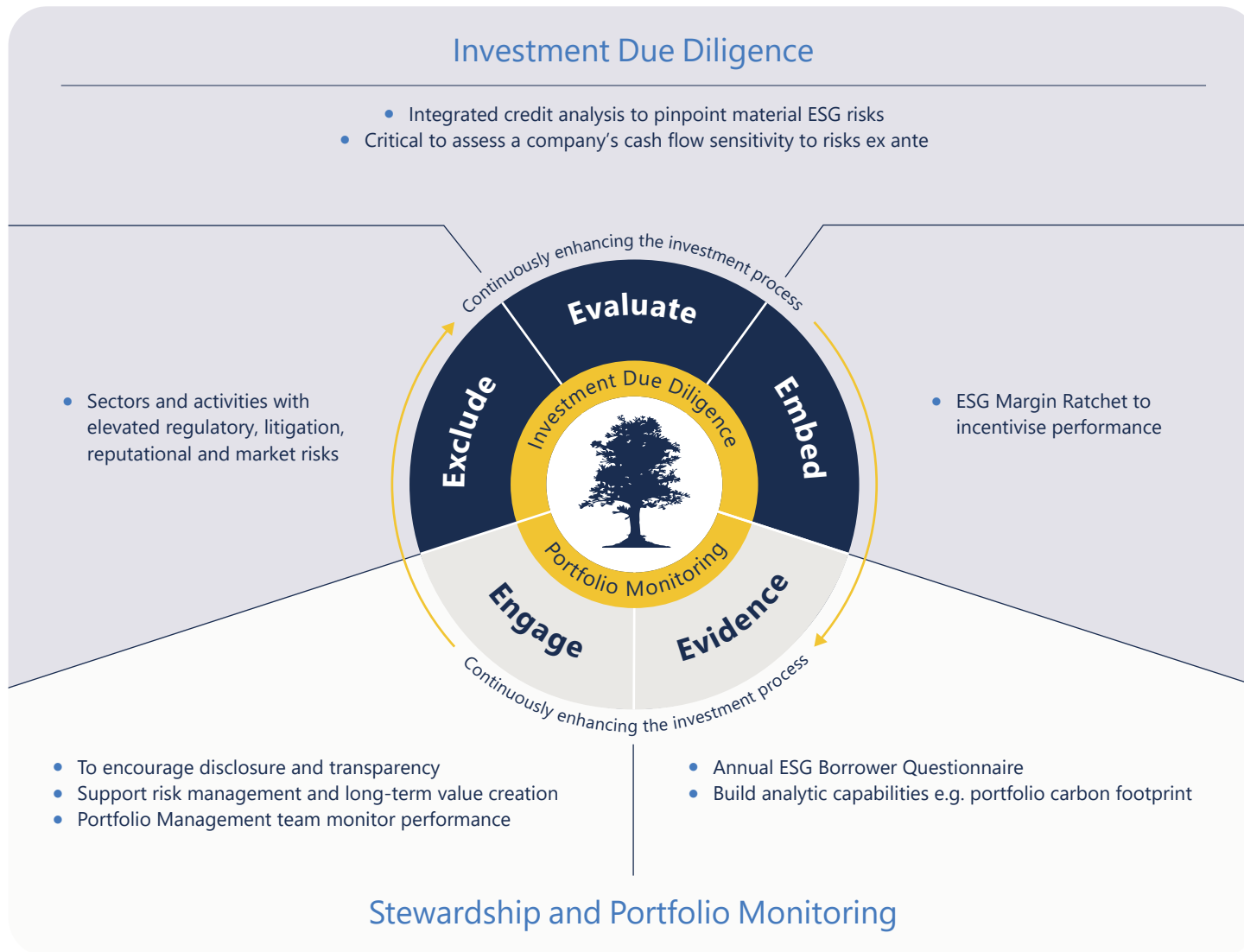
### Artificial Intelligence (AI)

We are increasing use of artificial intelligence tools to sharpen credit and responsible investing decisions. We also see AI education for portfolio companies as a potential growth accelerator and delivered our first teach-in this year.

<sup>18</sup> Data as at 31/12/2025; values represent % of committed capital across direct lending since 01/01/2023.

<sup>19</sup> RI/ESG in private credit is primarily focused on risk management and downside protection, while impact is an additional, intentional layer delivered only in client solutions where investors specifically request it.

# Direct Lending: Systematic Integration Approach

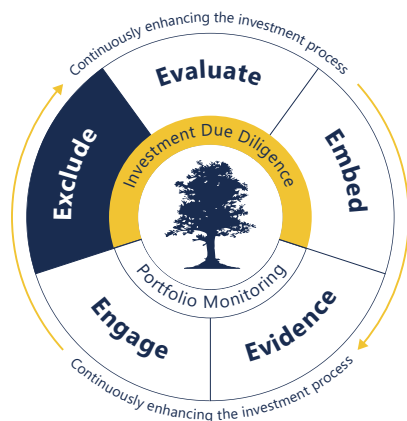


“  
**Governance and sustainability analysis is built into our underwriting from day one, protecting against downside risk and ensuring every lending decision is aligned with Pemberton’s risk appetite.**”

**Cassandra Fahy**  
 Managing Director  
 Member, Responsible Investment Committee

# Exclude: Negative Screening

Pemberton applies a Negative Screen<sup>20</sup> across its investment strategies to filter out high-risk, non-aligned activities. The focus is on sectors and practices with elevated regulatory, legal, reputational or market risks that can impair cash flows and valuations. At firm level, this includes involvement in the production or sale of controversial weapons (for example, antipersonnel landmines and cluster munitions), associations with oppressive regimes, activities related to tobacco, adult or violent content, short-term consumer finance such as predatory lending, gambling, and practices with significant animal-welfare concerns.



## Environmental

Pemberton's climate approach prioritises engagement over blanket exclusion, aiming to support borrowers in measuring and reducing their emissions. Nonetheless, avoiding high-carbon sectors most vulnerable to rising costs from tightening climate regulation, energy price volatility and other carbon-related pressures aligns with Pemberton's credit risk appetite. Our preference is for non-cyclical assets with strong, predictable cash-flows and flexible cost bases, and we are cautious of companies with substantial fixed assets and high capital-expenditure needs, as these can constrain cash available for debt service, particularly in downside scenarios. In this context, during the year Pemberton declined several investment opportunities in energy-intensive businesses.



## Social

Pemberton's investment approach prioritises credit quality and risk-adjusted returns, while also avoiding association with business activities that could materially damage the reputation of the firm or our investors. For example, we recently reviewed a business that conducted extensive animal testing across both large and small species and lacked a credible roadmap to reduce its reliance on such research. Although the company operated within the applicable regulatory framework, the scale of animal use, evolving regulatory expectations and consumer activism created reputational and regulatory concerns. We made the decision not to proceed with the financing and will continue to assess similar opportunities on a case-by-case basis, with a focus on the potential credit, regulatory and reputational implications for our investors.



## Governance

We see strong governance as essential to building resilient businesses, focusing on board oversight, management quality, risk management frameworks and ethical standards of conduct. We will not invest where material governance weaknesses are identified. During the year, we declined to fund an otherwise attractive healthcare business due to concerns over governance and execution risk. The business was founder-led with a fragmented shareholder base that included practising clinicians, local rules that would have limited ownership and control for any single investor, and achieving the necessary protections would have required a bespoke structuring solution with no certainty of outcome. In general, we prefer sponsor-backed transactions, where private equity ownership typically brings more formal governance structures, active oversight and meaningful equity support, enhancing alignment and risk management for lenders.

<sup>20</sup> Detailed criteria and revenue thresholds may vary by strategy or product, reflecting specific client mandates and regulatory requirements. Some products apply additional screens. The application of negative screening forms part of Pemberton's broader risk management framework. It does not assure compliance with any particular code or standard (including the UN supported Principles for Responsible Investment), nor does it guarantee improved sustainability outcomes, investment performance, or the avoidance of losses.

# Evaluate: Investments

As credit investors, we maintain a disciplined focus on limiting downside risks. Rigorous due diligence is a cornerstone of private credit and direct lending, and the integration of governance and sustainability considerations strengthens our analysis of creditworthiness. Our teams focus acutely on the sensitivity of a company's cash flows to adverse events that include those linked to responsible stewardship of the business, management quality, environmental impact and social practices such as supply chain standards and workforce resilience. Weak controls, including inadequate governance or poor handling of these areas, can trigger regulatory sanctions, fines, litigation, reputational damage and loss of customers, any of which can erode profitability and constrain liquidity. Evaluating these factors within a broader risk lens throughout the investment decision-making process ensures we gain a more nuanced view of a company's operational resilience and management discipline.



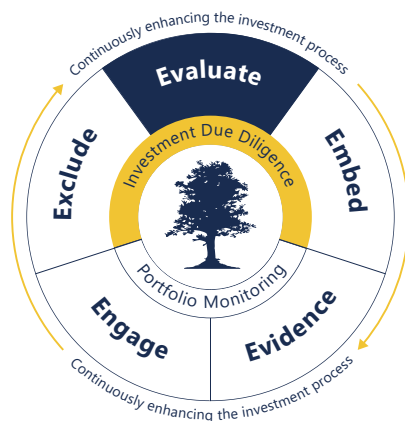
**“ We focus on asking the right questions to sharpen our view of risk and return, treating governance and sustainability as integral to our credit judgement and the selection of high-quality assets. ”**

**Robin Challis**

Partner, Portfolio Management  
Direct Lending, Strategic Capital



## Case Study



We provided financing to a European environmental services business supporting construction and infrastructure end markets. The company delivers specialist site and water management services that are important during early project execution. Integrated analysis identified workforce retention and the potential for environmental liabilities as material to credit risk.

On people, shortages of skilled technical personnel in the company's core markets

## Workforce retention and environmental liabilities

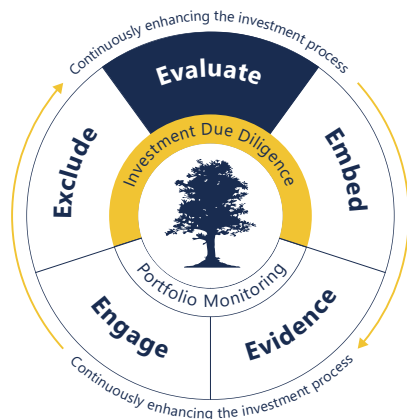
represented a key sensitivity. Staff turnover had improved year on year, but remained more pronounced among newer operational employees, indicating onboarding and training as key control areas. Mitigating this risk, the credit assessment noted that the business had strengthened its human resources (HR) capabilities and that the sponsor had identified talent retention and management incentivisation as early priorities.

Environmental due diligence highlighted regulatory compliance and permit management as key areas of focus. Legal review confirmed that the business held the material permits and approvals required for its operations, with no historical breaches identified. Recommendations included further formalising processes for verifying customer compliance where relevant, and monitoring permit renewals as the business scales.



# Evaluate: Investments

Our integrated analytical framework identifies material operational risks in areas traditional credit metrics may overlook, enabling us to anticipate vulnerabilities that could impair credit performance and long-term value creation. At the same time, sustainability-related dynamics can materially influence a borrower's resilience and growth trajectory. Structural tailwinds, including evolving policy, regulation and shifting consumer behaviours, can strengthen the investment case, with private mid-market companies increasingly well positioned to address pressing environmental and social challenges such as climate transition and expanding access to healthcare.



## Case Study

### Access to healthcare and workforce resilience

In 2025, we provided financing to a European specialist treatment centre operator serving public health systems across multiple markets. The business benefits from structural demand tailwinds, with capacity constraints across the sector creating sustained pressure on service availability and reinforcing its market position.

Our integrated credit analysis identified strong barriers to entry, including regulatory requirements, significant capital and technology requirements, the need for specialised clinical staff and established referral networks. The primary operational risk identified during due diligence was workforce availability, reflecting broader shortages of specialised clinical personnel across the sector.

Staffing availability can directly affect utilisation and continuity of care. Governance and sustainability factors are inputs to credit analysis, not a parallel process. During

due diligence, we consulted independent industry experts who flagged risks around clinician engagement with the corporate centre. These were balanced by several strengths, including competitive compensation, regular clinician dialogue and KPI monitoring, and a strong retention record. For an operator delivering essential healthcare access within public health systems, workforce stability is a key social metric underpinning revenue generation and, ultimately, debt serviceability.

Workforce disclosures in this year's ESG Borrower Questionnaire were comprehensive, and the business received an overall B rating. Our portfolio monitoring framework supports continued engagement between investment teams and management on clinician availability, retention trends and service continuity.



# Embed: Margin Ratchet

Pemberton's ESG-linked margin ratchet is designed to build resilience across our loan portfolio by incentivising borrowers to improve their management of material sustainability risks. Where borrowers meet pre-agreed ESG objectives in areas such as energy efficiency, supply chain due diligence, product safety and human capital, loan margins are reduced. Version 3.0, launched in 2024, introduced sector-specific targets so that performance measures more closely reflect each borrower's business model.

These targets are intended to be ambitious, going beyond business as usual, while remaining achievable. In 2025, we executed multiple ratchets following detailed engagement with borrowers and private equity sponsors to agree robust commitments. Discussions typically begin before investment but are seldom concluded at closing; completing them within six months is most effective, as longer delays can reduce momentum. Our Transaction Legal team ensures the loan documentation accurately reflects the agreed commercial terms, including the ESG-linked performance targets.

Alongside the tailored KPIs, the ratchet includes a carbon-reduction target aligned with best practice guidance for SMEs<sup>21</sup> and a "bonus" ratchet linked to progress on net-zero alignment.<sup>22</sup> Together, these features connect incremental improvements in sustainability practices to modest funding benefits.



## Case Study

### Enhanced sustainability disclosure

A European food manufacturing company had limited sustainability disclosure, reflected in Pemberton's ESG Management Rating of E. As part of the financing, the company and its private equity sponsor agreed a ratchet target requiring an independent external sustainability assessment. This creates a direct commercial incentive for management to engage with sustainability risks. In line with the maxim "what gets measured gets managed", an objective third-party review provides lenders with greater confidence that controls are improving over time.

The company has secured this, establishing a baseline for measuring year-on-year improvement under a stepped margin incentive that differentiates between above-average and exemplary progress. Reflecting this, the borrower's disclosure to Pemberton's 2025 ESG Borrower Questionnaire improved significantly this year, with the business achieving a B under our internal assessment.



## Case Study

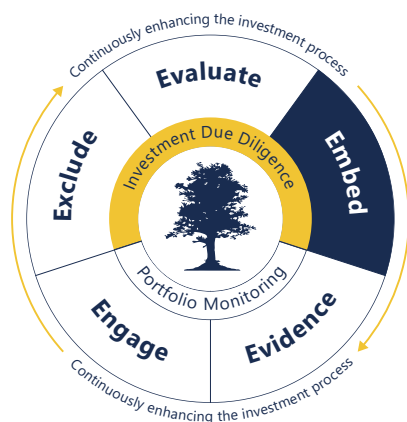
### Energy management and operational efficiency

A European food business operates a multi-site network certified to ISO 50001, the international energy management standard, across its existing operations. From 2026, the group plans to accelerate growth by opening new sites each year and, following a recent acquisition, integrating the acquired locations into the same framework to apply

consistent energy performance standards across an expanded footprint.

An ESG-linked target requires the company to maintain certification for locations already in scope and extend it to new sites within a defined timeframe. Robust energy management can help reduce costs,

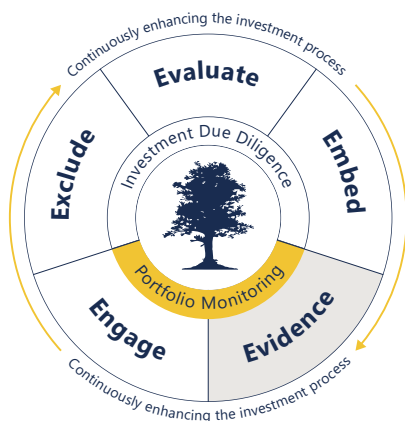
identify efficiency opportunities and support compliance with evolving environmental requirements. All in-scope locations are expected to undergo regular ISO 50001 audits to confirm ongoing adherence and continuous improvement, with progress reported annually to Pemberton to trigger the incentive.



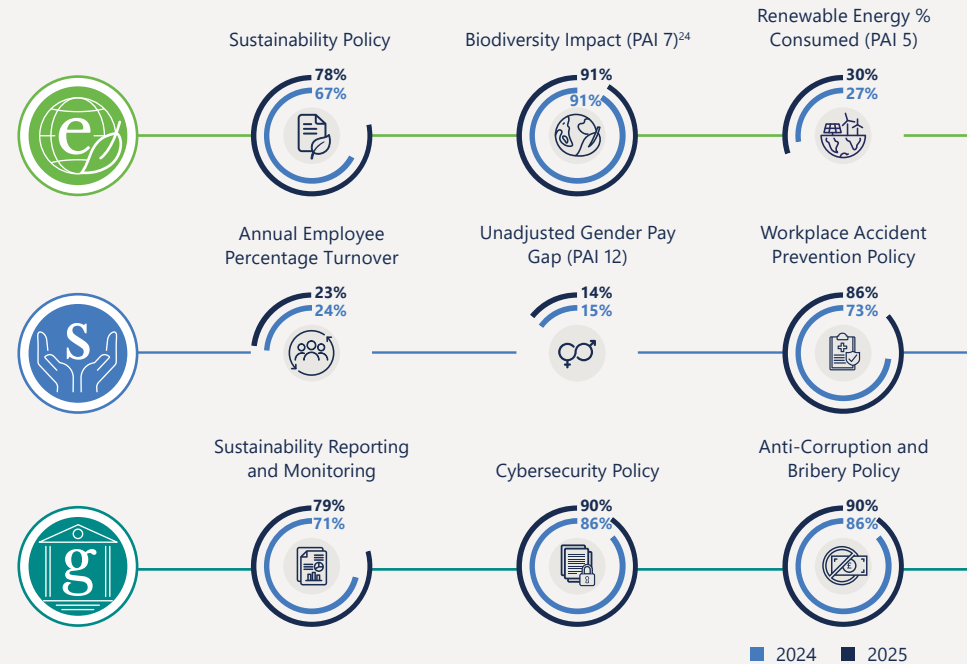
# Evidence: Scaling Data

Like any other fundamental variable, data enables more informed investment decisions, but its availability and quality remain key hurdles in private markets. To address this, since 2016 Pemberton has deployed an annual ESG Borrower Questionnaire in direct lending. This is supported by a pre-investment ESG and carbon data-capture process that establishes a baseline disclosure rating at the time of lending.

Borrowers enter data directly onto third-party platforms that incorporate regulatory frameworks such as SFDR, alongside standardised metrics, comprehensive guidance on indicators and calculations, and private market benchmarks, all underpinned by embedded guardrails to help ensure accuracy. Our ESG Borrower Questionnaire is updated annually to enhance data capture and maintain alignment with the evolving reporting requirements of our limited partners.



## Borrower Policy and Practices Snapshot (Core<sup>23</sup>)



Based on borrower count and portfolio companies that submitted data for Pemberton's ESG Questionnaire in 2024 and 2025.

## Themes in Borrower ESG Questionnaire (Core)



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



- Workforce Composition
- Employee Retention
- Employee Health & Safety
- Diversity and Inclusion



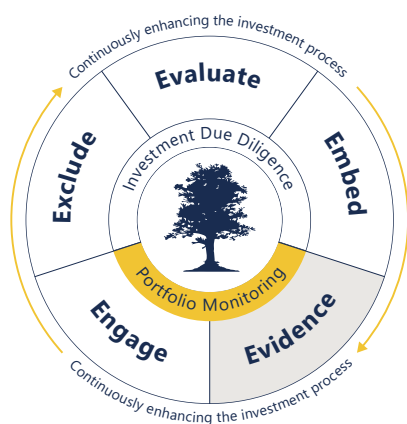
- Board Diversity
- Data Security
- Business Ethics
- Responsible Business Oversight (UNGC/OECD)

# Evidence: Proprietary Rating

## Purpose and Scope

Pemberton's proprietary ESG Management Rating, introduced in 2022, provides a consistent framework for tracking borrowers' year-on-year progress, complemented by a separate carbon footprint score that captures sectoral impact, emissions (reported or estimated) and reductions achieved. Borrowers are ranked from A (Strong) to E (Weak) based on responses to the annual ESG Borrower Questionnaire, with the rating reflecting the maturity of disclosure and policies across environmental, social and governance areas, benchmarked against European mid-market standards. The methodology has historically used the quality of reporting as a proxy for risk management, reflecting the data constraints inherent in private mid-market companies where mandatory sustainability reporting does not apply.

### Pemberton's Proprietary Rating Scale



## Methodology Evolution

Last year, we reported a marked uplift in portfolio performance, with the share of direct lending borrowers achieving an A rating rising from 19% to 44%, while 32% of new borrowers entering the portfolio in 2024 met the A threshold. This momentum was partly driven by companies preparing for forthcoming sustainability reporting requirements in Europe (CSRD<sup>25</sup>) and signalled a higher baseline of ESG capabilities across the portfolio.

To reflect this advancement, in 2025, Pemberton refined the ESG Management Rating to place greater emphasis on performance indicators and sector-specific risks, while preserving year-on-year comparability. The framework has been sharpened rather than reinvented:

- Sector-specific metrics (25%):** The remaining 25% is allocated to sector-specific KPIs across eight portfolio sectors, with each borrower assessed against its primary sector only.
- Sector materiality (SASB<sup>26</sup>) and themes:** Sector KPIs are selected with reference to external materiality frameworks, including SASB which provides industry-based guidance on financially material sustainability topics and metrics. Three cross-cutting themes (climate, supply chain and biodiversity) further refine topic selection within each sector module.
- Core and sector-specific scores** roll up into pre-set E, S and G pillar weights by sector, reflecting the relative materiality of each pillar and ensuring the overall rating captures what matters most for that industry.
- A calibration rather than a reset:** The 2025 methodology refinements preserve continuity, with sector-specific metrics deliberately capped at 25% of the overall score to avoid a structural break. While the proportion of borrowers rated A or B remains broadly stable, the composition has shifted between 2024 and 2025:
- Stability by Design (75%):** Our updated ESG methodology retains approximately 60% of previous portfolio indicators unchanged, including regulatory metrics such as Principal Adverse Impact (PAIs), ensuring continuity in how we track borrowers over time. The core assessment component has been re-weighted to account for 75% of the overall ESG Management Rating, with no new universal metrics added.

<sup>25</sup> Many of our mid-market borrowers were initially expected to report under the EU Corporate Sustainability Reporting Directive (CSRD) for the 2025 financial year. However, the EU Omnibus Directive introduced a 'stop-the-clock' provision, granting a two-year deferral and narrowing CSRD scope by raising key size thresholds, including the employee threshold to 1,000 and tightening related turnover criteria.

<sup>26</sup> The Sustainability Accounting Standards Board (SASB) provides industry-specific standards that identify financially material sustainability topics and metrics.

## Supply Chain Management

A-rated borrowers declined from 43% to 33%, with B-rated borrowers now comprising 53%. This reflects a more precise calibration under the updated methodology rather than a deterioration in portfolio quality, creating clearer separation between stronger and median performers and improving the analytical usefulness of the rating.

The refinements reflect a broader shift across the European private mid-market, where sustainability disclosure standards are converging towards those long established in public markets. The rating is now better suited to serve as a forward-looking risk monitoring tool and a focused engagement framework that helps prioritise key issues as illustrated by our thematic assessments that follow.

Our analysis of supply chain management ("SCM") scores across the 26 portfolio companies for which this theme is material indicates encouraging progress in responsible sourcing, while also highlighting areas with further room for improvement. The assessment draws on metrics covering environmental supplier screening, the integration of ESG considerations into procurement processes, supplier audits, exposure to child and forced labour risk, and the extent of human rights impact assessments across supply chains. Taken together, these indicators provide a high-level but practical view of how far responsible sourcing is embedded in day-to-day risk management.

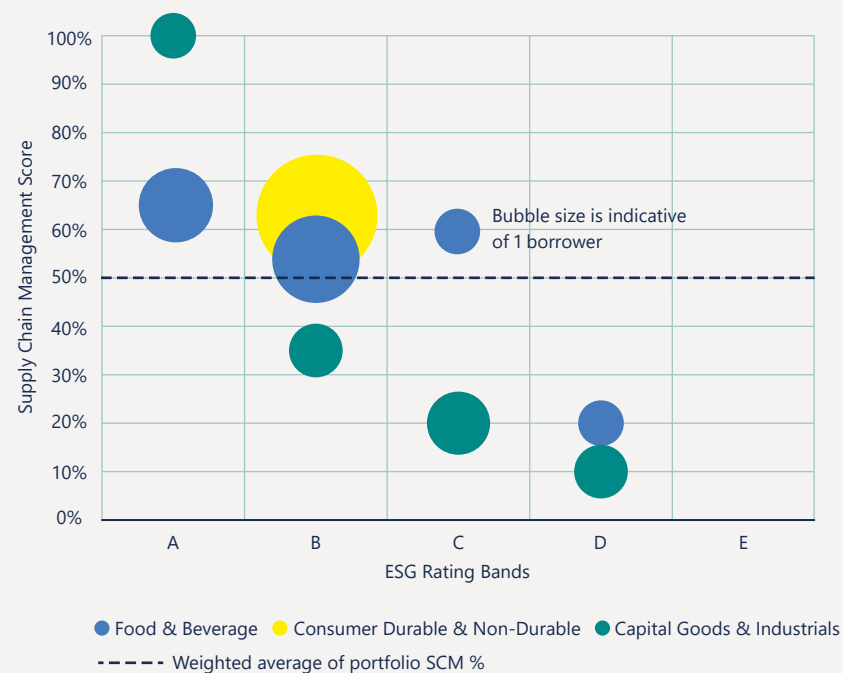
Within this cohort, 46% of companies score above the median, 17% at the median and 38% below it, indicating that supply chain management capability remains uneven. However, weaker performance is concentrated in capital goods and industrials, where the theme carries medium materiality and external scrutiny is typically less acute. Two companies in this sector lack SCM data entirely. By contrast, high-materiality sectors such as consumer durables, consumer non-durables and food and beverage face sharper stakeholder and regulatory expectations and generally have more mature supply chain controls.

Companies with above-median SCM scores are generally aligned with the stronger end of our overall ESG rating distribution. One food and beverage company is a notable exception, combining an above-median SCM score with a C ESG rating, which suggests that progress in supply chain management

has not yet translated into broader sustainability performance.

Going forward, our engagement will continue to focus on effective supply chain risk management within these sectors.

### Sector-Specific Deep Dive



For illustrative purposes only. Source: Pemberton Capital Advisors, data as of 31 December 2025. The chart shows weighted average Supply Chain Management (SCM) percentages by sector, plotted against our proprietary ESG rating. Each sector's score is weighted by the number of borrowers in each rating band, and bubble size reflects the total number of borrowers. Dotted line reflects blended weighted average of SCM % across portfolio.

## Climate Risk Performance

Applying the updated Net Zero Investment Framework (NZIF 2.0, 2024), which significantly broadens the definition of high-impact sectors beyond traditional heavy emitters to include financial services, business services and a wider range of activities, the proportion of the direct lending portfolio classified as elevated transition risk has increased from 8% in 2024 to 49% in 2025. This reflects the expanded scope of the framework rather than a deterioration in portfolio quality. Notably, our direct lending strategy has no material exposure to fossil fuels.

Under this classification, 39 borrowers operate in high-impact sectors and are therefore in scope for enhanced climate risk monitoring and engagement. This cohort was assessed using an expanded set of performance-oriented climate indicators in the 2025 ESG Borrower Questionnaire.

Overall, the portfolio shows climate governance as mixed but improving. Around a third have a public net-zero statement and more than half report a decarbonisation strategy, though formal board oversight of climate risk is reported by only 16 of 39 borrowers (41%), pointing to clear scope for this to deepen.

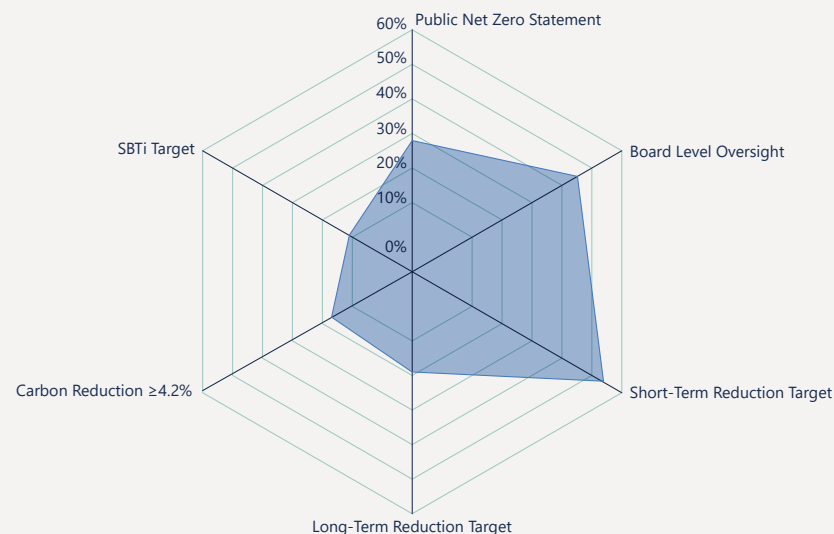
On targets, short-term commitments are more established, with over half of borrowers having set a carbon reduction target and

18% holding an SBTi-aligned<sup>27</sup> target. Long-term net-zero pathways are less common at 28%. In terms of actual performance, encouragingly nearly a quarter achieved a meaningful absolute reduction in Scope 1 and 2 emissions over the last 12 months.

Collectively, the results point to strengthening governance and growing adoption of decarbonisation strategies and short-term targets, alongside more limited long-term commitments and external validation. This suggests a portfolio that is moving in the right direction but remains uneven, providing a clear basis for prioritising future engagement and, where appropriate, the use of incentives linked to progress.

**Biodiversity Risk Management:** As part of our Climate Resilience analysis in the next section, we assessed biodiversity exposure using the open-source ENCORE and WWF Biodiversity Risk Exposure tools. Capital Goods & Industrials and Construction & Building Materials emerged as our highest biodiversity pressure<sup>28</sup> sectors, reflecting the impact these activities can have on nature. Yet when asked in the 2025 ESG Borrower Questionnaire whether they have a biodiversity policy or have completed a biodiversity risk assessment, none of the companies in these sectors reported having either in place, highlighting a clear area for future engagement.

### Climate performance indicators for high impact borrowers<sup>29</sup>



For illustrative purposes only. Source: Pemberton Capital Advisors, data as of 31 December 2025.

<sup>27</sup> Science Based Targets initiative, a body that independently validates and certifies these targets.

<sup>28</sup> Biodiversity pressure describes the impacts an activity has on ecosystems and species – such as habitat conversion, over extraction of natural resources or emissions to air, land and water – that can contribute to biodiversity loss.

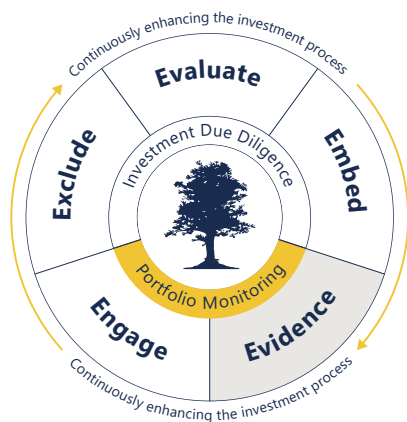
<sup>29</sup> Data presented based on borrower count.

# Evidence: Year-on-Year Progress

## Performance Lens Sharpened

Pemberton's proprietary ESG Management Rating (A–E scale) tracks borrower sustainability maturity annually, benchmarked against European mid-market standards. In 2025, the methodology was refined to place greater emphasis on performance over disclosure. Sector-specific metrics were introduced using SASB frameworks across eight sectors, while preserving 75% of prior portfolio indicators for continuity.

The A-grade decline shown here (43% to 33%) reflects tighter calibration following grade inflation driven by improved baseline reporting maturity observed in 2024, rather than portfolio deterioration. See page 17 for full methodology detail.



## Our Rating and Engagement in Action

### Active Engagement<sup>30</sup>

Increased by borrower count, alongside 15% growth in the direct lending portfolio in 2025



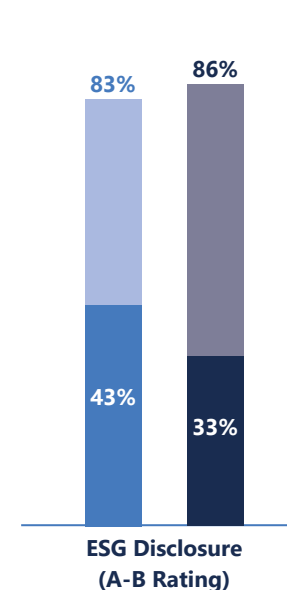
### Carbon Reporting

Continues to advance, with 87% of portfolio companies now disclosing carbon data



### Sustainability Disclosure

Rating criteria tightened to reflect improved baseline reporting maturity, with sector-specific metrics (25% of rating) introduced.



### Borrower Response Rate<sup>31</sup>



■ 2024 ■ 2025

As borrowers mature on their sustainability journey, our rating has evolved to include a disclosure lens.

**Note: Percentages shown are based on borrower count.**

Source: Pemberton Capital Advisors LLP.

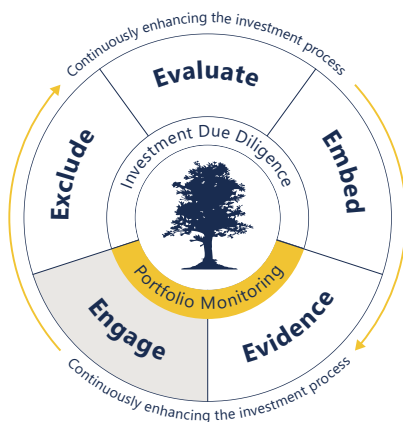
<sup>30</sup> Active Engagement defined as in-person workshops, teach-ins and/or 1:1 meetings.

<sup>31</sup> Response rate excludes investments realised intra-year or where realisation was known and occurred in H1 of the following year. Non-responses may reflect investment timing relative to the reporting campaign or other agreed exemptions. ESG data presented herein reflects the position at the time of collection and is subject to change; it may not be representative of Pemberton's approach to SFDR or other regulatory initiatives. ESG assessments draw on internal due diligence and third-party analytical tools, relying on the availability and accuracy of borrower disclosures, which may include forward-looking statements that are not independently verified. Assessments also incorporate the subjective judgement of Pemberton's investment team.

# Engage: Monitoring Performance

Proactive stewardship is both feasible and effective in private credit, most notably where Pemberton acts as the lead or sole lender within direct lending.

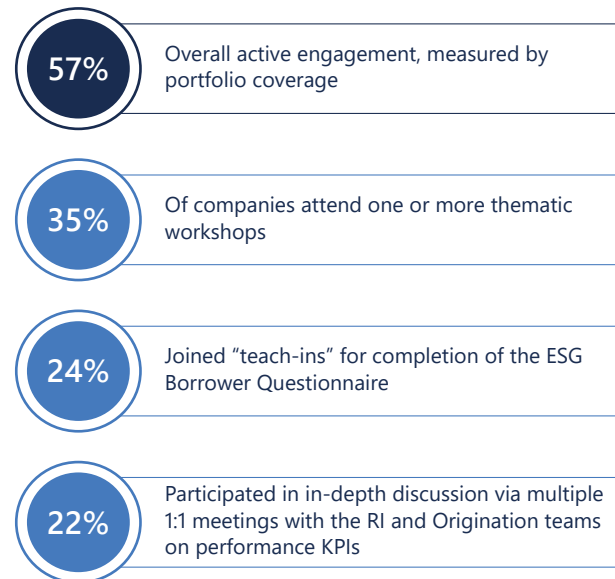
At its core, stewardship in private credit is about risk management and ensuring capital repayment. It can also enhance and accelerate the sustainability performance of private mid-market companies, fostering resilience, strengthening governance and contributing to long-term value creation. Private credit offers unique levers of influence. Features such as ESG-linked margin ratchets and associated clauses in loan agreements enable lenders to safeguard value while supporting well-managed businesses with strong growth potential.



## How We Engage

In July 2025, the UN PRI published *Stewardship in Private Debt*,<sup>32</sup> a landmark guidance for our asset class that identifies four key stewardship tools available to private credit investors. Pemberton contributed to the publication and participated in the PRI launch panel, showcasing best practice application of these tools in private credit engagement.

### 2025 Engagement Statistics – Direct Lending



#### 1) Ongoing Dialogue and Feedback

The PRI emphasises systematically collecting, analysing, and benchmarking portfolio company sustainability data to enable borrowers to take actionable steps. Pemberton’s approach is structured to embed this across the investment

lifecycle. Our pre-investment process establishes a baseline disclosure rating at the point of lending, updated annually through Pemberton’s ESG Borrower Questionnaire and fed into a proprietary rating that tracks progress across the portfolio. To reinforce that governance and sustainability considerations are integral to our approach, our investment teams share an annual ESG Scorecard with portfolio companies, benchmarking their disclosures and policies against others in the portfolio.

The Responsible Investing (RI) team maintains dialogue with portfolio companies through a range of channels, including teach-ins on the use of our third-party data capture platform (including metric calculations), thematic workshops providing practical guidance on measuring and reporting material sustainability issues, and one-to-one meetings. Dialogue with sponsors further supports alignment and shared learning, including on data quality. In 2025, we deepened this work by scrutinising carbon data and contacting 35% of portfolio companies in sectors categorised as high-impact to review submissions for consistency and accuracy. This is particularly important where data shows significant year-on-year variance, as quality challenges can be more pronounced in private markets. While it helped identify inconsistencies and support corrections, the data remains dependent on the completeness and reliability of borrower reporting.

Semi-annual reviews provide a forum to discuss material risks and maintain visibility of the risk-return profile. At Pemberton, responsibility for post-investment monitoring lies with investment teams, who maintain regular engagement with borrowers to identify any signs of deterioration in financial performance, which can include governance and sustainability factors.

## 2) Training and Capability Building

Borrower training is a key stewardship tool in private credit. The PRI notes<sup>33</sup> that leading practice involves structured, tailored and data-informed workshops on material sustainability topics, delivered by subject-matter experts where appropriate and aligned with borrower priorities. Such portfolio-support initiatives help drive enhanced disclosure.

For the third year running, Pemberton hosted a successful series of Sustainability Workshops for direct lending portfolio companies. By supporting them to embed sustainability and related innovation into their operations, Pemberton helps ensure these businesses are not only managing risk but also capturing growth opportunities. The workshops are designed to help management teams identify, prioritise and act on the sustainability issues most material to their business, with themes informed by borrower feedback gathered through our survey.

Since launching this portfolio support activity in 2023, more than **80+** borrowers representing **62%** of Pemberton's direct lending portfolio<sup>34</sup> – have participated in workshops.

### 2025 Direct Lending Workshops

#### Supply Chain Due Diligence

Risks in the supply chain – from human rights and labour issues to environmental impacts such as deforestation – can escalate into financial, operational, and reputational challenges if left unmanaged. Limited visibility often masks these vulnerabilities. Pemberton's investment team joined

portfolio companies for a workshop led by an external expert in responsible sourcing. The session focused on identifying material supply chain risks, implementing proportionate and effective due diligence processes, and navigating evolving regulatory requirements.

Participants explored the importance of strong governance, clear policies, and active oversight. By mapping suppliers, assessing risks, and prioritising high-impact areas, companies can stay ahead of vulnerabilities rather than reacting to problems after they arise. Engagement with suppliers – supported by collaboration through industry partnerships that can help mid-market companies share the compliance burden and access collective expertise – makes supply chain management more achievable and effective.

Proactively addressing issues such as poor working conditions helps mitigate financial and reputational exposure, as demonstrated by real-world cases of forced labour and regulatory penalties in Europe, particularly in sectors reliant on migrant labour. Organisations that treat supply chain due diligence as a strategic priority not only safeguard their operations but can also enhance efficiency.

#### Emissions Reduction and Credible Targets

Mid-market companies often struggle to translate carbon disclosure into actionable reduction strategies and credible targets. Yet the European Commission estimates SMEs, including mid-market firms, contribute up to 63% of the region's greenhouse gas emissions.<sup>35</sup> While central to Europe's legally binding net-zero target, these businesses often lag public market peers in emissions disclosure and decarbonisation progress.

As a lender to private businesses, Pemberton recognises an opportunity to support portfolio companies in managing climate risks and navigating complex regulatory requirements. This workshop was led by an external carbon expert who has supported thousands of businesses in measuring, reporting and reducing their climate and environmental



“

**We see these workshops as a commercial differentiator. When refinancing comes around, we want sponsors and borrowers to**

**view Pemberton as a partner in their sustainability journey.”**

**Boris Harmsen**

Managing Director, Head of Origination, Europe

impacts, including guidance on Scope 3 emissions and supply chain decarbonisation. The session addressed prevalent misconceptions about the cost of decarbonisation, demonstrating that many emissions reduction initiatives offer short payback periods and present opportunities rather than burdens. Participants received practical guidance to develop clear pathways for emissions reduction and target-setting, including leveraging free tools and building internal business cases for energy efficiency.

#### The Human Side of AI

As investment in artificial intelligence (AI) continues to grow, AI education programmes for portfolio companies have come into focus as a potential growth accelerator. At the same time, these technologies introduce new risks, making a human-centred approach essential. This workshop explored how organisations can create a culture where people and technology work seamlessly together to enhance productivity, develop skills and strengthen workforce engagement. The session was led by Valcon, a Pemberton portfolio company with deep expertise in organisational change, workforce productivity, and sustainable business transformation. Participants examined how these tools can function as a copilot, augmenting tasks rather than automating them, and how work is evolving towards

<sup>33</sup> UN PRI, *Stewardship in Private Debt*, A guide for general and limited partners, July 2025

<sup>34</sup> Data as of 31/12/2025; values represent % of committed capital across direct lending since 01/01/2023

<sup>35</sup> European Commission, Flash Eurobarometer – SMEs, Resource Efficiency and Green Markets, 2024

AI-assisted activities such as summarising communications, drafting responses, and surfacing key data.

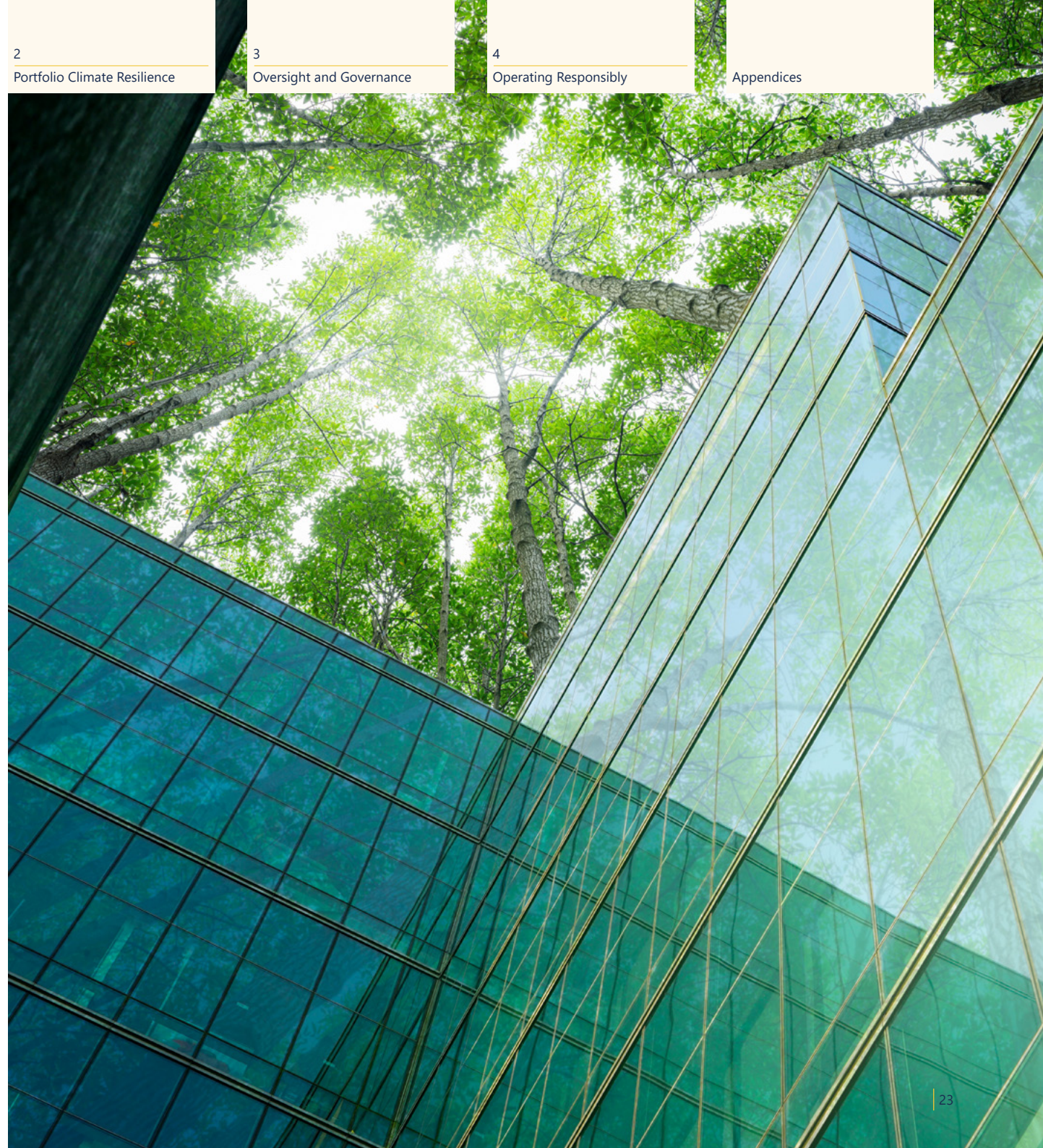
Valcon introduced a five-step adoption framework: map role and task impact; build structured upskilling journeys; co-create use cases with employees; communicate with clarity and empathy; and measure adoption, experience and impact. The session emphasised that an AI-enabled culture thrives on curiosity, experimentation, and trust. Organisations that integrate these capabilities effectively while supporting their people can outperform peers, driving workforce engagement and measurable business results.

### 3) Deepening Performance Dialogue

Engagement continued to advance in 2025, driven by in-depth discussions involving 22% of borrowers focused on performance KPIs for the ESG-linked margin ratchet. More than a pricing mechanism, the ratchet provides a structured basis for dialogue between private equity sponsors, prospective borrowers, and Pemberton. This gives a comprehensive view of the sustainability strategy of the borrower from the outset of the lending relationship. It also supports focused conversations on the issues most material to each business, as well as performance trends, including review of historical data where available, and evaluates whether proposed targets are suitably ambitious and measurable.

### 4) Collaborative Engagement

The PRI notes that collaborative engagement is essential in less mature private credit markets where standards are still evolving. Pemberton actively participates in shaping the agenda through activity that includes our membership of the PRI Private Debt Advisory Committee and participation in the IIGCC working group that developed the NZIF Private Debt Guidance (2024).

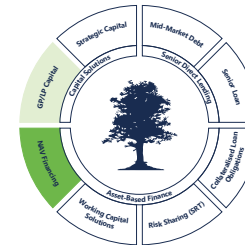


# Cross-Platform Frameworks

Pemberton's Responsible Investing Policy and governance processes form the foundation of all investment strategies, covering over 99%<sup>36</sup> of our assets under management. This framework sets out a clear charter for our approach, including that as an initial step all potential investments across the platform must undergo:

- A **red flags controversy screen** using a specialist data provider
- Pemberton's **Negative Screen**, with two additional categories for funds classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR)
- **Escalation** to the Responsible Investing Advisory Council where appropriate

Subsequently, investment teams apply assessment frameworks that are calibrated to each strategy's specific risk profile. Data on governance and sustainability factors tend to be more readily available in direct lending, where Pemberton typically acts as lead or sole lender, enabling more influence with borrowers. In other private credit asset classes, access to this type of information can be more limited. Nonetheless, our teams remain committed to encouraging market participants to enhance the quality and depth of their non-financial disclosures.



**NAV Financing and GP/LP Capital** provides lending to private equity funds, general partners, and limited partners for a range of liquidity and capital needs. Classified as Article 8, these vintages integrate governance and sustainability considerations throughout the financing lifecycle.

As part of due diligence, a Negative Screen is applied to all underlying portfolio companies and the sponsor of each NAV Financing and GP/LP Capital deal. In parallel, a Positive Screen Questionnaire is completed by the sponsor, covering key environmental and social metrics, along with governance policies and practices – forming the basis of a preliminary ESG rating for the General Partner.

This assessment is reviewed and updated annually for ongoing risk monitoring. The Responsible Investing team also evaluates the sponsor's governance and sustainability disclosures, contributing an independent view on programme strength, which is recorded in the Portfolio Management assessment.

## Positive Screening: Applies to All Sponsors Preliminary & Annual ESG Borrower Questionnaire



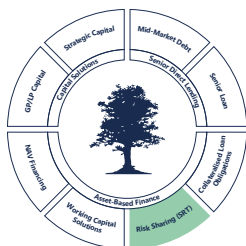
- Carbon Emissions
- Energy Management
- Water and Wastewater Management
- Ecological Impacts



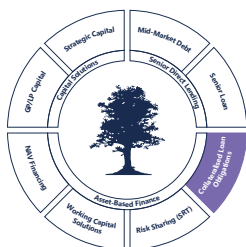
- Employee Diversity and Inclusion
- Employee Health and Safety
- Human Rights
- Supply Chain Management



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

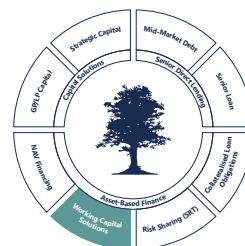


Pemberton's **Risk Sharing (SRT)** strategy enters long-term partnerships with global banks and leading European lenders to share risk on corporate and SME loan portfolios and other core assets. The latest SRT vintage is Article 8 and seeks to promote the environmental characteristic of climate change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



For Pemberton's **Collateralised Loan Obligations (CLO)** strategy asset selection combines macro and fundamental credit assessment, including corporate strategy, transparency and disclosure, and management track record. The focus is on cash-flow sensitivities, including governance and sustainability risks. For example, during 2025, a borrower approached the market to refinance an existing loan. The primary concern related to governance and transparency: the founder remained the majority owner and, although not involved in day-to-day operations, continued to provide strategic oversight across all business segments; public information on the founder was limited; and there was an ongoing tax dispute at group level. Taken together, these factors created insufficient visibility over the control environment and overall risk profile, and the CLO team declined the transaction.

The CLO team incorporates a Responsible Investing toolkit in decision-making, including a carbon-intensity calculator and an external rating from a leading provider that is adjusted to reflect Pemberton's own view, particularly in relation to the governance pillar. The process is monitored by an Independent Sustainability Coordinator.



For **Working Capital Solutions (WCS)**, the assessment of governance and sustainability factors 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 Politically Exposed Person (PEP) exposure. We review available governance and sustainability information, and while datasets are often incomplete, these are supplemented by the investment team's extensive expertise in assessing geopolitical, supply chain, and other material risks, which are highlighted to the Investment Committee through the Integrated Risk Assessment.



## Case Study

**Sector:** Retail | **Geography:** Europe

**Description:** A rapidly growing online retail, distribution, and logistics company

**Declined:** A Working Capital Solutions ("WCS") transaction was declined in 2025 due to being a founder-led business without sufficient governance controls. Although the company maintained an independent supervisory board as required by local law, deeper due diligence found that the directors lacked the necessary experience and that controls were weak – not robust enough to mitigate the controlling influence of a single dominant individual.



# Portfolio Climate Resilience

# 2

This section presents Pemberton's climate-related financial disclosures for the period 1 January 2025 to 31 December 2025, covering the business and investment activities of Pemberton Capital Advisors LLP (PCA), our UK legal entity and investment adviser to Pemberton Asset Management S.A. (PAMSA), an Alternative Investment Fund Manager (AIFM). This is our third year of climate disclosure, building on our inaugural 2023 climate disclosure and 2024 reporting.

We align this disclosure with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),<sup>37</sup> meeting the UK Financial Conduct Authority (FCA) requirements applicable to regulated entities. Our reporting follows the TCFD's four thematic pillars.

## Pillars of the Recommended Climate-Related Financial Disclosures



### Governance

The organisation's governance around climate-related risks and opportunities.

### Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

### Risk Management

The processes used by the organisation to identify, assess and manage climate-related risks.

### Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

<sup>37</sup> Although the Task Force on Climate-related Financial Disclosures (TCFD) was disbanded in 2023 after its final status report, its principles continue to underpin global climate disclosure standards and remain the applicable standard for FCA-regulated entities. Oversight of climate disclosure frameworks has transitioned to the International Financial Reporting Standards (IFRS) Foundation, under the guidance of the International Sustainability Standards Board (ISSB). Following the UK government's endorsement of IFRS disclosure standards in February 2026, the FCA's climate disclosure requirements are expected to update, with mandatory adoption of UK Sustainability Reporting Standards (UK SRS S1 and S2) anticipated for accounting periods commencing on or after 1 January 2027. Pemberton is monitoring these developments and will transition to the new framework when required.

## In determining the relevance and materiality of information presented here, we consider:

### Our Investments

Given the relatively low climate-related risk exposure of our own operations, our strategy focuses primarily on investment portfolio emissions. We recognise that climate change may have a material impact – both positive and negative – on investment performance and returns over the short, medium and long term. It presents interrelated risks and opportunities that shape the industries and economies in which we invest. By proactively addressing these factors, we strengthen our risk management and enhance portfolio resilience.

### Own Operations

Pemberton's operations present relatively low climate-related risk compared with our investment portfolios and are therefore secondary to our climate strategy. However, we also recognise the importance of managing the impact of our own operations.

### Commitments

As set out in our strategy, Pemberton's private credit portfolios generally face limited short-to-medium term exposure to elevated climate risk, with notably no material exposure to fossil fuels.<sup>38</sup> Nonetheless, we recognise that private markets play an important role in supporting sustainable growth among Europe's mid-market companies. Our priority in addressing climate-related risks and opportunities is the decarbonisation of our investment portfolios, and Pemberton is a signatory of the Net Zero Asset Managers initiative.

## Investments

Where we hold a degree of influence, which is greatest as the sole or lead direct lender, we have the following commitment, supported by actions best suited to our asset class.



\*Note: Target alignment is defined as the actions and milestones set out in the Net Zero Investment Framework (NZIF), Private Debt Guidance, IIGCC, published May 2024.

## Own Operations

Our London headquarters occupies 20,000 sq. ft of leased office space within a multi-tenant building. Although we do not control the building's environmental performance targets, we maintain an active dialogue with the property management team and are encouraged by their ongoing decarbonisation initiatives, as outlined below.

Further details on our operational carbon footprint is provided on page 49.

### BREEM

Headquarters building has a rating of 'Good'\* under this globally-recognised assessment for the built environment.

### Renewable energy

100% renewable electricity tariff (Scope 2), plus roof solar panels that sell power to the grid.

### Decarbonisation

Project underway for gas CHP boilers (Scope 1) to be replaced\*\* by air-source heat pumps.

### Emissions offset

While carbon footprint reduction remains the priority, Pemberton's CSR programme involves employees in selecting an annual offset project for Scope 1, 2, and partial Scope 3 (including all travel) emissions.

\*Note: The building is expected to regain its BREEM 'Excellent' rating – previously reported for 2023 – following the replacement of the gas-fuelled CHP boilers.

\*\*This project's first phase is due to start Q2 2026.

# Strategy

**The actual and potential impacts of climate-related risks and opportunities on Pemberton's businesses, strategy and financial planning.**

**TCFD recommended disclosures:**

- a) Description of the climate-related risks and opportunities Pemberton has identified over the short, medium, and long term.
- b) Description of the impact of climate-related risks and opportunities on Pemberton's businesses, strategy, and financial planning.
- c) Description of the resilience of Pemberton's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

## Climate-Related Risks and Opportunities

Our strategy reflects our commitment to deliver strong risk-adjusted returns, while proactively managing material risks and opportunities, including those arising from climate change. As a credit provider, our exposure to climate is primarily linked to how these risks affect a borrower's ability to service debt. For instance, companies with high carbon intensity may become subject to more stringent regulations or face higher transition costs. Similarly, businesses operating in sectors exposed to physical climate risks – such as extreme weather events – may face increased supply chain disruptions or operational instability. Over the lending period, these risks may materialise in various forms, from deteriorating credit quality (e.g. stressed cash flows) to increased likelihood of default.

We assess climate-related risks and opportunities across varying time horizons, tailored to the nature and duration of each investment strategy. Broadly, however, we categorise horizons for our private credit activity as follows:

Short-term (0-3 years)	Medium-term (3-8 year)	Longer-term horizon >8 years
Based on an assumed asset life of three years, reflecting the average refinancing horizon. In this timeframe, climate risks may directly affect cash flows and impair the portfolio company's ability to meet debt obligations.	Related to the typical legal maturity of loans and the expected lifespan of our funds. A medium-term lens helps to assess future credit risks connected to climate factors, including the viability of future credit arrangements and the resilience of borrowers' business models. Portfolio sectoral exposure is also a key consideration – where evolving regulatory and policy dynamics may either enable or constrain growth.	Related to broader strategic priorities and the impact of financed emissions, including how we future-proof our business. Ongoing engagement with limited partners regarding their climate-related priorities helps guide long-term portfolio construction and firm-level planning.

Further detail on the climate-related risks and opportunities identified across these time horizons is presented in the table on the next page.

## Climate-Related Risks and Opportunities

Category		Description	Potential impact to Investees	Potential impact on Pemberton	Time horizon		
Climate-related risks					Short	Medium	Long
Transition	Policy, regulatory and legal	Obligations that require more extensive emissions disclosure, or impose carbon taxes or pricing.	Increased operating costs Risk of missed interest payments, impairments, breached covenants	Increased costs e.g. compliance Reduced fund performance Lower AUM/investor demand	●	●	●
		Greater challenges in navigating differing stakeholder expectations in relation to climate action.			●	●	●
Heightened risk around misleading or inaccurate climate-related statements.		●			●	●	
Market, technology and reputation	Disruptive trends that require product or services and supply chain redesigns.	Increased operating costs	Increased operating costs Decreased revenue Risk of missed interest payments, impairments, breached covenants	Reduced fund performance Lower AUM/Investor demand Brand damage	●	●	●
		Sectors or companies adversely exposed to the transition to lower emission technologies.			●	●	●
		Shifting consumer preferences and reduced demand for products that are carbon intensive.			●	●	●
		Market trends that could impact investors' decisions to invest in our funds, including institutional reallocation driven by transition and physical climate risk considerations.			●	●	●
		Risk from not meeting our stated climate commitments, specifically net-zero targets.			●	●	●
Physical	Acute and chronic	Weather events that could lower asset valuations and ultimately impact fund performance.	Increased costs Risk of missed interest payments, impairments, breached covenants	Reduced fund performance	●	●	●
Climate-related opportunities							
Transition & Physical	Products and services	Offerings aligned to resource efficiency and decarbonisation Preparing for resilient supply chains	Increased revenue	Growth in AUM Investor retention	●	●	●
Transition	Market and reputation	Investment propositions that address client preferences Climate-linked financing e.g. reduced cost of capital if borrower meets criteria	Increased revenue	Growth in AUM Investor retention Brand perception	●	●	●

**Note:** This chart reflects a delayed policy response scenario, in which climate-related impacts are expected to escalate into an increasingly disorderly transition. Under this pathway, transition risks are likely to become more acute beyond 2030, with regulatory interventions potentially becoming more stringent and implemented over compressed timelines – driving up compliance and operational costs. Pemberton continues to monitor these emerging risks and integrate them into the due diligence for new investment opportunities. Exposure to shifting consumer preferences is assessed as low, given our portfolio's orientation toward lower-emission sectors.

● Low Impact   ● Medium Impact   ● High Impact

## Resilience of Business, Strategy and Financial Planning

While any short-term horizon deterioration in the risk-return profile of individual investments may not materially impact Pemberton's financial position, we recognise that sustained underperformance of funds – or a failure to align products with the evolving climate preferences of investors – could introduce medium-to-long term risks.

A proactive strategy that ensures the adaptability of our funds to climate-related risks and opportunities, alongside the decarbonisation of our investment portfolios, has an important role to play in strengthening the long-term resilience of our business strategy and our ability to deliver sustainable returns.

### Our Climate Strategy is Built Around Three Pillars:



#### Integrate Climate Considerations

Integrating climate considerations in the investment process, as appropriate, to identify, assess, and manage material climate-related risks and opportunities.



#### Strengthen Data Disclosure

Strengthen data disclosure for carbon emissions and business-relevant decarbonisation plans by portfolio companies.



#### Invest in Transition Companies

Invest in transition companies that are supported by environmental regulation and policy tailwinds in the transition to a clean energy future.



#### Integrate Climate Considerations

Portfolio-level carbon metrics offer valuable insight into sector-specific and broader policy-related risks, which are key considerations for credit investors focused on downside protection. In private markets, given the illiquid nature of investments, it is key to proactively assess a company's cashflow sensitivity to climate-related risks ex ante. Climate risk evaluation is therefore an important step in the due diligence process across most of Pemberton's funds, with investments flagged for elevated climate exposure recorded in papers reviewed by our Investment Committee. Sector exposure is measured by unrealised value, being the current fair value of the deployed portfolio. Pemberton has no exposure to traditional high-emitting sectors such as fossil fuels. The year-on-year increase in elevated exposure recorded for 2025 reflects the adoption of the updated NZIF 2.0 sector categorisations rather than any significant change in portfolio composition.

### Portfolio Exposure to Potentially Elevated Transition Risk

As of 2025 <sup>39</sup>	Direct Lending <sup>40</sup>	NAV Financing	Significant Risk Transfer	Collateralised Loan Obligations <sup>41</sup>	Working Capital Solutions
By Strategy (% of Unrealised Value) <sup>42</sup>	49%	47%	49%	40%	67%
Elevated risk sectors	Capital Goods & Industrials Construction and Building Materials	Marine Transportation Specialty Chemicals Paper Products	O&G Chemicals Automobiles	Chemicals Electrical Equipment Industrial Conglomerates	Automobiles Chemicals
Overall Platform (% of Unrealised Value)	39.10%	0.75%	0.17%	3.05%	6.93%

Note: Sector coverage mapped to IIGCC High Impact Sectors (NZIF 2.0 Implementation Guide, March 2024). The expanded scope under NZIF 2.0 accounts for the increase in reported exposure in 2025.

<sup>39</sup> Unless stated, all data as of 31 December 2025, or latest available at time of analysis.

<sup>40</sup> Using IIGCC categorisation aligned to GICs, except direct lending where internal sector classification is applied.

<sup>41</sup> CLO calculation based on committed capital.

<sup>42</sup> Values represent each strategy's share of % Unrealised Value with Elevated Transition Risk.

## Climate Risk Diagnostic

In our direct lending strategy, we apply a climate diagnostic to all prospective borrowers, which includes a snapshot of both physical and transition risks exposure. Investments identified as higher risk are prioritised for climate KPIs within the ESG-linked margin ratchet, and for targeted engagement during ongoing portfolio monitoring.

### The Climate Diagnostic Has Three Inputs:

- 1 Pemberton's coverage is mapped to the IIGCC Net Zero High-Impact Sectors<sup>43</sup> to identify those that have potentially high emissions.
- 2 These sectors are further mapped to three risk types – physical, transition and regulatory risk – as categorised by the SASB Standards Climate Risk Technical Bulletin.<sup>44</sup>
- 3 Pre-investment data capture of Scope 1, 2 and 3 emissions, where disclosed.



## Strengthen Data Disclosure

The breadth and quality of emissions data we capture are critical to the usefulness of our climate risk analysis and, like any other fundamental input, underpin a more accurate assessment of risk-adjusted return potential. The most advanced coverage is in direct lending, where our role as the lead or sole lender enables us to encourage enhanced borrower disclosure.

### Bottom Up

As outlined in our 2025 thematic assessment of Climate Risk Performance on page 19, we identified 39 companies in the direct lending portfolio operating in high impact sectors. The assessment indicates strengthening climate governance and increasing adoption of decarbonisation strategies and short term carbon reduction targets, alongside weaker long term commitments and limited external validation of carbon data and targets. These companies account for 49% of unrealised value and contribute 62% of the portfolio's Scope 1 and 2 emissions.

### Top Down

We identified four sectors – Food & Beverage, Consumer Durables & Non-Durables, Capital Goods & Industrials and Construction & Building Materials – that together account for 33% of unrealised value but contribute 70% of the portfolio's Scope 1 and 2 emissions. The sector composition has shifted since 2024 as the portfolio has evolved through borrower realisations; last year Capital Goods & Industrials and Construction & Building Materials were the largest

## 2025 Insights: High-Impact Companies<sup>45</sup>

87% have self-declared their carbon emissions

62% of total emissions are accounted for by high-impact borrowers

56% have disclosed they have short-term GHG target

46% have a decarbonisation strategy

23% of borrowers have reduced carbon emissions year on year

18% of borrowers have set an SBTi target

contributing sectors. With an average refinancing period of three years, this highlights the need for continued monitoring of the portfolio over time.

The disproportionate emissions intensity of these sectors makes them a natural priority for our climate risk management efforts. Combined with the insights from this year's ESG Borrower Questionnaire, this concentration helps us prioritise ongoing engagement and, where appropriate, deploy incentives linked to demonstrable progress.

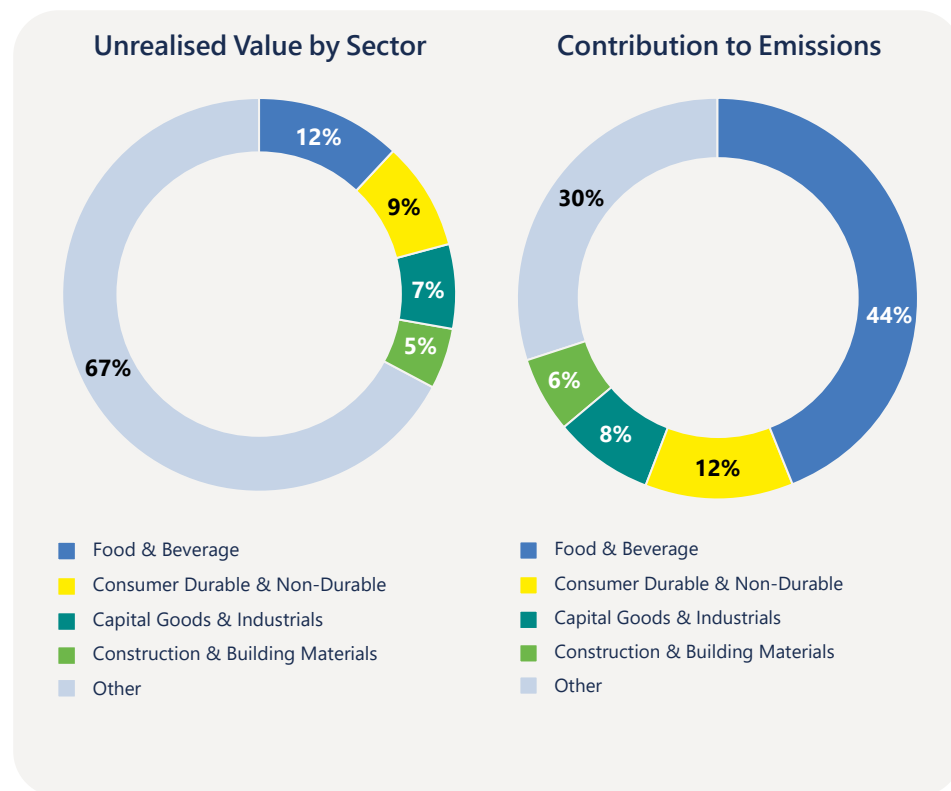
The sectors highlighted here are identified on the basis of their aggregate contribution to portfolio emissions and include companies that are not classified as "high impact" under NZIF 2.0.

<sup>43</sup> IIGCC Net Zero Investment Framework 2.0, Updated Implementation Guide, March 2024

<sup>44</sup> <https://sasb.ifrs.org/wp-content/uploads/2023/11/SASB-Climate-Risk-Technical-Bulletin-2023-0823.pdf>

<sup>45</sup> Assets are only included in this analysis where Scope 1 and 2 have been declared by the company. Figures are based on number of borrowers. Figures are not directly comparable year-on-year, due to changes in portfolio composition as loans are realised and new investments are added.

For example, one of our higher emitting borrowers is in the Consumer Durables and Non-Durables sector and is captured in this portfolio-based analysis but is categorised as low impact in the NZIF framework. This reinforces the value of considering both company level and portfolio level perspectives when assessing climate related risk. The two approaches are therefore complementary: the bottom up analysis identifies elevated risk companies, while the top down view surfaces emissions concentration across the broader portfolio.



### Climate Risk in Other Private Credit Strategies

While data availability across our other private credit strategies remains limited, Pemberton continues to encourage market participants to improve their disclosure to support more robust climate risk assessment.

#### Collateralised Loan Obligations (CLOs):

In collaboration with a third-party data provider, we continue to enhance both the availability and consistency of reported and estimated emissions data for underlying CLO assets, enabling climate-related disclosure for this strategy in this report.

#### NAV Financing:

Estimated emissions are reported for this strategy. These loans to private equity funds or vehicles provide only limited look-through to the underlying collateral, which constrains the availability of company-level emissions data.<sup>46</sup> As part of a recent pilot to request emissions information directly from private equity sponsors, we received our first sponsor-provided data in Q1 2026.

#### Risk Sharing (SRT):

These transactions transfer a portion of the credit risk associated with loan portfolios to investors, while the originating bank retains the assets and the loans referenced in the transaction are already in place. As underlying carbon data for the collateral is not accessible, we instead assess banks' fossil fuel lending trends and climate target ambition using publicly available information.

#### Working Capital Solutions (WCS):

Although obligor-level data is available, the underlying transactions often number in the tens of thousands and do not have individually traceable emissions. As a result, accurately quantifying the carbon footprint of our Working Capital Solutions financing remains a material challenge.



## Invest in Transition Companies

Pemberton's integrated credit analysis seeks to identify risks and long-term value drivers, including those related to climate change. For a credit investor, embedding this analysis in the investment process helps to identify and ultimately reduce downside risk. At the same time, applying a climate lens can provide valuable insight into a company's long-term growth potential, particularly where it is supported by sustainability tailwinds.



### Case Study

## Project Accelerate: Decarbonisation and energy efficiency

Pemberton provided financing to Project Accelerate, a European mid-market business supporting social housing providers in upgrading existing property portfolios through large-scale energy-efficiency and retrofit programmes.

The company's work focuses on improving the energy performance of homes, including moving properties from lower EPC energy label bands to higher ratings beyond minimum regulatory standards. Its differentiation lies in its ability to deliver a broad range of retrofit and maintenance measures through a single framework, spanning both building envelope improvements, such as insulation and glazing, and upgrades to core building

systems, including heating, ventilation and controls. By integrating these elements within one delivery model, the business enables customers to improve energy performance and decarbonise assets more efficiently and at greater scale than would typically be possible through a fragmented contractor base.

This model is attractive not only because it is aligned with structural demand for more energy-efficient housing, but also because it supports repeatable delivery in a market where execution, contractor oversight and service quality are critical, providing a compelling solution for social housing owners seeking to improve the overall energy performance of their portfolios.



# Resilience of Strategy in Different Scenarios

## Resilience of Strategy

In Pemberton's 2024 Climate Resilience Report, we identified several key insights from our analysis of the Direct Lending portfolio.

## Low Exposure to High-Carbon Sectors

The direct lending portfolio is weighted towards lower-emission sectors, such as diversified business services, which are generally less energy-intensive than heavy industry and therefore may have lower direct exposure to energy price volatility and other carbon-related input costs. This composition may help to reduce the portfolio's sensitivity to fossil fuel price shocks and the impact of carbon-pricing policies over the short to medium term, recognising that this assessment is based on the information currently available and may change as sectors evolve.

## Favourable Geographic Distribution

A substantial share of the portfolio is invested in Western European countries – including the UK, France, the Netherlands

and Germany – that are actively implementing decarbonisation policies and wider energy-transition initiatives. This policy environment may support a more orderly transition for many borrowers and provides relatively clearer regulatory signals for investors assessing climate-related risk, although policy pathways remain subject to change.

## Limited Physical Climate Risk

Exposure to geographies projected to face more severe physical climate disruption – such as Southern and South-Eastern Europe, particularly Spain and Italy – remains relatively modest, accounting for around 10% of the portfolio's unrealised value, up from 7% last year. This level of exposure may help to limit the portfolio's direct vulnerability to acute physical events, for example the flooding experienced in Valencia, Spain in 2024, while the increase over the year underlines the importance of continued monitoring. We also recognise that physical climate risks can arise across all regions and that model projections should not be interpreted as precise forecasts.

## A Resilient, But Adaptive, Strategy

In last year's reporting, we undertook early-stage scenario analysis. We focused on elevated risk sectors used two Network for Greening the Financial System (NGFS) scenarios: Net Zero (Orderly) and Hot House World. We applied Europe-specific shadow carbon prices as a proxy for potential future regulatory costs. We also carried out an illustrative borrower-level stress test through 2030 on key credit metrics, including EBITDA, Debt-Service Coverage Ratio and Total Net Leverage, to assess potential financial strain. The time horizon applied is consistent with the portfolio's typical three-year refinancing horizon. Our preliminary scenario analysis suggested that, under the specific NGFS scenarios and assumptions assessed, the high impact borrower did not exhibit heightened near-term vulnerability to climate-related risks.

This assessment is subject to several important limitations. The analysis assumes no change in sectoral or geographic exposure, which is appropriate for near-term stress-testing but does not capture potential

portfolio evolution over longer horizons. In addition, the structural illiquidity of private credit and the need to preserve asset quality may constrain our ability to reallocate rapidly away from sectors or geographies as climate risks evolve. Together, these factors underscore the importance of ongoing monitoring and active engagement with borrowers.

The analysis was also limited in scope because of data constraints. To address this, as indicated in last year's reporting, in 2025 we engaged with higher-emissions borrowers to enhance disclosure and improve the quality of data. Our aim is to generate more decision-useful insights that can inform risk management and support efforts to strengthen portfolio resilience over time.

## Biodiversity and Climate Resilience

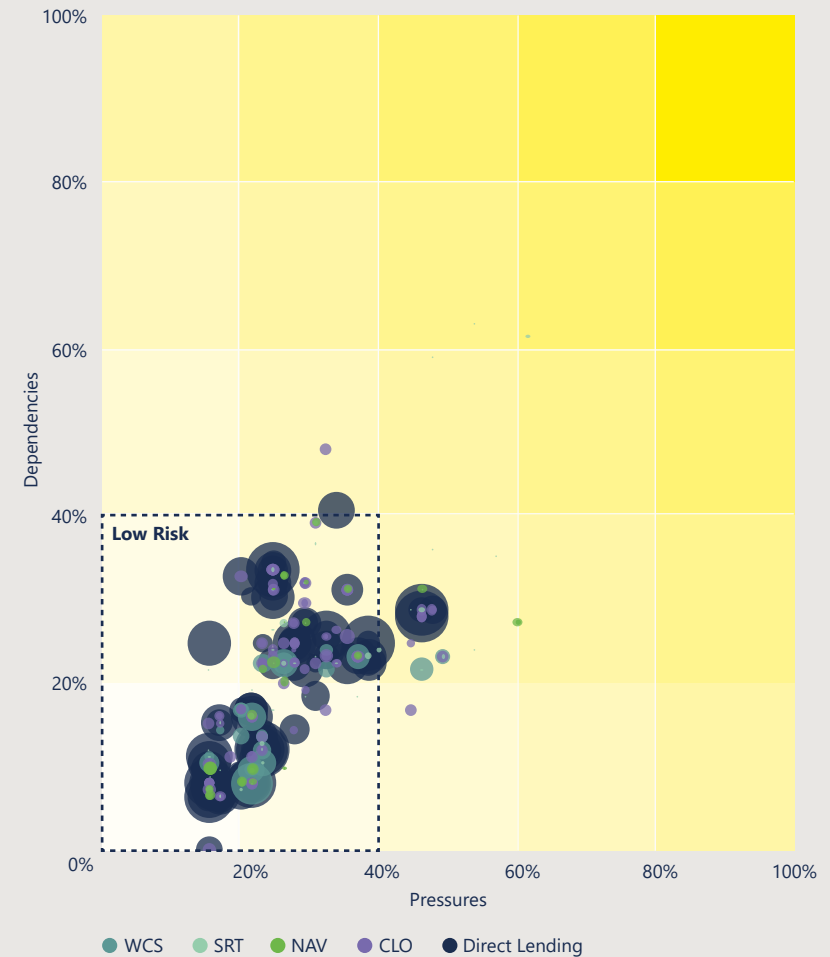
As we continue to refine our risk modelling, in 2025 we broadened our focus from climate to nature, undertaking an initial assessment of biodiversity-related risks across all Pemberton strategies, including Direct Lending, NAV Financing, CLOs, Risk Sharing (SRT), and Working Capital Solutions. This reflects the close interlinkages between climate and nature, and the recognition that ecosystem degradation can compound both physical climate risks and transition risks over time. The work is intended to complement our existing climate risk analysis by providing an additional lens on potential vulnerabilities at borrower, sector and portfolio level, rather than a definitive view of nature-related risk.

Against this backdrop, we used two open-source tools to support this initial assessment. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) provides a high-level screening of how different sectors and activities depend on, and exert pressure on, natural capital, linking economic activities to key ecosystem services and potential impacts on biodiversity. The WWF Biodiversity Risk Filter adds a geographic perspective, combining sector and revenue-based location data to highlight where nature-related physical, regulatory and reputational risks are most likely to be material.

Firstly, applying ENCORE across our private credit strategies suggests that the majority of current exposures sit towards the lower end of the biodiversity risk spectrum. Around 93% of assessed loans and financings are classified in the very low to low range for both biodiversity pressure and dependencies. Approximately 7% of assessed exposure falls into the moderate pressure band, driven mainly by Significant Risk Transfer transactions, where we have limited look through to the underlying bank loan portfolios and therefore rely on sector level information to approximate potential biodiversity impacts. A further 1% of exposure is assessed as having moderate biodiversity dependencies, primarily associated with environmental services within NAV Financing.

These results are indicative, not definitive. Encore and other tools are high-level screens, subject to data constraints and the simplifications inherent in sector-based approaches. We treat their outputs as a starting point for deeper borrower or asset level analysis and, where appropriate, targeted engagement – not as a final assessment of nature-related risk across our portfolios.

## Pemberton Strategies: Biodiversity Dependencies and Pressures by Unrealised Value



For illustrative purposes only. The chart shows each asset's estimated biodiversity pressure plotted against its estimated biodiversity dependency. Both indicators are calculated on a best-efforts basis using ENCORE methodology and should be interpreted as directional. Bubble size reflects each asset's unrealised value. Source: Encore and Pemberton Capital Advisors data, as of 31 December 2025.



## Geographic Deep Dive

### Direct Lending

For direct lending, the ENCORE sector screening indicates that biodiversity risk is very low to low for the majority of the portfolio. To gain additional insight, we deployed a geographic overlay using the WWF Biodiversity Risk Filter to explore whether country level context might flag specific areas for closer monitoring. At present, location information is only available for direct lending and is limited to high level, country-based revenue data rather than specific asset locations. This means the WWF-based assessment was conducted on a best-efforts basis and should be viewed as directional rather than conclusive.

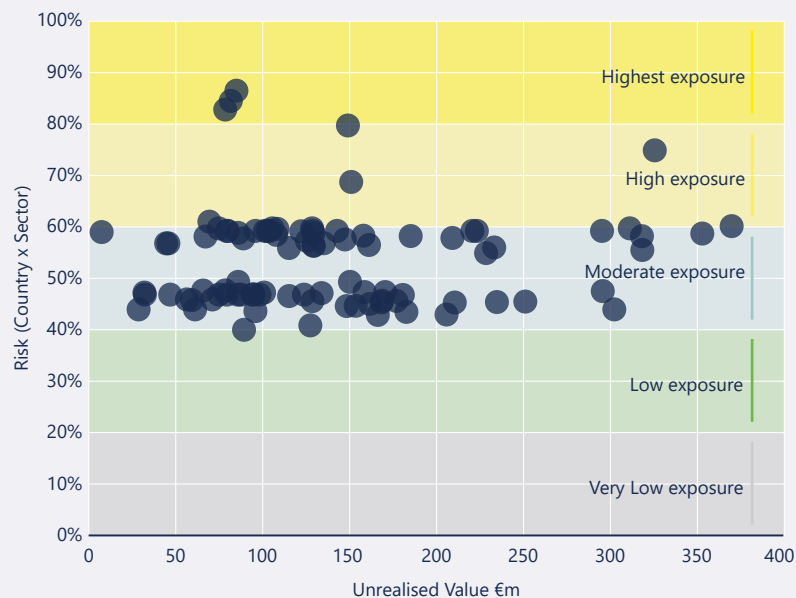
This assessment identified that Capital Goods & Industrials and Construction & Building Materials show the highest relative exposure – specific to biodiversity pressure rather than dependency<sup>45</sup> – reflecting the potential for these activities to have greater impacts on ecosystems than other sectors in the portfolio. Using country-level revenue data, we identified six assets with comparatively higher biodiversity pressure indicators, primarily associated with Italy, Spain and the Netherlands, together representing around 6% of unrealised value. Spain and Italy were also identified as having elevated physical climate risk. In the Netherlands, domestic pressures on natural habitats contribute to higher nature-related risk, including high levels of nitrogen deposition, where nitrogen from activities such as agriculture enters the air and later settles on land and water, disrupting natural ecosystems.

The geographic and sectoral analysis is complemented by the results of our 2025 ESG Borrower Questionnaire. Companies in the Capital Goods and Industrials and Construction and Building Materials sectors were asked whether they have a biodiversity policy and whether they have completed a biodiversity risk assessment; none reported having either in place. One food company reported exposure to operations located in or near biodiversity-sensitive areas, primarily because of supply chain links to India.<sup>48</sup>

These findings highlight areas for further dialogue with borrowers rather than definitive risk profiles. Where environmental impacts are largely within a

company's direct control, there is scope to identify and reduce material impacts by setting appropriate performance objectives at entity and asset level. More broadly, as companies build a clearer understanding of their main environmental impacts on biodiversity, they can focus on practical measures to reduce and manage those impacts, even without extensive in-house biodiversity expertise.

### Potential Biodiversity Pressure Risk



For illustrative purposes only. Source: WWF Biodiversity Risk Filter and Pemberton Capital Advisors data, as of 31 December 2025. Four assets initially flagged by the WWF Biodiversity Risk Filter overlay were excluded from this chart as they are classified as Business Services, a sector that is not considered to present structurally high biodiversity pressure risk; the elevated indicators are therefore likely driven by country-level revenue proxy limitations (rather than asset-level operational footprint) and were not deemed decision-useful for sector-led monitoring

# Metrics and Targets

## Tools to Identify, Assess and Manage Climate Risk

Pemberton's approach to managing the financial risks associated with climate change is embedded within our broader investment strategy and aligned with the materiality of our portfolio exposures. Since 2023, our Responsible Investing team has been developing and refining a suite of tools to integrate climate considerations into investment decision-making.

Improved access to data and metrics, including borrower-level indicators such as carbon intensity, has supported our ability to identify and assess climate risks at both sector and individual borrower level. These tools are currently tailored primarily to our Direct Lending strategies, reflecting the depth of data and influence we have in this part of the platform. Where feasible, we aim to extend their use across other strategies to support a more consistent and scalable approach to climate risk management. This is reflected in the expansion of our climate resilience lens in 2025 to include biodiversity risk assessment across all strategies.

### The metrics and targets used by Pemberton to assess and manage relevant climate-related risks and opportunities.

#### TCFD recommended disclosures:

- Metrics used by Pemberton to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and related risks.
- Description of the targets used by Pemberton to manage climate-related risks and opportunities and performance against targets.

#### Climate Risk Diagnostic

Coverage mapped to **High Impact Sectors**, i.e. potentially high emissions

Sectors mapped to climate risk categories – **physical, transition risk**

Pre-investment **data capture** of Scope 1, 2 and material Scope 3 (estimated where not available)

#### Net-Zero Alignment

2050 net zero **commitment**

**Disclosure** of verified emissions

Board **oversight & strategy**

Paris-aligned reduction **targets**

**Monitoring** reduction trend

#### Carbon Emissions Toolkit

Financed emissions

Weighted average carbon intensity

Carbon footprint

Sector exposure

Top holdings

Carbon score for each direct lending borrower

## Summary Table of Pemberton's Assessed Portfolios

We present selected climate-related metrics – namely carbon footprint, weighted average carbon intensity (WACI) and financed emissions – to provide transparency on Pemberton's exposure to climate-related risk across assessed portfolios. These metrics support our broader risk framework by guiding the identification of elevated risk exposures and informing engagement. While they offer useful insight, the data has **inherent limitations**, as detailed on the following page.

For **Direct Lending (DL)**, emissions data is sourced directly from portfolio companies. We request evidence of third-party certification of this data, but this remains limited. Where data is estimated, we apply methods consistent with a PCAF Data Quality Score 4, which typically involves using company-specific economic data (for example, revenue) combined with sector-average emissions intensities to derive estimates.

For **CLO assets**, we rely on a specialist data provider focused on the leveraged finance market. This enables us to apply consistent and comparable metrics across a diversified pool of syndicated loans, despite the fragmented nature of disclosure.

**NAV Financing** emissions are based on modelled data and should be interpreted with caution. In the absence of underlying portfolio company-level disclosure, estimates require assumptions that may not fully reflect actual emissions. As with DL, estimated data aligns with PCAF Score 4.

Reporting does not include GP/LP Capital, Working Capital Solutions (WCS) or Risk Sharing (SRT), reflecting the difficulty of accessing reliable emissions data for the underlying collateral. For GP/LP Capital, this is due in part to exposure to secondaries; for SRT, the originating banks retain the assets and loans, limiting look-through; and for WCS, the underlying transactions often number in the tens of thousands, making granular emissions data challenging to obtain.

Data availability and quality is nonetheless improving. Initiatives such as the Partnership for Carbon Accounting Financials (PCAF) and initiative Climat International (ICI) are enhancing both the availability and decision-usefulness of emissions data in private markets. While limitations remain, the direction of travel is clear: investors in unlisted assets are increasingly expected to disclose emissions, particularly where we have a degree of influence over portfolio company governance and sustainability practices. We intend to respond to these expectations with a continuing commitment to transparency, and to progressively enhance the scope and quality of our reporting.

### Financed Emissions by Strategy (2025)<sup>49</sup>

Strategy	Financed Emissions (tCO2e)			Carbon Footprint	Weighted Average Carbon Intensity (WACI)	Coverage		
	Scope 1	Scope 2	Scopes 1+2			Scopes 1+2	Scopes 1+2	Declared
Direct Lending	131,798.94	54,495.02	180,721.13	12.05	21.34	82%	11%	93%
Collateralised Loan Obligations	37,653.48	17,754.22	55,351.37	35.88	47.04	84%	12%	96%
NAV Financing	7,273.80	1,266.90	8,540.70	30.34	58.88	0%	100%	100%
<b>Total<sup>50</sup></b>	<b>176,726.21</b>	<b>73,516.14</b>	<b>244,613.21</b>	<b>14.54</b>	<b>22.96</b>	<b>81%</b>	<b>12%</b>	<b>93%</b>

<sup>49</sup> Each of these metrics will be subject to volatility, including from market movements, so we do not expect related metric data to take a linear pathway going forwards.

<sup>50</sup> The total carbon footprint and WACI are calculated as a weighted aggregate, where each strategy's contribution is proportional to its share of the overall portfolio of invested assets.

## Portfolio-Level Sector Risk

**Sector level:** Pemberton currently has no material exposure to high-risk climate sectors such as fossil fuels. We remain committed to tracking any future exposure to these sectors and to disclosing it as part of our ongoing climate risk oversight, where data is available and decision-useful.

**Transition risk assessment across strategies:** We have identified sectors with elevated transition risk across our private credit strategies. In Direct Lending, these sectors are prioritised for targeted engagement and scenario analysis to better understand and manage potential vulnerabilities. For other strategies, we are progressively integrating similar assessments as data and tools allow, as with our 2025 biodiversity risk assessment.

**Targets:** In 2023, we set an interim target for 40% of our Direct Lending assets under management to achieve net-zero alignment by 2030.<sup>51</sup> Over the longer term (beyond eight years), our ambition is for 100% of Direct Lending assets to achieve the same. This is subject to key conditions, including improvements in data quality, the evolution of market practice and the availability of credible transition pathways for borrowers.

## Asset-Level Portfolio Monitoring

Each Direct Lending asset is assigned a proprietary carbon footprint score, which forms part of Pemberton's broader ESG rating framework. This score is intended to:

- Support monitoring of year-on-year progress on emissions disclosure at portfolio company level.
- Provide an indication of changes in reported or estimated emissions, where data is available.

We continue to refine this metric as data availability and quality improve and as methodologies for financed emissions evolve. The score is used as one input into our overall risk assessment rather than as a standalone determinant of investment decisions.

**Investment due diligence:** Our climate risk diagnostic tool is embedded within Direct Lending, providing a snapshot of both physical and transition risks at the investment stage. Climate risk considerations are incorporated into due diligence across most Pemberton strategies, to the extent that information is available. Where elevated climate-related exposures are identified, these are documented in Investment Committee materials to support appropriate oversight and risk governance.

**Target alignment mechanisms:** All Direct Lending assets are eligible for an ESG-linked margin ratchet, which provides a pricing incentive for portfolio companies to reduce their carbon emissions and to align with defined net-zero-related milestones. The effectiveness of this mechanism depends on the availability and quality of emissions data, as well as on the borrower's willingness and capacity to implement credible emissions-reduction and transition measures. We therefore regard this lever for our asset class as one tool to encourage progress, rather than a guarantee that borrowers will achieve net zero outcomes.

## Areas under Development and Limitations

While we have made progress, we recognise that our approach remains a work in progress and that there are areas where we can strengthen our practices.

- **Monitoring progress towards the 2030 target:** Develop a reporting framework to track progress towards Pemberton's interim target for Direct Lending assets to be managed in line with net zero by 2030, including refining how "managed in line with net zero" is defined and evidenced.
- **Enhancing climate assessments:** Continue to embed climate-related risk assessments in due diligence across strategies and in ongoing portfolio-level reviews, subject to data availability, and gradually improve the depth and consistency of this analysis over time.
- **Evaluating data providers:** Continue to assess data providers and tools for their potential to support the

integration of climate and nature considerations within our broader risk and investment framework.

- **Embedding climate in risk management:** Advance the integration of climate-related considerations into existing risk management frameworks and protocols, including how climate risks are identified, escalated, monitored and reviewed.

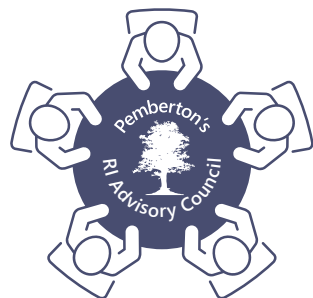
We also acknowledge several important limitations in this report and in our current metrics:

- **Risk quantification:** Climate risk is inherently uncertain, and the limited availability of long-term historical data makes it more difficult to quantify than many other risk types. Scenario analysis and stress testing therefore provide indicative, rather than precise, estimates of potential outcomes.
- **Emissions coverage:** Carbon emissions data availability remains a significant constraint when calculating metrics such as weighted average carbon intensity, total emissions and carbon footprint. We use a combination of reported and estimated emissions, and estimated values introduce model and data risk that may affect the accuracy of results.
- **Comparability:** Differences in methodologies, data sources, reporting boundaries and levels of disclosure reduce the comparability of emissions metrics over time and between companies or strategies. This includes variation in the measurement tools and approaches used by borrowers, which can limit the consistency of reported data.
- **Private markets constraints:** Data quality issues are magnified in private markets, where there is currently no standardised or mandatory emissions disclosure regime for most borrowers. This limits the completeness and granularity of our emissions data and constrains the extent to which we can rely on climate-related metrics and data for decision-making.

# Oversight and Governance

## Responsible Investing Oversight

The day-to-day integration of governance and sustainability considerations into investment processes is a core responsibility of all portfolio managers and investment professionals at Pemberton. This is supported by the firm's dedicated Responsible Investing team, which provides access to best practice frameworks, ESG data and tools, and subject-matter expertise.

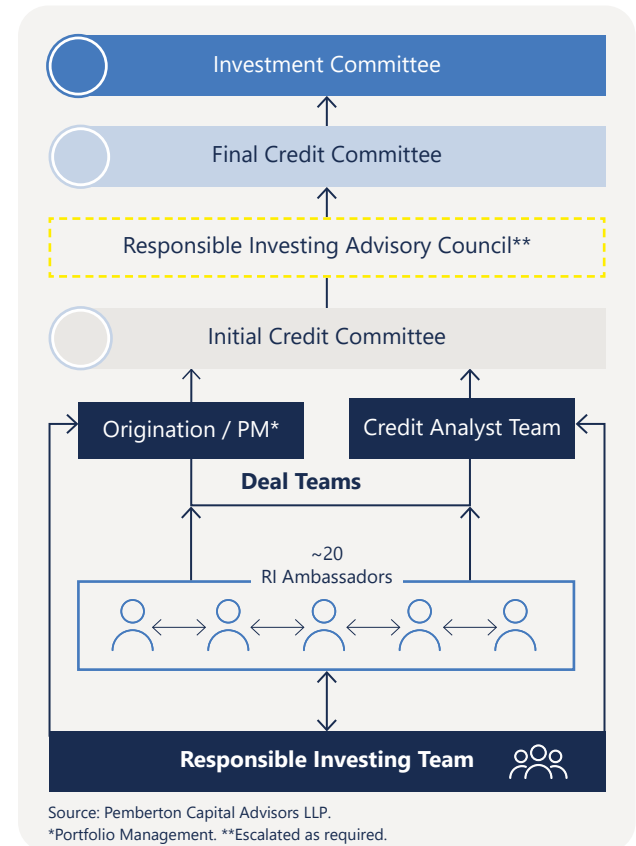


To ensure strategy-specific relevance, the RI team collaborates closely with designated 'RI Ambassadors' – representatives from each investment strategy – who help adapt the firm-wide Responsible Investing Policy and oversight processes to their respective portfolios.

Where investment opportunities involve elevated or ambiguous ESG or climate-related risks, the matter may be escalated to the RI Advisory Council. Chaired by a Management Committee member and comprising senior business leaders and the Head of Responsible Investing, the Council ensures decisions are aligned with the long-term interests of investors and the Group. Council decisions and insights are formally reported to the quarterly RI Committee to reinforce oversight and accountability.

Pemberton also fosters firm-wide capability-building through tailored RI training, including on emerging themes and regulatory developments. All employees receive RI training during onboarding to instil an early understanding of our commitment to the UN Principles for Responsible Investment (UN PRI), followed by annual refreshers.

Targeted training equips investment teams with the tools and guidance to effectively evaluate governance and sustainability factors, including the likelihood of risks materialising and their potential financial implications.



# Responsible Investing Governance

Responsible Investing is embedded in the Group's strategic priorities and, where relevant, integrated into Board-level agenda setting. Oversight is delegated to the RI Committee, a sub-committee of both the PAMSA and PCA Boards, which is responsible for steering RI strategy, overseeing policy implementation, and monitoring progress across the business.

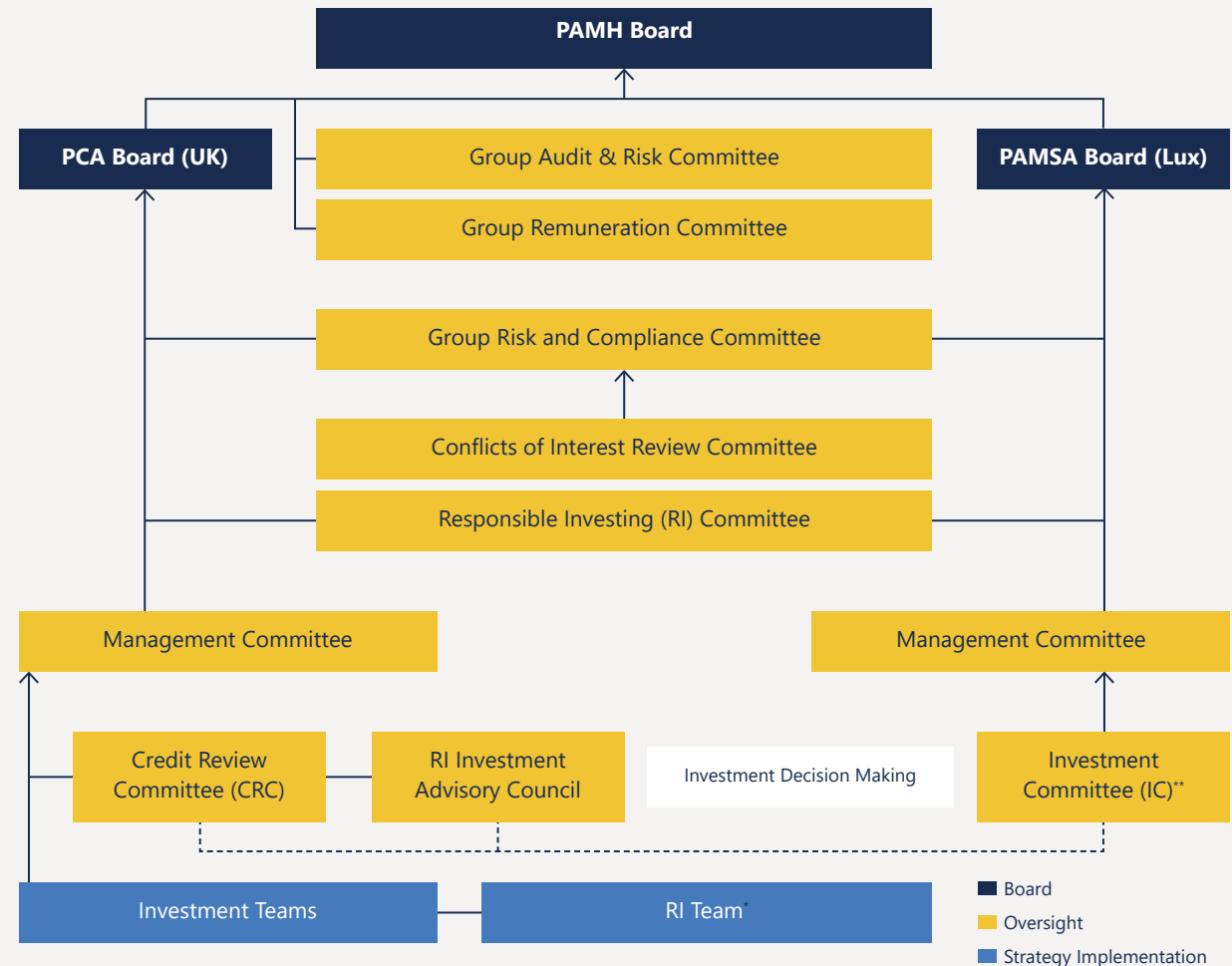
The Committee is comprised of senior leadership, including the CEO, Chief Operating Officer, and the Chairman – who also chairs the Committee – ensuring strong ownership and alignment with overall business objectives. The Head of Responsible Investing is a core member, contributing subject-matter expertise and supporting the design and execution of monitoring and reporting processes for the RI Policy.

The Committee reviews Management Information (MI) that is in turn summarised to the Board, covering:

- Regulation and Reporting
- Governance and Training
- Portfolio ESG and Carbon Data Monitoring
- Market Positioning and Stakeholder Expectations
- Pemberton's Corporate Social Responsibility (CSR)

This governance structure reinforces accountability for delivering the Group's responsible investing and climate-related objectives.

## Organisational Oversight of Responsible Investing and Climate-Related Matters



\*Dedicated Responsible Investing (RI) team

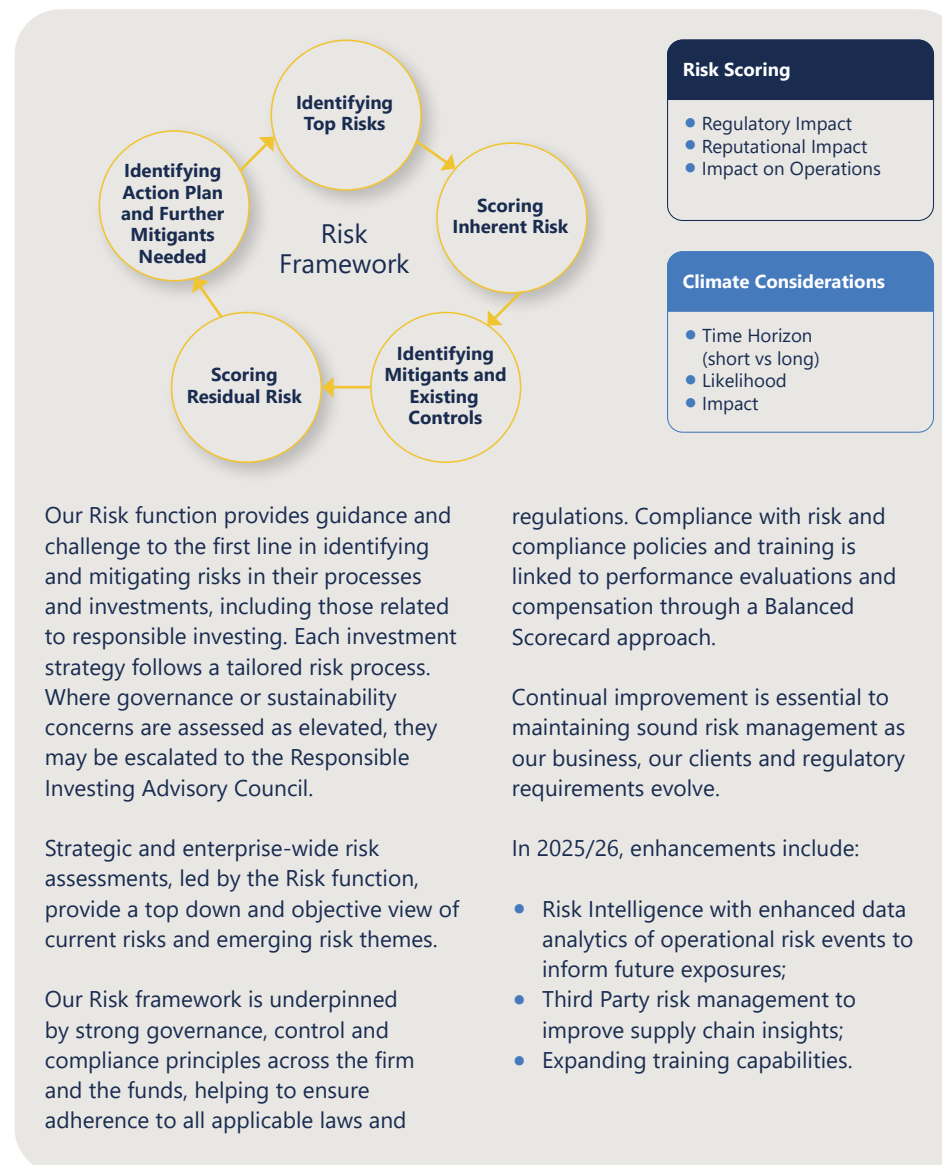
\*\*With the exception of two strategies managed by PCA

# Risk Management

Responsible investing is inherently cross-functional and cannot be siloed. Investors and regulators expect rigorous oversight and transparency across a wide spectrum of sustainability and governance issues that span multiple areas within the firm.

To meet these expectations, Pemberton operates, and continues to refine, a robust risk management framework that aligns our risk appetite with our business model and recognises both financial and non-financial risks at firm and investment level.

Our risk operating model follows the three lines of defence approach, clearly distinguishing between risk owners, oversight and challenge functions, and providers of independent assurance.



# Ethics, Conduct and Information Security

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

During the period 1st January – 31st December 2025, all staff were trained on:

- Conduct Rules under the UK's SMCR
- Anti-Money Laundering
- Responsible Investing
- Market Abuse / Insider Trading
- Fraud Prevention
- Data Protection Refresher
- Cybersecurity
- Whistleblowing
- Non-Financial Misconduct

## Code of Ethics

Pemberton's Code of Ethics sits at the heart of Pemberton's operations, embedding transparency and integrity into every aspect of our business. It reflects our fiduciary duty to act with honesty, good faith, fairness and accountability. Employees must confirm their understanding and adherence to the Code, and report any violations – which are logged, reviewed, and escalated as needed.

The Code governs Personal Account Dealing (PAD) and requires reporting or preclearance for gifts, entertainment, and outside activities. It supports legal compliance, mitigates conflicts of interest, and protects confidentiality of client information.

## Speak Up Policy (Whistleblowing)

We foster a culture where employees are empowered to raise concerns. Our Speak Up Policy ensures:

- Unethical or inappropriate conduct is identified and addressed;
- Clear, accessible reporting channels are in place;
- Disclosures are managed promptly, confidentially, and professionally;
- Employees are protected from retaliation.

An independent Speak Up contact – the Chairman of the Audit Committee – oversees the policy's integrity and effectiveness.

## Conflicts of Interest

Our Conflicts of Interest Policy outlines how we identify, prevent, and manage actual or potential conflicts that may arise in the course of business. It is supported by complementary policies, including the Code of Ethics, and those covering allocations, valuations, and breaches.

The Conflicts Committee regularly reviews the policy framework and addresses specific cases. The Compliance team maintains a Conflicts Register and provides induction training on the Code of Ethics, the Compliance Manual, and related policies.

## Information Security and Data Privacy

Protecting data and information assets is essential to maintaining trust with our investors, clients and employees. As cyber threats evolve, we continue to enhance our risk management approach to ensure secure, resilient, and compliant operations.

Our information security management system is certified to ISO/IEC 27001:2022 and Cyber Essentials Plus. We follow globally recognised frameworks, including the NIST Cybersecurity Framework and CIS Controls, to support a risk-based governance model.

We conduct internal and independent reviews – such as vulnerability scans, penetration testing, and simulated attacks – to strengthen our defences against technical and human-factor threats. Ongoing investments in automation, analytics, and third-party risk management improve our ability to detect and respond to threats. Cross-functional collaboration ensures a proactive and integrated security posture.

Cybersecurity awareness is reinforced through mandatory training and targeted communications. Technical teams receive additional guidance on access control, secure data handling, and incident response.

We also maintain robust data privacy practices aligned with global regulations including the General Data Protection Regulation (GDPR). The programme spans the entire data lifecycle – from collection to deletion – and incorporates policies, training, and regular monitoring to protect personal data and promote responsible data handling.

# Operating Responsibly

## People and Performance Purpose and Culture

Our purpose is to deliver risk-adjusted returns for our investors and flexible capital solutions for our borrowers, while operating responsibly, fostering a thriving workplace, and contributing positively to the communities we serve.

We create long-term value by cultivating a culture where people maximise their potential. Our Advanced Management Development programme exemplifies this – a bespoke initiative for senior managers that strengthens core leadership capabilities, particularly in developing their teams to support the firm’s continued progress.

 **210+**  
Professionals<sup>52</sup> firmwide

 **32**  
Nationalities<sup>53</sup>

 **16**  
Locations<sup>54</sup> across Europe, Australia, the U.S. and the Middle East



“  
**We invest in our people with the same long-term discipline we apply to our portfolio. A top-tier, adaptable workforce thrives in a supportive environment built to last.**”

**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.

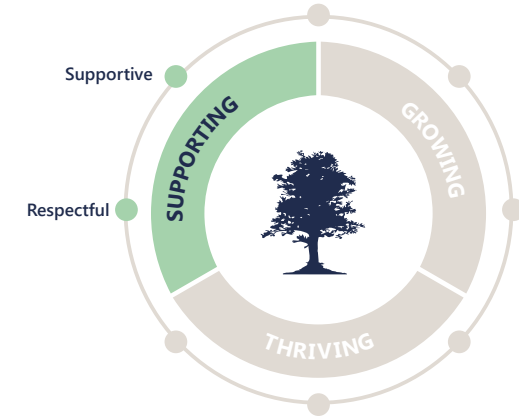
<sup>52</sup> All figures as of 31st March 2026 unless stated otherwise  
<sup>53</sup> Pemberton Group, including consultants, contractors and advisors  
<sup>54</sup> Locations across Europe, Australia, the Middle East and two locations and one office in the U.S.

# Supporting: Diverse Perspectives

We view a diverse and inclusive workplace as a strategic driver of stronger decision-making, greater innovation and collaboration, and the long-term resilience of our firm. We also collaborate with the UK investment industry to share best practices and help advance progress as a member of Inclusion in Finance.

The PembertonID Council is a key part of our commitment to fostering an inclusive culture in which every individual is valued, empowered and able to contribute fully. It comprises dedicated subgroups focused on Gender, Social Mobility, Neurodiversity and LGBTQ+, each supported by a senior sponsor from the Management Committee to help ensure visibility and engagement across the firm. Recent activity included a session led by an external expert on recognising neurodiversity traits and supporting colleagues by creating an environment in which individuals can thrive.

The data on this page reflects the representation of both senior women and women across investment teams at Pemberton. Comparable data is limited: one source<sup>55</sup> estimates senior women in alternatives at 16%, while for women on investment teams another source<sup>56</sup> indicates 24% at multi-strategy firms, rather than pure-play credit managers. As the firm continues to grow, we remain committed to increasing the participation of women across the business. In support of this, Pemberton's Women's Network, launched in 2025, hosted several events during the year designed to foster open dialogue, strengthen peer connections and encourage broader engagement across the firm. We also seek to play an active role in the wider conversation around the challenges women face and over the past year have sponsored a number of Women in Finance events across the Nordic region to facilitate candid discussions, provide guidance on leadership and career development, and raise visibility for our asset class among women looking to advance.



2024: 44%



2024: 19%



2024: 15%

<sup>55</sup> Preqin's *Women in Alternatives* 2024 report.

<sup>56</sup> Level20 2025

<sup>57</sup> This includes non-executive board members.

<sup>58</sup> Permanent employees only.

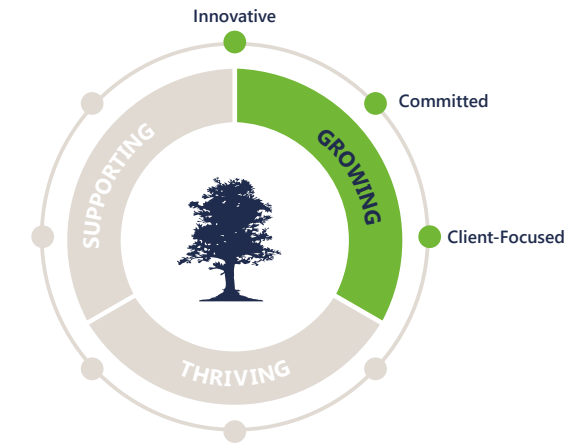
# Growing: Training and Development

Our people are fundamental to Pemberton's success. We are committed to supporting their growth through professional development, continuous learning and meaningful opportunities to build new skills, while also promoting health and wellbeing across the firm.

Our development offering spans a wide range of initiatives, including technical training, presentation skills, mentoring, people management and leadership development. We have also partnered with Bayes Business School to deliver a bespoke leadership programme aligned with our strategic priorities.

To encourage knowledge-sharing and collaboration across the business, teams regularly lead cross-functional teach-ins that enable colleagues to exchange expertise and insights. Our Innovation Hub further supports this culture by providing a dedicated space to generate ideas in artificial intelligence, digital technology and broader business transformation.

We also continue to offer family-friendly benefits and a broad suite of wellbeing resources to help create a supportive working environment. Our Employee Assistance Programme provides confidential support, and accredited Mental Health First Aiders are available on-site to offer guidance when needed, including to colleagues on short-term contracts.



## Highlights From our 2025 Training Initiatives



### Innovation

The Innovation Hub hosted monthly global calls for employees to share updates on digital initiatives, including AI projects aimed at driving operational efficiency.



### Apprenticeships

12 employees enrolled on a UK Level 4 Workflow Specialist apprenticeship during the year – a higher-level work-based programme focused on improving business processes through digital tools, automation and applied AI.



### Leadership

As of January 2026, 92% of Director level and above completed leadership training delivered by Bayes Business School, enhancing strategic capabilities across senior management.



### Mentorship and Coaching

25% of employees actively participate in coaching, mentoring, or both, to facilitate professional development and knowledge sharing.



### Cross-Firm Training

20 training sessions were delivered across the Investment Group, Client Group, and Central Functions, supporting firm-wide knowledge and collaboration.



### AI Training

The firm logged 2,304 hours of AI training in Q1 2026, with leadership completing a further 284 hours.

# Thriving: A Performance Culture

At the heart of our success lies the strength in our relationships. The firm's growth has been driven by its entrepreneurial approach and its ability to anticipate and respond to evolving investor needs.

Strong collaboration and connectivity across the business are key to delivering Pemberton's value creation proposition, supported by regular internal communication, including monthly firm-wide update calls, quarterly Town Halls, and biannual strategy and team-building offsites that keep teams aligned around shared priorities.

The ultimate test for our business is how effectively we partner with investors. This requires an ongoing focus on understanding their priorities and delivering innovative, multi-strategy private credit solutions tailored to their objectives. In support of this, Pemberton recently expanded its North American presence through a series of senior appointments and the opening of a new office in New York. This represents an important step in the growth of the firm's global investor franchise and strengthens its ability to meet increasing demand from US and Canadian institutional LPs seeking access to European mid-market opportunities.



## 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 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**<sup>59</sup> committed to the long-term success of the business and responsible 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.

# Corporate Social Responsibility

## Deep Dive: Advancing Social Mobility

At Pemberton, advancing social mobility within financial services is a core part of our corporate responsibility. We are committed to helping break down barriers to entry and progression in investment management by widening access, recruiting for potential and fostering a more inclusive industry.

A key part of this effort is our flagship **Investing Potential** programme, delivered in partnership with the Classroom to Boardroom Foundation and Dartmouth Partners. Pemberton was instrumental in founding the initiative in 2021, and it has since grown into a structured work experience initiative for Year 12 students from underprivileged backgrounds, delivered annually in collaboration with a wider network of peers across the private credit industry.

The programme is designed to give students immersive exposure to careers in asset management while building technical knowledge, professional confidence and a broader understanding of the industry. Over the course of a week, participants take part in professional skills sessions, case study feedback, teach-ins, investment appraisal exercises and one-to-one discussions with professionals from a range of functions. In its most recent iteration, Investing Potential

welcomed 20 students and was supported by 16 Pemberton volunteers from across the business. By focusing on merit and potential rather than traditional background criteria, the initiative helps broaden access to financial services and supports greater diversity within the sector.



This work is complemented by partnerships with upReach and 10,000 Black Interns. upReach is an award-winning social mobility charity that supports more than 3,000 students each year. 10,000 Black Interns is a programme dedicated to improving the prospects of young Black people in the UK by providing work experience across a wide range of industries, helping to build networks and open career pathways. Together, these partnerships expand access to internships, career support and professional networks for talented individuals who may otherwise face barriers to entering investment management.

These initiatives are delivering tangible results. In 2025,

**3** of our **6** internships

were filled through our social mobility initiatives, demonstrating the role these partnerships can play in widening access to opportunities within the firm.



“  
What stays with you is the difference a small amount of time and encouragement can make. Helping students build confidence and see that these careers can be open to them is incredibly rewarding.”

**Annabel Handfield-Jones**  
Executive Director, Legal Counsel – Execution



“  
The most valuable part of the programme is making the industry feel more accessible. By sharing practical advice and honest insight, we can help students feel more informed, more prepared and more assured about a future in finance.”

**Richard Meehan**  
Managing Director, Head of Origination, UK

# Spotlight: Environmental Stewardship

We take a proactive approach to identifying and monitoring potential sources of business disruption in order to strengthen the resilience of our operations. Climate-related risks are embedded within our Operational Resilience Policy and reflected in our Business Continuity and Emergency Response Plans. As an office-based organisation with a relatively small physical footprint, we consider the Group's direct exposure to physical climate risks to be limited. Our ability to operate remotely supports continuity in the event of climate-related disruption, while our supply chain, focused primarily on the procurement of business services, has relatively low exposure to climate-sensitive sectors.

At the same time, we remain committed to evaluating the sustainability practices and carbon footprint of our office environments. The table on this page sets out Pemberton's latest emissions data relating to business operations. Scope 1 and 2 emissions decreased during the reporting period, driven by several factors: the building's CHP boilers were not in operation for much of the year, data capture across our locations improved as estimated figures were replaced with actual values, and methodology updates were applied by our third-party carbon platform. From Q2 2026, our headquarters building's management company will begin replacing the CHP boilers, a source of Scope 1 emissions, with air-source heat pumps.

Scope 3 emissions from business travel also declined during the year, primarily as a result of targeted cost-optimisation initiatives. Commercial flights were reduced by 23%, contributing to an 18% decrease in associated tCO<sub>2</sub>e emissions. This reduction was further supported by a deliberate decrease in overseas conference attendance, which lowered overall travel activity. International travel between Pemberton offices was also more tightly controlled, with trips restricted to those considered essential, particularly where driven by direct client requirements. Collectively, these measures contributed to lower travel-related expenditure and associated emissions in 2025.

As part of our corporate social responsibility and employee engagement programmes, we also offset our operational emissions. Each year, Pemberton employees nominate an offset project, which is highlighted on the following page.

GHG Emissions <sup>60</sup>	Category	FY25	FY24	FY23	FY22	FY21
Direct Emissions (Scope 1)	Combustion of fuel and operation of facilities	7	84	49	43	82
Indirect Emissions (Scope 2)	Purchased electricity/ heat (location-based)	33	44	32	30	24
	Purchased electricity/ heat (market-based)	18	83	–	–	–
	<b>Total Scope 1 and 2</b>	<b>40</b>	<b>128</b>	<b>81</b>	<b>72</b>	<b>106</b>
Indirect Emissions (Scope 3)	3.1 Purchased goods and services <sup>61</sup>	7,645	8,118	9,582		
	3.2 Capital goods	115	147	0		
	3.3 Fuel and energy related activities	13	17	21	23	39
	3.5 Waste generated in operations	30	28	25	4	2
	3.6 Business travel <sup>62</sup>	1,354	1,601	1,505	1,420	115
	3.7 Employee commuting	160	137	219	130	105
	3.8 Upstream leased assets	2	37	6		
	<b>Total Scope 3</b>	<b>9,318</b>	<b>10,085</b>	<b>11,360</b>	<b>1,577</b>	<b>261</b>
	<b>Total Gross emissions</b>	<b>9,358</b>	<b>10,213</b>	<b>11,440</b>	<b>1,649</b>	<b>367</b>

**Note:** We have restated our 2023 and 2024 data to reflect improvements in our GHG emissions measurement, using more complete and accurate data and applying the latest guidance on emissions factors.

<sup>60</sup> Numbers in table have been rounded up or down to the nearest metric ton of CO<sub>2</sub>e.

<sup>61</sup> 2023 was the first year that Purchased Goods and services (PG&S) and fuel and energy related activities were calculated for Pemberton.

<sup>62</sup> COVID-19. Employee business travel and employee commuting to and from offices were constrained.

# Offsetting Pemberton's Operational Emissions

Pemberton's CSR programme involves employees in selecting an annual offset project to cover Scope 1, Scope 2, and partial Scope 3<sup>60</sup> (including all travel) emissions. This reinforces our shared commitment to environmental stewardship.

## Turning European Farmland into a Carbon Sink

Pemberton's 2025 offsetting commitment is backed by an ambitious regenerative agriculture initiative. This is the first pan-European grouped carbon programme of its kind – operating across ten countries including Bulgaria, Denmark, Estonia, Latvia, Lithuania, Moldova, Romania, Spain, Ukraine and the United Kingdom – and it is actively changing how arable farmers across the continent manage their land.

Developed by a European climate technology company, the project supports farmers in moving away from input-heavy, tillage-intensive methods towards regenerative practices: reduced or no-till cultivation, cover cropping, and replacing synthetic fertilisers with organic alternatives. The result is a measurable, verified reduction in agricultural greenhouse gas emissions, achieved by changing how land is managed at scale across some of Europe's most productive farming regions.

## Why It Matters

Agricultural soils represent one of the most underutilised carbon sinks available. Conventional farming methods – particularly heavy tillage – release stored carbon back into the atmosphere, degrade soil health over time, and drive additional emissions through intensive fertiliser use. Regenerative practices reverse this dynamic entirely. By rebuilding soil organic matter, enrolled farms actively draw carbon out of the atmosphere and lock it into the ground, while simultaneously reducing their reliance on chemical inputs and building greater resilience against drought and extreme weather.

## Integrity and Verification

The project is registered under the Verified Carbon Standard (VCS), a recognised and rigorous framework in the voluntary carbon market, with credits independently verified and aligned to the ICVCM Core Carbon Principles, the benchmark for credibility in this space.

The scale is significant. From an initial 480,000 hectares at inception, the programme had grown to over 4.5 million hectares and more than 2,300 farmers by 2024, one of the largest agricultural carbon programmes anywhere in the world. Over 2.3 million verified credits have been issued to date, against a projected 20-year total approaching 10 million. A proprietary digital platform monitors emissions reductions at field level, cross-checked against decades of European research and backed by satellite imagery and regular on-the-ground soil sampling to verify results.

## Community and Biodiversity Impact












The benefits reach beyond carbon. By reducing reliance on synthetic fertilisers and pesticides, regenerative practices can cut farm input costs by at least 30%, while participation in the carbon market provides an additional income stream. Year-round vegetative cover supports pollinators, farmland birds and soil health. Reduced fertiliser runoff protects local waterways, and improved soil structure helps farms withstand both drought and flooding.

This employee-selected project is a fitting complement to our 2025 focus on nature and biodiversity risk in our climate reporting – a programme grounded in science and reshaping European agriculture from the ground up.



# Appendix

## TCFD Index

Page			2024 Status	2025 Advancement
<b>1   Strategy</b>				
		<b>Disclose actual/potential impacts of climate risks &amp; opportunities on the business, strategy and financial planning, where information is material.</b>		
28	Description of climate risks and opportunities	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term		Supporting summary table framed by time horizons
29	Impact of climate risks and opportunities	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning		All-strategy exposure to potential elevated climate risk
34	Resilience to climate risks and opportunities	Describe the potential impact of different scenarios, including a 2 degrees scenario, on the organisation's businesses, strategy, and financial planning		(a) Direct Lending: Dual lens (top-down and bottom-up) analysis (b) All Strategies – Nature risk exposure
<b>2   Governance</b>				
		<b>Disclose the organisation's governance around climate-related risks and opportunities.</b>		
41	Board oversight	Describe the Board's oversight of climate-related risks and opportunities		
40	Management's role	Describe management's role in assessing and managing climate-related risks and opportunities		
<b>3   Risk Management</b>				
		<b>Disclose how the organisation identifies, assess, and manages climate-related risks.</b>		
42	Identification and assessment of climate risks	Describe the organisation's processes for identifying and assessing climate-related risks.		
37	Management of climate risks	Describe the organisation's processes for managing climate-related risks.		
42	Integration of climate risks	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.		
<b>4   Metrics and targets</b>				
		<b>Describe the metrics and targets used to assess and manage relevant climate-related risk and opportunities, where the information is material.</b>		
38 – 39	Carbon emissions	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas emissions, and the related risks.		Coverage for Direct Lending, CLOs, NAV Financing
39	Climate-related metrics	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.		Metrics applicable to direct lending, with ambition to expand to all strategies over time
27	Climate-related targets	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		

 Complete  In progress

# SASB 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 utilising 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.

Code	Metric	Category	Response
<b>Transparent Information &amp; Fair Advice for Customers</b>			
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 2025, 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 General Meeting (AGM) 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.
<b>Employee Diversity &amp; Inclusion</b>			
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 2025 ESG Snapshot and Purpose and Culture sections of this report: Page 6, 44–45. (A number of EU countries impose restrictions on the collection and processing of personal data related to race and ethnicity by employers.)

Code	Metric	Category	Response
<b>Incorporation of Environmental, Social, and Governance Factors in Investment Management &amp; Advisory</b>			
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	<p>Pemberton's RI Policy and governance processes underpin all investment strategies, provide the overarching charter for our approach to responsible investing, and covers &gt;99% of Pemberton's assets under management. This includes that, as a first step, all potential investments across the platform must undergo:</p> <ul style="list-style-type: none"> <li>• A 'red flags' controversy screen using a third-party ESG specialist data provider.</li> <li>• Pemberton's Negative Screen, with two additional screening categories for any funds classified as Article 8 under the Sustainable Finance Disclosure Regulation (SFDR).</li> <li>• Escalation to the RI Advisory Council, as required.</li> </ul> <p>Thereafter, our investment teams customise ESG assessment frameworks to their coverage and the specific characteristics of each strategy. We note that sustainability 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.</p>
<b>Incorporation of Environmental, Social, and Governance Factors in Investment Management &amp; Advisory</b>			
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 RI 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 detailed in the Responsible Investing (RI) section of this report (page 11). 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 the Climate Resilience section of this report (page 26)
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 RI 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 (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 21 of this report.
<b>Business Ethics</b>			
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	Quantitative	For the period 2025, 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.
<b>Activity Metrics</b>			
FN-AC-000.A	Total assets under management (AUM)	Quantitative	As of 31/03/2026, Pemberton's AUM is USD \$31.1bn

# VSME Social Disclosure Index

VSME Social Disclosure Index – Basic		2024 <sup>64</sup>	2025 <sup>65</sup>
<b>B8   Workforce – General characteristics: Type of contract</b>	Permanent contract	176	191
	Temporary contract	25	28
	<b>Total employees (linked from B1)</b>	<b>201</b>	<b>219</b>
<b>B8   Workforce – General characteristics: Gender</b>	Male	61	150
	Female	140	69
	Other	0	0
	Not reported	0	0
	<b>Total employees (linked from B1)</b>	<b>201</b>	<b>219</b>
<b>B8   Workforce – General characteristics: Country of employment</b>	United Kingdom of Great Britain and Northern Ireland	166	171
	Luxembourg	12	13
	France	4	8
	Germany	4	3
	United States of America	3	9
	Netherlands (Kingdom of the)	3	3
	United Arab Emirates	2	2
	Jersey	2	2
	Denmark	2	2
	Italy	1	1
	Australia		1
	Spain		2
	Canada		2
<b>Total employees (linked from B1)</b>	<b>201</b>	<b>219</b>	
<b>B8   Workforce – General characteristics: Turnover rate</b>	Number of employees who left during the reporting period	26	23
	Number of employees at the beginning of the reporting period	147	176
	Number of employees at the end of the reporting period <sup>66</sup>	174	191
	Employee turnover rate [%] in the reporting period	16.1%	12.6%
<b>B9   Workforce – Health and safety</b>	Number of recordable work-related accidents in the reporting period	1	0
	Number of hours worked by one full-time employee in the reporting period	2000	2000
	Total number of hours worked in a year by all employees in the reporting period	402000	438000
	Rate of recordable work-related accidents in the reporting period	0.50	0
	Number of fatalities as a result of work-related injuries and work-related ill health	0	0
<b>B10   Workforce – Remuneration, collective bargaining and training</b>	Employees receive pay that is equal or above applicable minimum wage determined directly by the national minimum wage law or through a collective bargaining agreement	Yes	Yes
	Average gross hourly pay level of male employees (amount in ) – If applicable	Currently not disclosed	Currently not disclosed
	Average gross hourly pay level of female employees (amount in ) – If applicable	Currently not disclosed	Currently not disclosed
	Percentage gap in pay between the undertaking's female and male employees [%] – If applicable	Currently not disclosed	Currently not disclosed
	Number of employees covered by collective bargaining agreements	0	0
	Percentage of employees covered by collective bargaining agreements [%]	0.0%	0.0%

<sup>64</sup> Data is as of 31st December 2024

<sup>65</sup> Data is as of 31st December 2025

<sup>66</sup> On 31 December 2024, one employee departed and another transitioned to a consulting arrangement.

**VSME Social Disclosure Index – Basic**

<b>B10   Workforce – Remuneration, collective bargaining and training: Gender</b>	<i>Number of annual training hours per employee during the reporting period</i>		<i>Note this years analysis was for permanent employees only</i>
	Male	9.0	11.5
	Female	9.3	9.9
	Other		
	Not reported		
	<b>Average number of annual training hours per employee</b>	<b>9.1</b>	<b>11.1</b>

**VSME Social Disclosure Index – Comprehensive**

<b>C5   Additional (general) workforce characteristics</b>	Number of male employees at management level	73	82
	Number of female employees at management level	15	16
	Female-to-male ratio at management level for the reporting period	20.5%	20.0%
	Total self-employed workers without personnel that are working exclusively for the undertaking	5	7
	Total temporary workers provided by undertakings primarily engaged in employment activities	4	4
<b>C6   Additional own workforce information – Human rights policies and processes</b>	Does the undertaking have a code of conduct or human rights policy for its own workforce?	Yes	Yes
	If yes, does this cover:		
	child labour	No	No
	forced labour	No	No
	human trafficking	No	No
	discrimination	Yes	Yes
	accident prevention	No	No
	other? ( if yes, specify)	Yes	Yes
	Specify other types of content covered by the code of conduct or human rights policy	Fraud, Bribery, Corruption; ESG/Sustainability; Compliance with Laws; Risk Management; Conflict of Interest; Modern Slavery Act statement: <a href="https://pembertonam.com/legal/">https://pembertonam.com/legal/</a>	Fraud, Bribery, Corruption; ESG/Sustainability; Compliance with Laws; Risk Management; Conflict of Interest; Modern Slavery Act statement: <a href="https://pembertonam.com/legal/">https://pembertonam.com/legal/</a>
	Does the undertaking have a complaint-handling mechanism for its own workforce?	Yes	Yes
<b>C7   Severe negative human rights incidents</b>	Does the undertaking have confirmed incidents in its own workforce?		
	If yes, are incidents related to:		
	child labour	No	No
	forced labour	No	No
	human trafficking	No	No
	discrimination	Yes	Yes
	other? ( if yes, specify)	No	No
	Specify other human rights related to the confirmed incidents		
	Description of actions taken to address the confirmed incidents	Pemberton Capital Advisors LLP (“PCA”) is currently party to an Employment Tribunal Claim by a former employee. PCA is and will be robustly defending all claims. Pemberton Group has no other litigation or claims.	Pemberton Capital Advisors LLP (“PCA”) is currently party to an Employment Tribunal Claim by a former employee. PCA is and will be robustly defending all claims. Pemberton Group has no other litigation or claims.
	Is the undertaking aware of any confirmed incidents involving workers in the value chain, affected communities, consumers and end-users?	No	No
	Specification of any confirmed incident involving workers in the value chain, affected communities, consumers and end-users		

# Climate Glossary

This glossary lists key terms used in this report and aims to provide transparency and clarity on our interpretations and definitions. Where applicable, we aim to incorporate relevant third-Party frameworks and standards into our definitions.

**Carbon Neutrality:** Carbon neutral means that any greenhouse gas (GHG) emissions derived from a defined scope of the company's activities are balanced by an equivalent amount being removed, including using offsets.

**Climate risk** is evaluated through two lenses:

- **Transition risk:** the risk that asset values may decline because of changes in climate policies, or changes in the underlying economy due to decarbonisation. These risks emerge from policy, legal, technology, and market changes as the economy shifts towards using less carbon.

Examples:

- Carbon regulation (e.g., tax or cap and trade systems)
- Energy-related technology changes (e.g., rise of low-carbon sources of energy such as renewables)
- Shifting customer preferences
- Liability (e.g., litigation against companies due to a lack of action).
- **Physical risk:** the risk to properties, collateral, or investments due to specific climate-related weather events and longer-

term shifts in the climate. Physical risk has the potential to reduce the financial value of assets. Risks related to the physical impacts of climate change include acute risks and chronic risks.

Examples:

- Acute physical risks (e.g., increased severity of extreme weather events, such as cyclones and floods)
- Chronic physical risks (e.g., changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and sea levels)
- Air pollution
- Water stress
- Forest and land degradation.

**Materiality:** Defines ESG issues that have – or have the potential to have – a substantial impact on an organisation's ability to create or preserve economic value.

**Net Zero:** Achieving an equal balance between GHG emissions produced and GHG emissions removed from the atmosphere.

**Paris Agreement:** The Paris Agreement, adopted within the UNFCCC<sup>67</sup> in December 2015, commits participating countries to limit

global temperature rise to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C, adapt to changes already occurring, and regularly increase efforts over time.

**Partnership for Carbon Accounting**

**Financials (PCAF):** An industry-led initiative enabling financial institutions to measure and disclose greenhouse gas (GHG) emissions of loans and investments.

**Scenario Analysis:** A plausible description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces (e.g., rate of technological change). As noted by the UK FCA, "in a world of uncertainty, scenarios are intended to explore alternatives that may significantly alter the basis for 'business-as-usual' assumptions". The United Nations Framework Convention on Climate Change is the UN process for negotiating an agreement to limit dangerous climate change.<sup>68</sup>

**Scope 1 Emissions:** Direct GHG emissions that occur from sources owned or controlled by the reporting company – i.e. from combustion in owned or controlled boilers, furnaces, vehicles, etc.

**Scope 2 Emissions:** Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

**Scope 3 Emissions:** All other indirect GHG emissions (not included in Scope 1 and 2) that occur in the value chain of the reporting company. The 15 Scope 3 GHG Protocol categories consist of:

- Purchased Goods and Services
- Capital Goods
- Fuel and Energy-related Activities (Not included in Scope 1 and 2)
- Upstream Transportation and Distribution
- Waste Generated in Operations
- Business Travel
- Employee Commuting
- Upstream Leased Assets
- Downstream Transportation and Distribution
- Processing of Sold Products
- Use of Sold Products
- End of Life Treatment of Sold Products
- Downstream Leased Assets
- Franchises
- Investments

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