

Sustainability-related disclosures

This section contains disclosures by Carne Global Fund Managers (Luxembourg) S.A. (the "AIFM") in relation to MML Keystone SCSp., LEI 529900CN7S8HIPM8OT08 ("the Fund") in accordance with article 10(1) of the EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR"). MML UK Advisor LLP has been appointed to advise the AIFM in respect of the Partnership on investment matters (the "Investment Adviser").

This document does not constitute an offer or solicitation of interests in the Fund and is provided solely for the purposes of compliance with the SFDR and shall not form the basis of any contract and shall not be binding against, or create any obligations or commitment on the part of the AIFM or any of its affiliates.

In relation to the Fund, the sole basis for legal obligations between the AIFM and the investors in the Fund is the legal documentation relating to the Fund, including the subscription agreements and the Fund's constitutional document(s).

SUMMARY

The Fund will typically invest in a combination of debt or similar securities and equity and shall focus on established small to mid-market businesses. The Fund will seek to become partners with management teams in Europe and the US to support their growth strategy. Typically, these businesses are B2B, cash generative with visible and stable cashflows operating in robust and defensible end markets.

The Fund promotes both environmental and social characteristics by integrating certain environmental, social and governance ("ESG") criteria and considerations across its approach to investment analysis, decision-making processes and portfolio management. The Fund does not have as its objective sustainable investment and the investments underlying the Fund do not currently take into account the EU criteria for environmentally sustainable economic activities.

The following environmental and social characteristics are promoted by the Fund:

- Safeguarding the environment by limiting energy consumption, recycling all possible materials and striving to achieve a sustainable non-impactive working environment;
- Supporting people through equality of opportunity, proportionate remuneration, ensuring the health and safety of staff at work, and the learning and development needs of individuals;
- Considering contributions to the wider community, including charitable efforts and inclusion;
- Considering adherence to a high code of ethics, including social responsibility, anti-corruption policies and the protection of intellectual property.

The Investment Adviser incorporates ESG considerations through the following tools:

- ESG Exclusions - excludes certain geographies, sectors and activities from potential investments;
- ESG assessments - conducts ESG assessment as an integral part of each of its investment proposals for each potential investment. Identifies most relevant UN Sustainable Development Goals for each portfolio company which are monitored throughout the investment period. The Investment Adviser monitors ESG performance for each portfolio company via its core metrics;
- Ongoing engagement - the Investment Adviser will be actively engaged with each portfolio company to encourage portfolio companies to improve their ESG practices and maintain a long-term direct dialogue. The representative of the Investment Adviser, who sits on the board of directors of a portfolio company, will be responsible for overseeing and encouraging progress against the agreed action points.

After completing an investment, the Investment Adviser works alongside management of portfolio companies, external consultancies and other specialists to conduct an in-depth ESG review. An output from this ESG review is to agree a baseline rating with the portfolio company, against which an action plan can be created, and progress can be tracked. Bespoke ESG performance trackers are created for each portfolio company, listing agreed action points against the designated management team member

who is responsible for delivering progress, to help prioritise and support management and the board in tracking progression. The Investment Adviser and AIFM will review ESG related factors and established ESG plan for each portfolio company on an annual basis, to ensure relevance in line with market, regulatory and company developments and monitor the progress towards achieving lower impact on environmental and social factors. Each portfolio company will be required to complete an ESG questionnaire that is based on ESG metrics created by the Investment Adviser.

It is anticipated that at the end of the investment period at least 80% of the Fund's portfolio will be treated as promoting environmental and social characteristics of the Fund. It is anticipated that all portfolio companies will be subject to the binding elements of the Fund's ESG investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product.

It is expected that a small proportion of the assets will consist of deposits and cash that will be held as ancillary liquidity. The Fund may enter into derivative financial instruments for purposes of managing the Fund's interest rate and foreign currency risks.

The Investment Adviser uses a wide range of ESG indicators to measure the performance of each of the environmental or social characteristics, including, but not limited to, GHG emissions, GHG intensity, Carbon footprint (less offsets), Energy consumption by type of non-renewable sources or energy, Water recycling, emissions of ozone depleting substances, biodiversity sensitive areas and impacts, pay inequality, or board gender ratio.

The Investment Adviser obtains data through a combination of data provided by portfolio companies, desktop research and data provided by external consultants. In some cases where data is not available or accurate, reasonable assumptions may be made, or estimated or proxy data used.

A lack of harmonization in relation to data availability across Europe, as well as globally, means that when monitoring ESG characteristics the Investment Adviser may be wholly, or in part, reliant on proxies and data based on public sources of information. The ability to verify data may be limited by the integrity of the data available at the relevant point in time. As the Investment Adviser will use third party ESG data, such may be difficult to obtain and/or incomplete, estimated, out of date or otherwise inaccurate. In particular, data may be more readily available and/or reliable in certain countries, markets and/or industries where the Fund invests, making direct comparison between different investments difficult.

The Investment Adviser incorporates ESG analysis as part of a rigorous due diligence process. Before making investments, the Investment Adviser will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each proposed investment. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The result of the ESG assessment are shared with and considered by the Investment Adviser's investment committee before making any recommendations.

The Investment Adviser will engage with portfolio companies on ongoing bases to encourage portfolio companies to improve their ESG practices and maintain a long-term direct dialogue.

No index has been designed as a reference benchmark for the Fund.

NO SUSTAINABLE INVESTMENT OBJECTIVE

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

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The Fund promotes both environmental and social characteristics by integrating certain environmental, social and governance ("**ESG**") criteria and considerations across its approach to investment analysis, decision making processes and portfolio management.

The following environmental and social characteristics are promoted by the Fund:

- Safeguarding the environment by limiting energy consumption, recycling all possible materials and striving to achieve a sustainable non-impactive working environment;

- Supporting people through equality of opportunity, proportionate remuneration, ensuring the health and safety of staff at work, and the learning and development needs of individuals;
- Considering contributions to the wider community, including charitable efforts and inclusion;
- Considering adherence to a high code of ethics, including social responsibility, anti-corruption policies and the protection of intellectual property.

The Investment Adviser incorporates ESG considerations through the following tools:

- Excludes certain geographies, sectors and activities from potential investments;
- Conducts ESG assessment as an integral part of each of its investment proposals for each potential investment;
- Identifies most relevant UN Sustainable Development Goals for each portfolio company which are monitored throughout the investment period;
- Monitors ESG performance for each portfolio company via its core metrics.

INVESTMENT STRATEGY

Investment strategy used to meet the environmental or social characteristics promoted by the Fund

The Fund will typically invest in a combination of debt or similar securities and equity and shall focus on established small to mid-market businesses. The Fund will seek to become partners with management teams in Europe and the US to support their growth strategy. Typically, these businesses are B2B, cash generative with visible and stable cashflows operating in robust and defensible end markets.

Investments will be made across a range of sectors, including services (comprising IT, business, education, and professional services), industrials, healthcare, and technology.

To attain the environmental or social characteristics promoted by the Fund, The Investment Adviser seeks to:

- Embed ESG considerations into investment analysis and decision making
- Support portfolio companies' boards of directors and management teams to incorporate appropriate ESG guidelines into its policies and activities
- Encourage portfolio companies to proactively improve the identification, management and implementation of ESG action points on an ongoing and regular basis, to ensure that portfolio companies can demonstrate progression in their ESG integration, throughout the investment period.

The Fund will promote environmental and/or social characteristics through the application of the following tools:

(i) ESG Exclusions.

The Fund will not (directly or indirectly) invest in companies which generate more than a *de minimis* proportion of its revenues from any of the following at the time the investment is made:

- the manufacture or sale of weapons and armaments (to protect human rights and foster social cohesion);
- pornography or the sex industry (in respect of the prevention of exploitation of individuals and promote respect for human rights);
- the manufacture or sale of tobacco (to promote good health);
- products or services that promote termination of human life (in respect of the avoidance of human rights abuses); or

- casinos, betting shops, online gambling, gambling-like gaming, gaming machines and other businesses directly involved in the provision of gambling opportunities to the public that the Investment Adviser determines are addictive and/or exploitative in nature (to tackle inequality and to protect economically or socially disadvantaged communities).

For these purposes, a *de minimis* proportion will be deemed to be 5%, which will be calculated at the time the investment is made. This screening and selection criteria may not be dis-applied or overridden by the Investment Adviser, General Partner or AIFM.

(ii) ESG assessments.

Detailed ESG assessments are completed for all portfolio companies prior to recommending an investment and during the life-cycle of an investment. The purpose of the ESG assessment is to identify key material ESG areas for each portfolio company, through defining and focusing on company specific key material ESG aspects.

The result of the ESG assessment are shared with and considered by the Investment Adviser's investment committee before making any recommendations. The Investment Adviser engages an external consultancy to conduct pre-deal ESG due diligence, to identify and understand the ESG considerations, and to provide recommendations to enhance the ESG performance of the business.

After completing an investment, the Investment Adviser works alongside management of portfolio companies, external consultancies and other specialists to conduct an in-depth ESG review.

This includes:

- An evaluation of a business's environmental, social and governance performance against core metrics covering a wide range of topics, including but not limited to:
 - Environmental impact from activities, energy consumption, recycling etc.;
 - Contribution to the wider community, including charitable efforts, inclusion of all stakeholders for relevant discussions;
 - Managing and adhering to a high code of ethics; considering social responsibility, maintaining strong anti-corruption policies;
 - Ensuring equality of opportunity, remuneration based on contribution, the health and safety of staff at work, considering the learning and development needs of individuals.
- A review of how well ESG has been integrated across the business and its processes, as well as a competitor analysis to compare a business against its closest competitors;
- The Investment Adviser will identify relevant United Nations Sustainable Development Goals ("UN SDGs") or each portfolio company, which provide the framework for ESG engagement and progression during the investment period

An output from this ESG review is to agree a baseline rating with the portfolio company, against which an action plan can be created, and progress can be tracked. Bespoke ESG performance trackers are created for each portfolio company, listing agreed action points against the designated management team member who is responsible for delivering progress, to help prioritise and support management and the board in tracking progression.

The Investment Adviser and AIFM will review ESG related factors and established ESG plan for each portfolio company on an annual basis, to ensure relevance in line with market, regulatory and company developments and monitor the progress towards achieving lower impact on environmental and social factors. Each portfolio company will be required to complete an ESG questionnaire that is based on ESG metrics created by the Investment Adviser.

(iii) Ongoing engagement

The representative of the Investment Adviser, who sits on the board of directors of a portfolio company, will be responsible for overseeing and encouraging progress against the agreed action points.

To support proactive monitoring of ESG performance and progression, the Investment Adviser will recommend that ESG topic is included in regular board agendas.

The Investment Adviser has also developed a knowledge sharing network and will provide regular ESG training and knowledge sharing with the management teams of the portfolio companies.

The policy to assess good governance

The good governance practices of portfolio companies are assessed by the Investment Adviser prior to recommending an investment to the AIFM and periodically thereafter.

All portfolio companies are assessed against a set of minimum standards which include, but are not limited to: sound management structures, employee relations, remuneration of staff and tax compliance. The Investment Adviser would recommend an investment where it believes that it follows good governance practices.

Post-investment the Investment Adviser actively support portfolio companies to further improve the governance of their businesses.

PROPORTION OF INVESTMENTS

It is anticipated that at the end of the investment period at least 80% of the Fund's portfolio will be treated as promoting environmental and social characteristics of the Fund. It is anticipated that all portfolio companies will be subject to the binding elements of the Fund's ESG investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product.

The Fund does not have as its objective sustainable investment and does not intend to make investments in economic activities that qualify as environmentally sustainable under the EU Taxonomy¹. The Fund does not commit to making a minimum proportion of investments which qualify as environmentally sustainable under Article 3 of the Taxonomy Regulation and therefore the minimum proportion of investments aligned with Article 3 of the Taxonomy Regulation is 0%.

It is expected that a small proportion of the assets will consist of deposits and cash that will be held as ancillary liquidity. The Fund may enter into derivative financial instruments for purposes of managing the Fund's interest rate and foreign currency risks. While the Investment Adviser will carry out anti-money laundering and know-your-customer checks, as required by law, in respect of any counterparty, in respect of these types of financial instruments, the Investment Adviser does not consider it meaningful to apply additional social or environmental safeguards.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

After completing an investment, the Investment Adviser works alongside management of portfolio companies, external consultancies and other specialists to conduct an in-depth ESG review.

This includes:

- An evaluation of a business's environmental, social and governance performance against core metrics covering a wide range of topics, including but not limited to:
 - Environmental impact from activities, energy consumption, recycling etc.;
 - Contribution to the wider community, including charitable efforts, inclusion of all stakeholders for relevant discussions;
 - Managing and adhering to a high code of ethics; considering social responsibility, maintaining strong anti-corruption policies;
 - Ensuring equality of opportunity, remuneration based on contribution, the health and safety of staff at work, considering the learning and development needs of individuals.
- A review of how well ESG has been integrated across the business and its processes, as well as a competitor analysis to compare a business against its closest competitors
- The Investment Adviser will identify relevant United Nations Sustainable Development Goals ("UN SDGs") or each portfolio company, which provide the framework for ESG engagement and progression during the investment period.

An output from this ESG review is to agree a baseline rating with the portfolio company, against which an action plan can be created, and progress can be tracked. Bespoke ESG performance trackers are created for each portfolio company, listing agreed action points against the designated management

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

team member who is responsible for delivering progress, to help prioritise and support management and the board in tracking progression.

The Investment Adviser and AIFM will review ESG related factors and established ESG plan for each portfolio company on an annual basis, to ensure relevance in line with market, regulatory and company developments and monitor the progress towards achieving lower impact on environmental and social factors. Each portfolio company will be required to complete an ESG questionnaire that is based on ESG metrics created by the Investment Adviser.

METHODOLOGIES

The Investment Adviser uses a wide range of ESG indicators to measure the performance of each of the environmental or social characteristics promoted by the Fund.

Key indicators include:

- GHG emissions (scope 1, 2 & 3) normalised by the market value of the portfolio;
- GHG intensity (measured relative to revenue, turnover £m, FTE employees, or sq foot);
- Carbon footprint (less offsets);
- Energy consumption by type of non-renewable sources or energy;
- Water recycling;
- Emissions of ozone depleting substances;
- Biodiversity sensitive areas and impacts;
- Pay inequality;
- Board gender ratio.

Additional indicators will be used depending on the industry where the portfolio company operates.

The Investment Adviser uses data sources and processes described below.

DATA SOURCES AND PROCESSING

The data will be obtained through a combination of data provided by portfolio companies, desktop research and data provided by external consultants. In some cases where data is not available or accurate, reasonable assumptions may be made, or estimated or proxy data used.

The Investment Adviser engages an external consultancy to conduct pre-investment ESG due diligence, to identify and understand the potential ESG risks and opportunities, and to provide recommendations to enhance the ESG performance of the portfolio company. To date, ESG consultants engaged by the Investment Adviser include Sustainable Advantage, Anthesis, StoneTurn, Axa and KPMG.

In addition, the Investment Adviser consults other specialists to perform a more detailed assessment of specific ESG considerations dependent on the nature of the business where appropriate.

In measuring the performance of each of the environmental or social characteristics promoted by the Fund, the Investment Adviser will use its own internal MML ESG Working Group (“**WG**”) and external advisors. The WG was established to investigate, recommend and support constantly improving practice in ESG matters ultimately referenced back to the UN Sustainable Development Goals in place from time to time and other relevant authoritative statements including all applicable laws and regulations.

The Investment Adviser uses desk-top searches and reference checks to perform its due diligence.

The Investment Adviser also obtains data through the ESG questionnaire that each portfolio company will be required to complete on annual basis. The ESG questionnaire is based on ESG metrics created by the Investment Adviser.

Where relevant and appropriate, the Investment Adviser will consider taking steps to follow-up and query data with portfolio companies and compare data obtained from third parties and self-reported data against historic data and comparable industry and sector data.

It is currently not possible to confirm the proportion of data that will be estimated for the purpose of the initial due diligence and ongoing monitoring. However, where estimated data is used for the purpose of reporting, it will be clearly stated in the ongoing reporting documentation.

LIMITATIONS TO METHODOLOGIES AND DATA

A lack of harmonization in relation to data availability across Europe, as well as globally, means that when monitoring ESG characteristics the Investment Adviser may be wholly, or in part, reliant on proxies and data based on public sources of information.

Further, the ability of the Investment Adviser and its affiliates to verify data may be limited by the integrity of the data available at the relevant point in time and the status and evolution of global laws, guidelines and regulations in relation to the tracking and provision of such data.

As the Investment Adviser will use third party ESG data, such may be difficult to obtain and/or incomplete, estimated, out of date or otherwise inaccurate. In particular, data may be more readily available and/or reliable in certain countries, markets and/or industries where the Fund invests, making direct comparison between different investments difficult.

In addition, the Investment Adviser's own due diligence relies on the availability and accuracy of various sources, such as portfolio companies' disclosures and other third party information, which often include forward looking statements of intent and are not necessarily fact-based or objectively measurable. The Investment Adviser is also dependent on the subjective judgements of its investment analysts.

It is however expected that the above limitations will not materially affect the monitoring or attainment of the promoted characteristics as the data is generally subject to internal and external checks and the Investment Adviser will engage with portfolio companies and third party data providers where appropriate.

The Investment Adviser believes that the above limitations should not materially limit the monitoring or attainment of the environmental or social characteristics promoted by the Fund as the data is generally subject to internal and external checks. Where estimated data is used it will typically represent the minority of data used and will be based upon reasonable assumptions and appropriate comparators.

DUE DILIGENCE

The Investment Adviser incorporates ESG analysis as part of a rigorous due diligence process. Before making investments, the Investment Adviser will conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each proposed investment. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment.

All potential investments are reviewed against ESG Exclusions and are subject to detailed ESG assessments. The purpose of the ESG assessment is to identify key material ESG areas for each portfolio company, through defining and focusing on company specific key material ESG aspects.

In addition, the Investment Adviser assesses good governance practices of portfolio companies that are assessed by the Investment Adviser prior to recommending an investment to the AIFM and periodically thereafter.

The result of the ESG assessment are shared with and considered by the Investment Adviser's investment committee before making any recommendations. After completing an investment, the Investment Adviser works alongside management of portfolio companies, external consultancies and other specialists to conduct an in-depth ESG review.

ENGAGEMENT POLICIES

Engagement on ESG topics forms an integral part of the investment process for the Fund. The Investment Adviser recognises that every investment will be at different stages in its ESG journey, and works with each business in a number of ways, including by encouraging a collegiate approach to sharing best practise and ideas across portfolio teams. The objective is to encourage portfolio companies to improve their ESG practices and maintain a long-term direct dialogue.

The Investment Adviser will engage with portfolio companies in the following ways:

- Board level discussion on a periodic and emergency basis;

- Recurring third party review of policies and procedures;
- Annual review of ESG plan;
- Action points agreed with management and allocated individual responsible for delivery;
- Oversight responsibility designated to Investment Adviser's deal team member;
- Bespoke ESG performance tracker to monitor action point progress.

It is important to note that the portfolio companies are managed independently by their board of directors, including but not limited to, with respect to ESG matters and compliance with legislation and procedures. The Investment Adviser cannot directly mandate portfolio companies to adopt specific ESG related policies and procedures or commit to achieve specific ESG goals or objectives.

DESIGNATED REFERENCE BENCHMARK

No index has been designed as a reference benchmark for the Fund.