HPS Investment Partners, LLC

2023 TCFD Entity Report

Table of Contents

Introduction

Founded in 2007, HPS Investment Partners ("HPS" or the "Firm") is a leading global investment manager with approximately $109 billion in assets under management.[1] We manage various strategies across the capital structure, including privately negotiated senior debt; privately negotiated junior capital solutions in debt, preferred and equity formats; liquid credit including syndicated leveraged loans, collateralized loan obligations and high yield bonds; asset-based finance and real estate. HPS is one of the world's largest alternative credit investment managers, with the primary objective of delivering attractive risk-adjusted returns to its investors. In doing so, we strive to offer creative capital solutions to our portfolio companies. We view our scale, breadth, and diverse sourcing channels to be key assets for gaining access to a wide range of opportunities through varying market cycles.

[1] *As of December 31, 2023, unless otherwise noted. AUM of private credit funds, related managed accounts and certain other closed-ended liquid credit funds represent capital commitments during such funds' investment periods and post such funds' investment period, the cost of investment or NAV (including fund-level leverage but in all cases capped at capital commitments). AUM of liquid credit open-ended funds and related managed accounts other than CLOs represent the latest available net asset value. AUM of CLOs and warehouses represent the par value of collateral assets and cash in the portfolio. AUM of HPS Corporate Lending Fund ("HLEND") represents net asset value plus leverage (inclusive of drawn and undrawn amounts) as of the prior month-end. Figures are rounded.*

Governance

Oversight

HPS has a governing structure to support our responsible investing approach, which we believe enhances our ability to control downside risks and volatility in our credit portfolios. The Firm is led by Scott Kapnick, its CEO, and six additional Governing Partners, all of whom are actively involved in the day-to-day management of the Firm.

Our Chief Administrative Officer ("CAO"), one of HPS's seven Governing Partners, is primarily responsible for maintaining and operationalizing the ESG Framework at the Firm-level.

Management & Monitoring

In 2020, HPS established the HPS ESG Forum (the "Forum"). The Forum is tasked with providing input and guidance related to the integration of the Firm's ESG Framework. It also plays a role in HPS's post-investment monitoring process and aims to convene quarterly to review select new and legacy investments identified as having heightened ESG risks. The Forum is chaired by HPS's CAO and is comprised of investment and infrastructure professionals from across the Firm. Three of HPS's seven Governing Partners, including our Chief Financial Officer/Chief Risk Officer and General Counsel, are members of the ESG Forum. The ESG Forum also includes other senior investment and infrastructure professionals, including HPS's Chief Compliance Officer.

The HPS Carbon Taskforce was formed as a subgroup of the ESG Forum in October 2023. It aims to oversee the Firm's carbon emissions-related initiatives, including efforts on carbon data analysis with respect to private credit portfolios, evaluation of potential business and operational risks for certain businesses in high-carbon emitting sectors, and providing guidance on any potential engagement[2] with prospective and existing portfolio companies related thereto. The HPS Carbon Taskforce is comprised of select members of the ESG Forum and investment professionals across select HPS strategies. It aims to report its analyses to HPS's Governing Partners on an annual basis. This may include reporting on any relevant climate and carbon-related risk identification and management, regulatory updates, and strategic initiatives.

Implementation

HPS investment professionals are responsible for identifying, considering, and analyzing ESG factors throughout the investment process, where applicable. The Investment Committees of certain HPS

[2] *Portfolio company engagement is currently undertaken to a limited extent and is not undertaken in all HPS investments. The extent of such engagement is dependent on the nature of the investment, availability of information, access to management and other transaction dynamics.*

managed private credit funds (of which the CAO is a member) and/or the portfolio managers are generally responsible for review and consideration of material risks, including ESG risks, which are identified by the investment team with respect to such funds, prior to making contemplated private credit investments.

HPS employs five dedicated ESG professionals. Furthermore, various professionals from teams including Insurance Solutions, Legal, Compliance, Data Analytics, Risk, Technology, and Internal Audit provide guidance and support with regard to the Firm's ESG efforts, as appropriate.

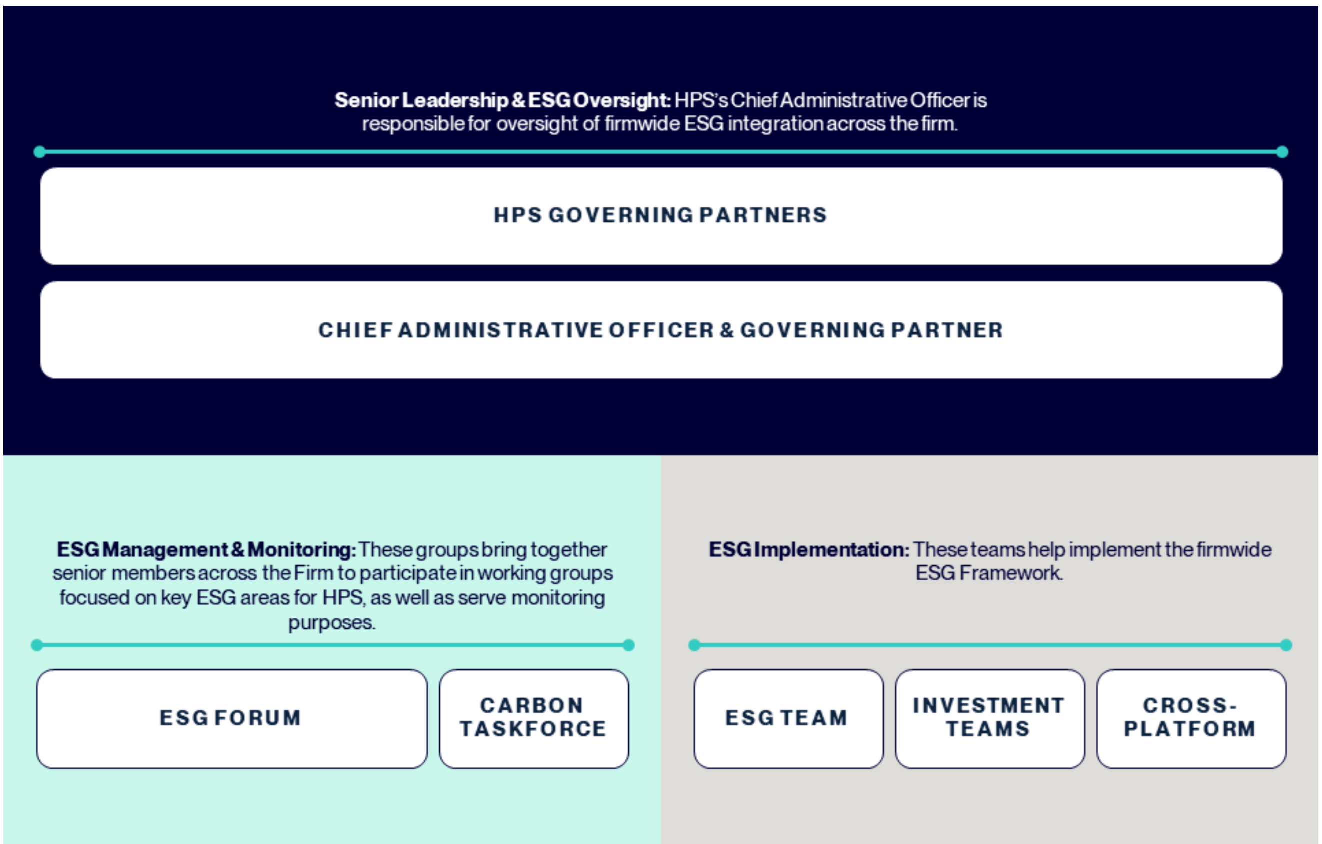

Figure 1: HPS ESG Governance

Strategy

HPS's primary objective is to generate attractive risk-adjusted returns for our clients. We believe a responsible approach to investing which incorporates climate-related risks and opportunities enhances our ability to control downside risks and volatility in our credit portfolios and create long-term value for our clients.

Multiple teams across the Firm have to consider risk in the context of the Firm's investment activities on behalf of clients. This includes, but is not limited to, Risk, ESG, Investment Teams, Compliance, Legal, Internal Audit, and others. HPS's CAO leads HPS's dedicated ESG Team, which has primary responsibility for the framework under which we analyze ESG risks, including the consideration of climate related risks. Additionally, HPS's CAO, Chief Financial Officer/Chief Risk Officer, General Counsel, Chief Compliance Officer, and multiple other members of senior leadership across the Firm's operations and strategies are members of our ESG Forum, which, among other things, may advise on the most relevant climate-related risks HPS is currently facing, and expects to face in the future. Our Carbon Taskforce, which is chaired by HPS's Managing Director of Risk & Quant Strategies and consists of multiple members of HPS management may also discuss which carbon-related risks are potentially relevant for our investment activities.

Investment Strategy: Climate-Related Risks and Opportunities

When evaluating an investment opportunity, HPS considers a variety of factors that can affect the risk and return profile of its investments, which may include climate-related risks and opportunities. Climate-related risk considerations include transition risks (such as policy, legal, technology, and market risks), physical risks (such as extreme weather-related events or sea-level rise), and reputational risks from the transition to a lower carbon economy.

Climate-related opportunities can arise as a result of changing attitudes and processes in response to the aforementioned climate-related risks as well as from regulatory actions and incentives. HPS sees engagement with portfolio companies in an attempt to support their transition as a climate-related opportunity.

While we are continually enhancing our approach to assessing and managing risks and capturing opportunities resulting from climate change, the fundamental components of our strategy are:

1. **Systematic approach:** we developed and implemented pre-investment due diligence and annual monitoring processes across our main investment strategies to inform us about the climate related risks and opportunities in our portfolios, where possible. For our private credit strategies, this includes requesting information about a portfolio company's environmental policy, decarbonization strategy, short and long term GHG emission reduction targets and resource

efficiency initiatives. For our liquid credit strategies, this includes utilizing subscription-based databases and publicly available sources to collect information on any relevant climate-related risks and opportunities for prospective portfolio companies.

2. **Data:** where possible, we request quantitative and qualitative data points such as GHG emission, energy consumption, renewable energy, water use, and many others from our portfolio companies to support our pre and post investment analysis.
3. **Engagement:** we believe that meaningful engagement with portfolio companies, sponsors, investors, and industry bodies augments our ability to deliver performance and to understand how sustainability considerations are evolving.

Climate-Related Risks

HPS and its portfolio companies conduct operations across the globe. As climate change continues to contribute to global warming and the increased frequency of natural disasters and other extreme weather events, regulatory landscapes are evolving to address climate-change. As a result, we endeavor to identify and attempt to mitigate climate-related risks that our portfolio companies face. Such risks may include physical risks, as discussed above, and transition risks, including regulatory risk of failing to comply with climate-related regulations, material capital costs to comply with such regulations, and reputational risks, such as negative consumer sentiment for high-emitting businesses.

We have identified Greenhouse Gas ("GHG") emissions as one of our primary climate-related transition risk indicators; supported by the increasing focus by regulatory bodies on its measurement, carbon taxes, trading schemes, and required disclosures. Recognizing that companies will likely face increased costs and regulatory risk due to carbon-intense practices is one of the multiple reasons HPS is focused on GHG emissions within its ESG program. Costs to our portfolio companies can arise from multiple areas, including, but not limited to carbon taxes, costs associated with collecting and reporting emissions under regulatory regimes, as well as capital expenditure related to decarbonization. HPS endeavors to understand and assess any transition risks resulting from high GHG emissions, that could have a financial impact whenever we deem such impact substantial to our portfolio companies and our investor's risk adjusted returns.

Costs associated with adhering to current and future regulatory requirements are also important for HPS when considering climate-related risks. HPS invests in portfolio companies across jurisdictions, including, but not limited to North America, Europe, and APAC. Each of these regions have, or are expected to have, their own regulations surrounding climate and carbon emissions with potential financial implications. Regulatory regimes such as the EU's Emissions Trading System ("ETS")[3] and Carbon Border Adjustment Mechanism ("CBAM")[4], or the SEC's[5] and California's[6] impending disclosure regulations are likely causing companies to allocate more resources to data collection and reporting. With the expected

---

[3] *Source: https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets_en*
[4] *Source: https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en*
[5] *Source: https://www.sec.gov/news/press-release/2024-31*
[6] *Sources: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB261, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB1305*

growth of climate-related regulations and scrutiny, HPS expects its portfolio companies to incur additional costs related to transitioning to new regulatory frameworks.

Sector-based risks are another part of HPS's overall strategy for identifying and managing climate-related risks and opportunities. With respect to GHG emissions, HPS recognizes that certain carbon-intense sectors may have a larger impact on climate change than others, and therefore are subject to the risks of heightened regulatory scrutiny, cost of transitioning, and negative consumer sentiment. To address this, HPS identifies portfolio companies in high-emitting sectors, as defined by the One Earth Climate Model ("OECM") [7], as priority targets for increased scrutiny and potential engagement. For example, these sectors include, but are not limited to, Aluminum, Power Utilities, Gas Utilities, Agriculture, and Real Estate.

According to the National Oceanic and Atmospheric Administration, events such as droughts, floods, wildfires, and hurricanes, can cause billions of dollars in damages and these costs will continue to adversely impact communities and corporates in the future[8]. HPS, when conducting ESG related due diligence, using its ESG checklists, subscription-based databases, and publicly available sources, aims to collect information on the climate-related risks, including physical risks, that are expected to impact its investments the most. This allows portfolio companies to disclose the risks they feel are most material, as well as allows HPS the potential to identify any additional material climate-related risks, for instance, by assessing whether a portfolio company's operations are in areas susceptible to extreme weather.

As discussed above, HPS may consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) applicable to the industry of an investment on a case-by-case basis as a potential source of sustainability risk applicable to the investments held in the funds and accounts managed by the Firm.

To address the financial impact of the climate-related risks described above, HPS aims to continue to improve its credit underwriting processes in the context of climate-related risks.

Climate-Related Opportunities

HPS seeks to invest its capital in companies that support a strong investment thesis. Included in a strong investment thesis is the ability of companies to navigate the risks and opportunities of the transition to a low-carbon economy. We recognize that the transition to a low-carbon economy also creates investment opportunities for our clients. In particular, our Renewables and Power strategy focuses on investments primarily targeting the overall transition. We expect investment opportunities in companies that contribute to the transition to become more available over time and will seek to act on those opportunities that our investment teams believe offer attractive risk adjusted returns.

HPS has also identified engagement with portfolio companies as both a climate-related opportunity with

[7] Source: https://www.oneearth.org/updated-one-earth-climate-model/
[8] Source: https://www.ncei.noaa.gov/access/billions/

potential to enhance returns and a means for managing any material risks we identify during our ongoing due diligence and monitoring. Given the challenges posed by the evolving regulatory landscape and the potential economic impact of transitioning to a low-carbon economy, HPS sees engagement as a tool to potentially reduce the associated costs and risks for portfolio companies with a view to creating long-term value for our investors.

Our process for identifying and assessing climate-related risks and opportunities is set out in the "Risk Management" section.

Scenario Analysis and Net Zero Targets

While at present, HPS does not conduct climate scenario analysis, or identify specific time horizons in which we expect climate-related risks and opportunities to arise, we have and expect to evaluate tools to help us conduct such analysis in the future.

As a credit-focused investment manager, HPS has varying levels of access to portfolio company management, information, and qualitative data. As such, setting a Net Zero target for our investment activities is a challenge. However, we closely follow industry and regulatory developments in relation to Net Zero target setting, but have not incorporated this topic into our investment process.

Climate-related Industry Collaboration

HPS works with industry groups and our peers to understand and support, where appropriate, the adoption of best practices across our Firm.

- We are a signatory of the United Nations-supported Principles for Responsible Investment ("PRI"), an international global network of asset managers, owners and service providers working together to put responsible investment into practice. Moreover, the PRI works to help investors protect portfolios from risks, take advantage of opportunities and deliver real-world impact in the shift to low-carbon, resilient economies.[9]
- HPS is a member of the PRI Global Policy Reference Group, which aims to inform and strengthen public policy engagement on responsible topics, encourage greater alignment between signatories' responsible investment commitments and public policy efforts, and create a regulatory environment that is aligned with the PRI's Mission and six Principles.[10]
- HPS is a member of the ESG Data Convergence Initiative ("EDCI"). The EDCI is an open partnership of private equity stakeholders committed to streamlining the private investment industry's historically fragmented approach to collecting and reporting ESG data by converging on a standardized set of ESG metrics for private markets.[11]
- We are a formal supporter of the ESG Integrated Disclosure Project ("ESG IDP"), and in February 2024, we became a member of its Executive Committee. The ESG IDP aims to promote greater

[9] Source: https://www.unpri.org/
[10] Source: https://www.unpri.org/policy/our-policy-approach
[11] Source: https://www.esgdc.org/

harmonization and consistency of disclosure of key ESG indicators across the private credit and syndicated loan markets.[12]

- HPS is a member of the ESG Committee run by the European Leveraged Finance Association ("ELFA"). ELFA's ESG Committee works to improve disclosure on ESG topics in the leveraged finance market and to develop best practice guidance on ESG disclosures for sub-investment grade corporate borrowers in collaboration with the PRI.[13]
- Despite changes to the TCFD's remit, we remain supportive of its initiative to disclose climate-related risks and opportunities more effectively.[14]

[12] *Source: https://www.esgidp.org/*
[13] *Source: https://elfainvestors.com/initiative-committees/esg/*
[14] Source: https://www.fsb-tcfd.org/

Risk Management

With respect to our investment activities, HPS endeavors to assess each investment in its private and liquid credit businesses on a case-by-case basis to understand the breadth and depth of the business and its potential risks (including material ESG risks where applicable). HPS considers climate change as one of the many factors that may affect the risk and return profile of its investments. It will likely affect different sectors to varying degrees, which is why we feel that our holistic ESG integration process, which seeks to identify material ESG risks across and within sectors, is important to our overall investment strategy.

Investment Due Diligence: Identifying Climate-Related Risks

HPS integrates ESG considerations into its investment process which seeks to identify and assess material risk factors as part of the due diligence process, where possible. This does not mean that certain investments will be automatically excluded based on ESG grounds; rather it is intended to ensure that HPS's investment teams are aware of and make informed decisions with respect to potential ESG risks. Where material ESG related investment risks or reputational risks outweigh the mitigating factors, HPS may choose to decline the investment or implement additional monitoring and potential engagement with the appropriate parties, in an effort to mitigate such risks.

While conducting due diligence for potential investments, HPS Investment Teams consider any risks that they deem potentially material, including climate-related risks if applicable. The ESG due diligence process, which includes pre and/or post investment due diligence, usually begins with conducting a routine search of media reports, public filings, and relevant third-party databases. To identify climate-related risks and opportunities in our private credit strategies, HPS typically uses its proprietary ESG Checklists, which include several data points that may vary based on the transaction and industry of operation. For liquid credit strategies, HPS generally reviews publicly available information and seeks to leverage subscription-based services and other internal resources as appropriate in an effort to identify and monitor material ESG risks associated with the Firm's liquid credit holdings, where applicable.

HPS recognizes that certain sectors may have a larger impact on our climate than others. To assess these risks in our private credit strategies, HPS has additional sector-specific ESG Checklists in place. Furthermore, we aim to identify portfolio companies in high-emitting sectors, as defined by the One Earth Climate Model to gain a better understanding of climate risk in our private credit portfolios. These sectors include, but are not limited to, Aluminum, Gas Utilities, Agriculture, and Real Estate.

HPS has developed an ESG ratings approach, aiming to classify each investment as 'Red,' 'Amber,' or 'Green.' The approach differs between its private credit and liquid credit businesses, given the different levels of access to management, information, and corporate reporting. Our private credit investment teams seek to determine internal ESG ratings based on industry-specific checklists, as certain industries may require greater scrutiny from an ESG perspective. Our liquid credit teams generally utilize external data vendors and desk research to arrive at an ESG rating, using the below classifications, as available.

- ‘Red’ rated investments include companies with operations in one of HPS’s pre-defined High-Risk Areas of Concern
- ‘Amber’ rated investments are companies with past material ESG incidents and/or potential for future ESG incidents.
- ‘Green’ rated investments have no identified material ESG concerns or prior incidents.

The Investment Committees of certain HPS managed private credit funds (of which the CAO is a member) and/or the Portfolio Manager(s), are generally responsible for investment-by-investment review and consideration of material ESG risks identified by the investment teams, where applicable, prior to making contemplated investments. As part of the final private credit investment approval process, the relevant investment team endeavors to present material ESG findings (if any), including the completed ESG Checklist(s) if available, to the applicable Investment Committee or portfolio manager. Although HPS liquid credit investment teams may not have access to the same level of information as our private credit teams, they endeavor to address ESG factors in their investment process. To do so, liquid credit analysts generally review publicly available information and utilize third-party systems to run ESG-focused searches for adverse events and to identify investment relevant risks and potential mitigants.

As part of its ongoing portfolio monitoring, HPS endeavors to request its portfolio companies in the private funds update the ESG Checklists, and to refresh the internal ESG rating on its liquid credit investments, on an annual basis. In addition, HPS receives a daily feed from a subscription-based service that allows us to monitor the reputational risks associated with a majority of our portfolio companies on an ongoing basis, indicating any incidents that possess severe and very severe levels of risk, respectively. HPS maintains holdings watchlists for both its private and liquid credit business. Our ability to monitor incidents via the third-party system is both influenced by the service's mapping capabilities and turnover in HPS's portfolios and does not necessarily capture all portfolio companies at any given time.

While ESG factors are an input into HPS’s investment process, they are not the sole determinant in the final investment decision making process, which ultimately reflects the view of an investment’s risk and return taking into account numerous factors, including ESG considerations.

Case Study: Project Billboard

Identifying relevant climate-related risks

Project Billboard (the "Property") is a New York City Class A office building, containing both commercial office and retail spaces, as well as signage. The Property is a newer vintage building (2000s era) with high ceilings, good views, and better-quality air filtration systems. The Property is owned by a joint venture between affiliates of an experienced Institutional Sponsor ("the Sponsor").

In August 2020, HPS provided $100 million of mezzanine financing to support the refinancing of the building. The refinancing repaid existing debt and funded capex reserves, which were used to renovate the lobby and connect the building to the subway.

In New York City, the local government has passed multiple regulations to address growing concerns about energy efficiency and climate change considerations. These regulations include, but are not limited to, Local Law 84 ("LL84"),[15] Local Law 95 ("LL95"),[16] and Local Law 97 ("LL97").[17] These Local Laws require buildings of certain characteristics to measure and report on energy and water use, energy efficiency, and adhere to emissions intensity limits. Passed in 2019, Local Law 97 established emissions intensity limits, based on property type, which ratchet down over time, in five 'Compliance Periods' between 2024 and 2050. Starting in 2025, non-compliance with LL97 will result in civil penalties equal to $268 per ton of CO_2 over the applicable limit.

In December 2023, the HPS Real Estate Investment Team and ESG Team engaged the Sponsor's team, which included their Portfolio Manager, Head of Engineering, and their SVP of Property Management, to discuss, among other things, the Property's energy efficiency and transition planning as it relates to NYC Local Laws, and the Sponsor's climate risk assessment procedures. This discussion allowed the HPS Investment Team and ESG Team to confirm that the Property is adequately poised for compliance with the future LL97 emissions intensity limits.

[15] *Source: https://www.nyc.gov/assets/buildings/local_laws/ll84of2009.pdf*
[16] *Source: https://www.nyc.gov/assets/buildings/local_laws/ll95of2019.pdf*
[17] *Source: https://www.nyc.gov/assets/buildings/local_laws/ll97of2019.pdf*

Engagement: Managing Climate-Related Risks

HPS has identified engagement with portfolio companies as both a climate-related opportunity and a means for managing any material risks we identify during our ongoing due diligence and monitoring. Recognizing the evolving regulatory landscape and the trend towards large scale decarbonization across the world economy, there exists a breadth of opportunities to reduce costs that portfolio companies face through engagement with portfolio company management and/or private equity sponsors and co-lenders.

Wherever practical, as part of our ESG framework, we seek to engage with portfolio company management teams to mitigate any identified material ESG risks. HPS's engagement is mostly focused within our private credit platforms, but our liquid credit teams, on occasion, endeavor to engage, if practical.

In 2023, HPS began an engagement program that focuses on certain select private credit portfolio companies in high-emitting sectors. The objective of this engagement program is to collect information by way of seeking to encourage the portfolio companies to measure and report their scope 1, 2 and 3 emissions, as well as carbon reduction targets and alignment against a decarbonization scenario or Net Zero goal, where applicable and as adopted by the applicable companies. On a case-by-case basis, HPS may pursue further engagement with certain portfolio companies to address risks posed by high GHG emissions and discuss the development and/or implementation of decarbonization goals or reduction targets established by such portfolio companies.

As the tools for identifying, assessing, and mitigating climate-related risks continue to evolve, HPS expects to evaluate ways in which we can enhance our risk identification and assessment process, as well as our opportunities for engagement, where possible.

Case Study: Project Nordkapp

Managing climate-related risks

Project Nordkapp (the "Company") is a European coastal cruise company. The Company owns four ships and provides transportation and cruising experiences with a focus on sustainability in its operations.

In July 2023, HPS provided financing of €305m with proceeds used to refinance the Company's existing indebtedness and pay the final installments on two new ships that had finished construction but were awaiting delivery. The Company is under contract with the government of the country in which the Company operates and is licensed to operate in the region through at least 2030.

In the country in which the Company operates, the government mandates that all cruise ships and ferries halt emissions in certain protected areas by 2026.[18] The Company is preparing to meet these regulations – its ships are equipped with battery packs and can already operate emissions-free for multiple hours.

In the medium term, the Company is also exploring blending biogas, which would further reduce emissions, potentially to carbon neutral. Finally, it has also designed hydrogen retrofitting technology and intends to transition to hydrogen power for what is expected to be substantially emissions-free operations, both inside and outside of protected areas, by 2030.

HPS maintains ongoing dialogue with the Company; for example, the HPS ESG Team engaged with the Company's CEO and COO in October 2023 to discuss capital expenditure planning related to the Company's carbon transition approach. The Company's ability to comply with the relevant regulation and its capital expenditure to meet those obligations could have a direct impact on our investment in the Company.

[18] *Source: https://climate.ec.europa.eu/eu-action/transport/reducing-emissions-shipping-sector_en*

Metrics & Targets

Financed Emissions

The calculation of the footprint of our investment activities and our financed emissions allows us to identify particularly high emitting issuers and sectors. The insights gained from analyzing our financed emissions contributed to the development of our engagement practices, and the establishment of the HPS Carbon Taskforce.

Estimated data

For the majority of its managed funds and accounts, HPS works with a third-party consultant to produce a portfolio-by-portfolio analysis (covering Scope 1, Scope 2 and Scope 3 emissions and weighted average carbon intensity data) of the estimated carbon footprint of these funds and accounts on an annual basis, using a combination of reported and estimated data.

Reported data

HPS provides year-end data to investors upon request. Where possible, HPS endeavors to collect reported GHG emissions data from its private credit portfolio companies when conducting initial due diligence for a potential investment, and on an annual basis.

Methodology

For its private and liquid credit investments, the metrics we use to assess climate-related risks and opportunities do not significantly differ.

HPS estimates the carbon footprint of both its liquid credit and private credit investment portfolios, and endeavors to assess the emissions of individual portfolio companies, where material. HPS endeavors to focus particularly on the GHG emissions of its private credit portfolio companies in high-emitting sectors, as defined by the OECM, as evidenced by our Carbon Task Force and our Carbon Engagement program.

Calculation

Typically, our fund-level carbon footprint comprises a combination of reported and estimated data. Where reported emissions data is not available from the issuer of an investment, HPS works with a third-party consultant to estimate the carbon footprint for such investments.

For the data shown in Tables 1 & 2, the third-party consultant applied the PCAF methodology as part of HPS's overall carbon estimation methodology to calculate carbon emissions from the investment activities of its managed funds and accounts. The PCAF methodology is based on the Greenhouse Gas Protocol ("GHG") standards. Where reported emissions data was used, such data was collected directly from our portfolio companies or sourced from the Carbon Disclosure Project (CDP) database.

Data

See the table below for our 2023 Financed Emissions by Strategy. At this time, due to data availability and year-over-year consistency considerations, HPS is not disclosing its 2022 financed emissions. In the future, HPS will endeavor to report on its financed emissions year-over-year, providing consistent comparison over time.

	Private Credit	**Liquid Credit**
Assets Under Management ("AUM")[1]	$89 Billion	$20 Billion
Scope 1 GHG Emissions (tCO2e)	2,193,249	1,503,738
Scope 2 GHG Emissions (tCO2e)	614,036	283,039
Scope 3 GHG Emissions (tCO2e)	5,877,318	3,193,414
Total GHG Emissions (tCO2e)	8,684,603	4,980,191
Weighted-Average Carbon Intensity ("WACI")	100.57	153.45

Table 1: HPS 2023 Financed Emissions by Strategy[19]

[19] *The carbon footprint information presented below is an approximation, based on a mix of reported and estimated emissions, and is not based on 100% reported carbon emissions. Where estimations, based on PCAF methodology, provided by a third-party specialist firm are used, the actual carbon emissions of the applicable portfolio companies may be higher than the approximation derived using the estimation methodology described above.*

Targets: Financed Emissions

HPS has not set an emissions reduction target for its financed emissions and is not measuring the extent to which portfolios are aligned with a "well below 2 degrees" scenario. This is due to considerations such as access to management of our portfolio companies, lack of standardized methodologies and data availability, and the fragmentation of carbon offset markets.

HPS UK Entities

HPS Investment Partners (UK) LLP, HPS Investment Partners CLO (UK) LLP and Segovia Loan Advisors (UK) LLP (together the "HPS UK Entities"), are each domiciled in the UK and authorized and regulated by the UK Financial Conduct Authority (the "FCA"). This section sets out the TCFD-aligned entity-level disclosures of the HPS UK entities. HPS aims to employ a consistent approach across the group in relation to climate related disclosures and this section is supplemental to and should be read in conjunction with the preceding sections relating to HPS.

Governance

The HPS UK entities, as MIFIDPRU Investment Firms, are subject to the organizational requirements in 4.3A.1 R of the Senior Management Arrangements, Systems and Controls Sourcebook of the FCA Handbook and each has established an operating committee to serve as its management body (the "Management Body"). Each Management Body meets at least quarterly to discuss significant matters affecting the relevant HPS UK Entity and to make strategic decisions. For each HPS UK entity, its Management Body has overall responsibility for the business and conduct of the firm and approves and oversees implementation of the firm's strategic objectives, risk strategy and internal governance.

The HPS UK entities leverage the overall Governance structure of HPS, described on pages 2 & 3. In addition, certain members of the Management body participate in different aspects of the HPS ESG infrastructure at HPS including as part of investment committees, the ESG team and on the ESG Forum and the Carbon Task Force. In particular, HPS's CAO, primarily responsible for maintaining and operationalizing the ESG Framework at HPS, is a member of the Management Body of each HPS UK Entity. As such, the senior management of the HPS UK Entities participate in the Governance structures of HPS as a whole, as they relate to climate related issues. Accordingly to date, the HPS UK Entities have not considered it necessary to establish additional formal reporting structures in connection with climate related disclosures at the level of each HPS UK Entity.

Strategy and Risk Management

The HPS UK entities focus on private credit and liquid credit strategies. Their investment processes are integrated with those of HPS as a whole and the descriptions in the Strategy section on page 4 and the Risk Management Section on page 9 apply to the HPS UK Entities. In particular, the HPS UK Entities typically utilize the ESG Checklists and associated processes described to identify climate-related risks and opportunities in their investment activities. As noted above, at this time climate scenario analysis is not performed and neither defined specific time horizons or a Net Zero target have been set.

The HPS UK entities leverage the HPS ESG framework to integrate ESG considerations to identify and assess material risk factors as part of the due diligence process, where possible. This does not mean that certain investments will be automatically excluded based on ESG grounds; rather it is intended to ensure that HPS's investment teams are aware of and make informed decisions with respect to potential ESG risks.

Metrics and Targets

The HPS UK entities endeavor to measure the carbon footprint of their portfolios as described under 'Metrics and Targets' above on page 14. The table below summarizes the 2023 Financed Emissions by Strategy for the HPS UK entities.

	HPS Investment Partners (UK) LLP[20]	**HPS Investment Partners CLO (UK) LLP**	**Segovia Loan Advisors (UK) LLP**
Assets Under Management ("AUM")[1]	$5.6 Billion	$4.7 Billion	$1.5 Billion
Scope 1 GHG Emissions (tCO2e)	137,625	70,158	52,656
Scope 2 GHG Emissions (tCO2e)	107,664	43,345	29,245
Scope 3 GHG Emissions (tCO2e)	1,217,300	760,445	367,540
Total GHG Emissions (tCO2e)	1,462,589	873,948	449,441
Weighted-Average Carbon Intensity ("WACI")	42.18	53.90	77.24

Table 2: HPS UK Entities 2023 Financed Emissions[19]

[20] *Assets under management and related data for HPS UK represent cost basis of assets related to investment professionals employed by HPS UK and/or funds and accounts managed by HPS to which HPS UK provides sub-advisory services from time to time*

Compliance Statement

This Report sets out the TCFD-aligned entity-level disclosures of the HPS UK entities, in relation to climate-related matters for the reporting period 1 January 2023 to 31 December 2023. The disclosures in this Report comply with the climate-related disclosure requirements in Chapter 2 of the FCA's ESG Sourcebook.[21]

This Report is HPS's first TCFD Report and has been prepared on a best-efforts basis. However, climate reporting in the asset management industry, particularly the private and liquid credit sectors in which we operate, is still in its infancy, and there are significant data and methodology challenges associated with climate reporting. We have sought to include TCFD-aligned disclosures where we believe it is fair, clear, and not misleading for us to do so. We have also explained limitations on our ability to disclose, and the steps being taken to address those limitations.

Faith Rosenfeld

Senior Manager, HPS Investment Partners (UK) LLP, HPS investments Partners CLO (UK) LLP and Segovia Loan Advisors (UK) LLP

[21] Source: https://www.handbook.fca.org.uk/handbook/ESG/2/?view=chapter

RISK DISCLOSURES

The data and information in this material, which has been prepared by HPS Investment Partners, LLC ("HPS"), are presented for informational purposes only. This material does not constitute an offer to sell or the solicitation of any offer to buy any interest, security, including any interests in any HPS funds or accounts, or investment product. All information provided herein is as of the date set forth on the cover page (unless otherwise specified) and is subject to modification, change or supplement in the sole discretion of HPS without notice to you. This information is neither complete nor exact and is provided solely as reference material. Nothing contained herein constitutes investment, legal, tax, or other advice nor is it to be relied on in making an investment or other decision. This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy.

Certain information contained in this material constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe," or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. Furthermore, any projections or other estimates in this material are "forward-looking statements" and are based upon certain assumptions that may change. More broadly, statements that do not relate strictly to historical or current facts are based on current expectations, estimates, projections, opinions, or beliefs of HPS and its affiliates or its sources of information as of the date of this material (unless otherwise specified). Due to various known and unknown risks, assumptions, and uncertainties related to the forward-looking statements in this material, actual events or results or actual performance could differ materially and adversely from those expressly or implicitly reflected, or contemplated, in such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results or actual performance. HPS has based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by HPS. These expectations and assumptions are inherently subject to significant business, economic, competitive, regulatory, and other risks, and uncertainties; actual events are difficult to project and often depend upon factors that are beyond the control of the HPS and its affiliates. Additional risks of which HPS is not currently aware could cause actual results to differ. The risks and uncertainties that may affect the operations, performance, and results of HPS's business and forward-looking statements include, but are not limited to, those set forth in this material and in the documents HPS files from time to time with the Securities and Exchange Commission. In addition, unless the context otherwise requires, the words "include," "includes," "including," and other words of similar import are meant to be illustrative rather than restrictive. Any forward-looking statement speaks only as of the date on which such statement is made, and HPS assumes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

Certain information contained herein relating to any goals, targets, intentions, or expectations, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. Further, statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including HPS's internal standards and policies). Similarly, there can be no assurance that HPS's ESG policies and procedures as described in this material, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process, including the ESG Ratings, will continue; such policies and procedures could change, even materially, or may not be applied to a particular investment. HPS is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies, and procedures based on cost, timing, or other considerations. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on factors including, but not limited to, the relevance or implementation status of an ESG initiative to or within the portfolio company; the nature and/or extent of investment in, ownership of or, control or influence exercised by HPS with respect to the portfolio company; and other factors as determined by HPS and its affiliates. ESG factors are only some of the many factors HPS considers in making an investment, and there is no guarantee that HPS will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long term value and financial returns for limited partners. To the extent

HPS engages with portfolio companies on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial performance of the investment. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised by HPS will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends. Except where opinions and views are expressly attributed to individuals, general discussions contained within this material regarding the market or market conditions represent the view of either the source cited or HPS. Nothing contained herein is intended to predict the performance of any investment. There can be no assurance that actual outcomes will match the assumptions or that actual returns will match any expected returns. Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples illustrating HPS's application of its ESG policies and procedures with respect to its portfolio investments and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect HPS's beliefs as of the date hereof based on prior experience and certain assumptions that HPS believes are reasonable but may prove incorrect. Past performance is not necessarily indicative of future results. There can be no assurance that the operations and/ or processes of HPS as described herein will continue, and such processes and operations may change, even materially. The actual investment process used for any or all of HPS's investments may differ materially from the process described herein. Certain information contained herein has been obtained from third parties, and in certain cases have not been updated through the date hereof. While these third-party sources are believed to be reliable, HPS makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor.

This communication has been prepared exclusively for institutional/wholesale/professional clients and qualified investors only as defined by local laws and regulations.