



# 2024 Sustainability Report

HPS



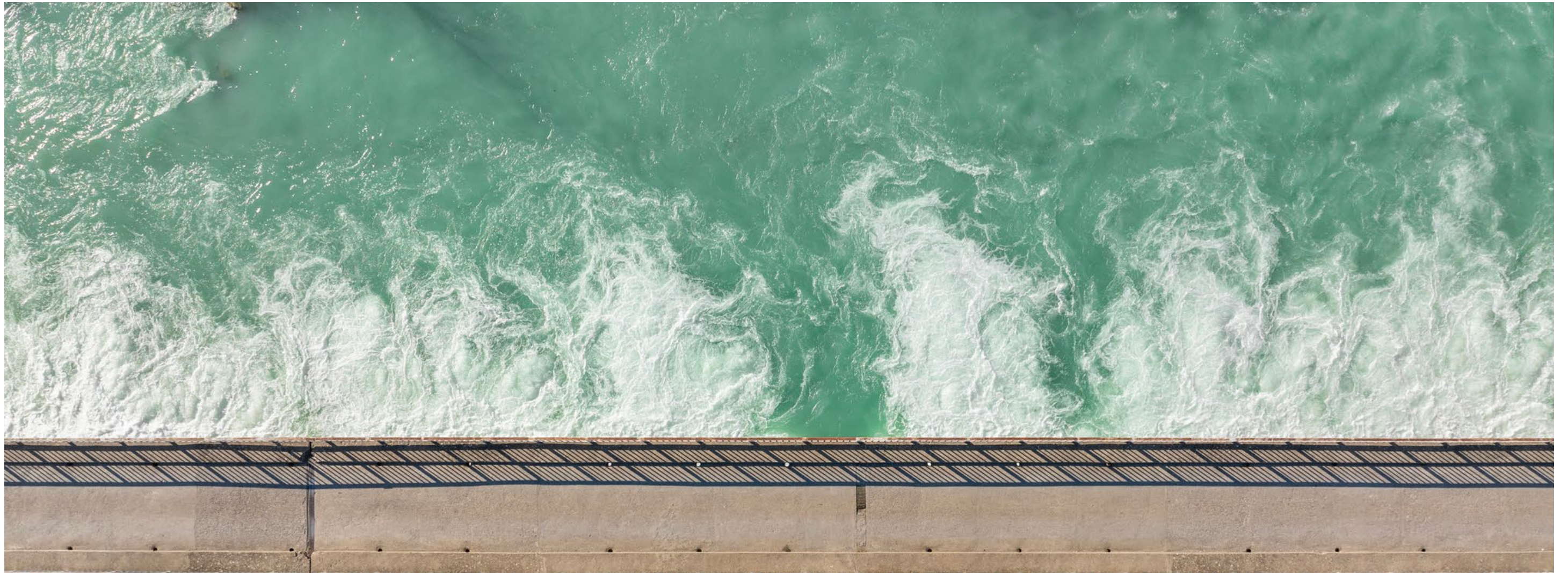
# Table of Contents

<b>Introduction</b>	<b>3</b>	<b>Corporate Sustainability</b>	<b>21</b>
Leadership Message	4	Our Operational Carbon Footprint	22
HPS at a Glance	5	Our Communities	23
Sustainability Highlights	6	Our People	24
		Metrics and Targets	25
<b>Sustainability Strategy</b>	<b>7</b>		
Approach	8	<b>Appendix</b>	<b>26</b>
Sustainability Governance Structure	12	HPS UK Entities — TCFD Disclosures	27
		TCFD Glossary	29
<b>Sustainability Themes</b>	<b>14</b>		
Engagement	15	<b>End Notes</b>	<b>30</b>
Cybersecurity	17		
Climate	18		





# Introduction





# Leadership Message

## Delivering for Our Investors

**Serving our clients by delivering attractive risk-adjusted returns is our most important mission.**

Strong investment performance is the foundation of any asset management business. In credit, that starts with a relentless focus on deep due diligence, structuring, and capital preservation. At its core, our aim is to assess and mitigate sustainability risks in the same way we assess and mitigate credit risks, with an emphasis on downside protection that is rooted in a common thread of intellectual rigor and discipline.

The scale and flexibility of our Firm allows us to provide a holistic suite of products that can be tailored to an investor's unique risk, return, liquidity, and structuring objectives. For many clients, this means incorporating sustainability criteria into risk management and the broader investment process. Over the years, we have made significant investments in both people and technology, bolstering our ability to evaluate and report on sustainability risks. This report is designed to share our progress and our vision for the path ahead.

## Working with Our Communities

**HPS has a responsibility to the communities in which we work, live, and invest.**

As a Firm, we recognize that our people are our most important asset and that a wide range of backgrounds and experiences makes us stronger. The market for talent is as competitive as ever, and we cannot rely on candidates to find us. That is why we continue to enhance our long-term partnerships with great organizations like Howard University, Sponsors for Educational Opportunity, Harlem Lacrosse, 51 Vets, and others. Partnerships like these provide the

foundational skills and real-world experiences that are required to succeed in this industry, and it is our privilege to play a small part in their work.

A little over four years ago, we launched our partnership with Howard University, creating the HPS Center for Financial Excellence ("HPS CFE") at the School of Business. Through the HPS CFE, it is our goal to prepare high-caliber graduates for careers in finance, particularly in the areas of alternative asset management, investment banking, wealth management, real estate, and capital markets. Working with Howard has enriched our Firm and energized our people, and we are thrilled that in 2025 our first cohort of scholars will graduate and begin promising careers across our industry.

## Working with Our Portfolio Companies

**Companies want a partner who can provide scaled and flexible capital to fuel growth.**

As investors, we have always prided ourselves on being a reliable capital provider for portfolio companies; a partner who can facilitate today's transaction, the next transaction, and the transaction after that. In times of economic uncertainty, businesses can struggle, and, in many situations, it is our job to work with them to weather the storm, balancing short-term realities with long-term economic outcomes.

This is not just the right thing to do — it is also good business. The dominant capacity constraint in private markets is, and will continue to be, origination. There is simply too much money in the world chasing too few assets. Companies have options, which makes it more important than ever that we position ourselves as a flexible and trusted partner. Oftentimes, companies also want a partner who can provide industry-level insights as they navigate complex and evolving regulatory, commercial, and reputational risks. We have been privileged to engage with many of them.

## The Path Ahead

**We have never been more confident in the investment opportunity set, the quality of our team, and our ability to deliver attractive risk-adjusted returns.**

Capital markets around the world are changing, with Private Capital playing a larger and larger role in the global economy. What started as a niche business is now its own \$2 trillion asset class, encompassing everything from Direct Lending and Junior Capital to Asset-Backed Finance and NAV Financing, investment grade and non-investment grade.

As the industry continues to grow, it's our goal to grow with it — adding complementary capabilities to our platform while maintaining the credit-centric culture that got us here. As we move forward, and with the recognition that we have a lot more work to do, we welcome your thoughts.

Sincerely,

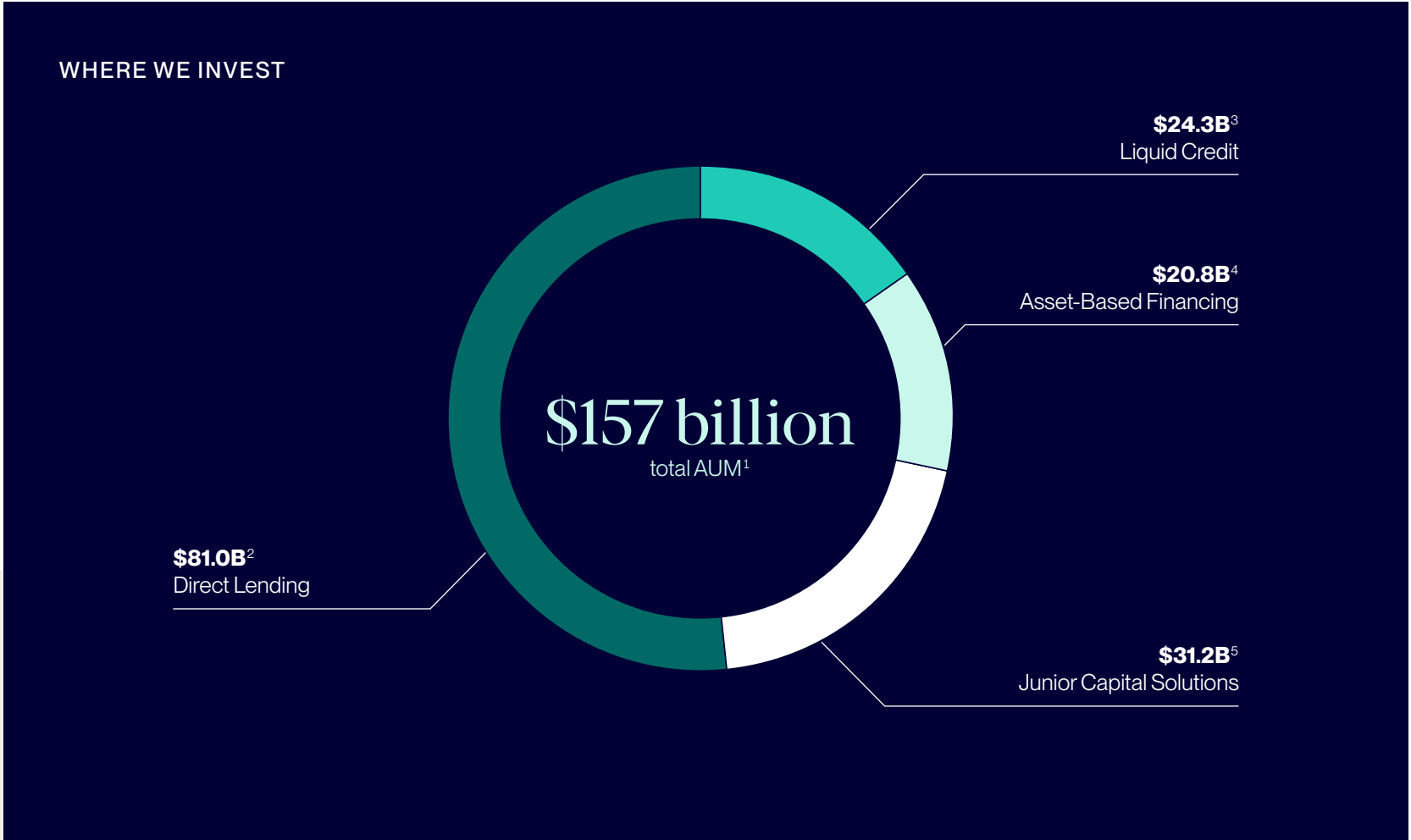
**SCOTT KAPNICK**

CHIEF EXECUTIVE OFFICER



# HPS at a Glance

Founded in 2007, HPS Investment Partners (“HPS” or “the Firm”) is a leading global alternative investment manager with approximately \$157 billion in assets under management.<sup>1</sup> 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.



BY THE NUMBERS

770+  
Staff Worldwide

250+  
Investment Professionals

# Sustainability Highlights

## 2024 SUSTAINABILITY STATISTICS

15+ billion

AUM across **five** HPS funds classified as Article 8 per the EU Sustainable Finance Disclosure Regulation (“SFDR”)

250+

ESG questionnaires completed

80+

carbon emissions reports created and distributed

246

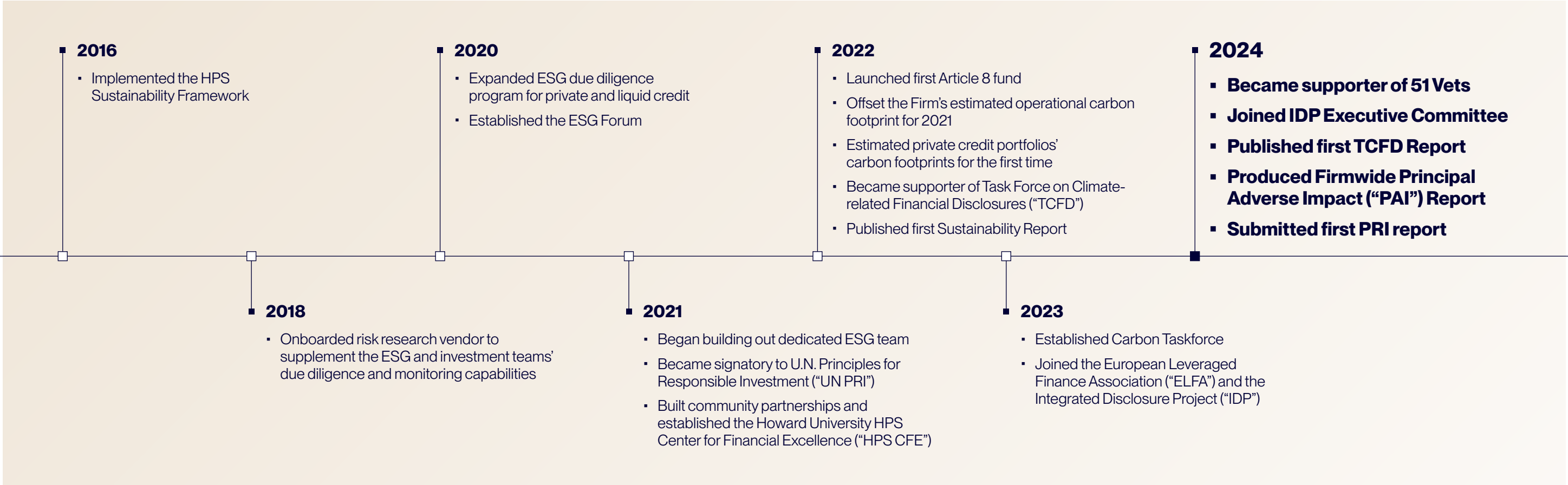
HPS investment professionals participated in ESG training<sup>6</sup>

4th

consecutive year of mitigating our operational carbon footprint through offsets<sup>7</sup>

15+

engagements initiated with portfolio companies/sponsors as part of carbon engagement program<sup>8</sup>



# Sustainability Strategy



# Approach

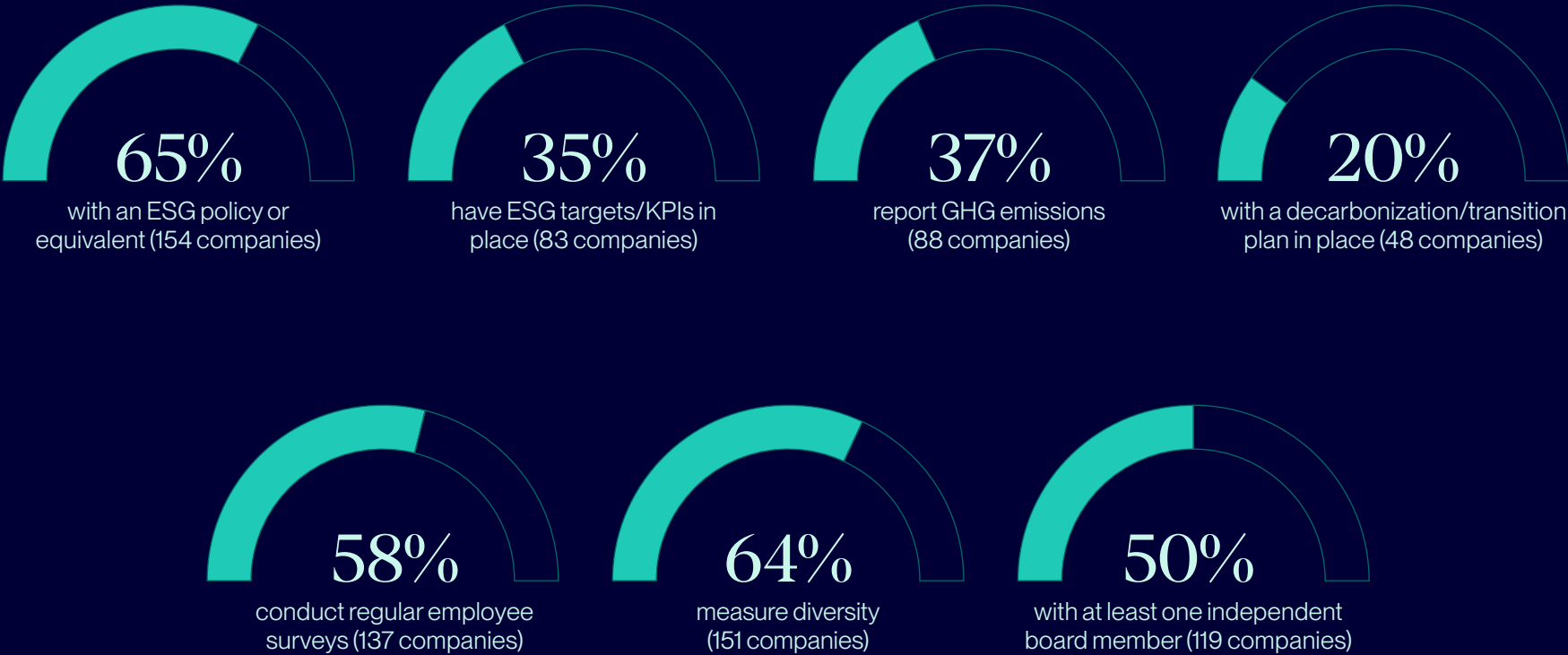
HPS’s primary goal is to generate attractive risk-adjusted returns for our clients. To achieve this, we aim to assess and mitigate sustainability and climate-related risks in the same way we assess and mitigate other risks to our investments.

We view ESG integration as the consideration of ESG factors throughout the investment process to improve risk-adjusted returns. No single integration approach can be universally applied, as it must be adapted to varying levels of access to information, timelines, and transaction dynamics.

## Private Credit

When evaluating a potential investment, financial metrics alone may not give a complete picture of a business’s value, potential, and vulnerabilities. We believe taking a holistic view of risk and understanding the environment in which a company operates helps us make better informed decisions. To this end, our ESG due diligence process and checklists are developed with the aim of helping us focus our efforts on understanding the material sustainability and climate-related risks to which a company may be exposed. During our 2024 data collection campaign, we asked a meaningful proportion of companies in our private credit portfolio to provide us with their latest ESG data. Factors such as access to management and deal dynamics prevent us from requesting information from every company in the portfolio. However, a significant percentage of the companies we contacted submitted information, which we then used to review, and potentially revise, our assigned HPS ESG Ratings.

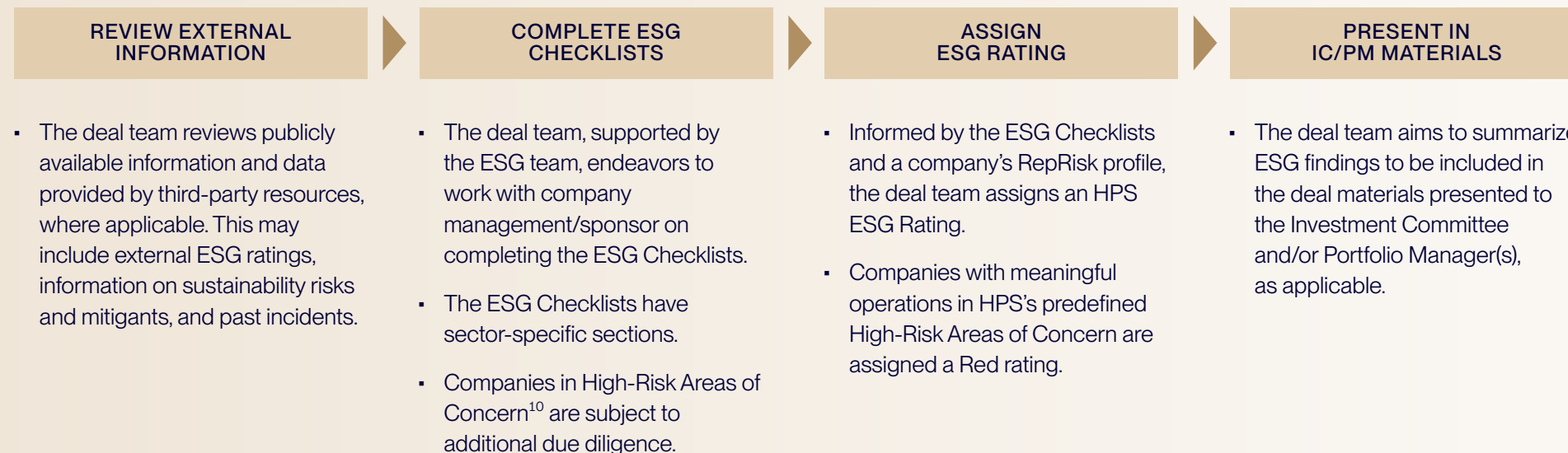
STATISTICS FROM OUR 2024 PRIVATE CREDIT ANNUAL DATA COLLECTION, WITH 237 COMPANIES OUT OF 257 CONTACTED PROVIDING INFORMATION:





## Private Credit Sustainability Process<sup>9</sup>

### Pre-Investment



### Post-Investment

Where possible and appropriate, HPS aims to:

- **Monitor** identified material ESG issues on an ongoing basis
- **Engage** with portfolio companies to address and/or seek to mitigate identified sustainability risks
- **Update** ESG Checklist responses and HPS ESG Ratings when applicable

The ESG Forum:

- Reviews select new and legacy investments, with a focus on Red and Amber names in the portfolio

### HPS ESG Rating

May not necessarily impact the decision to invest but will influence the level of scrutiny and monitoring applied to an investment:

- **Red:** Companies with meaningful operations in one of HPS's pre-defined High-Risk Areas of Concern
- **Amber:** Companies with past material ESG incidents and/or potential for future ESG incidents
- **Green:** No identifiable or anticipated material ESG concerns or prior incidents



We believe that taking what we think is a practical approach to responsible investing enables us to consistently manage risk and create value for our investors. In 2024, HPS was able to build on the foundations we established in previous years, focusing on themes such as data, climate, and engagement, and we are prepared to continue growing and developing to support our work as stewards of our investors' capital and our continued efforts as good corporate citizens."

**Faith Rosenfeld**

GOVERNING PARTNER, CHIEF ADMINISTRATIVE OFFICER AND CHAIR OF THE HPS ESG FORUM





## Thematic Research

The ESG team endeavors to support the investment due diligence process in the identification and assessment of any material ESG issues. With five dedicated members across New York and London, the ESG team can provide strategy-specific support and facilitate collaboration between investment teams on ESG considerations.

The ESG team, from time to time, performs research and provides industry-specific thematic guidance to investment teams — such efforts are intended to identify and address ESG issues that have potential impact on risk-adjusted returns in the early stages of the investment process. In 2024, the ESG team worked with investment teams on research spanning a range of industries, with a focus on aerospace and defense, marine shipping, apparel, and real estate.

### CASE STUDY

## ESG Integration

**Project Mahalo** (the “Company”) owns various transportation and logistics businesses. Its largest segment, to which HPS is a lender, owns several container ships that operate in one of the United States’ Jones Act shipping routes. The Company recently completed construction of two new liquid natural gas (“LNG”) powered ships, which replaced older, traditional ships that were part of the fleet. In addition, another ship was retrofitted with a new LNG engine, extending the remaining life of the vessel by 20 years and substantially lowering operating and maintenance costs.

In late 2023, the HPS ESG and deal teams engaged with the Company’s Chief Sustainability Officer and SVP of Fleet Operations to discuss the Company’s preparedness for the International Maritime Organization’s (“IMO”) tightening of emissions regulations,

carbon transition planning, and the reduced emissions from the new LNG ships. Following this engagement, the ESG team worked with the deal team on translating the Company’s emissions reduction initiatives to potential investment considerations.

In March 2024, HPS’s direct lending platform provided additional financing of \$90 million to the Company. During the due diligence process, the HPS team found that fuel cost savings from LNG ships were anticipated to reduce operating costs significantly (estimated at approximately \$25.2 million/year) and increase available container capacity. In addition, the LNG-powered ships are already outperforming upcoming IMO regulations by 25%+, and the Company appears to be ahead of its competitors, illustrating the value of its new and upgraded ships.





Liquid Credit

Prior to making an investment, the Liquid Credit team endeavors to assign a proprietary ESG Rating reflecting what it believes to be the ESG risk associated with the investment. This determination is based on an assessment of publicly available information and data sourced from external vendors. On an ongoing basis, the team seeks to review material ESG-related incidents that may concern a company or affect the relevant investment’s risk-adjusted returns, and may revise the assigned ESG Rating accordingly. The team also reviews select Amber- and Red-rated companies at the quarterly ESG Forum.



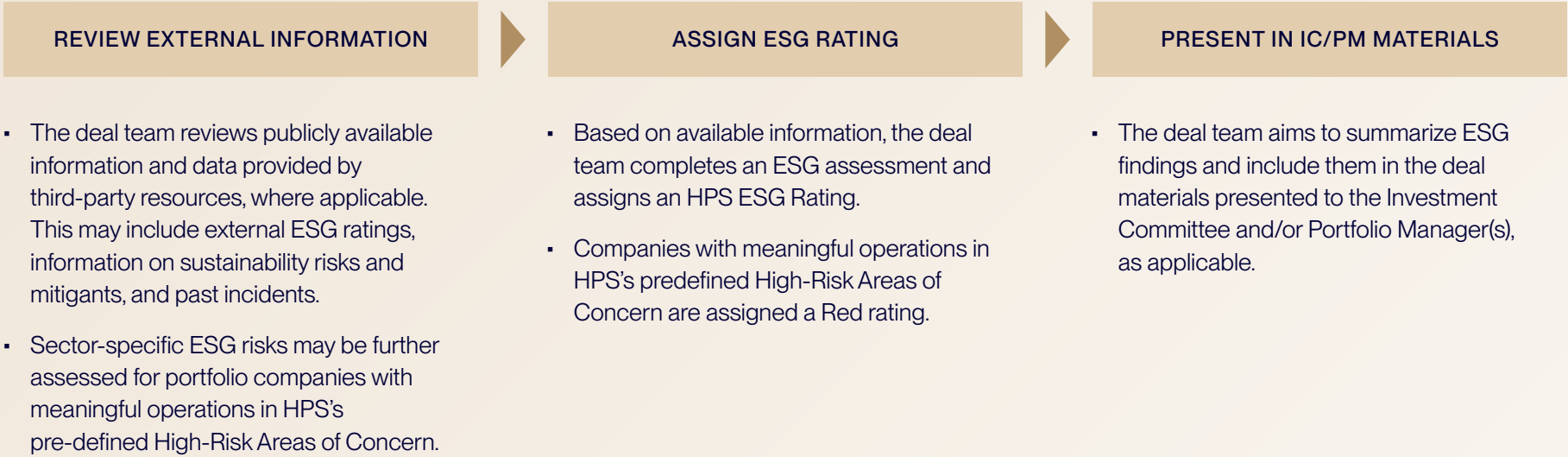
Given the liquid nature of our strategy, we focus our efforts on evaluating short- to medium-term ESG risks. We invest in both internal and external resources to support this process because we understand that careful consideration of ESG factors helps us make better informed decisions, build our portfolio, and optimize returns.”

Jeff Boswell  
MANAGING DIRECTOR, EUROPEAN LIQUID CREDIT



Liquid Credit Sustainability Process<sup>11</sup>

Pre-Investment



Post-Investment

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# Sustainability Governance Structure

Having a sound corporate governance structure in place is essential for HPS to execute its mission to deliver attractive risk-adjusted returns for our investors. We have created a governance structure to support our responsible investing approach, which we believe enhances our ability to control downside risks and volatility in our credit portfolios.

## Oversight

HPS has seven **Governing Partners** who provide senior leadership and direction. HPS’s Governing Partners are involved in day-to-day management of the Firm, including, but not limited to, overseeing teams that identify and assess ESG-related risks and opportunities. Firmwide ESG integration is overseen by one of the Governing Partners, HPS’s Chief Administrative Officer (“CAO”), who is also a member of substantially all of the Firm’s private credit Investment Committees.



## Management

HPS’s **ESG Forum** is chaired by the Firm’s CAO and made up of senior investment and infrastructure professionals from across the business, including the Chief Financial Officer, Chief Risk Officer, General Counsel, Chief Compliance Officer, and Portfolio Managers. The Forum provides guidance relating to the integration of the Firm’s Sustainability Framework and plays an important role in HPS’s post investment monitoring process. The Forum aims to convene quarterly to review select new and legacy investments identified as having heightened sustainability risks. Three of HPS’s seven Governing Partners are members of the ESG Forum.

HPS’s **Carbon Taskforce** was established in 2023 as a subgroup of the ESG Forum. It aims to assess climate-related risks and opportunities at the Firm and portfolio company level, and may advise on current and potential future climate-related risks. Chaired by HPS’s Chief Risk Officer, the Carbon Taskforce is comprised of select members of the ESG Forum and senior investment professionals from across different HPS strategies. It aims to annually present to the Governing Partners on how it identifies and assesses climate-related risks and opportunities, which may include updates on carbon offsetting efforts, regulatory developments, vendors and tools for climate-related analysis, and strategic initiatives.

### Senior Leadership & ESG Oversight

HPS’s Chief Administrative Officer is responsible for oversight of firmwide ESG integration.

- HPS GOVERNING PARTNERS
- CHIEF ADMINISTRATIVE OFFICER & GOVERNING PARTNER



### ESG Management & Monitoring

These groups bring together senior members across the Firm to participate in working groups focused on key ESG areas for HPS, as well as serve monitoring purposes.

- ESG FORUM
- CARBON TASKFORCE

### ESG Implementation

These teams help implement the firmwide Sustainability Framework.

- ESG TEAM
- INVESTMENT TEAMS
- CROSS-PLATFORM



## Implementation

Within each strategy, **investment teams** are responsible for assessing potential sustainability factors that are drivers of risks and opportunities, including climate-related risks and opportunities, throughout the investment process.

HPS has a dedicated **ESG team** based in New York and London. The team, overseen by the CAO, supports ESG due diligence, manages ongoing monitoring, and provides internal and external reporting.

HPS has also established **ESG Points of Contact** who serve as the primary liaisons between the ESG team and the respective investment teams. This group contributes to the development of sustainability initiatives and provides feedback during implementation. This structure is designed to bridge the gap between teams, encourage collaboration, and facilitate the sharing of ideas and perspectives related to ESG integration, with the ultimate goal of helping the investment teams meet their investment objectives.

HPS **professionals from various non-investment functional areas** across the Firm (including Investor Relations, Compliance, Legal, and Risk) also support HPS's sustainability program and work closely with the ESG team.

### ESG GOVERNANCE CASE STUDY

## Role of ESG Forum

**Project Transplant** (the “Company”) is one of the largest medical providers of disease management and services within its specialty in the U.S. HPS initially invested in the Company in February 2020.

In January 2024, HPS received a notification from its monitoring service regarding a class action lawsuit against the Company, in which the Company agreed to pay a settlement in connection with its former employees' allegation of mismanagement of their 401(k) plans. According to the employees, the company's actions resulted in millions of losses to their retirement savings.

In Q1 2024, the investment team discussed the incident with the ESG Forum members and identified mitigants that may prevent

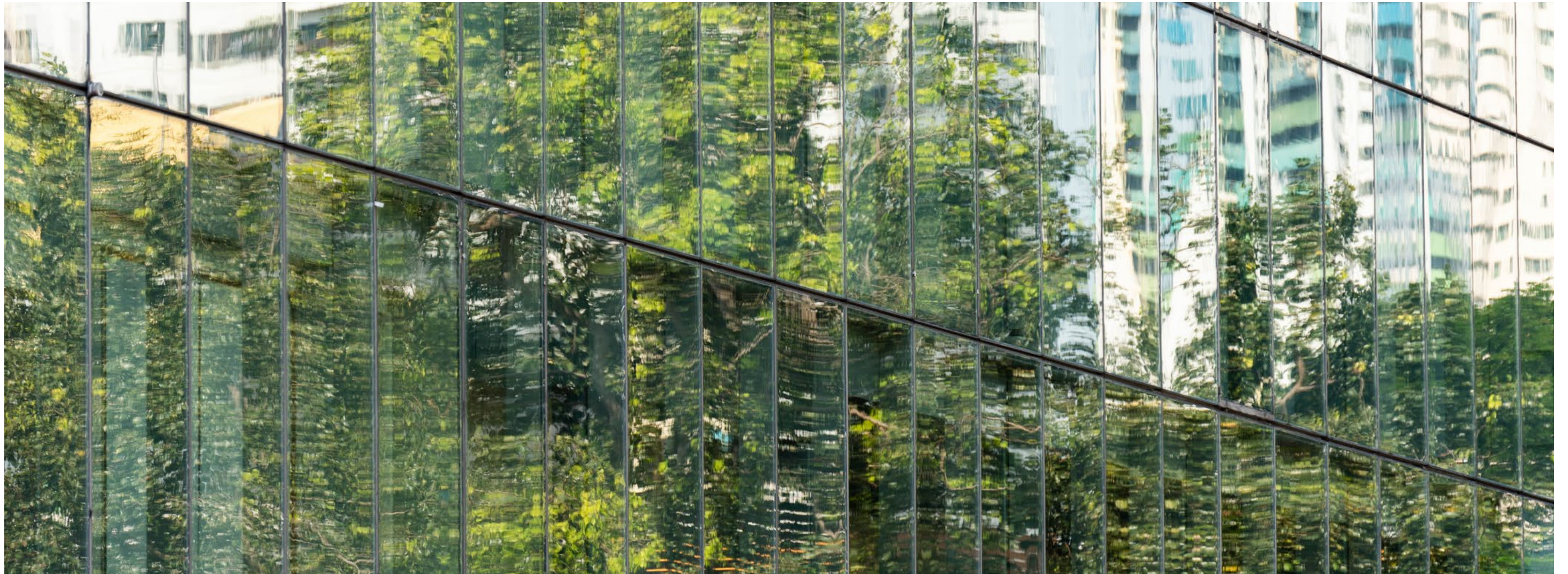
similar incidents in the future. This conversation centered on how the Company had historically identified and resolved similar issues, and how its ongoing focus on maintaining higher standards of practice could prevent future controversies.

As a result of the notification and the consequent discussion with the ESG Forum, a review of the Company's controls and processes enabled us to better understand how future issues involving costly litigation could be mitigated. In addition, HPS adjusted the Company's HPS ESG Rating from Green to Amber and continues to monitor the investment.





# Sustainability Themes





# Engagement

When practical, HPS engages with portfolio companies, sponsors, investors, peers, and industry bodies to stay informed about evolving sustainability considerations. We believe engaging with different stakeholders helps us better assess potential risks and opportunities and ultimately support informed investment decisions.

## External Engagement: Portfolio Companies

Where we have access to management, engagement is an important component of our pre-investment risk analysis. We begin the due diligence process by collecting data about the company from various sources, including relevant third-party databases, company management, and sponsors. Post-investment, engagement can provide an opportunity to offer our support in mitigating material ESG risks. Where HPS has limited or no access to management, for example in our liquid credit investment strategies, engagement is often to address specific ESG incidents identified through RepRisk or other channels.

As part of ongoing monitoring of risks and opportunities in existing portfolios, HPS aims to engage with portfolio companies and private equity sponsors to learn about their sustainability practices, policies, or procedures. In some situations, HPS has worked with portfolio companies to support the execution of their sustainability strategy. In addition, these engagements enable HPS to stay informed about regulatory and/or transition themes pertinent to specific sectors, helping our investment teams identify and mitigate future trends and risks.

## External Engagement: Industry Groups

Dialogue with our investor base promotes greater transparency and enables us to provide insights into our work to better support our investors' sustainability reporting obligations.

We continue to participate in certain industry initiatives to promote the simplification and standardization of ESG data collection and reporting. As part of this work, this year we joined the IDP Executive Committee, which aims to promote greater harmonization and consistency of disclosure of key ESG indicators.

Additionally, HPS has been a signatory to the U.N. supported PRI since 2021, and in 2024, we published our first Transparency Report. HPS continues to support industry initiatives where helpful to HPS, while maintaining appropriate independence and its own goal of generating attractive risk-adjusted investment outcomes.

## Internal Engagement: Across HPS

In addition to the day-to-day collaboration with investment teams, the ESG team also aims to provide structured learning sessions on an annual basis. These sessions are designed to build sustainability-related knowledge and promote consistency in the identification, mitigation, and monitoring of associated risks and opportunities across the Firm.

For **investment teams**, we conduct annual training tailored to investment strategies. Sessions focus on developing an understanding of sustainability-related themes, how these translate into the relevant ESG integration processes, and fund-related reporting requirements. In 2024, the sessions also included enhanced training on ESG tools and internal processes.

For **other teams**, our annual Compliance training includes an ESG component. Additional voluntary training led by the ESG team is designed to provide useful background for a range of functional areas. For example, teams interacting with investors may have sessions focused on regulatory and reporting requirements, risk management, and ongoing sustainability initiatives.



## CASE STUDY



## Managing Carbon Risks

**Project Adria** (the “Company”) owns and operates a retail management, food production, and agriculture offering in Europe. HPS has invested over €1.5 billion in the Company across an initial investment in September 2019 and incremental investments in 2021 and 2024.

In Q1 2024, HPS analyzed the key emissions drivers across the Private Credit portfolio. The Company was identified as having higher emissions, which was noted as a potential risk due to its exposure to regulatory trends in its operating regions. As a result, the ESG team contacted the Company to gather information on methods for measuring carbon emissions and the onboarding of a third-party provider to help organize its carbon data and calculate emissions.

In Q4 2024, HPS reconnected with the Company to discuss developments since our last conversation. The Company provided an update on how it had utilized data discussed in our Q1 meeting to develop certain strategic guidelines, decarbonization initiatives, and action plans. For example, it implemented a ‘Climate Vulnerability Assessment’ in which each subsidiary evaluates its own climate-related risks. The assessment focuses on identifying physical risks, and the Company is currently developing a methodology to translate these into financial risks.

The Company is in the process of establishing a new initiative that incorporates ESG criteria — such as those related to energy, emissions, water, waste, and more — into the capital expenditure project approval process. It aims to have this process in place by 2026. HPS maintains an ongoing relationship with the Company and will continue to discuss initiatives as they progress.

## CASE STUDY



## Managing Social Risks

**Project Blonde** (the “Company”) is a U.S.-based brand development, marketing, and entertainment company that owns a portfolio of lifestyle and entertainment brands. The Company’s licensing business model is asset-light with the licensees responsible for sourcing, inventory management, and distribution of the licensed products/categories. HPS made the initial equity investment in 2021 and is currently the fourth largest shareholder.

As part of our ESG process, HPS’s ESG team engaged with several representatives at the Company, including their General Counsel, Chief People Officer, and members of their PR and Corporate Communications teams, to discuss the Company’s approach to responsible sourcing and procurement — an area of concern given, among other factors, the Company’s exposure to reputational and commercial risks facing retail consumers.

These engagements provided background on the Company’s sourcing procedures, which include a requirement that its licensees and factories adhere to its standards and comply with all applicable laws.

As a follow-up to our engagement, the Company shared its Private Equity sponsor assessment survey with HPS, with the aim to better understand which ESG topics are important to their investors and help shape strategic priorities for the coming year.



In our view, as the demand for ESG data grows, our rigorous investment approach enables us to collect information that helps us better understand material risks, as well as provide ESG metrics required to meet increasing regulatory demands.

Our private credit deal teams work with the ESG team to engage with portfolio companies both pre- and post-investment, in an effort to help inform decisions and to understand risks and opportunities as they evolve.”

**Roisin Conran**

MANAGING DIRECTOR, EUROPE PRIVATE CREDIT



# Cybersecurity

We recognize the important role that cybersecurity plays for us as a business, as well as for our portfolio companies, and we continue to observe how cyber attacks can impact businesses operating around us — both financially and reputationally, resulting in disruption to business operations, litigation costs, or fines related to cyber incidents.

## Cyber Analysis

Over the course of 2024, we focused our efforts on better understanding what sound data privacy and protection look like and the potential consequences when data security is compromised.

In 2024, the HPS ESG team analyzed data collected as part of the best-efforts reporting received through the private credit ESG Checklists from 2019-2023 to identify an indicative set of portfolio companies that reported their experience with cybersecurity. Together with HPS's Information Security and Risk teams, the ESG team reviewed this data and believes the companies that had robust incident response plans, appropriate cybersecurity training, and an iterative process to learn from emerging cyber threats are better positioned to respond to cyber-related threats should they arise.

In addition, the ESG and Information Security teams are evaluating ways to enhance the vetting process of certain portfolio companies to ensure they have baseline cybersecurity controls in place. Such a process could provide insight into the risk of cyber attacks that could have material impact on business operations.





# Climate

As climate change, global warming, and the increased frequency of natural disasters and other extreme weather events continue, we believe the evolving regulatory landscape could have a significant financial impact on businesses across the globe. Therefore, it is important to us that we identify and understand the climate-related risks our investments may be exposed to.

## Climate-Related Risks

The short-, medium-, and long-term financial risks associated with climate change can be categorized as physical risks and transition risks. Analyzing these risks within the context of specific time horizons and their potential impact on HPS’s portfolio is something we have not yet fully integrated into our process. However, we are working to expand our understanding of these climate-related risks and how they may impact our portfolios over time. HPS is remunerated through management and performance fees from the funds and accounts it manages. These can be impacted by the following:

**Physical risks** are those that may have a direct impact on the properties or infrastructure of HPS and its portfolio companies. These may be acute and event-driven, such as flooding, wildfires, and extreme storms, or chronic long-term shifts in climate patterns, such as rising sea levels and climbing temperatures. In 2024, there were 27 ‘billion-dollar weather and climate disaster events’ in the U.S. alone, with costs totaling \$182.7 billion and resulting in more than 560 fatalities.<sup>12</sup> As the scale and frequency of weather-related events increases, their impact on the long-term strategy of HPS and its portfolio companies may become increasingly significant.

- Transition risks** may also have an impact on the value and viability of companies in which HPS invests. These include risks related to the shift to a low carbon economy, with potential regulatory, technological, and reputational impacts.
- HPS has identified climate-related regulation as a risk that may directly and indirectly affect our business and those we invest in — for example, international agency regulation,<sup>13</sup> European regulatory reporting regimes,<sup>14</sup> and state-specific regulations in the U.S.<sup>15</sup> Adapting to the climate-related regulatory environment can pose material financial risks to HPS and our portfolio companies. We endeavor to monitor policy and regulatory developments as they emerge to prepare ourselves — and our portfolio companies — for their implementation.
  - Costs associated with calculating carbon footprints, offsetting carbon footprints, carbon taxes, and decarbonization may need to be considered as part of HPS and our portfolio companies’ long-term strategies.
  - Reputational risks associated with shifting environmental considerations may also affect HPS and our portfolio companies. This could impact demand for certain products or services, lead to consumer boycotts or other consumer actions, and affect access to capital.

### SPOTLIGHT

## Physical Risk Analysis at HPS

During 2024, HPS started engaging with vendors we believe are appropriate partners to support our efforts in assessing physical risk and its potential financial consequences to our investments, and could help support our efforts to assess and conduct such analysis in the future.

As part of our due diligence and monitoring for private credit, we ask prospective and existing portfolio companies to identify the ESG-related risks they expect to have a material impact on their management or strategy. In certain cases, for example, with respect to select real estate investments or companies with large physical footprints, the investment team, ESG team, and Investment Committee may consider the impacts of weather-related hazards on the risk-return profile of the investment.

Assessing Climate-Related Risks

Where applicable and practicable, HPS aims to **assess and monitor physical and transition risks** throughout the investment life cycle. In doing so, we try to focus on the climate-related risks that are expected to have the greatest potential impact on our investments.

Our ESG due diligence and monitoring process is designed to enable us to identify climate-related risks. The private credit ESG Checklists, to be completed prior to investment and generally refreshed on an annual basis, include questions on what we believe are material climate-related risks, as well as provide companies the opportunity to disclose which of these they feel are most material to their operations.

In 2024, together with the Risk and Quantitative Strategies team, HPS’s ESG team onboarded a third-party service provider to support our early-stage work on potentially conducting **climate scenario analysis** on certain companies in the HPS portfolio. The platform assesses how various climate scenarios may ultimately impact a company’s financial performance and credit quality by analyzing these scenarios’ impact on production volumes, fuel costs, capex spending, and other key financial metrics.

We also anticipate this tool will help HPS identify companies for climate-related engagement and inform our short- and long-term strategy and financial planning.

PRIVATE CREDIT ENGAGEMENT BY EMISSIONS<sup>17</sup>

Total Emissions



Managing Climate-Related Risks

HPS aims to manage climate-related risks through the processes outlined in the [Sustainability Strategy](#) section. In addition, in 2023, HPS’s Carbon Taskforce used the One Earth Climate Model (“OECM”)<sup>16</sup> as a framework to identify portfolio companies operating in industries with higher emissions, such as agriculture, power utilities, and shipping. We compiled a list of companies operating in these sectors to target for engagement as we believe sectors that contribute higher-than-average carbon emissions are anticipated to be the most heavily impacted by climate change risk, particularly transition risks.

Throughout 2024, engagement — including through the **Carbon Engagement Program** — was a key component of our approach to sustainability risk management. We engaged with 15+ portfolio companies and sponsors to better understand emissions profiles, evaluate existing decarbonization approaches, and assess the risks associated with the applicable investments. We also prioritized open, ongoing dialogue: connecting and reconnecting with companies to discuss progress toward short- and medium-term goals, target setting, and decarbonization initiatives, with a view of mitigating physical and transition risks. Where possible, HPS encourages its portfolio companies to measure and report their greenhouse gas (“GHG”) emissions, as well as, when relevant, to establish carbon reduction targets or align with a decarbonization scenario or net zero goal, with the ultimate objective of mitigating risk.

Scopes 1 & 2 Only




15+

carbon engagement meetings, across 8+ industries (ex. real estate, industrials, chemicals, consumer staples, energy, etc.)

25+

LP meetings with a climate-related topic on the agenda

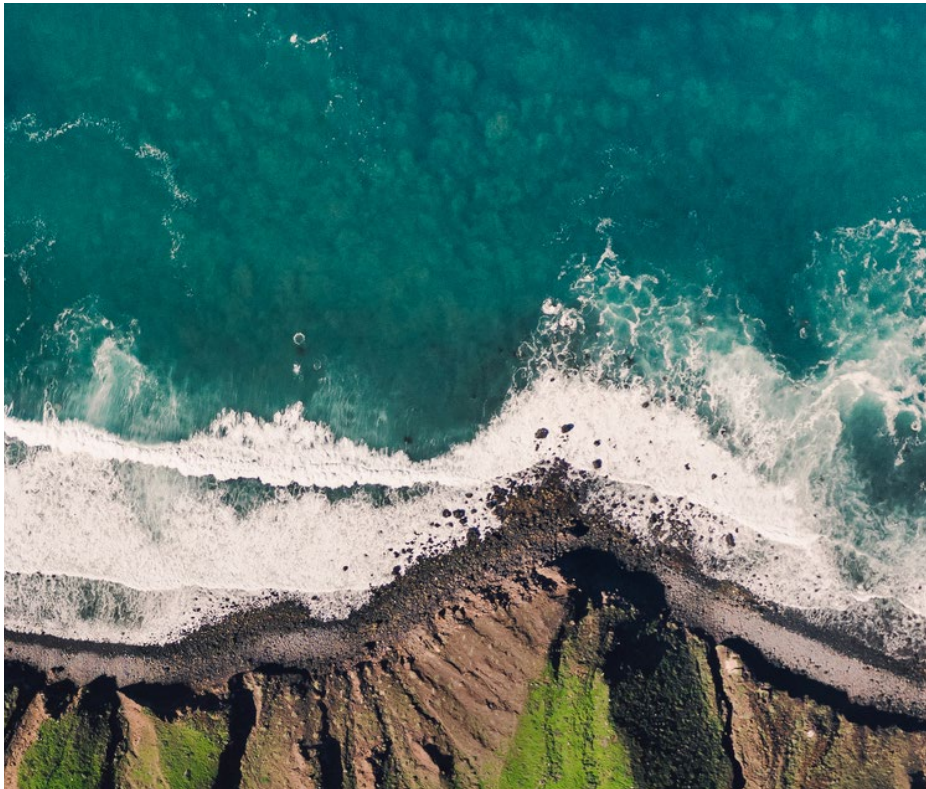




## Climate-Related Opportunities

While we recognize the risks that climate change presents to the organizations we invest in, we are equally committed to accessing the growing set of **opportunities** that transitioning to a lower-carbon economy creates, and, in doing so, continuing to maximize risk-adjusted returns to our investors. The transition to a low-carbon economy requires an estimated \$1+ trillion of annual investment by 2030 in the U.S. alone, and there is demand for private financing solutions to achieve this goal.<sup>18</sup> HPS aims to capture these opportunities, in part primarily through our Sustainability and Energy Transition investment strategy.

The strategy aims to invest in companies focused on renewable and sustainable energy infrastructure and related services and those that, we believe, may help enable the energy transition by addressing energy demand and reliability. Investments made to date include those in renewable energy generation, storage, and efficiency solutions, as well as renewable fuels, recycling, and sustainable transportation.



Investor expectations regarding infrastructure, technology, and energy supply and utilization are evolving, with an increasing interest in efficiency and sustainability across the economy. We see our Sustainability and Energy Transition strategy as a way for investors to access a growing set of opportunities emerging from these priorities, through which HPS and our investors can play a meaningful role in financing the energy transition.”

**Michael Dorenfeld**  
MANAGING DIRECTOR, SUSTAINABILITY, POWER & ENERGY



### CASE STUDY



## Climate-Related Opportunity & Engagement

**Intersect Power** (“Intersect”) is a private developer of utility-scale solar PV, Battery Energy Storage Systems (“BESS”), and other projects in the U.S. In 2021, HPS provided an initial \$1.1 billion commitment<sup>19</sup> to Intersect to develop five utility-scale sites in two U.S. states.

As a result of the existing relationship with Intersect, in June 2024, HPS led another \$388.8 million in financing to fund the construction of a utility-scale battery energy storage system. The planned storage system aims to enhance grid reliability as renewables generation continues to expand and replace traditional alternatives. HPS saw this as an attractive opportunity to invest in the transition to a lower carbon economy, specifically in renewable energy generation and energy storage assets.

As part of deal due diligence, HPS’s Investment team and ESG team conducted a sustainability assessment of Intersect using a Sustainable Investment Framework. The assessment included analysis of its practices and policies, as well as “Do No Significant Harm” considerations against EU regulatory reporting frameworks and “Positive Contribution” KPIs that include renewable power capacity and energy generated.



# Corporate Sustainability





# Our Operational Carbon Footprint

HPS, with the help of external consultants, has **estimated its operational carbon emissions** in line with the Greenhouse Gas Protocol Corporate Standard since 2021.<sup>20</sup> We have purchased and retired carbon offsets annually since 2021 to mitigate these emissions, most recently leveraging the Oxford Principles for Net Zero Aligned Carbon Offsetting to align ourselves with what we believe are industry best practices.<sup>21</sup>

HPS endeavors to purchase high-quality, third-party verified carbon offsets. In addition, acquiring a diversified portfolio of offsets allows us to mitigate the potential risk of project default by offset vendors. In 2024, we partnered with a leading third-party carbon accounting provider to help us acquire offsets and to better understand our operational carbon footprint.

In April 2024, our **London** team moved into a newly constructed building. Our landlord is the world’s first commercial real estate developer with carbon emission reduction targets approved by the Science Based Targets initiative. Our landlord has committed to reducing GHG emissions by 40% per square meter by 2030, from a 2014 base year.<sup>22</sup>

## 2024 OPERATIONAL GHG EMISSIONS

CATEGORY	MTCO <sub>2</sub> E	% OF TOTAL
Scope 1	275	1.0%
Scope 2	653	2.3%
Scope 3 <sup>23</sup>	26,920	96.7%
Total	27,848	100.0%





# Our Communities

HPS believes that creating a supportive work environment and being aware of our impact on the communities we live in, and interact with, should be an important component of our corporate culture.

We are a global firm and believe it is our responsibility to contribute to the communities in which we operate, both in dollars and time dedicated. Over the past years, we have established collaborative relationships with organizations across the world and have continued to build on these in 2024.

In 2024, we became an official supporter of **51Vets**, a nonprofit committed to supporting veterans transitioning to civilian life by connecting them with top business professionals and facilitating mentorship opportunities and direct career placement. We look forward to utilizing their services to enrich our talent pipeline, in addition to providing networking opportunities for alumni.

HPS is also a supporter of **Out for Undergrad (“O4U”)**, an organization dedicated to helping LGBTQ+ undergraduates reach full potential in their careers. O4U hosts four industry-specific conferences a year, designed to bring together undergraduates for weekends of education, community building, and career development. In 2024, HPS was a Platinum Sponsor of the annual O4U Conference for students interested in careers in business, which included panels and mentorship sessions with peers and industry professionals.

Interns involved in O4U also joined the HPS summer intern class for the first time in 2024, with one intern from the program joining HPS full time after their internship.

Established in 1963, **Sponsors for Equal Opportunity (“SEO”)** has a longstanding track record of developing and implementing programs to close preparedness gaps faced by students of color on the path to educational and career opportunities. In addition to our ongoing support of SEO’s annual Investment and Career Conferences, Fellowship Program, and internship recruitment efforts, in 2024 HPS also played a pivotal role in founding the SEO Credit Academy. Launched in early 2024, the SEO Credit Academy aims to meet the growing demands of the credit industry by preparing the next generation of students and recent graduates to secure credit investment roles.

HPS, together with the Kapnick Foundation, is involved in a two-year partnership led by Duke University in collaboration with research institutions in Singapore to establish **a climate innovation hub** in Southeast Asia. The program aims to conduct research to identify innovative approaches to climate adaptation, power and energy provision, and the commercialization of cutting-edge technologies. The program is designed to spread best practices and track and monitor innovations through data visualizations and knowledge-sharing products.



HPS has developed a strong set of partnerships through which we can foster a talented and inclusive workforce. I am proud to be a member of the SEO Board of Directors, supporting the launch of the SEO Credit Academy early this year, focused on closing opportunity gaps in the alternatives industry, and ultimately bolstering talent management at HPS.”

Ed Tam

MANAGING DIRECTOR, ORIGINATION & CAPITAL MARKETS



## SPOTLIGHT

### Howard Partnership

Since 2021, HPS and the Kapnick Foundation have been involved in a \$10 million, multiyear partnership with **Howard University** to establish the HPS Center for Financial Excellence (“HPS CFE”), which aims to provide scholarships and prepare high-caliber graduates for careers in finance.

This year, individuals from teams across HPS led guest lectures for Howard students on topics including credit analysis, building leveraged buyout models, and credit risk. These guest lectures are available to all students and provide them with an opportunity to learn about practical skills relevant for careers in finance. HPS CFE also offered financial modeling and applied Excel workshops to develop students’ quantitative and technical skills. In the spring of 2024, we also welcomed students from HPS CFE to our New York office to meet members of the HPS investment teams as part of the Howard/HPS Day.

In September 2024, the inaugural class of HPS CFE students began their senior year. We look forward to celebrating their graduation and watching them take the experiences and learnings gained through the HPS CFE into their careers.



# Our People

We believe our people are our greatest asset. Therefore, we strive to create a collaborative and supportive culture that embodies our values of integrity, excellence, and performance, and enables our employees to reach their full potential both professionally and personally.

To foster a culture of feedback and growth, a year-end **performance evaluation** is generally conducted to provide both managers and employees the opportunity to recognize strengths, acknowledge learning opportunities, and purposefully develop plans for meeting employees' goals.

HPS also hosts **Lunch & Learns** throughout the year. These are informal development sessions where different teams across the Firm discuss their area of expertise, with the goal of building knowledge, skills, and cohesion across the Firm.

The **HPSCast**, our Firm's podcast, brings in a wide range of perspectives from within and beyond the asset management field. Our host Colbert Cannon, Managing Director on the Special Direct Lending team, interviews guests about their career trajectory and how their experiences shape their current roles. Past guests have included portfolio company CEOs, prominent investors in HPS funds, and HPS professionals.

As part of bringing employees together for fitness, friendly competition, food, and fun, more than 100 HPS employees in New York joined the world's largest corporate running event in Central Park, the **J.P. Morgan Corporate Challenge**. The event's not-for-profit beneficiary was the Central Park Conservancy, which provides maintenance, restoration, and architectural care to Central Park's 843-acre space, located just blocks from the HPS NY offices.

## HPS VOLUNTEER DAYS

### Dominican Women's Development Center ("DWDC")

2024 was HPS's seventh year offering Volunteer Day opportunities to employees, with participation from New York, London, Chicago, and San Francisco offices.

In New York, one popular Volunteer Day opportunity around the holiday season is working with the DWDC, the largest independent Dominican-founded organization in the U.S. DWDC runs a range of programs, providing women and their families in the Washington Heights and Inwood communities in New York with education, childcare, food pantry service, and domestic violence support.

HPS partners with DWDC to support its food pantry services, helping to provide healthy food and support services to those in need. Over two distribution days in November and December, our employees volunteered to help more than 300 New York families pick up food for Thanksgiving and Christmas. DWDC's food pantry program has fed more than 3,300 individuals so far.





# Metrics and Targets

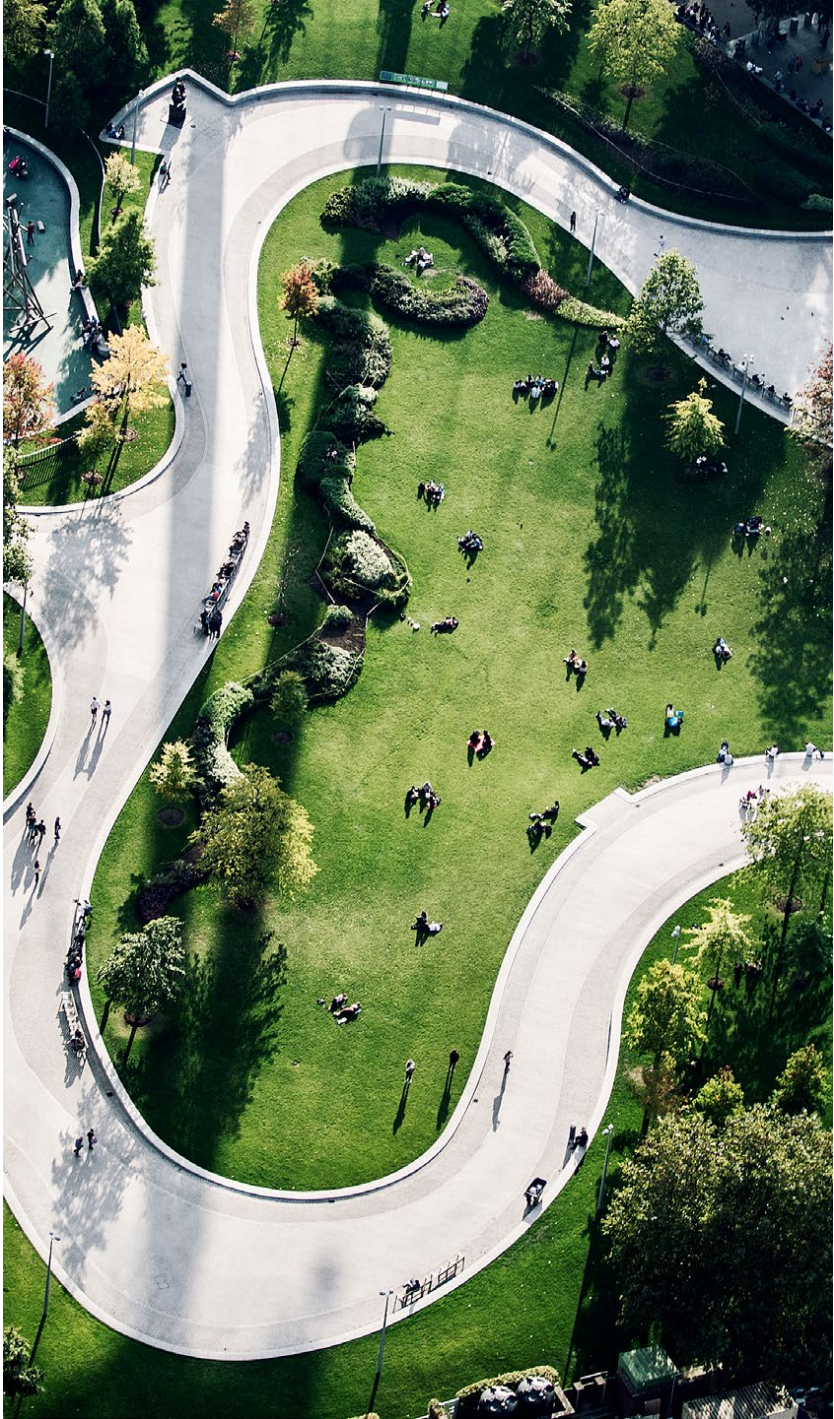
Over the past few years, HPS has invested significant resources into improving the quality and quantity of GHG emissions data, working with third-party providers on collecting, calculating, and estimating emissions. In 2024, HPS saw an increase in the proportion of reported emissions from portfolio companies versus estimated, due in part to our carbon-related engagements throughout the year. In addition, we used emissions data to identify engagement targets and begin planning to incorporate the data into climate scenario analysis.

As a credit-focused investment manager, our access to portfolio company management across our private credit and liquid credit strategies varies greatly.

In addition, HPS may not have sufficient influence on portfolio company management to request the development of net zero targets or emissions reductions plans. However, HPS’s ESG team and Carbon Taskforce closely follow industry and regulatory developments, as well as national targets in relation to setting a net zero goal. Where we have sufficient influence, as part of our Carbon Engagement Program, HPS may encourage private credit portfolio companies to consider emissions reductions or the setting of net zero targets as part of our goal to enhance risk-adjusted returns.

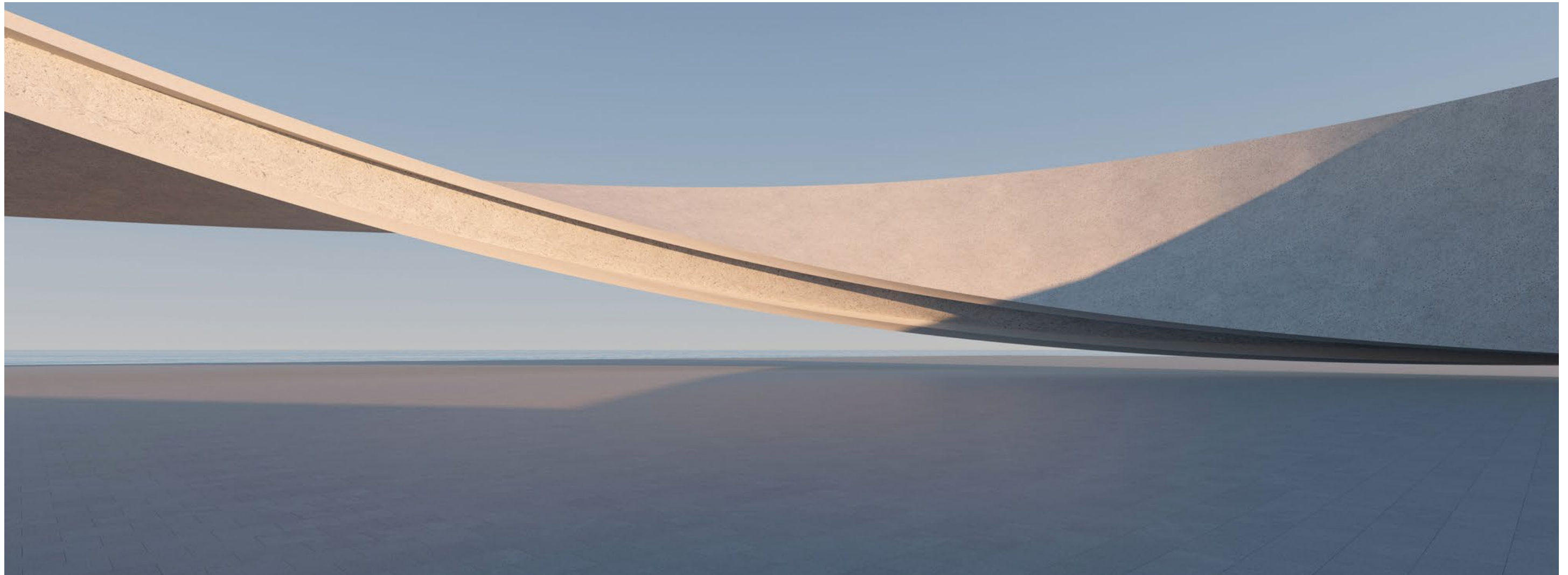
## FINANCED EMISSIONS, YEAR-OVER-YEAR

	PRIVATE CREDIT		LIQUID CREDIT	
	2023	2024	2023	2024
Assets Under Management (“AUM”) <sup>24</sup>	\$89 billion	\$126 billion	\$20 billion	\$23 billion
Scope 1 GHG Emissions (tCO <sub>2</sub> e) <sup>25, 26</sup>	2,107,296	1,865,638	1,396,802	1,191,303
Scope 2 GHG Emissions (tCO <sub>2</sub> e) <sup>25, 26</sup>	877,455	1,093,680	399,277	534,219
Scope 3 GHG Emissions (tCO <sub>2</sub> e) <sup>25, 26</sup>	6,791,918	8,766,379	4,077,332	4,910,776
Total GHG Emissions (tCO <sub>2</sub> e) <sup>25, 26</sup>	9,776,670	11,725,698	5,873,411	6,636,299
Weighted-Average Carbon Intensity (“WACI”) <sup>25, 26, 27</sup>	92.8	67.8	138.3	153.6





# Appendix



# HPS UK Entities — TCFD Disclosures

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 [page 12](#) and [page 13](#). 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 Taskforce. In particular, HPS’s CAO, primarily responsible for maintaining and operationalizing the Sustainability 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 7](#) and the Risk Management Section on [page 16](#) 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, we are currently preparing to integrate climate scenario analysis into our overall climate-related analysis and have not identified specific time horizons or established a net zero target.

The HPS UK Entities leverage the HPS Sustainability 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 seek to measure the carbon footprint of their portfolios as described under ‘Metrics and Targets’ on [page 25](#). The table on the next page summarizes HPS UK Entities’ emissions year over year.

## 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 2024 to 31 December 2024. The disclosures in this Report comply with the climate-related disclosure requirements in Chapter 2 of the FCA’s ESG Sourcebook.

This Report 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



HPS UK ENTITIES’ EMISSIONS, YEAR-OVER-YEAR

	HPS INVESTMENT PARTNERS (UK) LLP <sup>28</sup>		HPS INVESTMENT PARTNERS CLO (UK) LLP		SEGOVIA LOAN ADVISORS (UK) LLP	
	2023	2024	2023	2024	2023	2024
Assets Under Management (“AUM”) <sup>24</sup>	\$7,169,419,977	\$7,421,988,197	\$4,702,061,825	\$5,768,031,419	\$1,476,808,419	\$980,915,251
Scope 1 GHG Emissions (tCO <sub>2</sub> e) <sup>25,26</sup>	116,477	175,336	90,953	112,166	112,019	115,072
Scope 2 GHG Emissions (tCO <sub>2</sub> e) <sup>25,26</sup>	110,801	111,726	51,300	102,871	34,706	109,162
Scope 3 GHG Emissions (tCO <sub>2</sub> e) <sup>25,26</sup>	1,300,006	1,998,870	850,301	1,322,044	425,920	492,408
Total GHG Emissions (tCO <sub>2</sub> e) <sup>25,26</sup>	1,527,284	2,285,932	992,555	1,537,081	572,645	716,642
Weighted-Average Carbon Intensity (“WACI”) <sup>25,26,27</sup>	34.8	39.3	53.1	41.1	102.3	58.4





# TCFD Glossary

	DESCRIPTION	REFERENCE
Governance	ESG oversight: describe the board’s oversight of climate-related risks and opportunities	<a href="#">Sustainability Strategy</a> , <a href="#">Sustainability Governance Structure</a>
	ESG management: describe management’s role in assessing and managing climate-related risks and opportunities	<a href="#">Sustainability Strategy</a> , <a href="#">Sustainability Governance Structure</a>
Strategy	Impact of climate-related risks/opportunities on HPS	<a href="#">Sustainability Themes</a> , <a href="#">Climate</a>
	Resilience of the organization’s strategy, considering different climate-related scenarios	<a href="#">Sustainability Themes</a> , <a href="#">Climate</a> , <a href="#">Spotlight: Physical Risk Analysis at HPS</a>
	Climate-related risks/opportunities in short/medium/long term	<a href="#">Sustainability Themes</a> , <a href="#">Climate</a>
Risk Management	Identifying and assessing climate-related risks	<a href="#">Sustainability Strategy</a> , <a href="#">Sustainability Governance Structure</a> <a href="#">Sustainability Themes</a> , <a href="#">Climate</a>
	Managing climate-related risks	<a href="#">Sustainability Themes</a> , <a href="#">Engagement</a> <a href="#">Sustainability Themes</a> , <a href="#">Climate</a> , <a href="#">Case Study: Climate-Related Opportunity &amp; Engagement</a>
	Integrating process for identifying, assessing, and managing climate-related risks into overall risk management	<a href="#">Sustainability Themes</a> , <a href="#">Climate</a> <a href="#">Sustainability Strategy</a>
	Disclose the metrics used to assess climate-related risks/opportunities in line with the organization’s strategy and risk management; Scope 1, 2, 3 GHG emissions, and related risks; WACI	<a href="#">Corporate Sustainability</a> , <a href="#">Metrics &amp; Targets</a>
Metrics and Targets	Targets used to manage climate-related risks & opportunities, performance against targets	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.



# End Notes

- 1 Reflects estimated and unaudited assets under management (“AUM”) as of March 31, 2025. AUM of private credit funds, related managed accounts and certain other closed-ended liquid credit funds represents capital commitments during such funds’ investment periods and, post such funds’ investment periods, the cost of investment or estimated net asset value (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 represents estimated net asset value. AUM of CLOs and warehouses represents par value of collateral assets and cash in the portfolio. AUM of business development companies represents estimated net asset value plus leverage (inclusive of drawn and undrawn amounts). Estimated net asset values are provided at the end of each period and are not final. AUM strategy is assigned at the fund level based on target strategy allocations.

2 Includes Private High Grade Corporate-Focused credit, Core Senior Lending and Specialty Direct Lending strategies.

3 Includes Broadly Syndicated Loans (inclusive of CLOs) and Multi-Asset Credit strategies.

4 Includes Private High Grade Asset-Based, Real Estate, Asset Value, and Sustainability & Energy Transition strategies.

5 Includes Strategic Investment Partners and Special Situations Opportunities strategies, as well as legacy Growth Equity strategy.

6 As of January 31, 2025.

7 HPS, with the help of external consultants, has estimated its operational carbon emissions in line with the Greenhouse Gas Protocol Corporate Standard since 2021.

8 Portfolio company “engagement” generally means contacting a portfolio company primarily for the purpose of collecting ESG-related data to be used in investor reporting and managing ESG-related risks.

9 General description of our process. May not occur with every investment and may occur in varying degrees with different investments. The quality and granularity of the information in an ESG Checklist will generally depend on HPS’s role in and the size of the investment.

10 HPS’s High-Risk Areas of Concern are adult entertainment, coal, controversial weapons and firearms, gambling, hydraulic fracturing, mining and extraction, nuclear energy, payday lending, private prison operators and tobacco and nicotine.

11 General description of our process. May not occur with every investment and may occur in varying degrees with different investments.

12 National Centers for Environmental Information (“NCEI”), <https://www.ncei.noaa.gov/access/billions/>

13 Such as the International Maritime Organization (“IMO”) [Energy Efficiency Existing Ship Index \(EEXI\)](#) and [Carbon Intensity Indicator \(CII\)](#).

14 Such as the EU’s Emissions Trading System (“ETS”), Corporate Sustainability Reporting Directive (“CSRD”), and Sustainable Finance Disclosure Regulation (“SFDR”).

15 Such as New York City’s Local Law 97 and California’s AB 1305, SB 253, and SB 261.

16 OECM is commissioned by the UN-convened Net-Zero Asset Owner Alliance (“NZAOA”). <https://www.oneearth.org/updated-one-earth-climate-model/>

17 Certain investments could not be analyzed for carbon footprint estimation using our methodology due to the unavailability of data. This includes third-party CLOs, ABS, leasing platforms or income receivables pools for which enterprise value, revenue or other required data is not tracked or was not available at time of report creation. No additional emissions have been added to the total for the Fund to account for the excluded positions.
- 18 McKinsey & Co, The Net Zero Transition as of January 2022: <https://www.mckinsey.com/capabilities/sustainability/our-insights/the-net-zero-transition-what-it-would-cost-what-it-could-bring>

19 Commitment includes amounts from HPS co-mingled funds and SMAs, as well as co-investors HPS brought into the transaction.

20 We have estimated our 2024 Operational Carbon Footprint in line with the GHG Protocol, using Comprehensive Environmental Data Archive (“CEDA”) 2024 emission factors. In estimating its 2024 Operational Carbon Footprint, HPS used Watershed software and emission factors.

21 With respect to our 2024 Operational Carbon Footprint, we have purchased and retired carbon offsets to mitigate the emissions from our Scope 1, Scope 2 and select Scope 3 categories according to the GHG Protocol: (3.3) Fuel- and energy-related activities, (3.5) Waste generated in operations, (3.6) Business travel, (3.7) Employee commuting, and (3.8) Upstream leased assets.

22 <https://sciencebasedtargets.org/companies-taking-action/case-studies/landsec>

23 Scope 3 GHG Emissions estimations include the following categories, according to the GHG Protocol: (3.1) Purchased Goods & Services, (3.2) Capital Goods, (3.3) Fuel- and energy-related activities, (3.5) Waste generated in operations, (3.6) Business travel, (3.7) Employee commuting, and (3.8) Upstream leased assets.

24 Represents Assets under Management as of 31st December 2023 and 31st December 2024, as noted.

25 Results show approximation of CO<sub>2</sub>e emissions (including Scopes 1, 2, and 3) generated for holdings from 01/01/2023-12/31/2023 and 01/01/2024-12/31/2024 respectively. Emissions are based partially on data sourced directly from portfolio companies and an estimation methodology. Estimations are calculated by Watershed, an enterprise sustainability platform applying CEDA 2024 using the PCAF Methodology. However, for 2024 financed emissions estimations from certain utilities, aluminum, and waste sub-industries, in line with Watershed guidance, HPS elects to apply USEEIO 15 instead of CEDA 2024 using the PCAF Methodology. This is done to overcome certain sub-sector mapping limitations of the CEDA methodology. Emissions for liquid credit are based on data provided by HPS’s liquid credit-focused third-party data provider, a document, compliance, and data management provider to leveraged finance and private market investors as well as data provided by other third-party data providers. Please note, the data presented is the latest available. Certain investments could not be analyzed for carbon footprint estimation using the methodology due to the unavailability of data. This includes third-party CLOs, ABS, leasing platforms, or income receivables pools for which enterprise value, revenue, or other required data is not tracked or was not available at time of report creation. No additional emissions have been added to the total for the Fund to account for the excluded positions.

26 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 Taskforce and our Carbon Engagement program.

27 Results are calculated by Watershed using Task Force on Climate-related Financial Disclosures (“TCFD”) methodology. If an investment does not have revenue data, it is either sourced from S&P Global, or is substituted by utilizing the sector asset turnover ratio. For WACI, as per CEDA 2024 by Watershed methodology or alternatively USEEIO 15, all financial values are converted to USD using a monthly snapshot at the end of the month and then averaging it for every year.

28 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.

## ESG Risk Disclosure

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 forwardlooking 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

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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

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