

# 2025 Sustainability Report

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# Leadership Message

## Evolving Our Platform

**2025 was a transformational year for our business, highlighted by our combination with BlackRock.**

Our business begins and ends with our investors. Through our partnership with BlackRock, we believe we are better positioned to deliver durable, long-term outcomes for both our clients and our portfolio companies. By combining HPS’ deeply embedded, credit-centric culture with the breadth and depth of BlackRock’s platform, we have strengthened our ability to identify opportunities, manage risk and serve clients. We are excited to begin this next chapter alongside our new BlackRock colleagues.

To fully capture the opportunity ahead, we formed a new business unit within BlackRock — Private Financing Solutions (“PFS”) — bringing together the alternative credit capabilities of HPS and BlackRock. Today, PFS manages over \$380 billion in assets globally, investing across the capital structure — from non-investment grade to high-grade, across liquid and private.

## Holistic Solutions

**Investors are increasingly focused on consolidating relationships, getting invested at scale, and executing efficiently across multiple strategies.**

We believe that we are in the midst of a once-in-a-generation realignment of Western capital markets, with public and private markets rapidly converging as they evolve to meet the growing needs of corporates and investors. As this convergence accelerates, scale, flexibility and breadth across the fixed income spectrum will be critical to delivering the holistic solutions that the market demands.

Tailoring solutions to the specific needs of our investors has always been central to our approach. For many clients, this includes integrating long-term sustainability considerations into portfolio construction, risk assessment, and investment decision-making. We seek to evaluate sustainability risks with the same discipline we apply to credit risks, maintaining a consistent focus on capital preservation and downside protection to support durability across market cycles.

To support this effort, we continue to invest in our people, processes, and systems. In 2025, we added to our sustainability teams in both the US and Europe, enhanced our risk-assessment capabilities, and onboarded new data providers. Together with BlackRock, I believe we are positioned to be a leader when it comes to providing bespoke investment solutions.

## Investing in Our Communities

**With over a dozen offices across four continents, our role as a global investment firm carries responsibilities that extend beyond financial performance.**

We recognize the impact our firm has on the communities where we work and live, and we are committed to contributing in ways that are enduring, thoughtful, and aligned with our values. We focus on long-term partnerships with organizations advancing education, opportunity, and economic mobility — institutions such as Howard University, Sponsors for Educational Opportunity, Harlem Lacrosse, Equity Alliance, 51vets and others.

As HPS has grown, these relationships have grown with us, in turn strengthening our culture and purpose. Most importantly, these initiatives are having a real impact — with more and more young people exploring, and commencing, careers in finance, not only at HPS, but across the broader industry.

## Preparing for Change

**The role of capital is changing and the opportunity set for private capital continues to expand.**

Private capital plays an increasingly important role in the global economy, supporting growth, innovation, and resilience across sectors. Looking ahead, we believe this role will continue to grow as companies seek flexible, long-term financing solutions.

At the same time, the pace of change in our industry is accelerating. Together with BlackRock, our ambition is clear: to build the world’s leading provider of private financing solutions — helping the world’s largest and most sophisticated investors, corporates and sponsors, navigate this evolving landscape.

To our investors, thank you for your continued partnership, trust, and support. You have our commitment that we will remain steadfastly focused on execution as we begin this exciting new chapter for HPS.

Sincerely,

**SCOTT KAPNICK**  
CHIEF EXECUTIVE OFFICER



# HPS at a Glance

Founded in 2007, HPS Investment Partners, a part of BlackRock (“HPS”, or the “Firm”), is a leading global, credit-focused alternative investment manager with approximately \$186 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; and asset-based financing, including real estate.

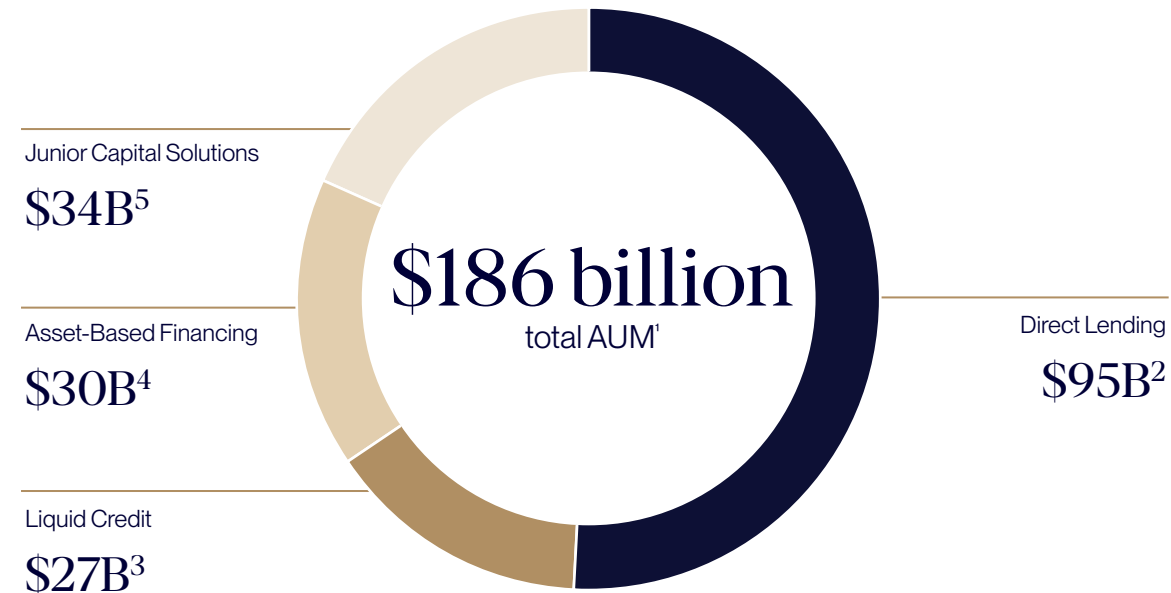
## BY THE NUMBERS

**890+**  
Staff Worldwide

**290+**  
Investment Professionals



## Where We Invest



# Sustainability Highlights

## 2016:

- Implemented the HPS Sustainability Framework

## 2020:

- Established the ESG Forum

## 2021:

- Began building out dedicated ESG team
- Became signatory to the U.N. Principles for Responsible Investment (“UN PRI”)
- Built community partnerships and established the Howard University HPS Center for Financial Excellence

## 2022:

- Launched first Article 8 fund
- Onboarded a carbon accounting service provider
- First year of offsetting the Firm’s estimated operational carbon footprint
- Estimated private credit portfolios’ carbon footprints for the first time
- Became supporter of Task Force on Climate-related Financial Disclosures (“TCFD”)
- Published first Sustainability Report

## 2023:

- Established the Carbon Taskforce and launched the Carbon Engagement Program
- Joined the ESG Committee of the European Leveraged Finance Association (“ELFA”) and the Integrated Disclosure Project (“IDP”)

## 2024:

- Joined the IDP Executive Committee
- Published first TCFD Report
- Submitted first UN PRI report

## 2025:

- **Received first UN PRI score**
- **Onboarded physical climate risk assessment provider**
- **Onboarded an ESG data and service provider focused on real estate**



## Sustainability Statistics

**20+ billion**

AUM across six HPS funds reporting under Article 8 of the EU Sustainable Finance Disclosure Regulation (“SFDR”)

**85+**

carbon emissions reports created and distributed

**220+**

ESG questionnaires completed

**14**

engagements initiated with portfolio companies/sponsors as part of the Carbon Engagement Program<sup>6</sup>

**5th**

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

# Sustainability Governance Structure

Strong governance built on transparency and integrity is the cornerstone of HPS’s commitment to responsible investing. It is underpinned by our Sustainability Framework, which provides implementation guidance and outlines our approach across key areas such as climate change, human rights, and stewardship.

## Oversight

HPS is guided by seven **Founding Partners** who provide senior leadership on the Firm’s vision, strategy, and culture. One of these Founding Partners, serving as Chief Administrative Officer (“CAO”), leads the Firm’s responsible investment efforts, supported by two internal groups: the ESG Forum and the Carbon Taskforce.

## Management

The **ESG Forum**, established in 2020 and chaired by the CAO, provides guidance and oversight on integrating HPS’s Sustainability Framework into day-to-day operations, the overall investment process, and the monitoring of select investments. The members of the ESG Forum include three Founding Partners and other senior executives of the Firm, such as the Chief Risk Officer and Chief Compliance Officer. In 2025, the ESG Forum convened four times to discuss topics such as engagement priorities, reporting practices, enhanced ESG data collection, and data collection outcomes across HPS’s investment strategies.

Established in 2023 as a subgroup of the ESG Forum, HPS’s **Carbon Taskforce** advises on managing climate-related risks and opportunities at both the Firm and portfolio company levels. Chaired by the Chief Risk Officer, the Carbon Taskforce comprises select ESG Forum members and provides periodic updates to the Founding Partners. In 2025, the Carbon Taskforce met quarterly to address topics including year-over-year carbon footprint trends, new third-party service providers, carbon offsetting initiatives, and regulatory and strategic developments. In the second quarter, the Carbon Taskforce also met with the Founding Partners, reporting on key areas such as physical climate risk assessments, net zero considerations, and the HPS Carbon Engagement Program.

## Implementation

In our day-to-day operations, ESG implementation is a firmwide effort. Our **investment professionals** are responsible for assessing ESG factors such as environmental, governance, workforce, regulatory, and other considerations throughout the investment process, supported by our in-house **ESG team**. Based in New York and London and reporting to the Chief Administrative Officer, the ESG team provides guidance and expertise as needed and collaborates closely with non-investment functions across the Firm, including Investor Relations, Compliance, Legal, and Risk.

*“Robust governance is fundamental to our investment approach and our responsibilities as fiduciaries. As our platform evolves, we continue to strengthen our governance structures to support effective oversight, decision-making, and accountability across the Firm.”*

**Faith Rosenfeld**  
FOUNDING PARTNER, CHIEF ADMINISTRATIVE OFFICER AND CHAIR OF THE HPS ESG FORUM



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# Overview

Our overarching objective is to deliver attractive risk-adjusted returns for our clients, and we believe that the integration of responsible investment practices can support this objective. Consistent with the UN PRI framework, we view **ESG integration** as the consideration of ESG factors during the analysis of the investment, with the aim of improving risk-adjusted returns. This process does not result in automatic exclusions on ESG grounds; rather, it is intended to ensure that HPS investment teams are aware of and make informed decisions regarding potential ESG risks.

As a **predominantly credit-focused investor**, we operate in an environment where effective ESG integration can be influenced by varying levels of access to information, limited availability of high-quality data, short diligence timelines, and high transaction volumes. In response, we seek to adapt our processes to meet the specific requirements of our private and liquid credit platforms. During the diligence process, and where appropriate, we focus on identifying material ESG issues that have the potential to negatively impact a company’s financial performance or credit quality.

Investment professionals play an active role in the credit analysis process, including, as applicable, the assessment of ESG factors. To support consistent and effective ESG integration, the ESG team aims to deliver structured annual training to our investment professionals, tailored to each investment strategy, on how we identify, mitigate, and monitor material ESG risks.

## Private Credit



### PRE-INVESTMENT

#### SCREENING AND DUE DILIGENCE

As part of HPS’s pre-investment due diligence process, the private credit investment teams endeavor, where appropriate, to conduct an ESG due diligence to identify and evaluate material sustainability-related risks. This due diligence aims to support a more holistic understanding of a potential investment’s ESG risk profile alongside traditional financial analysis.

The ESG due diligence process typically includes a review of available external ESG information, engagement with the company or sponsor through HPS’s ESG checklist, and the assignment of an HPS ESG Rating. Using a traffic light system, a red rating is given to companies with meaningful operations in one of HPS’s pre-defined High-Risk Areas of Concern, which include adult entertainment, coal, controversial weapons and firearms, gambling, hydraulic fracturing, mining and extraction, nuclear energy, payday lending, private prison operators and tobacco and nicotine. Companies with serious historical ESG incidents and/or a high potential for future incidents receive an amber rating. Companies with no identifiable or anticipated material ESG concerns, or prior incidents are assigned a green rating. The HPS ESG Ratings may not necessarily impact the decision to invest but will influence the level of scrutiny and monitoring applied to an investment.

The scope and depth of this analysis may vary depending on factors such as information availability, transaction dynamics, and access to management. Where applicable, material ESG findings are presented to the relevant Investment Committee or portfolio manager as part of the investment decision-making process.



### POST-INVESTMENT

#### MONITORING AND ENGAGEMENT

Recognizing that sustainability-related risks may evolve over time, we encourage portfolio companies, where appropriate, to update HPS’s ESG checklist on an annual basis as part of our post-investment monitoring efforts.

Additionally, the investment teams aim to review HPS ESG Ratings on an annual basis.

We also utilize third-party tools, such as RepRisk, to support the monitoring of certain private credit portfolio companies in which the Firm is invested. Through this platform, members of the ESG and investment teams receive automated alerts related to potentially material business conduct and ESG issues. Where applicable, and subject to access and deal dynamics, we may engage with portfolio companies to better understand and, where appropriate, seek to address identified issues.

#### REPORTING

With the assistance of a third-party service provider, we prepare annual fund-level carbon footprint reports for the majority of our private credit funds. Based on a combination of reported and estimated data, these reports provide Scope 1, Scope 2, and Scope 3 greenhouse gas emission estimates, including weighted average carbon intensity.

For funds reporting under Article 8 of the SFDR, we provide annual disclosures in the standard periodic disclosure templates issued by the regulator.

## Liquid Credit



### PRE-INVESTMENT

#### SCREENING AND DUE DILIGENCE

In liquid credit, where we typically have limited direct access to portfolio company management, the ESG due diligence is informed by a combination of publicly available information, third-party data, and the deal team's own analysis, rather than the ESG Checklist used in private credit, and includes the assignment of an HPS ESG Rating where appropriate. Relevant ESG considerations are then summarized and incorporated into materials presented to the Investment Committee and/or Portfolio Manager(s), as applicable.



### POST-INVESTMENT

#### MONITORING AND ENGAGEMENT

Where possible and relevant, we monitor ESG issues that may arise during the hold period, and the investment teams aim to review HPS ESG Ratings on an annual basis. If new sustainability-related issues are identified, we seek to initiate discussions internally and, where appropriate, with the portfolio company. We recognize that certain investment structures may limit our access to ESG information or our ability to engage on ESG matters.

Consistent with our approach in private credit, we leverage RepRisk in our liquid credit strategy to support the monitoring of selected liquid credit portfolio companies.

#### REPORTING

With the assistance of a third-party service provider, we prepare annual carbon footprint reports for certain liquid credit funds. Based on a combination of reported and estimated data, these reports provide fund-level Scope 1, Scope 2, and Scope 3 greenhouse gas emission estimates, including weighted average carbon intensity.

For these carbon footprint reports, HPS may utilize ESG data from a third-party service provider for the leveraged finance and private assets markets.

“As a manager of public and private credit CLOs, we recognize the importance of ESG factors in understanding issuer risk over time. We incorporate relevant ESG considerations into core credit analysis and monitoring, with a particular focus on governance and material factors that may affect credit quality and ongoing access to capital markets.”

**Scott Crocombe**  
MANAGING DIRECTOR



### CASE STUDY

## Carbon Reduction Targets in Consumer Staples

**Project Breakfast** (the “Company”) is a multinational food company focused on producing organic and plant-based products, with operations in several countries in Europe.

The Company has stated its commitment to protecting biodiversity and has joined the Science-Based Targets for Nature program. This civil-society and science-led initiative was founded by global NGOs, such as the World Resources Institute, WWF, and the United Nations Global Compact, and it helps companies to comprehensively address their environmental impacts across biodiversity, land, freshwater, and ocean. Additionally, the Company has signed a letter of commitment with the Science-Based Targets Initiative to establish science-based carbon reduction targets aligned with the 1.5 degree trajectory recommended in the Paris Climate Accord. The Company is also a certified B Corp,<sup>8</sup> which reflects its high standards of social and environmental performance, and holds several other certifications, including EU Organic and Fairtrade designations.

The Liquid Credit deal team found an investment opportunity in the Company attractive for several reasons, including but not limited to the Company's diverse product portfolio supported by a general consumer shift toward unprocessed foods and company data evidencing the priority its consumers place on sustainability in their food choices.

# Sustainability Themes

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# Key Themes

While sustainability is a multifaceted issue that HPS believes requires a holistic approach, over the past few years, our sustainability efforts have been anchored on three interconnected themes: engagement, data, and climate. In 2025, we continued to focus on these themes, as we believe that when considered together, they can enhance our ability to better understand and mitigate sustainability-related risks.

**Engagement** remains central to our approach. In our experience, constructive dialogue with our portfolio companies enables us to gain new insights and often allows us to access higher-quality data. Through engagement with industry bodies and peers, we aim to remain informed about evolving regulatory and market landscapes.

**Data** plays an important role in developing a comprehensive view of portfolio-level exposures to certain risk factors. It underpins effective ESG integration and complements traditional financial analysis. The data we work with typically includes publicly available information, company reported data collected through engagement with portfolio companies, and, where gaps exist, data provided by third-party sources, which may include estimations.

The changing **climate** continues to present evolving risks while creating potential opportunities for companies that can adapt and take initiatives to safeguard their businesses. Engagement helps us understand how our portfolio companies manage these climate-related challenges and capitalize on emerging opportunities, while data supports our efforts to assess and monitor their impacts.

“We see engagement, data, and climate as mutually reinforcing. Engagement can help to improve the quality of information, data supports more robust analysis, and climate considerations can provide a common lens for assessing sustainability risks and opportunities. Taken together, these themes help inform our approach to risk mitigation across the investment lifecycle.”

**Colbert Cannon**  
MANAGING DIRECTOR,  
SPECIAL DIRECT LENDING



# Engagement

## Cyber Engagement

Cyber attacks continue to pose a growing threat to businesses globally. As a result, understanding and managing cybersecurity risks is important to us not only as a Firm, but also in our role as a responsible steward of our clients' capital. Illustrating the potential financial impact of cyber incidents, the global average cost of a data breach in 2025 was estimated at \$4.4 million. In the U.S., the average cost was more than double that amount, reaching a record \$10.2 million, reflecting higher regulatory scrutiny and increasingly significant legal consequences.<sup>9</sup>

Against this backdrop, 2025 marked the launch of a new engagement initiative at HPS with select private credit portfolio companies focused on cyber-related risks and incidents. To start, the ESG team collaborated with our in-house Information Security ("InfoSec") team to deepen our understanding of the breadth and potential severity of cyber threats. We then analyzed the portfolio

company information collected through ESG checklists and developed a framework to help identify the most suitable issuers for engagement. This framework considered factors such as the size of our investment, the company's industry, exposure to sensitive data, and any history of cyber incidents.

Through these engagements, we sought to better understand how portfolio companies manage cybersecurity risks, and, where applicable, the impacts of past incidents and the mitigation measures implemented. The discussions held to date, combined with the InfoSec team's expertise, enhanced our understanding of different cyber threats, their potential operational impacts, and the key components of a robust cybersecurity program. The insights gained have also helped identify ways to strengthen our cyber risk considerations during pre-investment due diligence.

Looking ahead, we continue to learn from these engagements and broader market developments as cyber threats evolve. We recognize that cyber attacks can result in significant financial and reputational impacts, including business disruption, litigation costs, and regulatory fines, and we will seek to monitor these risks as part of our broader approach to sustainability and risk management.

### SPOTLIGHT

## Cybersecurity Training at HPS

Strengthening cybersecurity awareness across the Firm is an important component of how we manage operational risk. Our employees are supported by a dedicated in-house InfoSec team, which works across the organization to build knowledge and promote a consistent approach to identifying, mitigating, and monitoring cyber-related risks.

As part of this effort, HPS conducts mandatory annual cybersecurity training for all employees, delivered in collaboration with leading industry experts. The 2025 program focused on key risk areas, including insider

threats, advanced hacking techniques, and practical strategies for safeguarding financial and client data. Employees also participated in additional training designed to strengthen their ability to identify phishing attempts, recognize malicious communications, and respond to cyber risks that could disrupt operations or compromise sensitive information.

Together, these initiatives help foster a culture of awareness and shared responsibility, supporting the integration of cybersecurity considerations into day-to-day activities across the Firm.



### CASE STUDY

## Managing Cyber Risks: Lessons from Project Green

**Project Green** (the "Company") is one of the world's largest independent insurance distribution platforms and a global insurance broker. Operating in a sector with inherent exposure to cyber risk due to the handling of sensitive personal and financial data, cybersecurity is a critical area of focus for the business. Recognizing this, we initiated an engagement with the Company in late 2025 to deepen our understanding of how cyber risks are identified, managed, and mitigated.

As part of this engagement, we held a discussion with the Company's Director of Cybersecurity Operations. The conversation provided insight into the Company's approach to cybersecurity governance and its key areas of focus, including oversight of cyber risk across the organization, involvement in strategic initiatives, the integration of cyber diligence in mergers and acquisitions activity, and the role of employee education and awareness in strengthening cyber resilience.

We explored how the Company approaches cyber due diligence in the context of acquisitions, including the use of red-flag assessments, considerations around the cyber independence of underlying businesses, and perspectives on emerging threats across the cybersecurity landscape. This engagement enhanced our understanding of the Company's cybersecurity framework and provided insight on cyber-related risks and practices across both the industry and our portfolio.

## Carbon Engagement

In 2023, we launched our **Carbon Engagement Program** with a select group of private credit portfolio companies operating in higher-emitting sectors.<sup>10</sup> With respect to climate-related considerations and the transition to a lower-carbon economy, we do not seek to define or direct a portfolio company's climate strategy or its execution. Responsibility for strategic direction and oversight lies with company management and boards. Instead, the Carbon Engagement Program is designed to encourage the measurement and disclosure of greenhouse gas emissions and create opportunities to offer our support in implementing decarbonization objectives where applicable and as adopted by the relevant portfolio companies.

Our work begins with identifying the largest contributors to the Firm's financed emissions using carbon accounting tools informed by a combination of reported and estimated data. By prioritizing engagement with higher-emitting portfolio companies, we are able to address a large share of portfolio emissions through a relatively small number of issuers. In our experience, companies operating in higher-emitting sectors tend to disclose greenhouse gas emissions; however, where emissions data is not available, we aim to obtain company-reported figures through engagement to enhance data quality and support more accurate portfolio-level reporting.

In 2025, we expanded the scope of our engagement program to include tracking whether these portfolio companies have a climate transition plan — a roadmap outlining how they intend to transition to a more sustainable economy and align their business operations with global climate goals. This initiative is helping us gain deeper insight into how these companies are positioning themselves and preparing for the evolving regulatory, market, and physical risks associated with climate change.

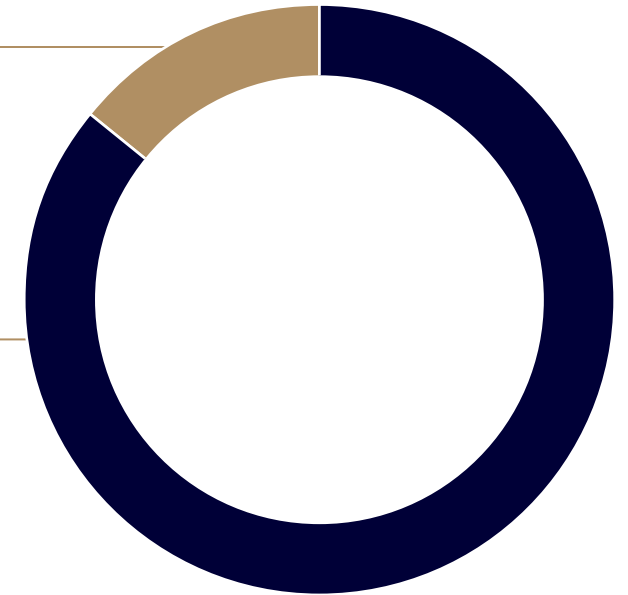
### 2025 Carbon Engagements by Number of Carbon Engagements

With Sponsors

14%

With Portfolio Companies

86%





**CASE STUDY**

## Leveraging ESG Strategy for Long-Term Value Creation

**Project Ramblers** (the “Company”) is a grocery food retailer and convenience store operator in Western Europe. The Company is a market leader in its sector, with over 3,000 proximity stores as of the beginning of 2025.

As part of HPS’s Carbon Engagement Program, we engaged with the Company’s Chief Communication & ESG Officer, Head of Sustainability Reporting, and Global Head of Technology in early 2025.

During our conversation, we learned that sustainability is a key focus area for the Company. It measures its carbon footprint and has implemented plans to reduce Scope 1 and 2 greenhouse gas emissions. As the Company is located close to its customers, it has established a robust network of local suppliers. Sourcing over 95% of its purchases through its network not only offers operational advantages but also provides

environmental benefits. The Company stated that the proceeds from HPS’s investment would enable it to further improve and optimize its operations, including, for example, capital expenditures on store refurbishments and maintenance, such as replacing existing cooling systems with more energy-efficient alternatives, which would reduce the Company’s carbon emissions.

In addition, the Company launched a “Strategic Sustainability Plan” that extends beyond environmental concerns. The plan outlines the Company’s commitment to developing the local economy, driving a diverse and inclusive culture, protecting the natural environment, making a more sustainable value chain, and promoting sustainability governance. In formulating this plan, the Company conducted a materiality analysis and established specific objectives and targets for achieving each of these goals.



**SPOTLIGHT**

## Green Assets Finance Framework

The HPS portfolio company, **PEAC Solutions** (“PEAC”) is a leading multinational asset finance platform operating across the UK, Europe, and the U.S. In the second quarter of 2025, PEAC’s UK business announced the launch of its Green Asset Finance Framework, developed in collaboration with Carbon Trust, a global climate consultancy.

Under the Framework, PEAC’s clients can access a suite of products, which will provide funding for a range of eligible assets such as clean transportation, energy-efficient plant and machinery, recycling facilities, and assets that support pollution control or the circular economy. The framework is aligned with best market practices, including the EU Taxonomy, Climate Bonds Standard, and ICMA Green Loan Principles.



## Other Engagements

With sustainability approaches and reporting expectations evolving rapidly, opportunities to discuss best practices **with our investors and peers** are highly valuable. In our view, insights from our peers and sponsors can provide meaningful perspectives on factors that may impact a company’s performance. This approach can help us to better assess potential risks and opportunities and ultimately support more informed investment decisions.

We support the aims of **industry groups** focused on improving transparency and accountability in the private credit and syndicated loan markets. To that end, we serve on the ESG Committee of the European Leveraged Finance Association (“ELFA”) and the Executive Committee of the Integrated Disclosure Project (“IDP”). In both of these roles, we join quarterly committee meetings to learn about and contribute to the latest industry efforts and to promote greater harmonization and consistency of sustainability-related disclosures. Since 2022, HPS’s Chief Administrative Officer has been a member of the UN PRI Private Debt Advisory Committee, a group formed to guide the UN PRI’s work and help to implement its responsible investment programs within the finance industry.

Our engagement activities are not limited to external groups. The ESG team regularly collaborates **with investment teams** to support the use of best practices and through annual training sessions to educate HPS employees on the latest developments. While each session is customized to account for the Firm’s variety of investment strategies, the identification and mitigation of investment risk remain a core focus. Other themes covered in the training include regulatory reporting obligations and internal sustainability initiatives. Although our investment professionals regularly interact directly with the ESG team, each investment team also has a designated ESG Point of Contact. These individuals give input on the development and implementation of new ESG processes, provide valuable feedback and seek to ensure that ESG integration approaches remain relevant and productive for each investment strategy and its objectives.

Lastly, our ESG team works closely with a number of **non-investment functions** such as Compliance, Legal, Risk, and Investor Relations to advance ESG initiatives and support sustainability-related regulatory and investor reporting.

### By Counterparty<sup>11</sup>

With Our Portfolio Companies:

Data Collection

75%

Carbon Engagement

4%

With Our Investors

6%

With Industry

5%

Other

10%

### Initiated by HPS

Yes

89%

No

11%

### By Theme

ESG Overall<sup>12</sup>

89%

Primarily Environmental

6%

Primarily Social

4%

Primarily Governance

1%

# Climate

Climate change continues to present evolving risks and opportunities for businesses globally. While HPS has not established specific time horizons for when climate-related risks and opportunities may materialize or quantified their potential impacts, we endeavor to continuously enhance our practices and processes to integrate climate-related considerations across both our operations and investment strategies.

Climate-related risks are generally categorized as **physical** or **transition risks** and may become financially material over varying time horizons. The timing and magnitude of their potential impact can differ, arising over the short-, medium-, or long-term, depending on the nature of the risk and an entity's specific exposure.

**Physical risks** refer to the direct impacts of climate change on assets, infrastructure, and ecosystems. These risks are commonly categorized as either acute or chronic. Acute physical risks are event-driven and arise from severe weather events such as hurricanes, cyclones, floods, wildfires, and extreme heat or cold waves. Chronic physical risks result from longer-term shifts in climate patterns, including rising sea levels, sustained higher temperatures, drought, water stress, and changes in precipitation patterns. Physical climate risks may impact HPS and our portfolio companies through various avenues, including increased costs related to damages from climate events or insurance coverage, increased operating costs due to heat or water stress, or impacts on company workforces.

Recent adverse climate events in the U.S. are already leading to substantial insurance cost inflation, as can be seen in the 3-year average growth rate of U.S. multi-family insurance costs illustrated in the chart on the right.

**Transition risks**, on the other hand, may arise from the shift toward a lower-carbon economy and are driven by changes in regulation, market dynamics, technology, and stakeholder expectations. Regulatory developments may introduce new requirements and associated costs for businesses, both in preparing for compliance and in cases of non-compliance. These can include, for example, obligations to purchase carbon offsets to cover operational emissions or financial penalties linked to assets that exceed specified carbon intensity thresholds. Transition risks may also stem from evolving market dynamics as certain economies move away from carbon-intensive energy generation,

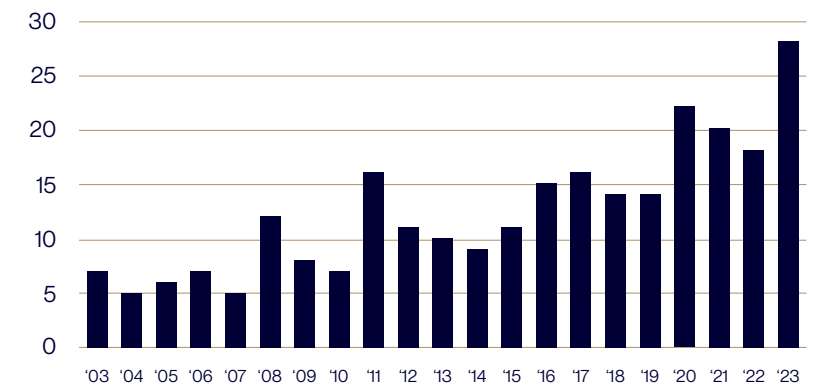
manufacturing, and other high-emitting activities. Changes in consumer preferences and demand for lower-carbon products and services can affect revenues, competitive positioning, and, in some cases, access to capital. In addition, reputational considerations may become increasingly significant as expectations around climate action continue to evolve, with stakeholders placing greater emphasis on how companies respond to climate-related challenges.

Both HPS and the companies in which we invest are subject to a range of climate-related risks, and we intend to adequately assess and consider these factors as we invest across different sectors and geographies and as we expand into new asset classes.

While HPS recognizes that climate-related risks could affect both our operations and investment strategies, we are also focused on the growing range of opportunities associated with the transition to a lower-carbon economy, specifically in our Sustainability and Energy Transition strategy. In this strategy, we seek to capitalize on opportunities through investments in renewable power generation and solutions that help address increasing electricity demand driven by factors such as the expansion of AI-related computing. We consider investments in low-carbon energy generation and enabling technologies, as well as initiatives aimed at improving resource efficiency, such as renewable energy generation, energy storage and efficiency solutions, renewable fuels, recycling, and sustainable transportation.

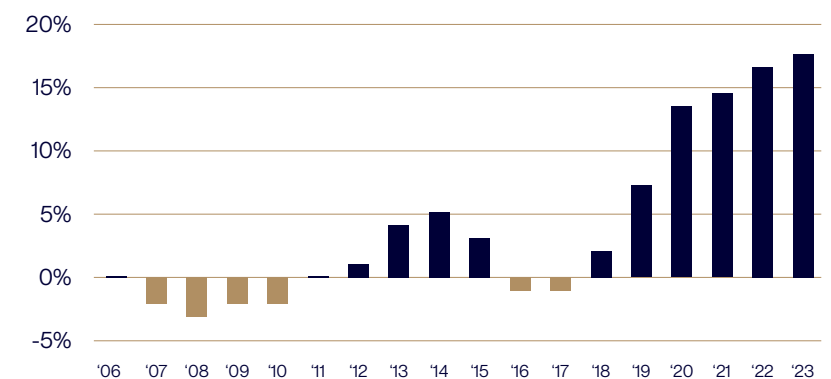
We expect our investment strategies to continue to be influenced by both climate-related risks and opportunities, and we will focus on managing material risks and capturing potential opportunities arising from the global transition to a lower-carbon economy.

**Number of Natural Disasters With \$1B+ Losses in the U.S.**

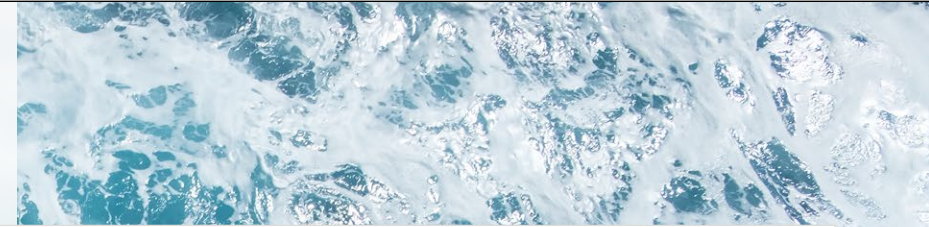


Source: SwissRe Institute

**3-Year Average Growth Rate of U.S. Multifamily Insurance Costs**



Source: SwissRe Institute, S&P Capital IQ, Moody's



# Climate-Related Risk Management

## Identifying and Assessing Climate-Related Risks and Opportunities

HPS's objective is to provide creative capital solutions and generate attractive risk-adjusted returns for our clients. We believe that an investment approach which integrates material sustainability-related considerations into the investment process can enhance our ability to manage and mitigate downside risks and volatility across our credit portfolios. As such, HPS seeks to identify, assess, manage, and monitor climate-related risks and integrate these considerations into its investment due diligence and monitoring processes.

HPS aims to identify and assess climate-related risks and opportunities as part of its **pre-investment** due diligence, drawing on a combination of publicly available information, subscription-based databases, company-provided data, and internal analysis, as applicable.

**Post-investment**, HPS endeavors to monitor climate-related risks and opportunities across its investments on an ongoing basis. These activities include annual updates to ESG checklists completed by private credit portfolio companies, periodic reviews of ESG ratings by investment professionals, and the use of third-party tools, such as RepRisk, to track relevant news and developments. In addition, we continue to utilize a range of analytical tools to assess physical and transition climate risks on both an ongoing and forward-looking basis.

In 2025, we expanded the range of third-party solutions available to our investment teams to further support this work, including tools designed to help identify assets with heightened exposure to climate-related risks as well as those positioned to benefit from climate-related opportunities:

- In late 2025, HPS onboarded a data-driven SaaS solution designed to support the assessment and monitoring of climate- and nature-related risks throughout the investment lifecycle. The tool can provide detailed analysis of both physical and transition climate risks under multiple climate scenarios and time horizons, including evaluations of materiality and probability, sector-specific considerations, and estimates of expected Average Annual Loss related to physical and transition risks.

We expect this tool to enhance our ability to identify investments with higher climate-related risks and to inform engagement planning aimed at mitigating those risks. In the future, we aim to incorporate the tool and its outputs into certain due diligence and ongoing monitoring processes, particularly for asset-based investments and those with significant physical footprints.

- In the previous year, we onboarded a third-party climate credit analytics tool, and throughout 2025 the ESG and Risk teams worked together to begin integrating it into the Firm's broader risk management processes. Developed by external analytics and advisory firms, the tool is designed to model issuer-level financial performance under a range of climate scenarios, informed by expected emissions profiles. It assesses how different climate pathways may influence financial performance and credit quality, including potential impacts on revenue, capital expenditure, production volumes, and other key financial metrics.

During 2025, HPS applied the tool to a subset of higher-emitting investments within the private credit portfolios. This initial analysis enabled the ESG and Risk teams to identify investments with material exposure to climate transition risk and we expect will help inform targeted engagement with portfolio company management teams in 2026. The tool also serves as an additional input into the analysis of investments within our Sustainability and Energy Transition strategy.

From pre-investment due diligence through exit, HPS's ESG, Risk, Investment, and other teams collaborate to support the collection of appropriate information to identify climate-related risks and to apply in-depth analysis in assessing those risks, where relevant. This work is further supported by a range of internal groups, including the ESG Forum and the Carbon Taskforce.



### Managing Climate-Related Risks and Opportunities

HPS’s primary approach to managing climate-related risks is engagement with portfolio companies, as outlined in the Engagement section of this report. Our climate-related engagement activities, including discussions on carbon emissions, enable us to address specific climate-related risks with portfolio companies that operate in higher-emitting sectors and may be more exposed to climate-related risks. These engagements also allow us to explore climate-related opportunities with companies whose activities support the transition to a lower-carbon economy.

We anticipate that insights generated through the use of climate analysis tools will help to inform these discussions by enabling us to focus on the most material assets, risks, and opportunities. This targeted approach aims to support more effective and relevant engagement and leveraging useful information at the individual portfolio company level.

### Integration into Overall Risk Management Framework

Certain Risk Management professionals may, where appropriate, participate in the Firm’s sustainability governance and decision-making forums, including Investment Committees, the ESG Forum, and the Carbon Taskforce. In these contexts, they may provide risk-related input, support the consideration of material sustainability and climate-related matters, and help inform how such factors are considered within the Firm’s investment and risk management processes.

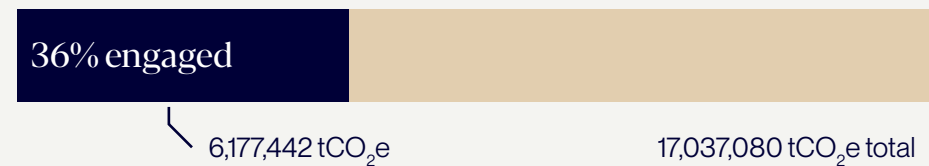
“As climate considerations become an increasing factor in global markets, our disciplined approach seeks to incorporate insights where appropriate across our operations and investment strategies. Through close collaboration between our investment teams and the ESG team, these insights help enhance our diligence process and support risk mitigation throughout the investment lifecycle across HPS.”

**Tony Shizari**  
MANAGING DIRECTOR, SUSTAINABILITY,  
POWER AND ENERGY; CO-PORTFOLIO  
MANAGER OF THE SUSTAINABILITY  
AND ENERGY TRANSITION FUND

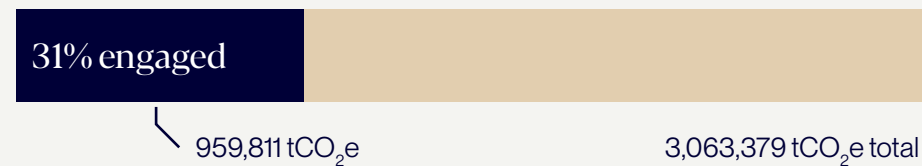


### PRIVATE CREDIT ENGAGEMENT BY EMISSIONS<sup>13</sup>

#### Total Emissions



#### Scopes 1 & 2 Only



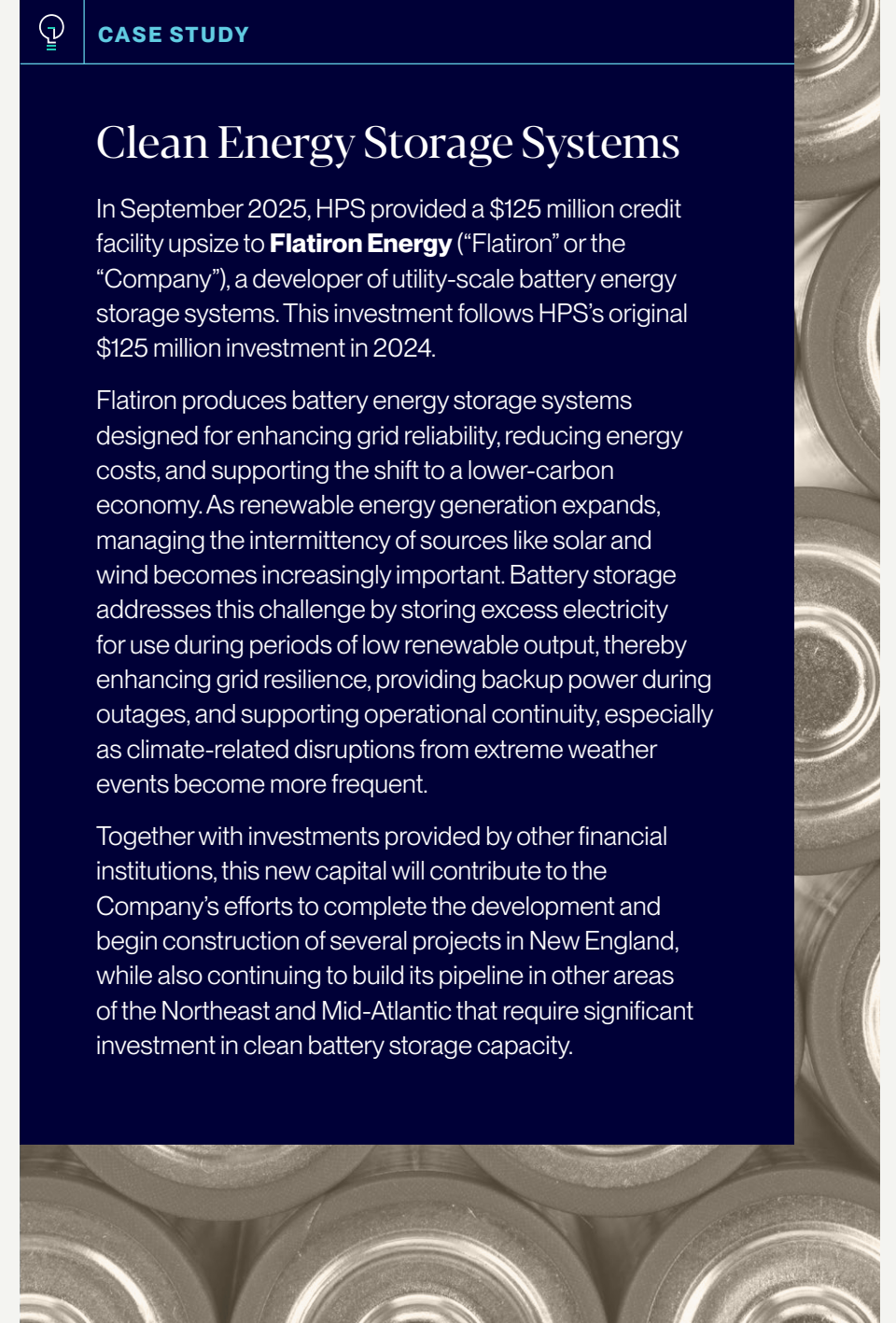
### CASE STUDY

## Clean Energy Storage Systems

In September 2025, HPS provided a \$125 million credit facility upside to **Flatiron Energy** (“Flatiron” or the “Company”), a developer of utility-scale battery energy storage systems. This investment follows HPS’s original \$125 million investment in 2024.

Flatiron produces battery energy storage systems designed for enhancing grid reliability, reducing energy costs, and supporting the shift to a lower-carbon economy. As renewable energy generation expands, managing the intermittency of sources like solar and wind becomes increasingly important. Battery storage addresses this challenge by storing excess electricity for use during periods of low renewable output, thereby enhancing grid resilience, providing backup power during outages, and supporting operational continuity, especially as climate-related disruptions from extreme weather events become more frequent.

Together with investments provided by other financial institutions, this new capital will contribute to the Company’s efforts to complete the development and begin construction of several projects in New England, while also continuing to build its pipeline in other areas of the Northeast and Mid-Atlantic that require significant investment in clean battery storage capacity.

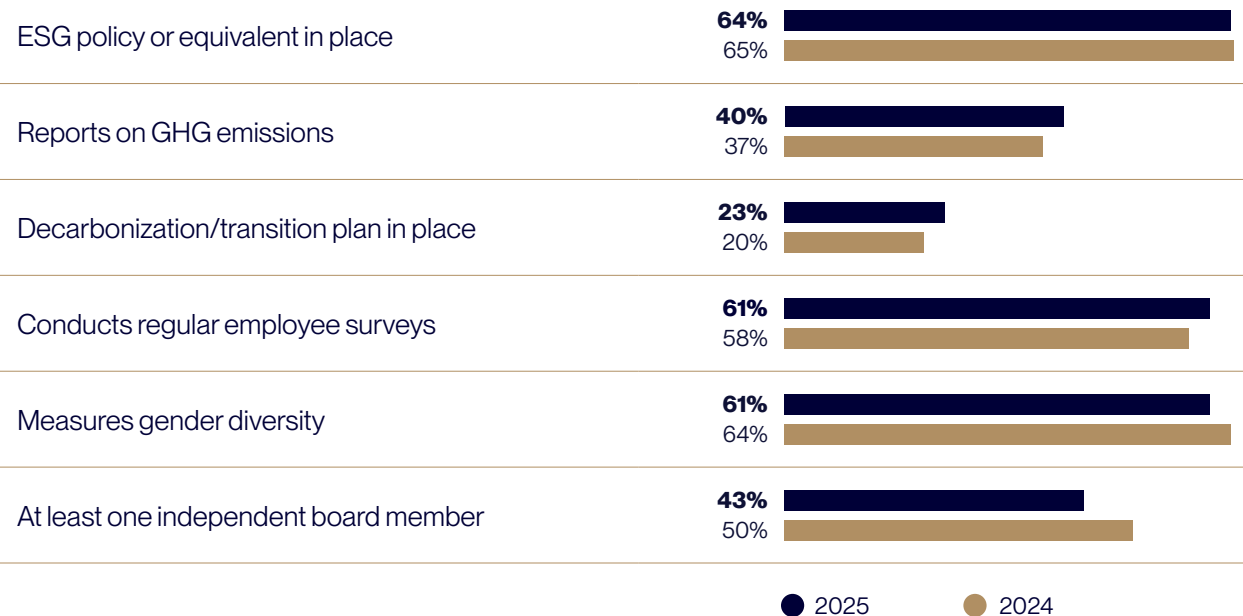


# Data

High quality data is a key component in understanding sustainability related risks and opportunities across our portfolios, as it enhances transparency into portfolio company practices and exposures over time.

Against this backdrop, and consistent with prior years, we dedicated the first quarter of the year to rolling out and coordinating our **Annual ESG Data Collection** exercise across our private credit portfolio companies. The quantitative datapoints and qualitative responses gathered through this process not only support our regulatory reporting obligations but also inform our assessment of potentially emerging ESG-related risks, recognizing that such risks can evolve over time. While our role as a credit investor does not provide direct control over portfolio company practices or the ability to drive operational change, access to consistent and comparable data enables us to track year-over-year sustainability progress and identify broader trends within the portfolio.

## KPI<sup>15</sup>



## SPOTLIGHT

### The HPS Portfolio Company, PEAC Solutions, Wins “Digital Innovation of the Year (ESG)” Award

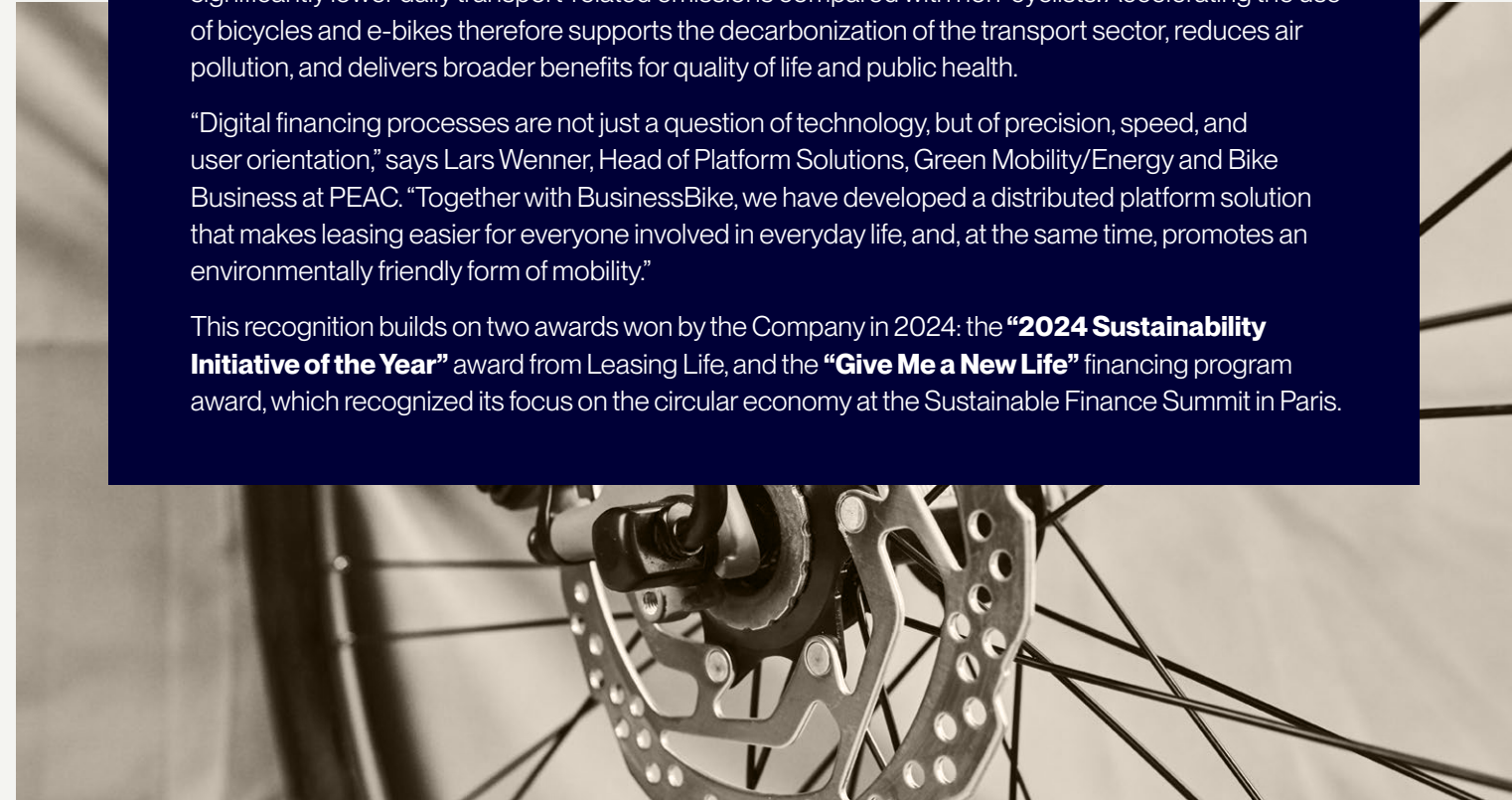
In late 2025, PEAC Solutions, an independent provider of financing solutions, was recognized with the **Digital Innovation of the Year (ESG)** award for its development of a digital financing platform for company bike leasing. The award was presented by the European trade publication Leasing Life.

The platform was developed in collaboration with BusinessBike, with whom PEAC Solutions has partnered for more than a decade. Together, they have built a financing program that enables employers to offer bicycles and e-bikes to their employees for daily commuting. The program provides a practical and scalable alternative to private car use, offering a cost-effective and environmentally friendly transport option that supports more sustainable mobility choices.

Research indicates that replacing just one car journey per day with cycling can reduce an individual’s annual carbon footprint by approximately 0.5 tonnes of CO<sub>2</sub>.<sup>14</sup> In addition, cyclists generate significantly lower daily transport-related emissions compared with non-cyclists. Accelerating the use of bicycles and e-bikes therefore supports the decarbonization of the transport sector, reduces air pollution, and delivers broader benefits for quality of life and public health.

“Digital financing processes are not just a question of technology, but of precision, speed, and user orientation,” says Lars Wenner, Head of Platform Solutions, Green Mobility/Energy and Bike Business at PEAC. “Together with BusinessBike, we have developed a distributed platform solution that makes leasing easier for everyone involved in everyday life, and, at the same time, promotes an environmentally friendly form of mobility.”

This recognition builds on two awards won by the Company in 2024: the **“2024 Sustainability Initiative of the Year”** award from Leasing Life, and the **“Give Me a New Life”** financing program award, which recognized its focus on the circular economy at the Sustainable Finance Summit in Paris.



# Corporate Sustainability

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# Our Operational Carbon Footprint

HPS has estimated its operational carbon footprint since 2021. As tools and data quality have improved over time, we have been able to enhance the accuracy of our calculations and expand the scope of our data coverage. Looking ahead, we endeavor to continue to refine our methodologies and strengthen the quality of our operational emissions reporting.

## 2025 OPERATIONAL GHG EMISSIONS<sup>16</sup>

CATEGORY	TCO <sub>2</sub> e	% OF TOTAL
Scope 1	262	1.4%
Scope 2	643	3.4%
Scope 3 <sup>17</sup>	17,910	95.2%
<b>Total</b>	<b>18,815</b>	<b>100%</b>

Since 2021, HPS has purchased and retired carbon offsets. Beginning in 2024, we have aligned our carbon offset purchases with the Oxford Principles for Net Zero Aligned Carbon Offsetting, which we believe represent industry best practices for identifying and acquiring high-quality offsets. These offsets are intended to help reduce emissions and support carbon removal from the atmosphere, and we aim to source them from a diverse range of projects each year to maximize positive impact.



### SPOTLIGHT

## Carbon Offset Projects to Mitigate Operational Emissions

To mitigate its 2024 operational carbon footprint, HPS worked with an independent third-party climate solutions provider to identify, purchase, and retire high-quality verified carbon offsets. The projects selected are located in the U.S. and the UK and include avoided emissions, carbon removal, or a combination of both. Two examples of the independently verified projects supported in 2025 include the following:

- **CarbonCure** is a U.S.-based provider of carbon removal and carbon utilization technologies designed to reduce the carbon intensity of cement and concrete production. Its technology enables concrete producers to inject CO<sub>2</sub> captured from industrial sources into fresh concrete during the mixing process, where the CO<sub>2</sub> is permanently mineralized. This process both stores carbon on a durable basis and improves the strength and performance of concrete, resulting in enhanced resource efficiency overall.<sup>18,19,20</sup>
- **Brandon Carbon Mineralization** is a UK-based carbon storage project operated by O.C.O Technology (“O.C.O”) in Brandon. Through the Brandon project, O.C.O converts CO<sub>2</sub> emissions into building materials using a process called accelerated carbonation. The process mixes CO<sub>2</sub> emissions with waste materials to produce lightweight carbonated aggregate for building materials, which stores the CO<sub>2</sub>, preventing it from re-entering the atmosphere. O.C.O’s Brandon projects, and others, contribute to global emissions reductions efforts through long-term storage of CO<sub>2</sub> as well as the manufacturing of more sustainable building materials.<sup>21,22</sup>



**SPOTLIGHT**

## Our Office Space with Landsec

Since 2024, HPS has occupied three floors within a **Landsec** building in London. Landsec, the largest commercial property company in the UK, is widely recognized as a long-standing leader in sustainable real estate. Its carbon reduction targets are aligned with the Science Based Targets initiative (“SBTi”) Corporate Net-Zero Standard, and the company has committed to achieving net zero by 2040. As a tenant, HPS benefits directly from Landsec’s sustainability initiatives, which contribute positively to HPS’s own operational carbon footprint.

In 2025, the building housing HPS’s London office achieved a BREEAM “Outstanding” certification, reflecting exceptional environmental performance, and also received a London in Bloom “Gold” award in recognition of its green roof, which incorporates drought-tolerant planting across a diverse range of substrates to create habitats for insects and birds while supporting biodiversity and varied topography.



# Our Communities

We believe that a diversity of perspectives and outlooks makes us better investors. We aspire to make HPS a diverse, supportive, and collaborative workplace that attracts and retains the best talent. More broadly, we also seek to play a positive role in promoting a more diverse and inclusive pipeline of talent for our industry. Our key initiatives include:

**Howard University:** In 2021, in collaboration with The Kapnick Foundation, we established a multi-year partnership with the Howard University School of Business to create the HPS Center for Financial Excellence. The Center’s goal is to develop highly capable students, prepare them to pursue careers in finance, and enhance diversity across the industry. Over time, we have expanded internship opportunities and early career programs, provided human capital support, and launched a speaker series where senior leaders deliver on-campus lectures. In 2025, we welcomed our third cohort of Academy Scholars — students selected for mentoring, professional development, and placement support. Courses taught in 2025 included Financial Statement Analysis and Review, Credit Underwriting, and Introduction to Public Markets. Later in the year, we proudly celebrated the graduation of our inaugural cohort, 90% of whom secured full-time roles in the fields of investment and wealth management, commercial and investment banking, real estate, and capital markets.

**Harlem Lacrosse:** HPS is a proud partner of Harlem Lacrosse, a nonprofit organization dedicated to improving educational and career outcomes for young people through academic support, mentorship, leadership development, college counselling, and career exploration. In 2025, we continued to grow this partnership by providing mentorship and helping create pathways to internships and full-time roles for first-generation college students. We look forward to building on this momentum as a year-round sponsor.

**Equity Alliance:** In 2021, we joined a group of esteemed investors and investment firms to establish the Equity Alliance. The Equity Alliance seeks to broaden access to capital and expand investment and partnership opportunities for emerging venture capital fund managers and startup founders, with a focus on people of color and women.

**Out for Undergrad:** For over 20 years, Out for Undergrad’s mission has been to help high-achieving LGBTQ+ undergraduates to reach their full potential. Its Business Conference empowers undergraduate students to pursue careers in finance, accounting, private equity, and banking. We proudly support its mission to create workplaces that value diverse backgrounds, experiences, and perspectives. In 2025, we continued to provide support to this organization by sponsoring events and hosting industry panels, mentorship sessions, and HPS’s internship program.

**ILPA Diversity in Action Initiative:** We are a founding signatory to the Institutional Limited Partners Association’s (“ILPA”) Diversity in Action Initiative, which brings together private equity participants committed to fostering respectful, transparent, and performance-driven workplaces that drive long-term value and innovation.

**Lehigh University:** The Lehigh University Finance Mentorship Program, established with the help of the HPS Chief Financial Officer in 2019, connects experienced industry mentors with early career Lehigh alumni to expand access to networking opportunities and provide practical perspective. In 2025, as part of this initiative, HPS hosted students pursuing careers in finance for an immersive day with senior leaders, offering insights into private credit and highlighting the range of career pathways available across the industry.

“Mentorship is one of the most powerful, high impact ways to give back and provide meaningful guidance. By investing in mentorship and education, we help cultivate a diverse pipeline of talent that can shape the future of finance.”

**Paul Knollmeyer**  
FOUNDING PARTNER  
AND CHIEF FINANCIAL OFFICER





SPOTLIGHT

## Sponsors for Educational Opportunity (SEO) and Annual Awards Dinner

As a longstanding supporter of **Sponsors for Educational Opportunity (SEO)**, HPS was proud to celebrate Ed Tam, a Managing Director at HPS and an SEO Board Member, who was honored at the 2025 SEO Annual Awards Dinner for his decades-long impact across finance, philanthropy, and mentorship. We commend his commitment to fostering a talented and inclusive workforce and remain dedicated to expanding access and opportunity within the alternatives industry through partnerships such as SEO.

SEO is a nonprofit organization that provides academic enrichment and career development opportunities for underserved communities, helping to close education and career gaps through programs such as SEO Career, SEO Law, and SEO Alternative Investments. HPS's multi-year partnership with SEO includes support for its annual Investment and Career Conferences, Fellowship Program, internship recruitment efforts, and the SEO Credit Academy, which HPS helped establish in 2024.

“Programs like SEO play a critical role in expanding access and opportunity within our industry. I have seen firsthand how mentorship, education, and early exposure to finance can help talented individuals build meaningful careers. I am proud to support SEO’s mission and to work alongside HPS in helping develop a more inclusive and resilient alternatives industry.”

Ed Tam  
MANAGING DIRECTOR,  
ORIGINATION & CAPITAL MARKETS



# Our People

Our people and their ideas drive our business. Intellectually curious, innovative, thorough, dedicated — our strength is our global team. And while each of us is an individual with unique capabilities and perspectives, we are united in our ambition to deliver value for our clients.

We believe that investing in our employees is fundamental to our success as a global firm. We support growth by delivering initiatives that educate and empower employees while fostering collaboration and unity across the Firm.

In 2025, we continued to build on this commitment through programs such as our Lunch & Learn series — informal sessions led by various HPS teams to share expertise and build cohesion — and The HPScast, our podcast featuring conversations with prominent business leaders, investors, and industry experts exploring career journeys, investment strategies, and market trends.

We strive to be a positive force in our communities — giving back where we do business, where we work, and where we live. We encourage our employees to be active in the community and aim to amplify their charitable giving through a matching gifts program.

**Employee Matching Program:** Through our Employee Matching Program, HPS matches charitable donations up to a set limit per employee. In 2025, this initiative helped amplify our philanthropic impact, providing donations to more than 40 nonprofit organizations worldwide.

**Volunteer Days:** HPS has organized Volunteer Days in its New York office since 2017, and in Chicago, San Francisco, and London since 2023. These events offer a variety of volunteer opportunities throughout the year. Activities include maintaining green spaces, performing basic construction tasks, coordinating food donations and distributions, and participating in after-school programs for children, among other initiatives. Year 2025 highlights included sponsoring the 3rd Annual Community Fun Fair for A Safe Haven Foundation, a nonprofit dedicated to helping individuals in crisis through treatment, housing, support services, and career pathways. We also celebrated our London colleagues' participation in a 28-mile 'Trek for Charity,' raising over \$670,000 for the Roundhouse Trust, the UK's leading creative charity, empowering young people every year through music, media, or the performing arts.

“Our people are our greatest asset. At HPS, we foster a culture of integrity and excellence that supports our teams’ goal of delivering exceptional results for our clients. By investing in our talent, we strive to create an environment where every individual can thrive and contribute to our shared success.”

**Peggy Nugent**  
MANAGING DIRECTOR, HUMAN CAPITAL MANAGEMENT



## SPOTLIGHT

### Supporting Citymeals’ Mission to End Elder Hunger

In 2025, as part of HPS’s eighth annual Volunteer Day offering, HPS established a partnership with **Citymeals on Wheels** (“Citymeals”), an organization dedicated to supporting New York’s homebound elderly through nourishing meals and meaningful companionship.

Since its founding in 1981, Citymeals has delivered more than 70 million meals across all five of New York City’s boroughs, serving more than 22,000 homebound seniors.<sup>23</sup> With a mission to end elder hunger in New York City by 2040, the organization provides groceries, weekend and holiday meals, emergency food, and vital human connection to elderly neighbors in need.

HPS employees participated in two Volunteer Days and over these two days, our teams packaged and served meals at local senior centers, helped restock emergency meal kits and delivered food directly to homebound residents across the city. Together, we facilitated more than 4,700 meals for vulnerable communities, and we supported Citymeals to advance its mission and move closer to its 2040 goal.



# Metrics and Targets

The primary metrics we use for assessing climate-related risks and exposure across portfolio companies are carbon emissions metrics, including Scope 1, 2, and 3 emissions, as well as carbon intensity measures. We focus engagement efforts on our highest emitting portfolio companies to understand how they are working to mitigate these risks, as discussed earlier in this report.

In the past few years, HPS has invested significant resources into improving the data coverage and data quality of carbon-related metrics for our investments and our management company. This includes engagement with portfolio companies to collect more accurate reported emissions data, as well as using third-party providers to estimate the emissions of portfolio companies that do not report emissions to HPS. Please see the below table for an overview of the financed emissions and carbon intensity across our private and liquid credit strategies in 2025.

We also use these service providers to estimate the emissions of HPS's management company using detailed inputs on the activities of our employees,

including, but not limited to, travel, office electricity use, and spend on various capital goods and other purchased goods and services. Please refer to the Corporate Sustainability section for additional details on HPS's operational carbon footprint.

While we aim to closely monitor industry and regulatory developments relating to alignment with a well-below 2°C scenario or net zero, or both, as a credit-focused investment manager, HPS has varying levels of access to portfolio company management, information, and quantitative data. As a result, aligning our investments with a well-below 2°C scenario or setting a net zero target across investments is not practical. Accordingly, to date, we have not aligned our investments with such a scenario or set such a target.

## FINANCED EMISSIONS, YEAR-OVER-YEAR

	PRIVATE CREDIT		LIQUID CREDIT	
	2024	2025	2024	2025
<b>Assets Under Management ("AUM")<sup>24</sup></b>	\$126 billion	\$151 billion	\$23 billion	\$26 billion
<b>Scope 1 GHG Emissions (tCO<sub>2</sub>e)<sup>25,26</sup></b>	1,691,780	2,049,786	1,191,303	1,464,264
<b>Scope 2 GHG Emissions (tCO<sub>2</sub>e)<sup>25,26</sup></b>	1,097,042	1,013,593	534,219	215,335
<b>Scope 3 GHG Emissions (tCO<sub>2</sub>e)<sup>25,26</sup></b>	8,696,744	13,973,701	4,910,776	6,598,140
<b>Total GHG Emissions (tCO<sub>2</sub>e)<sup>25,26</sup></b>	11,485,566	17,037,080	6,636,299	8,277,739
<b>Weighted Average Carbon Intensity ("WACI")<sup>25, 26,27</sup></b>	65	65	154	346



# Appendix

HPS UK Entities – TCFD Disclosures

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TCFD Glossary

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# HPS UK Entities — TCFD Disclosures and Compliance Statement

HPS Investment Partners (UK) LLP and HPS Investment Partners CLO (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 the relevant assets of the HPS UK Entities.

## 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 (each a “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 HPS UK Entity and approves and oversees implementation of its strategic objectives, risk strategy, and internal governance.

The HPS UK Entities leverage the overall Governance structure of HPS, described on [page 7](#). 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 8](#) and the Risk Management Section on [page 18](#) 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 operational and investment risk factors, where possible. In the context of investment risk factors, 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 27](#). The table on the next page summarizes HPS UK Entities’ emissions year over year.

The HPS UK Entities aim to ensure that individual employees’ remuneration is consistent with and promotes sound and effective risk management and does not encourage excessive risk-taking. The HPS UK Entities’ remuneration practices include an assessment of an individual’s performance, based on both quantitative criteria (for example, financial performance of the individual and their business unit) and qualitative criteria (for example, holistic assessment of general adherence to certain policies and procedures). The qualitative criteria used may include, among others, consideration of the employee’s contribution to the overall control of downside risk and volatility in the investment portfolios and identification of attractive investment opportunities, and variable remuneration may be adjusted accordingly.

## 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 January 1, 2025 to December 31, 2025. 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 using the most up-to-date information available, as far as is reasonably practicable. 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 AND HPS INVESTMENT PARTNERS CLO (UK) LLP

HPS UK ENTITIES' EMISSIONS, YEAR-OVER-YEAR

	HPS INVESTMENT PARTNERS (UK) LLP <sup>28</sup>		HPS INVESTMENT PARTNERS CLO (UK) LLP	
	2024	2025	2024	2025
<b>Assets Under Management (“AUM”)<sup>24</sup></b>	\$7,421,988,197	\$7,334,377,551	\$5,768,031,419	\$9,980,095,300
<b>Scope 1 GHG Emissions (tCO<sub>2</sub>e)<sup>25, 26</sup></b>	175,336	72,807	112,166	479,550
<b>Scope 2 GHG Emissions (tCO<sub>2</sub>e)<sup>25, 26</sup></b>	111,726	54,606	102,871	88,909
<b>Scope 3 GHG Emissions (tCO<sub>2</sub>e)<sup>25, 26</sup></b>	1,998,870	4,628,822	1,322,044	3,688,497
<b>Total GHG Emissions (tCO<sub>2</sub>e)<sup>25, 26</sup></b>	2,285,932	4,756,234	1,537,081	4,256,956
<b>Weighted-Average Carbon Intensity (“WACI”)<sup>25, 26, 27</sup></b>	39	18	41	231



# TCFD Glossary

PILLAR	RECOMMENDED DISCLOSURE	REFERENCE
<b>Governance</b>	Describe the board's oversight of climate-related risks and opportunities	<a href="#">P.7, 'Sustainability Governance Structure'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Governance'</a>
	Describe management's role in assessing and managing climate-related risks and opportunities	
<b>Strategy</b>	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<a href="#">P.17, 'Climate'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Strategy and Risk Management'</a>
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<a href="#">P.17, 'Climate'</a> ; <a href="#">P.18, 'Climate-Related Risk Management'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Strategy and Risk Management'</a>
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
<b>Risk Management</b>	Describe the organization's processes for identifying and assessing climate-related risks	<a href="#">P.9, 'Private Credit Process'</a> ; <a href="#">P.10, 'Liquid Credit Process'</a> ; <a href="#">P.18, 'Climate-Related Risk Management' – 'Identifying and Assessing Climate-Related Risks and Opportunities'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Strategy and Risk Management'</a>
	Describe the organization's processes for managing climate-related risks	<a href="#">P.12, 'Key Themes'</a> ; <a href="#">P.14, 'Carbon Engagement'</a> ; <a href="#">P.19, 'Managing Climate-Related Risks and Opportunities'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Strategy and Risk Management'</a>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	<a href="#">P.19, 'Integration into Overall Risk Management Framework'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Strategy and Risk Management'</a>
<b>Metrics and Targets</b>	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	<a href="#">P.27, 'Metrics and Targets'</a> ; <a href="#">P.29-30, 'HPS UK Entities – TCFD Disclosures' – 'Metrics and Targets'</a>
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

# Endnotes

- 1 Reflects estimated and unaudited assets under management (“AUM”) of HPS as of March 31, 2026. 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 periods, the cost of investment or latest available 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 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 business development companies and Luxembourg SICAVs represents net asset value plus leverage (inclusive of drawn and undrawn amounts) as of the prior month-end.
- 2 Includes Private High Grade Corporate-Focused credit, Core Senior Lending, and Specialty Direct Lending strategies.
- 3 Includes CLO & Loan Management 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 (inclusive of legacy Growth Equity vehicles) strategies.
- 6 HPS generally defines ‘portfolio company engagement’ as the process of interfacing with a portfolio company primarily to collect ESG data. Where relevant, we may also engage to discuss specific ESG topics or address material ESG related investment and operations risks.
- 7 HPS, with the help of external consultants, has estimated its operational carbon emissions on a group-wide basis in line with the Greenhouse Gas Protocol Corporate Standard since 2021.
- 8 B Corp Certification is a designation by the nonprofit B Lab that a business is meeting high standards of verified performance, accountability, and transparency on factors ranging from employee benefits and charitable giving to supply chain practices and input materials.
- 9 IBM, Cost of a Data Breach Report 2025. <https://www.ibm.com/reports/data-breach>.
- 10 As identified by the One Earth Climate Model (“OECM”). OECM is commissioned by the UN-convened Net-Zero Asset Owner Alliance. <https://www.oneearth.org/updated-one-earth-climate-model/>
- 11 All three graphs represent the engagement period from January 1, 2025 to December 31, 2025. Total number of engagements: 315.
- 12 ‘ESG overall’ refers to engagements where discussions consisted of various ESG topics across environmental, social, and governance pillars.
- 13 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 to account for the excluded positions.
- 14 [https://cyclingindustries.com/fileadmin/Unlocking\\_the\\_potential\\_of\\_bike\\_Leasing\\_in\\_the\\_EU\\_FINAL.pdf](https://cyclingindustries.com/fileadmin/Unlocking_the_potential_of_bike_Leasing_in_the_EU_FINAL.pdf)
- 15 As far as reasonably practicable, statistics are calculated based on the most up to date information available to HPS as of March 31, 2026.  
ESG policy or equivalent in place count of companies – 2025: 156; 2024: 154  
Reports on GHG emissions count of companies – 2025: 98; 2024: 88  
Decarbonization/transition plan in place count of companies – 2025: 55; 2024: 48  
Conducts regular employee surveys count of companies – 2025: 149; 2024: 137  
Measures gender diversity count of companies – 2025: 148; 2024: 151  
At least one independent board member count of companies – 2025: 105; 2024: 119
- 16 We have estimated our 2025 Operational Carbon Footprint in line with the GHG Protocol, using the Comprehensive Environmental Data Archive (“CEDA”) emission factor database. In estimating its 2025 Operational Carbon Footprint, HPS used Watershed software, emission factors, and calculation methodologies. Please note, certain calculation methodologies for individual GHG categories are subject to change year-over-year.
- 17 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.
- 18 <https://www.carboncure.com/about/>
- 19 <https://registry.verra.org/app/projectDetail/VCS/3207>
- 20 <https://www.carboncure.com/carbon-mineralization-in-concrete/>
- 21 <https://registry.puro.earth/projects/300346>
- 22 <https://oco.co.uk/>
- 23 <https://www.citymeals.org>
- 24 Represents estimated and unaudited AUM of HPS funds as of December 31, 2024 and December 31, 2025, as 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 periods, the cost of investment or latest available 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 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 business development companies represents net asset value plus leverage (inclusive of drawn and undrawn amounts) as of the prior month-end.
- 25 Results show approximation of tCO<sub>2</sub>e emissions (includes Scope 1, Scope 2, and Scope 3) generated for holdings from January 1, 2025 to December 31, 2025 and January 1, 2024 to December 31, 2024, respectively, based partially on data sourced directly from portfolio companies (Data Quality 1 and 2) and an estimation methodology (Data Quality 3, 4, and 5). Estimations are calculated by Watershed, an enterprise sustainability platform, primarily by applying Comprehensive Environmental Data Archive (“CEDA”) using the Partnership for Carbon Accounting Financials (“PCAF”) Methodology; however, in line with Watershed guidance, HPS elects to apply US Environmentally-Extended Input-Output (“USEEIO”) instead of CEDA using the PCAF Methodology for financed emissions from certain utilities, aluminum, and waste sub-industries. 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 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 TCFD methodology. For WACI, as per CEDA by Watershed methodology or alternatively USEEIO, 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

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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 aligns 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.

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