

CRESCENT

| 2023 Responsible Investing Report





## Leadership Message

At Crescent Capital Group (“Crescent”), responsible investing and integrating Environmental, Social and Governance (“ESG”) factors into our investment process remains at the forefront of our efforts. The 2022 Responsible Investing Report highlighted that our values of partnership, transparency, and high ethical standards have been core to the firm over its 30 year track record. Throughout 2023, the firm has continued to make strides in enhancing our ESG program and responding to our investors’ appetite for strong performing credit products in a higher interest rate environment.

Crescent believes that the benefits of incorporating ESG considerations are observable in risk mitigation and have the potential to enhance investment performance. Therefore, developments in our ESG efforts should continue to help enable future performance. We’re proud to share that the UN PRI’s third assessment of the firm’s ESG program resulted in our highest scoring to date, with the firm receiving 5-star ratings in four categories and 4-stars in one category.\* We have also expanded our relationships with third-party thought leaders in the areas of ESG and DE&I initiatives. The details of these achievements, as well as continuing our carbon neutral corporate commitment, Crescent Cares philanthropic activities, and investment case studies, are shared in the following pages. We believe that our efforts to establish and maintain a market-leading ESG program differentiate Crescent among credit managers.

Building on the strong foundation highlighted in last year’s report, we have expanded our ESG data collection efforts in response to increasing requirements of our limited partners. The results of our third annual private credit ESG survey demonstrate the long-term commitment to engaging with our borrowers and private equity firms across Crescent’s private credit strategies.\*\* We remain committed to continually elevating our reporting to maintain best-in-class transparency to our limited partners, and we are also constantly evolving our credit products in order to meet the expectations and appetites from our investors. Crescent continues to believe that our range of below investment grade asset class strategies provide our clients with opportunities to generate a high level of income while preserving capital on a risk-adjusted basis.

We appreciate your continued partnership and support.

### **Mark Attanasio & Jean-Marc Chapus**

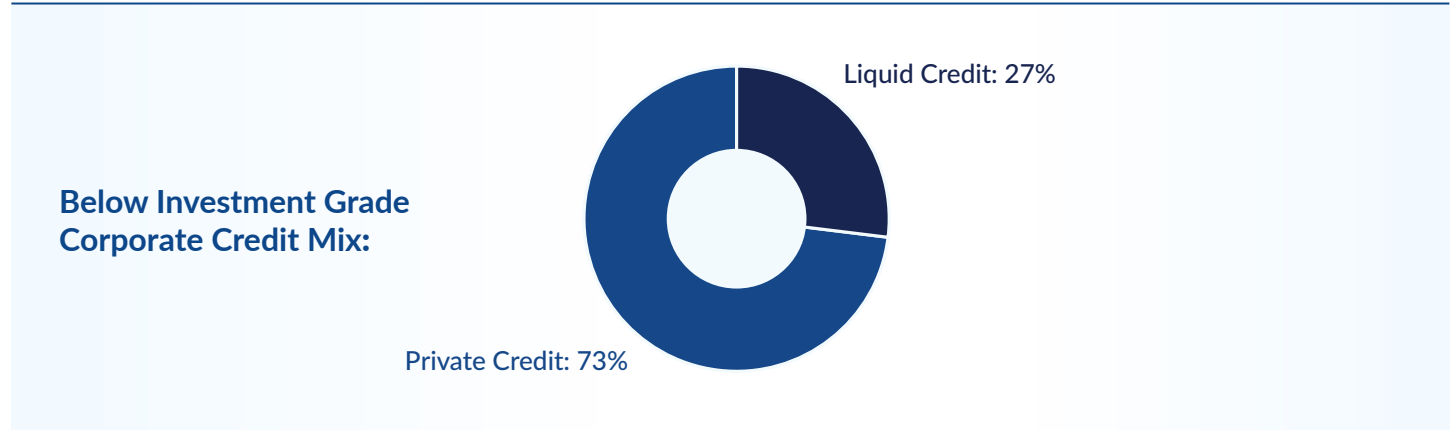
Managing Partners

\* Please see Page 4 for more information and disclosures related to Crescent’s UN PRI 2023 Assessment

\*\* Please see Page 11 for more information and disclosures related to Crescent’s third annual private credit ESG survey

# About Us

Founded 1991
>225 professionals
\$42bn AuM (USD)
Five office locations: <b>Los Angeles (HQ), Chicago, New York, Boston, and London</b>
Over 95% of investor base is institutional investors
550+ client relationships
30+years history focused on below-investment grade investing



Private Credit includes Crescent Credit Solutions (CCS), Crescent Direct Lending (CDL), Crescent European Specialty Lending (CESL), Crescent's BDC (CCAP), and multiple-strategy vehicles. Liquid Credit includes High Yield, Bank Loans, CLO, High Income, and multiple-strategy vehicles.

All data as of 12/31/2023

# About Us

## Crescent Capital's ESG Timeline



\* Please see Page 11 for more information and disclosures related to Crescent's private credit ESG survey

\*\* Please see Page 4 for more information and disclosures related to Crescent's UN PRI 2023 Assessment

# About Us

## Crescent's UN PRI 2023 Assessment

As a signatory to the UN PRI, we are committed to enhancing and improving our ESG processes.

### 2023 UN PRI Summary Scorecard\*

Investment & Portfolio-Related Scores	Module Score	Star Score
Fixed Income - Corporate	98	★ ★ ★ ★ ★
Fixed Income - Securitized	91	★ ★ ★ ★ ★
Fixed Income - Private DebtDebt	99	★ ★ ★ ★ ★
Firm Level Scores	Module Score	Star Score
Policy, Governance, and Strategy	79	★ ★ ★ ★ ☆
Confidence Building Measures	100	★ ★ ★ ★ ★

“Crescent is proud of PRI's recognition of our robust ESG program and our investment professionals' commitment to excellence.”

**JEAN-MARC CHAPUS**

Managing Partner

\* 2023 scores represent an assessment of Crescent's ESG activities for the calendar year 2022. Represents Crescent's aggregate score for each module. These bands range from 1-100, and from 1 to 5 stars.

Endorsement Disclosure: Crescent pays an annual fee to the UN PRI, reports annually on our responsible investment activities and receives a rating based on the reported data. You may obtain full details of PRI reporting and assessment methodology at [www.unpri.org/signatories/signatory-accountability/about-pri-reporting](http://www.unpri.org/signatories/signatory-accountability/about-pri-reporting), and upon request, Crescent will provide copies of our most recent transparency report and/or PRI's assessment report.

# Industry Collaborations



In February 2018, Crescent became a signatory to the Principles for Responsible Investment (PRI), requiring the firm to consistently improve our ESG practices and our transparency through annual reporting.



## Principle 1

We will incorporate ESG issues into investment analysis and decision-making processes.



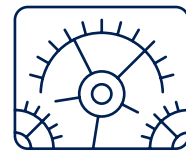
## Principle 2

We will be active owners and incorporate ESG issues into our ownership policies and practices.



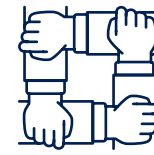
## Principle 3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.



## Principle 4

We will promote acceptance and implementation of the Principles within the investment industry.



## Principle 5

We will work together to enhance our effectiveness in implementing the Principles.



## Principle 6

We will each report on our activities and progress towards implementing the Principles.



# ESG Governance

Governance drives execution. Crescent formalized its ESG governance structure to ensure we achieved the goal of delivering a best in class ESG program. The reporting structure is designed to solicit regular feedback from front line investment professionals while providing the training, tools, and resources to execute the firm’s strategy and priorities, including our aim to deliver superior risk-adjusted returns to our clients. In 2021, we expanded the year-end review process for all investment professionals to include ESG Commitment to reinforce this alignment. We expect to continuously improve our processes and procedures through this feedback loop.

		Responsibilities
<p><b>Oversight</b> Managing Partners and Crescent Executive Committee</p>		<ul style="list-style-type: none"> <li>• Maintain oversight of the firm’s ESG strategy</li> <li>• Final approval on annual policy reviews prepared by ESG Committee</li> <li>• Strategic decisions regarding roadmap and resource allocation</li> </ul>
<p><b>Direction</b> ESG Committee</p>		<ul style="list-style-type: none"> <li>• Establishes policies, procedures, and proprietary tools for implementing Crescent’s ESG integration approach</li> <li>• Tailors implementation programs appropriate to each investment strategy</li> <li>• Receives and reports quarterly feedback from investment strategies to share best practices and firm experience</li> <li>• Creates and deploys annual training for all investment professionals</li> <li>• Thought leadership on industry trends</li> </ul>
<p><b>Execution</b> Investment Committees, Portfolio Managers, and Investment Professionals</p>		<ul style="list-style-type: none"> <li>• Drive implementation of the ESG framework appropriate for the strategy</li> <li>• Provide membership representation on the ESG Committee from all investment strategies</li> <li>• Report to the ESG Committee on events, risks, and frontline successes and challenges</li> <li>• All investment professionals are individually evaluated on ESG commitment through annual review cycle</li> </ul>

# Crescent's ESG Governance

In 2017, Crescent established its ESG Committee under the guidance of its Managing Partners to embark on a journey to create a comprehensive ESG program.

Our ESG Committee is uniquely composed of representatives from all investment strategies, Compliance, Risk and Investor Relations, in accordance with the best practices in terms of ESG governance. All members of our ESG Committee are committed to fostering ESG best practices in our operations, investments, and portfolio company oversight activities.

Our ESG Committee is responsible for overseeing the integration of ESG considerations in our investment process. We also have a feedback loop in place to ensure that we are continuously improving our ESG efforts. We encourage our clients and stakeholders to provide feedback on our ESG performance. In addition to the ESG Committee, in 2021, we began evaluating all investment professionals based on their ESG Commitment to ensure ESG Governance and oversight throughout the investment process.

## ESG Committee Members



**Christine Vanden Beukel**

Managing Director (CESL) and Head of European Credit Markets, Head of ESG Strategy and Policy Development



**Hayes Olofson**

Managing Director (CDL), Head of ESG Implementation, Co-Chair of ESG Committee



**Raymond Cen**

Vice President (CCS)



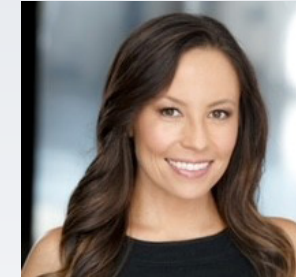
**Alexander Chi**

Senior Vice President (BDC)



**Kim Grant**

Managing Director (CCS)



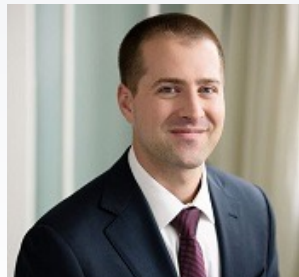
**Jenn Greene**

Vice President (Investor Relations)



**Eric Hall**

Managing Director (Special Situations)



**Andrew Levine**

Chief Compliance Officer



**Patrick McFarlane**

Managing Director (Operations)



**Max Meyer**

Vice President (Tradeable Credit)



**Dylan Pazulinec**

Vice President (CDL)



**Amir Rao**

Managing Director (Tradeable Credit)



**John Shepard**

Senior Vice President (CCS)



**Nicole Waibel**

Managing Director (CESL)



# Our ESG Integration

Crescent Capital has been integrating ESG considerations into its investment process since 2017.

Our ESG integration methodology is grounded in extensive research and analysis. We believe that by integrating ESG factors in our investment decision-making, we can make better investment decisions, leading to not just positive impact at the borrower level, but also more resilient portfolios.

*“Increasing complexity from global regulatory agencies is raising the bar for managers. Those managers able to successfully respond today will lead the market tomorrow.”*

**CHRISTINE VANDEN BEUKEL**

Managing Director (CESL), Head of ESG Strategy and Policy Development

Crescent Capital has developed a proprietary ESG evaluation framework to assist our investment teams in considering ESG factors as an integral component of the entire investment process. Our ESG integration process includes the following actions:



## Both Tradeable Credit and Private Credit utilize:

- **ESG Committee Oversight:** Crescent’s ESG Committee, comprised of investment professionals from both liquid and private market strategies as well as investor relations, operations, and administration, meets on a monthly basis to develop ESG policy and promote sharing of best practices across the firm.



# Tradeable Credit

ESG factors are considered with every position \$15 million or greater and for some smaller positions deemed material to the portfolio.

- **ESG Proprietary Score:** Analysts assess the level of risk associated with an ESG factor and assign a numerical Crescent ESG score on a scale of 1-3, where 3 is considered high risk.
- **Third-party ESG Ratings:** to supplement our Primary research, Crescent has partnered with MSCI ESG Research and subscribes to MSCI's independent ESG research ratings and reports.
- **Further ESG due diligence:** Depending on the risk associated with the material ESG factor, due diligence can differ. If risk is deemed low, a review of the company's public documents and MSCI ESG research will generally suffice. Where the risk is considered higher, further due diligence will be conducted that may include reviewing additional filings, scientific reports and interviews with the issuers management team, consultants, bankers and sponsors to the extent these resources are available. Tradeable Credit researchers factor in these findings into the overall risk assessment of the issuer and document the information in a credit memorandum along with the Crescent ESG score.
- **Escalation/Action:** Credit strategies typically do not have equity rights (e.g., proxy voting) to influence the decisions of our investments post-investment. Responses to ESG incidents may include increasing engagement with management, asset owners, and other creditors, or reducing or eliminating exposure. Crescent's preferred policy is to engage on ESG topics with borrowers to drive risk mitigation rather than divert or divest unless risks are determined material enough to have a negative impact on returns.

Tradeable Credit	
Asset Class	Multi-Asset Class Portfolios
<b>Bank Loans</b> Broadly syndicated, floating-rate senior bank loans	<b>High Income</b> Fixed and floating-rate below investment grade credit
<b>High Yield Bonds</b> Publicly traded, fixed-rate bonds	<b>Syndicated Credit Solutions</b> Narrowly syndicated bank loans and bonds
<b>Structured Products</b> CLO Debt and Equity	<b>Credit Opportunities</b> Dislocation strategy

*“The Crescent Executive Committee remains focused on responding to LP’s desire for increased disclosure.”*

**MARK ATTANASIO**

Managing Partner

# Private Credit: An ESG Integration Approach

**Our Responsible Investing Policy and ESG program aims to embed Responsible Investing framework across strategies.**

Each of Crescent's private credit strategies analyzes ESG issues at every stage of the investment process from screening, diligence, decision making, and monitoring. Crescent's investments are informed by an expansive evaluation of the company's, environmental, social, governance, and climate attributes using a proprietary ESG worksheet. Our process helps to identify both risks and opportunities. We believe that identifying and evaluating ESG factors pre-investment results in improved credit selection, an ability to more accurately price risk, and better monitor companies through the investment period and reduce risk to improve long term performance.

*“Crescent acknowledges LPs desire for data transparency in order to meet their own increasing reporting requirements, and Crescent is committed to improving disclosure in private credit.”*

**KIM GRANT**

Managing Director (CCS)



## Screening

- Crescent private credit strategies deploy an Integration approach to ESG
- ESG strengths and considerations are presented at IC's initial deal screening
- No firm-wide de facto exclusion criteria, but strategies may pass for material ESG risks



## Diligence

- Deal teams use proprietary ESG Worksheet to engage with constituents
- Leverage third party reports commissioned by private equity sponsors, when available
- Direct engagement with sponsors and management throughout the process



## Decision Making

- Crescent seeks to align with private equity sponsors who are like-minded in their approach to Responsible Investing
- Deal teams elevate opportunities consistent with history of attractive ESG portfolio construction
- Dedicated ESG section detailing strengths and considerations in the final IC memo



## Monitoring & Engagement

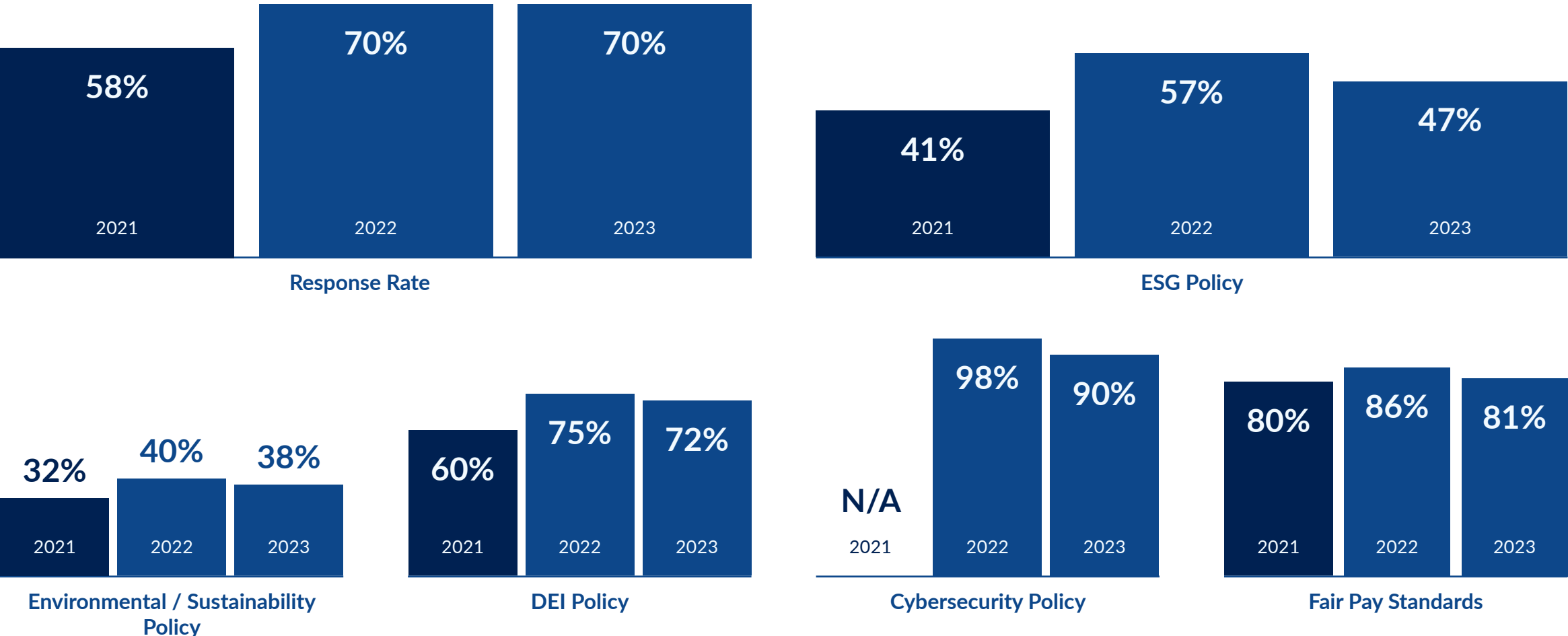
- Deal teams are responsible for monitoring performance, including ESG issues
- Engage directly with management and asset owners as appropriate
- Quarterly reporting to the ESG Committee of any ESG incidents
- Private credit's ESG survey distributed to 100% of borrowers annually\*

\* Please see Page 11 for more information and disclosures related to Crescent's annual private credit ESG survey

# Private Credit ESG Survey Snapshot \*

Crescent's private credit strategies conduct an annual ESG survey across all private borrowers.

We are pleased to share that our borrowers are increasingly engaging with us on ESG topics as demonstrated by the select responses to the questionnaire in the summary exhibits below.



\* Survey results are based on questionnaires provided to Crescent's CCS, CDL, CESL, and CCAP strategies' portfolio companies only at the time of survey and are based on responding borrowers. The figures represent affirmative responses divided by number of respondents per question in each individual year.

# Human Rights

**Human rights is a clear issue that continues to gain traction as companies are being held more accountable for their actions and their impact on populations globally as supply chains continue to expand.**

Customers, investors, and other stakeholders are increasingly demanding that companies respect human rights and not be complicit in human rights abuses. Crescent is seeking to address this issue by committing to respect internationally recognized human rights standards and implementing its commitment at the firm level.

At the firm level, Crescent is committed to providing an environment free of discrimination and harassment, promoting equal opportunities in employment, promoting diversity and inclusion, ensuring the health and safety of its employees, and creating an environment in which employees can report issues without fear of reprisal.

Within the portfolios, Crescent seeks to identify and mitigate adverse human rights impacts, particularly in areas where risk could be heightened, such as operations or supply chains located in countries with weak governance or industries with unique challenges.

Crescent's ESG Committee is responsible for the implementation of these policies, ensuring that Crescent's commitment to human rights is embedded throughout its investment process and procedures.

In 2022, Crescent established a [Human Rights Policy](#), specifically covering human rights issues related to employment practices, non-discrimination, diversity and inclusion, health and safety, and reporting mechanisms. The policy also discusses the responsibility of companies, including Crescent's portfolio companies, to respect human rights and not be complicit in human rights abuses. The policy highlights the potential risks and challenges that businesses may face in terms of human rights, particularly in areas such as supply chains, vulnerable groups, indigenous populations, and industries with unique challenges. Crescent's ESG Committee is responsible for establishing these policies.



**Team Select is a provider of pediatric home healthcare services to medically fragile patients.**

## Social (S)

**Team Select's mission is to change lives for the better.**

We advocate for families in need, treat our patients like the heroes they are, and empower our team members to make the world a better place. The Company's caregivers provide medically complex services to high-risk pediatric patients afflicted with severe chronic or terminal conditions. Patients receive services in the comfort of their home while also avoiding the high cost hospital setting.

## Effective School Solutions

### Social (S)

**ESS partners with school districts to help them implement culturally inclusive mental health and behavioral support programs that improve care, strengthen outcomes, address trauma, and maintain students in their home district.**

Crescent's investment in ESS supports Social Characteristics by targeting positive community impact, human capital development, and health & safety through mental and behavioral support programs that enable students to remain in their home district. This approach results in better academic outcomes and contributes to longer term positive socio-economic trends. Students stay integrated in their normal academic setting while addressing issues ranging from mood regulation to relationships with food, technology, family, and social structures.



## Case Studies

**Intoxalock**  
IGNITION INTERLOCK



**Intoxalock is a leading provider of ignition interlock devices and other DUI-related services.**

### Social (S) and Governance (G)

Intoxalock's primary product identifies intoxicated drivers, prohibiting them from operating their vehicle and reducing the risk to society at large. The company works closely with federal, state, and local officials thereby enhancing the strength and efficacy of governance within the justice system. Together, they help to ensure safe roadways, protecting drivers, pedestrians, and other bystanders on a daily basis.

**ASSISI**  
PET CARE



**Assisi is a leading manufacturer of natural pet food and treats across the UK, Germany and Poland.**

### Environmental (E) and Governance (G)

Food production companies inherently carry ESG risks across the supply chain. Crescent's supply chain diligence throughout the acquisition process prompted the sponsor to commission an ESG review by a third-party consultancy.

The report contained a comprehensive review of the company's supply chain management and materials sourcing, selling practices and product labelling, resource efficiency, as well as governance and employment practices. The firms' policies and procedures were assessed to be in good order, evidencing the company's strong ESG track-record. Furthermore, the report outlined future ESG improvement opportunities that have been continuously implemented by the sponsor and the company.

**BUKO.**



**Buko is a leading provider of temporary traffic and safety management solutions in the Netherlands.**

### Environmental (E), Social (S), and Governance (G); Sustainability Target

Crescent's diligence identified the risk of potential safety concerns given the company's products are utilised on public roads. Crescent structured a sustainability target as part of the Credit Facilities that includes the implementation and further development of a safety culture, and the reduction in employee absences due to sickness and work-related accidents. This aligns to UN SDGs 11 (making cities and communities safe). Buko's sustainability target also included a reduction in the ratio of Scope 1&2 CO<sub>2</sub> emissions to revenue. BUKO agreed the use of a third-party provider for the review of the sustainability target compliance certificates.

# Climate Change

## Firm Level

**Crescent is proud to have maintained a carbon neutral corporate footprint since 2021.** The firm has taken actions to reduce its carbon footprint, including measuring the firm's operations GHG emissions and investing in carbon offsets programs. The long-term goal monitor Crescent's own carbon footprint and take actions through purchase or investing in carbon offsets projects with the ultimate goal of maintaining carbon neutral operations and expanding tracking and reporting of climate emissions in prospective and existing investments.

## Strategy Level

**Crescent Capital also has a role to play in climate risk mitigation and is taking a multifaceted approach to addressing climate change through its investment strategy.** Crescent's climate diligence includes specific qualitative climate questions asked to its portfolio companies, providing valuable insights into ESG practices. Crescent Capital risk-assesses companies within its private strategy on climate-specific indicators, on top of general environmental ESG risk factors.

Finally, Crescent is a supporter of TCFD and the framework's approach to climate disclosure. Crescent is demonstrating its commitment to corporate citizenship and addressing climate change by encouraging progress from corporate issuers in line with the TCFD framework. Through its actions, Crescent Capital is setting an example for other companies to follow.

**Our most recent efforts have been to engage with our portfolio companies to begin calculating their emissions.** Crescent has hired Environmental Resources Management Limited ("ERM") to support principal adverse impact assessments including GHG footprint data collection for the CESL portfolio. This is a bottom-up approach based on:

- Raw data collected centrally from portfolio companies
- Top-down average geography and sector-based data will be used as a last resort to fill any outstanding gaps, with the aim over the long term to be replaced with investment specific data
- Crescent also engaged Burgiss/MSCI to calculate proxy emissions estimates for select private credit funds.

*“Crescent supports further coordination between asset owners, credit, LPs and regulators to maximize the efficiency of data collection and disclosure.”*

### HAYES OLOFSON

Managing Director (CDL), Head of ESG Implementation, Co-Chair of ESG Committee



Resource Innovations offers software-enabled clean energy solutions for utilities and commercial, industrial, and residential energy consumers. The company has strong carbon reduction initiatives and aligns with Crescents thoughts on climate being an important issue. For over a decade, Resource Innovations companies have been demonstrating environmentally sustainable corporate leadership by recording, reporting, and offsetting their North American office carbon emissions with The Climate Registry as well as tracking its utility consumption and waste generation.

## Case Studies

**IMServ**  
the power behind energy efficiency



**IMServ is a leading B2B provider of metering and data services for the electricity, gas and water sectors.**

### Environmental (E) and Governance (G)

IMServ continues to play an important role in assisting with the legislative-driven shift to 100% smart meters by mid-2025 in the UK. End energy consumers receive real-time energy usage data and this transparency provides scope for implementation of energy efficiency measures.

The business also helps organisations to make intelligent use of their energy consumption statistics through analytics, sub-metering and reporting services within its Carbon & Energy Management segment. This helps to instigate energy and cost saving initiatives.

**ADS** | Advanced  
Diabetes  
Supply®



**Advanced Diabetes Supply is a distributor of continuous glucose monitors for diabetic and pre-diabetic patients nation wide.**

### Social (S)

ADS services facilitate access for hundreds of thousands of patients to receive critical continuous glucose monitoring devices and insulin pumps along with other diabetic testing equipment. The company facilitates the reimbursement and fulfillment process for both payors and patients. Increasing access to these products lowers the risk for patient complications and reduces the burden on the health system from reduced complications and emergencies. ADS also provides health information and educational resources to patients regarding effective diabetes management.

**Kingswood**  
An Inspiring Learning Company



**Kingswood delivers week long residential experiences for adolescents in the UK.**

### Social (S)

Kingswood works with the National Citizen Service (NCS) of the UK to design and deliver a subsidised 5-day residential experience for 15-17 year olds. The "Live It" programme is specifically created to support young people on their journey into adulthood, using the outdoors as a vehicle for learning and personal development. Live It is built around real-world outcomes and developed through a series of amazing challenges. Live It is about building learners' confidence and resilience, setting them apart when applying for and starting their careers. The NCS Live It programme has been awarded a Level 3 Impact Award by the Skills Builder Universal Framework.



# Diversity, Equity & Inclusion

Crescent Capital is committed to fostering and maintaining a culture where individuals are respected and supported in a highly collaborative environment.

We are committed to the principles of diversity, equity, and inclusion in our culture and in our actions to create opportunities for our employees, success for our clients, and lasting change for our communities.

## Partnerships/Initiatives

- Among the first 16 firms to become a signatory to the CFAs institute Diversity, Equity, and Inclusion (DEI) Code in the U.S. and Canada.
- Crescent has partnered with the National Association of Securities Professionals (NASP), which is Chaired by Crescent Managing Director Erik Hall
- Continued participation in the Verbum Dei corporate work study program. We have employed over 20 students.
- Two individuals employed in L.A. and NY through Best Buddies, which provides support and job opportunities for people with intellectual and developmental disabilities.

Women and Minorities make up (as of 12/31/23)\*



55% of total employees

39% of investment professionals

42% of VP Level and Higher

## Crescent's DE&I approach

Crescent has expanded upon our diversity hiring efforts across all roles to develop a talent pipeline over time. Enabling us to:

- Establish connections at six historically black colleges and universities (HBCUs)
- Increase hires from an underrepresented groups for the 2021 intern class to 50%
- Introduced a summer intern scholarship at HCBUs
- London office is participating in the #10,000 Black Interns program

## DE&I Committee Members



**Alice Huang**

DE&I Committee Co-Chair  
and CHRO



**Christopher Wang**

DE&I Committee Co-Chair and  
Managing Director (CCS)



**Ray Barrios**

Managing Director (BDC)



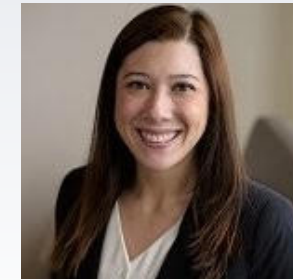
**George Hawley**

General Counsel



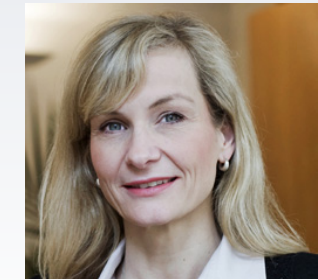
**Gia Heimlich**

Managing Director (CDL)



**April Planeaux**

Vice President (HR)



**Nicole Waibel**

Managing Director (CESL)

\* Includes Asians as minorities



## Our Mission

The Crescent Cares Foundation is committed to donating our time, skills, and resources towards enhancing the well-being of children, families, and the communities in which we operate and reside. Our goal is to make a lasting, positive impact by partnering with forward-thinking, value-driven organizations that aim to improve the lives and environments of underprivileged individuals and communities.

### Vision

Be a socially responsible philanthropy and agent for change that inspires hope, increases well-being, and improves communities.

### Impact

- Three areas of focus: education, healthcare and community development
- Contributed to over 175 organizations
- Fosters employee engagement through an Employee Advisory Committee and coordinated service events in Los Angeles, Boston and New York
- Matching gifts program available to all employees
- Leverages the resources and intellectual capital of Crescent to support organizations dedicated to improving the conditions of communities in need

## Verbum Dei Corporate Work Study Program

Crescent is a partner with the Verbum Dei Corporate Work Study Program. Verbum Dei High School, located in South Los Angeles, provides high school students work-place experience and financial assistance.

### PROGRAM SPECIFICS

Each year Crescent mentors and trains four students in our Los Angeles office. Income the students earn goes directly towards defraying the cost of tuition. Every student works five full days a month on a rotational basis.

### IMPACT

- 100% of Verbum Dei students gain college acceptance
- Direct and tangible positive influence on the lives of young people



## Best Buddies Jobs Program

Crescent has collaborated with the Best Buddies Jobs Program by providing employment services to individuals with intellectual and developmental disabilities. The program focuses on creating integrated jobs that allow participants to earn an income and work in an environment alongside others in the community.

### PROGRAM SPECIFICS

Crescent Capital currently employs two Best Buddies team member in each of Los Angeles and New York. Best Buddies employees work in office services and are fully integrated employees of Crescent Capital

### IMPACT

- Promotes integrated employment opportunities
- Assists participants in earning an income, paying taxes and working in an environment alongside others in the community
- Offers opportunity for people with IDD to become financially independent through their own efforts

## Looking Forward

**Crescent remains committed to its multi-year approach to ESG program development as part of the firm's journey in transitioning to a lower carbon economy. As we look forward to evolving our approach, our priorities remain consistent over the next several years:**

- Further engagement with corporate borrowers
- Improve ESG data and reporting
- Enhance public disclosures
- Develop climate risk management approach

We believe that the inclusion of ESG programs across credit managers will continue to evolve dramatically over the next three years. Regulators are increasingly displacing Limited Partner investors as the driving force behind data reporting and transporting requirements. The investor community will serve as the intermediary that enacts regulatory mandates across managers. Rarely does government intervention create greater efficiency than market forces. The potential efficiency of regulators accelerating data standardization is clouded by the significant burden placed on the ecosystem from increased reporting requirements.

Investors also continue to seek alignment between their investments and their values; however, caution is warranted from all constituents to ensure that returns are not undermined by proactive or reactive responses by investors, regulators, and governments from sacrificing the efficiency of markets.

Limitations of ESG reporting and analysis differ depending on the asset class, particularly in the credit space, which carries a unique set of challenges when it comes to ESG analysis. Unlike equity investors who have voting rights or control to influence corporate behavior, credit investors do not have the same level of influence over the companies. This can present challenges to engaging with companies to provide data, or change practices without an identifiable economic incentive or immediate regulatory implication for the borrower. This dynamic may be exacerbated by the shorter duration of credit investing compared to other asset classes when considering some of the long term risks highlighted by ESG analyses. Investors must continue to push asset / equity owners to directly disclose the data desired by the market and required by regulations.

Crescent acknowledges these limitations, as a new era of responsible investing is emerging. We continue to believe that incorporating ESG considerations into the investment process can lead to positive outcomes in our communities while also increasing risk adjusted returns for our investors.

**At Crescent we look forward to better understanding these ESG limitations and driving positive change.**

## Code of Ethics

Investment advisers are fiduciaries that owe their undivided loyalty to their clients. Investment advisers are trusted to represent clients' interests in many matters, and advisers must hold themselves to the highest standard of fairness in all such matters. Crescent has an established Code of Ethics based on the principle that the officers, directors and employees of Crescent owe a fiduciary duty to Crescent's Clients and Investors.

## Disclosure Statement

This report provides certain information regarding the Environmental, Social and Governance ("ESG") and Diversity, Equity and Inclusion (DE&I) policies, procedures and internal practices of Crescent Capital Group LP (together with its associated advisory and investment entities, "Crescent") and is for information purposes only. This report does not constitute an offer to sell or a solicitation of an offer to purchase interests in Crescent or any private fund related to Crescent.

Crescent's ESG Policy applies to Crescent's funds and their underlying investments and is reviewed at least annually to reflect changes to the business. Crescent's ability to influence and exercise control over ESG matters with respect to Crescent's Funds' investments in which its Funds will invest and this will vary depending on the asset class, investment structure, and contractual rights. In cases where Crescent determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, Crescent will only apply those elements of this ESG Policy and the foregoing approaches that it determines to be practicable in light of the underlying facts and circumstances. Examples of such cases may include where Crescent is a minority shareholder and has limited governance rights or other circumstances where Crescent is a minority shareholder and has limited ability to assess, set or monitor ESG-related performance. The case studies shown in this report only represent a subset of the Crescent Funds' investments.

Crescent's ESG Policy was last updated in December 2023 and is subject to change as the firm considers necessary or advisable. This ESG Policy is based on information available as of the time it was written, provided or communicated, and Crescent disclaims any duty to update its Policy and any content, research or information herein. The information concerning the market environment and opportunities in the marketplace represents the views of Crescent. Reasonable persons may disagree as to perceptions of the market environment and the investment opportunities created thereby. The statements, opinions, targets, and data expressed in this report are subject to change without notice. There can be no assurance that the application of the ESG investment process and methodology described herein will lead to investment opportunities or that the Crescent will be

The effectiveness of the Firm's policies regarding ethics depends on the judgment and integrity of its employees rather than on any set of written rules. Employees of the Firm must at all times place the interests of the Firm's clients before your own interests. The Firm requires all Access Persons and Firm directors to annually self-certify that they have read and understand the terms of the Code of Ethics, recognize the responsibilities and obligations incurred by the Code of Ethics, and that they are in compliance with the requirements of the Code of Ethics, including the personal investment transactions policies.

able to generate future returns for its investors or that any returns will be commensurate with the risks of investing in the types of companies and transactions described herein.

Statements contained in this report (including those relating to current and future market conditions and trends in respect thereof) that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of Crescent and information currently available to Crescent. Certain information contained in this report constitutes "forward-looking statements," which can generally be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "forecast," "intend," "continue," "target," or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of Crescent may differ materially from those reflected or contemplated in such forward-looking statements.

Certain information contained herein may be based on or derived from information provided by independent third-party sources. Crescent believes that the sources from which such information has been obtained are reliable; however, neither can guarantee the accuracy of such information nor have independently verified the accuracy or completeness of such information or the assumptions on which such information is based.

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