

Crescent Capital TCFD Report



Crescent is a global alternative investment manager singularly focused on corporate credit. We invest across the debt capital structure of companies of all sizes, in both private and tradeable markets, with a track record spanning more than three decades of market cycles. We target consistent, attractive returns with less volatility, lower default rates and higher recovery rates than the market average.



Our Approach to TCFD

Crescent publishes annual Responsible Investing Reports where we describe the firm's commitment to our Environmental, Social, and Governance (ESG) program. In that vein, we are publishing our inaugural Taskforce on Climate-related Financial Disclosure (TCFD) report.

In 2023, the Task Force successfully fulfilled its mandate and disbanded, passing the responsibility of overseeing and advancing climate-related financial reporting to the International Sustainability Standards Board (ISSB). While the board recently introduced its IFRS S2 framework for disclosures, we have opted to use the TCFD's recommendations, based on IFRS [guidance](#) and industry best practices. As the new standards become more widely adopted and available, we are preparing ourselves to align with their recommendations. We remain committed to aligning with evolving industry best-practices to ensure transparency in our climate-related disclosures.

Crescent Capital TCFD Report



About Us

Founded in 1991, Crescent Capital (“Crescent” or “the Firm”) is a leading alternative asset manager specializing in below-investment-grade credit. With over \$46 billion in assets under management as of December 31, 2024 and a team of more than 230 professionals across five key locations – Los Angeles (HQ), New York, Boston, Chicago, and London – Crescent is committed to providing income-generating, capital-preserving investment opportunities through debt securities. Our Limited Partner client base benefits from our expertise in managing investments across marketable and privately originated debt securities, including senior bank loans, high-yield bonds, and private credit securities such as senior, unitranche, and junior loans.

Crescent began its ESG journey in 2016 and became a signatory to the UN Principals of Responsible Investing (PRI) in 2018. Crescent uses the ESG integration method to systematically incorporate ESG strengths and considerations into their investment analyses and decisions when evaluating companies for investment. Crescent believes that incorporating ESG factors, including climate considerations, in conjunction with other fundamental credit analysis, results in a more thorough credit analysis that may result in attractive risk-adjusted returns.

Our Approach to TCFD

Crescent publishes annual Responsible Investing Reports where we describe the firm’s commitment to our Environmental, Social, and Governance (ESG) program. In that vein, we are publishing our inaugural Taskforce on Climate-related Financial Disclosure (TCFD) report.

In 2023, the Task Force successfully fulfilled its mandate and disbanded, passing the responsibility of overseeing and advancing climate-related financial reporting to the International Sustainability Standards Board (ISSB). While the board recently introduced its IFRS S2 framework for disclosures, we have opted to use the TCFD’s recommendations, based on IFRS guidance and industry best practices. As the new standards become more widely adopted and available, we are preparing ourselves to align with their recommendations. We remain committed to aligning with evolving industry best-practices to ensure transparency in our climate-related disclosures.

Governance

Crescent has implemented an ESG Governance structure to oversee the development and implementation of our policies and procedures, including those related to climate. Our Managing Partners and Crescent Executive Committee have oversight of the firm’s ESG and climate-related strategies. As the highest level of governance of the firm, they have the final strategic decision-making responsibility for the climate roadmap and resource allocation.

The ESG Committee oversees the day-to-day implementation of the climate strategy, bringing key decisions to the Managing Partners and Crescent Executive Committee. Established in 2017, the ESG



Committee is a multidisciplinary group of team members from each of Crescent's investment strategies along with Investor Relations, Operations, and Compliance that is responsible for developing climate-related policies, procedures, tools, training, and resources to ensure consistent and accurate implementation across the firm by the different investment strategies. The ESG Committee meets monthly to effectuate the ESG roadmap priorities and review ESG developments across the firm and in the market, including those related to climate. The ESG Committee's responsibilities also include the management of external ESG resources, including third party consultants and service providers, completing reviews and updates of policies and procedures at least annually, distributing the annual private credit ESG survey, conducting quarterly ESG portfolio reviews, publishing the firm's annual ESG Responsible Investing Report, ensuring compliance with firm's ESG policies, and developing ESG-related training for all investment professionals.

The ESG Committee also oversees training for all investment professionals. New investment professionals receive ESG training as part of the onboarding process, and all investment professionals receive annual ESG training developed and delivered by the ESG Committee. Crescent's ESG training includes detailed climate-specific education. In 2024, Crescent in conjunction with our ESG consultant ACA Global, conducted an additional dedicated climate training for all investment professionals. The training focused on helping investment professionals further understand and identify the different kinds of climate risks that may impact Crescent investments. Individual strategies are responsible for reporting any climate incidents to the ESG Committee where they are documented as part of a quarterly review process. Climate risk assessments are also specifically included in the quarterly reviews for Crescent's private credit strategies. Specific experiences and learnings are shared back across the firm's strategies to ensure institutional best practices and inform future policies, procedures, and resources available to the firm's investment professionals.

The strategy level Investment Committees, Portfolio Managers, and Investment Professionals are responsible for carrying out the procedures established by the ESG Committee, including integrating climate-related risks into their analysis, decision-making, and monitoring of investments. All investment professionals are evaluated on their commitment to ensuring implementation of ESG procedures, including those related to climate, during annual review cycles.

The nature of Crescent's investment in credit securities as opposed to equity investments or asset ownership creates limitations on the reach of the firm's authority over issuers. Crescent's approach to stewardship is through engagement with other market constituents, primarily including public and private equity owners, other lenders, and issuers' management teams. Crescent's involvement will vary by the nature of the situation; however, Crescent is frequently limited in its ability to directly effect change due to the nature of being a creditor and not an asset owner or voting member of the Board of Directors. We believe that Crescent still plays a role in educating the market as an active participant in the ecosystem whenever possible and generally prefer engagement over divestment.

Crescent Capital TCFD Report



ESG Governance

The exhibit below highlights the governance structure described above.

Responsibilities	
Oversight Managing Partners and Crescent Executive Committee	• Managing Partners and CEC maintain oversight of the firm's Climate strategy • Final approval on annual policy reviews prepare by ESG Committee • Strategic decisions regarding roadmap and resource allocation
Direction ESG Committee	• Establishes policies, procedures, and proprietary tools for implementing Crescent's ESG integration approach • Tailors implementation programs appropriate to each investment strategy • Receives and reports quarterly feedback from investment strategies to share best practices and firm experience • Creates and deploys annual training for all investment professionals • Thought leadership on industry trends
Execution Investment Committees, Portfolio Managers, and Investment Professionals	• Drive implementation of the climate framework appropriate for the strategy • Provide membership representation on the ESG Committee from all investment strategies • Report to the ESG Committee on events, risks, and frontline successes and challenges • All investment professionals are individually evaluated on ESG commitment through annual review cycle

ESG Committee

Crescent's ESG Committee is a multidisciplinary group of 14 team members from each of Crescent's investment strategies along with Investor Relations, Operations, and Compliance.



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



Nicole Waibel
Managing Director
(CESL)



Kim Grant
Managing Director
(CCS)



John Shepard
Managing Director
(CCS)



Amir Rao
Managing Director
(Capital Markets)



Patrick McFarlane
Managing Director
(Operations)



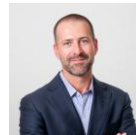
Eric Hall
Managing Director
(Special Situations)



Alexander Chi
Senior Vice President
(BDC)



Max Meyer
Vice President
(Capital Markets)



Andrew Levine
Chief Compliance
Officer



Judy Lee
Assistant Vice President
(Investor Relations)



Raymond Cen
Vice President
(CCS)



Dylan Pazulinec
Vice President
(CDL)



Strategy

Crescent recognizes that climate change can have significant impact on our business operations and investments across various time horizons. Crescent's climate approach is informed by characteristics unique to each of our investment strategies and is structured to adapt to the continuously evolving best practices of the industry. Through historical experience and industry expertise, Crescent has identified the most relevant climate-related risks and potential impacts across our portfolios. As responsible credit investors, Crescent has integrated climate-related risks into our investment processes and portfolio management. Crescent is mindful to focus on the climate consideration horizon that matches the duration relevant to credit investments when factoring climate considerations into our investment process. Crescent is typically focused on a 5-10 year investment horizon when evaluating climate risks (depending on credit security), which may differ materially from the investment horizon and considerations relevant to equity security investors in certain situations.

Crescent's Private Credit strategies review ESG considerations at every step in our process, from initial screening through final investment committee decisions. Climate considerations are considered independently from Environmental considerations during this process to ensure appropriate delineation and thoughtful diligence. The applicable Investment Committees consider these risks alongside financial information during the decision-making process. Crescent analyzes the potential impact of ESG-related risks associated with an investment and ultimately may choose not to invest if these risks are judged to be material enough to impact its investment thesis and returns. If Crescent continues with the investment, then the investment professionals may engage with the companies to mitigate potential climate-related risks, as applicable. Investment teams highlight relevant ESG considerations in all of our investment committee screening materials and ultimately mitigate in our final investment memos.

Crescent's Tradable Credit strategies consider ESG factors and incorporate ESG including climate considerations into a risk rating for positions \$15 million or greater and for some smaller positions deemed material to the portfolio or specific client accounts. Research analysts factor findings into the overall risk assessment of an issuer and document the information in a credit memorandum along with a proprietary ESG Score. Crescent has partnered with MSCI ESG Research to supplement primary research with MSCI's independent ESG research ratings and reports. Portfolio Managers make decisions on investment positions based in part on ESG Scores in addition to fundamental credit analysis and relative value. ESG Scores incorporate applicable climate-related risks and are reviewed at least annually, or as appropriate if the ESG risk changes, and modified to reflect the current ESG views. Responses to positive or negative climate developments may include escalating engagement tactics; however, credit strategies do not typically have equity proxy voting rights, so climate incidents may lead to reducing or eliminating exposure if necessary.

For more information, please see [Risk Management](#).



Risk Type	Risk	Time Horizon	Potential Risk Impact
Physical	Extreme weather events such as flooding, storms, and heatwaves	Short and medium term	Extreme weather events can cause sudden and severe damage to the physical infrastructure of investments, impacting day-to-day business operations and supply chains. This can increase the risk of loan defaults and decreased asset value for collateral.
	Long term shifts in climate such as rising sea levels and higher average temperatures	Long term	Changes in the climate can degrade property values, interrupt supply chains, increase operational costs, and reduce an investment's financial stability.
Transition	Regulatory and Policy risks such as carbon taxes and emissions regulations	Short and medium term	Climate-related regulations can increase operational costs for companies in the portfolio, such as those related to tracking GHG emissions, create additional reporting burdens, and impact business activities (e.g., if materials in the supply chain are regulated due to high emissions intensities).
	Market risks such as shifting consumer preferences	Medium and long term	As consumer and investor preferences favor products with a smaller environmental footprint, companies in the portfolio that rely on higher natural resource intense practices may see decreases in demand and revenue.
	Insurability Risks	Short, medium, and long term	As weather events are expected to occur with increased frequency and severity, assets may be at risk of being deemed uninsurable by insurance companies.
	Reputational risks	Medium and long term	Natural resource intense companies may face public backlash, which can lead to reduced profitability and increase a borrower's risk profile.
	Technological risks	Medium and Long term	Companies may face operational costs to integrate new technologies that emerge to support the transition to a lower carbon economy.

Table A. Key Physical and Transition Risks facing the Crescent Portfolio¹

1. As of 12/31/24. Other climate considerations may be factored into the investment decision as relevant based on the unique characteristics of each asset.



Risk Management

Crescent identifies climate-related risks and opportunities into all potential Private Credit investments and those Tradable Credit investments that exceed the \$15mm position size.

Private Credit

ESG considerations are incorporated throughout our process, from initial screening through final investment committee memorandum. Crescent's Private Credit strategies utilize a proprietary worksheet during due diligence to assist investment professionals in identifying the potential risks and impacts climate may have on an investment. The ESG worksheet tool includes dedicated questions on environmental, social, and governance, with climate specifically broken out separately from environmental considerations to ensure appropriate delineation and thoughtful diligence. Climate issues for consideration include physical risks (severe weather, rising sea levels, flooding, wildfires, drought, supply chain physical disruption, etc.), and transition risks (inevitable policy response, input availability, dependence on extractive inputs or processes, regulation, reputation, insurability, etc.). Investment professionals may use the worksheet alongside publicly available data and third-party assessments to guide conversations with management teams and private equity firms. The applicable Investment Committee considers these risks alongside fundamental credit analysis and financial information during the decision-making process. The ESG worksheet and summary of material issues are incorporated into the investment committee memorandum and considered when making the final investment decision. Crescent analyzes the potential impact of ESG-related risks associated with an investment and ultimately may choose not to invest if these risks are judged to be material enough to impact its investment thesis and returns. Crescent Private Credit funds designated Article 8 under SFDR have additional risk management strategies related to climate change, including general ESG-related and climate-specific exclusion criteria². If Crescent continues with the investment, then the investment professionals may engage with the companies to mitigate potential climate-related risks, as applicable. Crescent's European Specialty Lending (CESL) strategy may also utilize a margin ratchet related to ESG Key Performance Indicators (KPIs), where applicable. These can include ratchets related to carbon reductions to encourage the mitigation of the identified risks associated with an investment.

Crescent's ESG Committee completes a quarterly dashboard review process, which highlights the current portfolio composition and any notable ESG developments within portfolio companies across Crescent's Private Credit Strategies. The purpose of these discussions is to highlight any potential ESG-related concerns within the firm's portfolio, educate the ESG Committee and the broader strategy teams on ESG issues, and discuss potential solutions that were implemented. This process ensures the ESG Committee is continually monitoring all portfolio companies within Crescent's Private Credit Strategies.

Crescent's Private Credit Strategies have engaged several third-party resources to evaluate and provide data insights on climate topics. Crescent European Specialty Lending has engaged a third-party consultant, ERM, to conduct a carbon emissions and Principal Adverse Impacts (PAI) assessment. Crescent has partnered with Burgiss/MSCI to provide borrower and fund level proxy emissions data on select Private Credit funds, enhancing our ability to measure and monitor climate-related exposures.

2. Exclusion criteria vary by strategy.



Crescent actively monitors and engages with management teams of portfolio companies to review the identified ESG and climate-related risks over the duration of investments. Crescent also issues an annual ESG Survey to all borrowers covering various ESG topics including climate-focused questions. This survey not only informs Crescent's investment decisions but also serves to educate borrowers on climate risks and ESG factors. While Crescent does not have direct control over underlying assets as a credit investor, we seek to address significant ESG related issues through engagement and, in cases of high risk, may consider divesting from assets that present unmanageable risks. Crescent's private credit strategies also benchmark portfolio climate risks against an industry climate index on a quarterly basis, providing an additional layer of oversight.

Tradeable Credit

Crescent's Tradable Credit strategies consider ESG factors and incorporate climate considerations into a risk rating for positions \$15 million or greater and for some smaller positions deemed material to the portfolio or specific client accounts. Research analysts factor findings into the overall risk assessment of an issuer and document the information in a credit memorandum along with a proprietary ESG Score, which takes into account climate-related risks. Crescent has partnered with MSCI ESG Research to supplement primary research with MSCI's independent ESG research ratings and reports that includes climate analyses. A determination of high climate risk will result in additional due diligence that may include reviewing additional filings, scientific reports and interviews with issuers management teams, consultants, bankers, and sponsors. All of these resources inform the ultimate ESG Score and overall risk rating. ESG Scores are reviewed at least annually, or as appropriate if the ESG risk changes, and modified to reflect to reflect the current ESG views. Responses to positive or negative ESG developments may include escalating engagement tactics; however, credit strategies do not typically have equity proxy voting rights, so ESG incidents may lead to reducing or eliminating exposure if necessary.



Metrics & Targets

Crescent Capital

Crescent is committed to tracking corporate level climate-related metrics. Crescent has achieved carbon neutrality through the purchase of verified carbon offsets and investments since 2021 and is committed to remaining carbon neutral going forward. Sun Life Financial (Crescent's parent company), gathers data on Crescent's energy usage in occupied corporate real estate, business travel, and paper usage to estimate our annual carbon emissions. Brightly [fka Energy Profiles Limited (EPL)], based out of Toronto, has been engaged for this ongoing program. Crescent's emissions are calculated in line with the Greenhouse Gas Protocol Corporate Standard.

The exhibit below highlights Crescent's corporate emissions since 2021.

	2021	2022	2023
Total Emissions (tCO ₂ e)	249	571	1,568

Note: Reflects Corporate Travel and Office Location Based Emissions including paper usage. Increasing corporate travel coming off post-covid lows in 2021 is the primary driver of the YoY increase since 2021.

Crescent Investment Strategies

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, which includes providing our LP clients with the level of transparency and disclosure to meet their needs. Crescent publishes an annual Responsible Investing report to highlight our recent activities and ESG developments as a firm as well as disclose a selection of the result from the annual Private Credit ESG Survey. Select Crescent Private Credit strategy funds also provide LPs with borrower and fund level emissions data either through proxy emissions data produced in partnership with Burgiss/MSCI or through company disclosures. To support the assessment of climate-related risks in our European Specialty Lending Strategy, Crescent has engaged a third-party consultant, ERM, to conduct a carbon emissions and Principal Adverse Impacts (PAI) assessment. These efforts aim to provide commercially reasonable data transparency on a passive basis.

Crescent's firm and longstanding belief is that there are real limitations on the climate commitments that credit asset managers can credibly provide to our Limited Partner's and market constituents. Crescent's position to remain carbon neutral at the corporate level does not inform the positions of our various investment strategies. Crescent's investing strategies are not currently aligned with Net Zero, Paris Agreements, emissions reduction targets, impact investing, or similar climate-outcome specific commitments due to the impractical execution, potentially detrimental impact on returns, and the Greenwashing risk that we believe such commitments represent given our position as credit investors and not control equity or asset owner investors. Crescent similarly makes no commitments to explore these areas in the near future as it relates to our investment practices.

Crescent Capital TCFD Report



Disclosures

This report provides certain information regarding the Environmental, Social and Governance (“ESG”) 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 2024 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 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.

This report is based on information available as of the time it was written, provided, or communicated, and Crescent disclaims any duty to update this report and any content, research or information herein. The information concerning the market environment and investment opportunities represents the views of Crescent. The information contained herein should be treated in a confidential manner and may not be reproduced, distributed, or used in whole or in part for any other purpose, nor may it be disclosed without the prior written consent of Crescent. Accordingly, by accepting and using this report, the recipient will be deemed to agree to not disclose or retransmit any information contained herein except as may be required by law.

CONTACT

crescentcap.com

Los Angeles (HQ)

11100 Santa Monica Blvd
Suite 2000
Los Angeles, CA 90025
Tel: (310) 235-5900

New York

299 Park Avenue
33rd Floor
New York, NY 10171
Tel: (212) 364-0200

Boston

100 High Street
18th Floor
Boston, MA 02110
Tel: (617) 854-1500

Chicago

110 N. Wacker Drive
Suite 2500
Chicago, IL 60606
Tel: (312) 237-2100

London

2 Cavendish Square
London W1G 0PU
United Kingdom
Tel: (44) 20 3696 5420