



CLIMATE POLICY

Effective September 2023

As an investment firm, at OHA we believe it is our responsibility as part of our investment process to identify and analyze systematic changes, and the corresponding investment risks and opportunities. We believe climate change is a systematic change that will have a material impact across the investment universe, with the potential to create opportunities for value creation as well as risks.

OHA is committed to embedding sustainable practices into its business, including incorporating financially material ESG factors into its investment process. As such, OHA considers factors related to climate change in its investment decisions where relevant, including engaging with portfolio companies and broader industry participants as applicable. More broadly, managing investments taking into account climate change can make a positive contribution to the environment and to global and local communities. This Climate Policy provides a summary overview of how OHA currently integrates the analysis of climate change into its investment process and describes how climate change can affect our investment universe.

Background: For the world to have a chance of minimizing the impact of climate change, it is necessary to keep global temperatures within +1.5°C above preindustrial levels. The earth has already experienced at least a 1.1°C increase in global average temperature since the industrial revolution.¹

The *United Nations' Intergovernmental Panel on Climate Change (IPCC) Climate Change 2022: Mitigation of Climate Change* report, released in April 2022, indicated that global emissions would need to peak by 2025 and then decline 48% by 2030 to keep the global temperature rise to 1.5°C².

The result of excess emissions into the atmosphere and our oceans has already been felt around the world and climate scientists have illustrated how the impact of +2.0°C warming will be materially worse than +1.5°C. Even keeping global warming within +1.5°C means there will be climate change impacts that will affect the investment landscape, such as rising sea

¹ NASA Earth Observatory, 2022 Tied for Fifth Warmest Year on Record (January 2023).

² Source: Global Warming of 1.5°C, Intergovernmental Panel on Climate Change (IPCC), 2019; Climate Change 2022: Impacts, Adaptation and Vulnerability, Intergovernmental Panel on Climate Change (IPCC), 2022.

levels, increased storm frequency, hotter and more frequent heat waves, and shifts in seasonal patterns.²

Highlights of Various Impacts of Physical Climate Risk.³

<p>OCEAN ACIDIFICATION</p> <p>About one-quarter of carbon emitted into the atmosphere dissolves in the oceans, where it alters the chemistry and decreases the pH of the surface.</p> <p>A more acidic environment makes it hard for coral reefs and other organisms to grow and survive. This will drive a profound shift in ocean ecosystems and potentially drastically reduce fish stocks.</p> <p>Ocean acidity has already increased by 30%.</p>	<p>SEA LEVEL RISE</p> <p>The National Oceanic and Atmospheric Administration (NOAA) reports a 0.21-0.24 meter rise in sea level has already occurred.</p> <p>Sea level along the U.S. coastline is projected to rise, on average, 10 - 12 inches (0.25 - 0.30 meters) in the next 30 years (2020 - 2050), which will be as much as the rise measured over the last 100 years (1920 - 2020)⁴</p>	<p>ICE SHEETS MELTING</p> <p>The ice sheets of Greenland and Antarctica store roughly two-thirds of the world's fresh water and are losing ice due to warming of the Earth's surface and oceans. Roughly one-third of sea level rise has come from these melting ice sheets since 1993.</p> <p>At 1.5°C warming, we can expect to experience 1/10 ice free summers in the Arctic Ocean. At 2.0°C warming, we can expect 1/100.</p>
<p>MARINE ECOSYSTEMS</p> <p>Rising temperatures will alter the geographic ranges of many marine species, prompting a shift to higher latitudes.</p> <p>The relocation of species will provide some areas with short-term gains, such as Northern Hemisphere fisheries, but overall the impact will be mostly negative for humans.</p>	<p>BIODIVERSITY</p> <p>Biodiversity is sensitive to climate factors such as temperature and weather pattern changes.</p> <p>At 1.5°C warming, 6% of insects, 8% of plants and 4% of vertebrates are expected to see their geographic range more than halved. At 2.0°C warming, these figures increase to 18%, 16% and 8%, respectively.</p> <p>Pollinators will have significantly reduced geographic ranges negatively impacting food supply.</p>	<p>LAND ECOSYSTEMS</p> <p>Changing temperatures are expected to drive biome shifts in many regions. For example, the Mediterranean biome is expected to become more arid, while tundra and boreal forests are also at high-risk.</p> <p>At 1.5°C warming, 7% of the Earth's land will see an ecosystem shift. At 2.0°C warming, this will be 13%.</p> <p>At 1.5°C warming, 17-44% of permafrost is expected to thaw. At 2.0°C warming, 28-59% is expected to thaw.</p>
<p>EXTREME TEMPERATURES</p> <p>Temperatures will rise unevenly around the world. The strongest warming is expected to happen in mid-latitudes in the summer and in the Arctic in the winter.</p> <p>At 1.5°C warming, extremely hot days in mid-latitudes will be about 3.0°C hotter. At 2.0°C warming, they will be about 4.0°C hotter.</p> <p>At 1.5°C warming, the Arctic's coldest nights will be about 4.5°C warmer. At 2.0°C warming, they will be about 5.5°C warmer.</p>	<p>MIGRATION</p> <p>Climate-related migration has typically stayed within national borders with rural migrants moving to urban areas after losing homes or livelihoods due to drought, sea level rise, or other climate-related issues. As the rising impact of climate change puts further pressures on cities, migration is likely to become more cross-border.</p> <p>Over the next 30 years, 143 million people are likely to migrate due to rising seas, drought, high temperatures and other climate catastrophes.</p>	<p>HUMAN HEALTH IMPACTS</p> <p>The warming of urban areas creates an environment that traps and increases pollution (as smog contains ozone particles that increase rapidly at higher temperatures).</p> <p>At 1.5°C warming, 1 billion people are exposed to severe heat waves every one in five years. At 2.0°C warming, 2.7 billion people are exposed.</p> <p>At 2.0°C warming, the deadly heatwaves experienced in India and Pakistan in 2015 may occur annually.</p>

³ Source: Global Warming of 1.5°C, Intergovernmental Panel on Climate Change (IPCC), 2019; Climate Change 2022: Impacts, Adaptation and Vulnerability, Intergovernmental Panel on Climate Change (IPCC), 2022.

⁴National Oceanic and Atmospheric Association: <https://oceanservice.noaa.gov/hazards/sealevelrise/sealevelrise-tech-report.html>

How Climate Factors are Considered in OHA’s Investment Process: We believe that many companies will feel some impacts of climate change – through revenues, sourcing, energy costs, carbon taxes and/or financing costs, etc. – and those that can create economic value with a low or zero greenhouse gas footprint should generally be better positioned than their peers in a world of rising environmental regulation over a long-term investment horizon.

Climate change is likely to materially affect nearly every industry but manifests differently in each one, which is why we believe an industry specific approach aligns with our investment process and allows for the most appropriate risk assessment. Pairing this top-down approach to climate risk assessment with bottom-up company specific analysis allows for proper contextualization and time horizon assignment of these risks.

Our investment professionals consider climate and environmental issues holistically across various sectors, with the most frequently occurring material factors in OHA’s methodology including Energy Management, Impacts in the Supply Chain + Management, Greenhouse Gas Emissions, Water Management, Waste Management, and Ecological & Biodiversity Impacts (including from Land Use & Project Development). The table below outlines additional sector specific factors considered, as applicable, during investment due diligence.

Sector	Environmental Factors Prioritized for Each Sector ⁵
Consumer Goods	<ul style="list-style-type: none"> • Raw Materials Sourcing • Product Lifecycle Environmental Impacts • Wood Supply Chain Management • Retail/Distribution • Product Packaging
Extractives & Minerals Processing	<ul style="list-style-type: none"> • Emissions Reduction Services & Fuels Management
Financials	<ul style="list-style-type: none"> • Incorporation of ESG Factors • Environmental Risk Exposure
Food & Beverage	<ul style="list-style-type: none"> • Ingredient Sourcing • Animal Care & Welfare
Health Care	<ul style="list-style-type: none"> • Climate Change Impact on Human Health & Infrastructure • Fleet Fuel Management
Infrastructure	<ul style="list-style-type: none"> • End-Use Efficiency & Demand • Climate Impacts of Business Mix • Climate Change Adaptation • Recycling & Resource Recovery • Water Supply Resilience • Network Resiliency & Impacts of Climate Change

⁵ Source: Environmental Factors and Sectors sourced from IFRS Foundation’s Sustainability Accounting Standards Board (SASB) Standards

	<ul style="list-style-type: none"> • Environmental Impacts of Project Development • Fleet Fuel Management • Management of Hazardous Waste
Renewable Resources & Alternative Energy	<ul style="list-style-type: none"> • Lifecycle Emissions Balance • Sourcing & Environmental Impacts of Feedstock Production • Climate Change Adaptation • Product Efficiency • Product End-of-Life Management • Materials Sourcing
Resource Transformation	<ul style="list-style-type: none"> • Fuel Economy & Emissions in Use-phase • Product Design for Use-phase Efficiency • Product Lifecycle Management • Fuel Economy and Emissions in Use-Phase • Materials Sourcing • Hazardous Waste Management
Services	<ul style="list-style-type: none"> • Climate Change Adaptation
Technology & Communications	<ul style="list-style-type: none"> • Product Lifecycle Management • Materials Sourcing • Environmental Footprint of Hardware Infrastructure • Environmental Footprint of Operations
Transportation	<ul style="list-style-type: none"> • Design for Fuel Efficiency • Materials Sourcing • Fuel Economy & Use-phase Emissions • Air Quality

Climate Stewardship: We believe climate-related risks are financially material depending on the particular portfolio company, especially in high-emitting industries, and it is therefore important that we engage with companies on this topic, where appropriate. We believe companies benefit from long-term strategic planning, including in-depth analysis of ESG factors such as climate change. Companies that assess their own mission and purpose, continuously analyze the competitive landscape, and consider how changes in the broader community, society and the planet might affect the company are all processes that highlight how stakeholder dynamics tied to climate change might materially affect the company's operations.

One of the more difficult aspects of evaluating climate change risks and opportunities is the lack of disclosure on key environmental metrics, strategy, and accountability. Where possible,

we encourage our portfolio companies to measure and report their greenhouse gas emissions.⁶

To this end, we advocate for disclosures in private credit and syndicated loan transactions consistent with the ESG Integrated Disclosure Project (ESG IDP) reporting template, which embeds core climate concepts from frameworks and standards such as the Task Force on Climate-related Financial Disclosure (TCFD) and Sustainability Accounting Standards Board (SASB). In addition, OHA will seek to promote awareness, disclosure and management of climate factors that are part of these market wide and asset class specific standards and questions.

Reporting on Carbon Footprint: We measure and report OHA’s own operational emissions as well as calculate the attributed emissions for select funds and accounts. Data captured includes carbon footprint and weighted average carbon intensity.

Collaborations on Climate Change:

Organization	Status	Year Joined
TPI (Transition Pathway Initiative)	Member	2020
TCFD (Task Force on Climate-related Financial Disclosures)	Supporter	2020
iCI (Initiative Climat International)	Member	2022

Oversight and Accountability for Climate Change: OHA has a dedicated ESG & Sustainability Department that reports to Bill Bohnsack, President and Senior Partner, and Declan Tiernan, Co-Head of Europe and Partner, both of whom are members of OHA’s ESG Committee. The ESG Committee provides strategic oversight of the incorporation and monitoring of ESG factors into the firm’s investment process. OHA’s ESG & Sustainability Department, with input from the ESG Committee, are responsible for overseeing and implementing OHA’s approach towards assessing climate-related risks and opportunities and enabling investment professionals to be equipped to engage with borrowers, issuers and other portfolio companies on such topics. OHA’s portfolio managers are ultimately responsible for incorporating the analysis of ESG matters including climate change into investment decisions.

Please refer to OHA’s ESG & Sustainability Policy for additional information on OHA’s approach to ESG & Sustainability.

⁶ Scope 1 (direct emissions from owned or controlled sources); Scope 2 (indirect emissions from the generation of purchased electricity, steam, or cooling); Scope 3 (all other indirect emissions).