



2023 ANNUAL REPORT

ESG and Sustainability

About Oak Hill Advisors



Oak Hill Advisors (“OHA”) is a leading **global alternative credit investment specialist** with **\$63 billion** of assets under management across performing and distressed credit related investments in **North America, Europe** and other geographies.¹

EXPERIENCE



30+
YEARS

SCALE



\$63
BILLION

TEAM



400+
COLLEAGUES

OHA has the **experience, scale** and **team** of investment professionals to allow it to successfully navigate the high yield, leveraged loan, structured, distressed and private credit markets.

PRIVATE STRATEGIES

\$28
BILLION

LIQUID STRATEGIES

\$16
BILLION

STRUCTURED CREDIT

\$19
BILLION

TABLE OF CONTENTS

Introduction

- 2** A Message from our Founder and CEO
- 3** 2023 ESG Actions & Achievements
- 4** Governance
- 5** Promoting Disclosure, Transparency & Harmonization

Responsible Investment

Our approach to integrating ESG factors into our investment processes

- 9** Investment Approach
- 10** ESG Integration
- 15** Engagement

Corporate Sustainability

Our firm level commitments to integrating sustainable business practices

- 19** Understanding Our Climate Impact
- 26** Cultivating a Diverse & Inclusive Workforce
- 30** Supporting our Community & Global Organizations

2024 & Longer-Term ESG Goals

¹. Capital under management estimated as of December 31, 2023. Includes net asset value, portfolio value and/or unfunded capital. Uses respective USD exchange rates as of month-end for any non-USD assets. Additional information on calculation methodology is available upon request. Private Strategies, Liquid Strategies and Structured Credit are based on the primary strategy of each client account advised and/or managed by OHA and/or its investment advisory subsidiaries (each a “Client Account”). Certain Client Accounts may invest in multiple asset classes. Capital under management does not represent the assets under management for any asset class. Other OHA disclosures may use assets under management rather than capital under management. Totals may not add due to rounding.

A Message from our Founder and CEO

"What's in a Name?"

Shakespearean scholars reference this well-known line from Romeo and Juliet as an acknowledgement that names are a convention that categorize things or people, but by themselves, do not have any meaning. Over the last few years, the name "ESG" has taken on many forms and meanings depending on a wide variety of factors such as audience, intentions and geography. The differing approaches to how various practitioners define its application, sheer enormity of factors that are represented by each letter of the acronym, and volume of both justifiable and baseless scrutiny leaves many calling for the end to the use of the name itself. Even if ESG as a name or a label were to disappear, the incorporation of environmental, social and/or governance factors represents an important component of prudent investing when these issues have a reasonable likelihood to affect a company's financial condition or operating performance.

OHA continues to believe in the adage that "what is measured is managed" and that better information on financially material environmental, social and governance issues strengthens the investment process; and as a result, strengthens our ability to generate attractive risk-adjusted returns. To drive better information availability in alternative credit, OHA is a leading contributor in shaping disclosure and transparency initiatives designed to support the investment process and meet the reporting needs of our clients. To do so, OHA believes it's reimagining what effective engagement looks like across the markets in which we invest. We are committed to supporting companies by providing guidance and tools to help companies realize value and minimize risks across their activities which intersect with environmental, social and governance matters.

As demonstrated throughout this report, optimizing disclosure, transparency and harmony across the alternative credit landscape remained a focus for OHA in 2023.



GLENN R. AUGUST



GLENN R. AUGUST

Founder & CEO

Responsible Investment

Corporate Sustainability

OUR COMMITMENT

Promote sustainable practices across firm activities and financial markets, and within our community



Encourage a culture of collaboration, diversity, equity and inclusiveness



Achieve target investment returns for our partners while investing in a sustainable manner



2023 ESG Actions and Achievements

In 2023, OHA focused on leadership across the ESG and Sustainability markets. OHA demonstrated leadership through its process for integrating financially material ESG factors into investment decisions, promoting transparency across the industry and deepening its corporate impact through its Diversity, Equity & Inclusion (DEI) program.



Leadership & Engagement

OHA took a leading role alongside other prominent investors and industry associations to launch the ESG Integrated Disclosure Project (ESG IDP) in Q4 2022 and continued to drive adoption of the ESG IDP in 2023.

OHA served as a member of the working group for the UN PRI and ACC's *Responsible Investment DDQ for Private Debt Investors*.

In March of 2023, received Private Debt Investor of the Year: Americas.²



Climate Change

Co-published "*Carbon Footprint Measurement: A Concise Guide for Companies and their Lenders*" on behalf of the initiative Climat International (iCI).

Published [OHA Climate Policy](#).

Continued partnership with Persefoni, a leading climate accounting platform, to calculate carbon emissions for certain OHA investments, including estimates for companies not yet disclosing GHG emissions, as well as firmwide and select fund level financed emissions.



Corporate Sustainability

OHA's headquarters, One Vanderbilt, has one of the lowest carbon footprints across similar scaled buildings in New York City and OHA has achieved LEED Gold certification for its two floors.

Offset 100% of its operational emissions for 2023, marking 5th year in a row OHA has offset the entirety of its corporate emissions through a variety of projects including Improved Forest Management and Waste to Energy projects.

Implemented new initiatives around composting and recycling at office headquarters.



Diversity, Equity, & Inclusion

Focused on employee training and engagement within mentorship program, growth of additional employee resource groups and other internal events.

Continued recruitment and collaboration through established partnerships.

Formalized 2024 action plan and longer term goals to build on our commitment.

2. Award recognized OHA's work during 2022.

Governance

OHA's ESG Department includes three professionals who oversee the development and implementation of OHA's ESG & Sustainability Program. The ESG Department works closely with OHA's ESG Committee, which serves to provide strategic guidance and input on the direction of the program. The ESG Department reports to Bill Bohnsack, President and Senior Partner, Adam Kertzer, Portfolio Manager & Senior Partner and Fritz Thomas, Head of Client Coverage and Partner, all of whom are members of OHA's ESG Committee.



JEFF COHEN

Managing Director, Head of ESG & Sustainability

Jeff Cohen has management responsibility for the incorporation of ESG matters within the firm's investment processes as well as other sustainability initiatives at the firm. He is a member of OHA's ESG committee, risk committee and the Diversity, Equity and Inclusion Council. Mr. Cohen is also the Vice Chair of the ESG Integrated Disclosure Project and a member of the Principles for Responsible Investment's Private Debt Advisory Committee. Prior to joining OHA, he was the Director of Capital Markets Integration and Head of Private Investments Initiatives at the Sustainability Accounting Standards Board (SASB) Foundation.

He started his career in the Global Markets division at Deutsche Bank. Mr. Cohen earned an M.B.A. from the Georgetown University McDonough School of Business and a B.B.A from the University of Michigan's Ross School of Business. Additionally, he has earned the Chartered Alternative Investment Analyst designation and is a Fundamentals of Sustainability Accounting Credential holder.



ERIN HARTNEY

Principal, ESG & Sustainability

Erin Hartney is focused on the incorporation of ESG matters within the firm's investment processes as well as other sustainability initiatives at the firm. Ms. Hartney is a member of OHA's ESG committee. She previously worked in the areas of investor relations and new business development at OHA. Prior to joining OHA in 2013, Ms. Hartney worked in equity research at Barclays and began her career as a Teach For America corps member in New York City. She earned a B.A., *magna cum laude*, from Vanderbilt University.



JAYD ALVAREZ

Associate, ESG & Sustainability

Jayd Alvarez is focused on the incorporation of ESG matters within the firm's investment processes as well as other sustainability initiatives at the firm. She is also a member of OHA's ESG Committee and leads the firm's Sustainability Network. Ms. Alvarez previously consulted for Metric, an ESG benchmarking software platform, and prior to that, worked with the United States Environmental Protection Agency and the New York City Mayors Office of Climate and Sustainability. Jayd earned an M.S. in Sustainability Management from Columbia University's Climate School, and a B.A. from Binghamton University.

Promoting Disclosure, Transparency & Harmonization

During 2023, OHA continued to focus on improving access to ESG data within the alternative credit markets, as it firmly believes greater disclosure, transparency and harmonization will help drive action and effective engagement, which increases the likelihood of real-world outcomes.

An outcome of this engagement with market participants such as the LSTA, UN PRI and ACC was the development of the ESG IDP. The ESG IDP seeks to be a unifying force leading to consistent ESG data across the private and syndicated credit markets.



The ESG IDP provides borrowers with a harmonized and standardized means to report ESG information to their lenders, streamlining the disclosure process for borrowers and enabling lenders to receive consistent data from sponsored and non-sponsored companies in the private and broadly syndicated credit markets. By providing a baseline for ESG information requests, OHA believes the template will encourage more consistent reporting and support comparison across the industry.



INTEGRATED DISCLOSURE PROJECT

Driving enhanced ESG transparency and accountability

| Purpose | Governance |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Provide a standard format for ESG related disclosures and identify useful information that is consistent with the core operations of companies</p> <p>For borrowers & private companies: provides greater certainty on the ESG indicators that are most relevant to lenders, allowing borrowers to concentrate on a baseline of disclosures that is aligned with private equity initiatives rather than respond to a multitude of similar questionnaires</p> <p>For investors: improves the consistency of disclosures and enhances ability to identify industry-specific ESG risks in their credit portfolio and compare meaningful data</p> <p>For credit fund managers: supports the ability of credit fund managers to engage with borrowers on disclosure as well as develop efficient investor reporting processes</p> | <p>The ESG IDP is led by its Executive Committee and Secretariat.</p> <p>Together they oversee the use and development of the ESG IDP template to support the consistent collection of data; raise awareness and promote the sharing of knowledge and sound practices amongst borrowers, lenders and investors about the ESG IDP; and coordinate with stakeholders to support a harmonized approach to ESG disclosure. Jeff Cohen serves as Vice Chair on the Executive Committee of the ESG IDP.</p> |

The ESG Integrated Disclosure Project methodology largely reflects OHA's own approach to identifying and underwriting credit relevant ESG factors in the investment process. We are excited to continue efforts on education and adoption to align sponsor, borrower, lender and investor interests.

Promoting Disclosure, Transparency & Harmonization

OHA promotes the measurement of GHG emissions where financially material, improving the transparency of decision-useful climate-related disclosures.



OHA joined iC in 2022 and now co-leads the Global Private Credit Working Group. iC offers investors in the private markets a platform for sharing best practices in analyzing, managing and mitigating climate-related financial risk and emissions among their portfolios.

The iC was originally launched as the iC20 in November 2015 by a group of private market firms who sought to contribute to the objective of limiting global warming to below 2° Celsius. Today, the iC's goals remain consistent in its commitment to facilitate climate change action among private markets in two ways: 1) engaging the wider private markets industry to better understand and manage carbon emissions and 2) work towards forward-looking analysis of climate-related financial risk in alignment with TCFD recommendations.

In September 2023, iC published a [resource guide](#), *Carbon Footprint Measurement: A Concise Guide for Companies and their Lenders*. This document is intended to be a primer and resource for companies who are interested in learning more about, or plan to start, accounting for their emissions. OHA utilizes this Carbon Footprint Measurement guide during engagements with select companies to encourage measurement of emissions when its most likely to be financially material.

Since publication, OHA has shared the iC guide with dozens of interested parties.

Carbon Footprint Measurement Guide

- Designed to help facilitate more effective disclosure of GHG emissions between companies and their fiscal sponsors, direct lenders and other debt-holders
- The ultimate objective of the guide is to promote the measurement of GHG emissions, thus improving the transparency of decision-useful climate-related disclosures that too few companies currently produce
- The guide synthesizes content from globally recognized organizations and standards to facilitate decision making and promote measurement and information sharing including but not limited to:
 - GHG Protocol
 - Task Force on Climate-related Financial Disclosures (TCFD)
 - Science Based Targets initiative (SBTi)



Promoting Disclosure, Transparency & Harmonization

OHA has been a signatory to the UN PRI since 2019, which it believes represents our commitment to transparency and disclosure.



In 2023, Erin Hartney served as a member of the working group for the UN PRI and [ACC's Responsible Investment DDQ for Private Debt Investors](#).

- Collaboration between GPs and LPs to promote consistency across the industry, utilizing common investment disclosure standards and frameworks.
- The questionnaire is intended for use by LPs when seeking information from managers on their ESG programs and practices, whether for selecting an investment manager for a new mandate or monitoring an existing one.
- To promote consistency, the DDQ is designed to complement the information gathered through the PRI's reporting framework as well as investment disclosure standards and frameworks developed by external organizations.

Additionally, in 2023, Jayd Alvarez joined the PRI's [Sustainable Systems Investment Managers Reference Group \(SSIMRG\)](#)

- The PRI's SSIMRG provides an opportunity for investment managers to engage regularly in a two-way dialogue with PRI about some of the most pressing issues currently facing the responsible investment community.

OHA shares a common vision to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness. OHA supports formal integration of ESG factors into credit ratings. To encourage these efforts, OHA has joined other Signatories in support of the [PRI Statement on ESG in Credit Risk and Ratings](#).

OHA submitted its PRI transparency report across 5 modules for the most recent reporting period and is pleased to share our results which we received in December 2023.³

| | |
|------------------------------------------------------------------|-----------|
| Direct – Fixed Income – Corporate Median Score: 68% | ★★★★☆ 90% |
| Direct – Fixed Income – Securitized Median Score: 64% | ★★★★☆ 86% |
| Direct – Fixed Income – Private Debt Median Score: 68% | ★★★★☆ 87% |
| Policy Governance and Strategy Median Score: 60% | ★★★★☆ 82% |
| Confidence Building Measures Median Score: 78% | ★★★★★ 92% |

3. Principles for Responsible Investment ("PRI") is a United Nations-supported international network of financial institutions. On December 15, 2023, OHA received its PRI scores for its 2022 PRI submission, which was submitted in March 2023. The 2022 PRI submission reflects data provided by OHA for the review period January 1, 2022 – December 31, 2022. OHA is not affiliated with PRI. Estimated median score as exact number was not provided. OHA pays an annual assessment to PRI in order to maintain its status as a PRI signatory. Only PRI signatories are eligible to be considered for a PRI score.

RESPONSIBLE INVESTMENT

The background is a deep blue with abstract, flowing shapes. A diagonal band of lighter blue and white contains faint, stylized financial charts, including a candlestick chart with red and green bars and a line graph with blue dots. The overall aesthetic is modern and tech-oriented.

Our approach to integrating ESG factors
into our investment process

OUR COMMITMENT

OHA is committed to responsible business practices across our organization, as well as responsible investing through the companies we financially support.

We believe that the consideration of financially material environmental, social and governance factors is essential in seeking long-term value creation on behalf of our investors. OHA has a systematic firmwide approach to integration of ESG factors in the investment process that is applied across asset classes and differentiated based on the nuances of each strategy.

Consistent with OHA's investment philosophy, investment professionals across seniority levels play an active role in the credit consideration process, including the assessment of ESG factors. OHA focuses on the financially material ESG factors that underpin a company's creditworthiness, utilizing consistent resources to inform determination and analysis of these factors.⁴

OHA INVESTMENTS: DIFFERENTIATED ACROSS STRATEGIES

Corporate and Private Credit

The investment team utilizes an OHA designed methodology, which is based on SASB Standards, the technical basis for the International Sustainability Standards Board (ISSB) industry specific disclosure standards. The SASB Standards identify ESG factors reasonably likely to have a significant effect on the financial conditions, operating performance or market valuation of companies and industries.

OHA has applied a credit lens to the SASB Standards and the investment team utilizes this framework to inform underwriting the financially material ESG factors for each company in which OHA invests. We view credit materiality as a subset of financially material factors that are most likely to affect a company's ability to repay its lenders. Primary determinants of our factor selection are where ESG factors manifest within the income statement and risk profile and their relevance to credit quality and the potential magnitude of impact. Additional determinants involve a relative comparison between material factors and associated financial implications as well as climate risk implications informed by the TCFD.

Scoring: Companies are evaluated and scored across each E, S and G dimensions on a 5-point scale based in part on industry specific financially material factors.

Within **private credit** investments, OHA may have greater access to management teams or sponsors as compared to its broadly syndicated loan business. As such, OHA may leverage relationships with sponsors as well as its collaborations with key field building initiatives and trade associations to promote transparency and disclosure. OHA is focused on prioritizing company disclosure aligned with widely recognized and leveraged standards and frameworks of mutual importance to the sponsor and OHA.

Structured Credit

OHA has been an active investor in the third-party CLO market since 2008, focusing on top tier managers with an experienced team that is deeply integrated with the leveraged loan and CLO-issuance business.

In an effort to ease reporting burdens placed on managers from proprietary questionnaires, OHA has leveraged the most applicable questions developed by the Loan Syndications and Trading Association (LSTA) and Principles for Responsible Investment (PRI) to inform our questionnaire.

In 2023, OHA used these questionnaire responses to assess each CLO manager's response along dimensions of governance, data and reporting, portfolio management and internal operations. Objective and subjective analysis was used to arrive at a final internal score, which was formally incorporated into the CLO team's risk management dashboard to guide the team in future decision making.

4. OHA applied a credit lens to the SASB standards and created this framework for the investment team to begin utilizing in September 2022. Certain investments are excluded from this process.

WATER MANAGEMENT

As the world's population continues to grow and demand for water increases, protecting water resources for future generations is becoming increasingly important.

Climate change and deforestation continue to threaten the availability of safe, clean water. In the U.S., 40 out of 50 state water managers expect shortages under average conditions in some portion of their state over the next decade and by the end of 2024, two-thirds of the world's population could face water-stressed conditions.⁵ By 2025, nearly 1.8 billion people will live in areas with absolute water scarcity.⁶

According to Upmanu Lall, Director of the Columbia Water Center, most of the impacts of climate change are to the water ecosystem. Climate change affects agricultural output, sea level rise, wildfires and extreme weather, all of which affect the water cycle.⁷ Climate change and global warming are already causing more severe droughts and floods, influencing when, where and how much precipitation falls around the world.⁸ The stability of water resources is under threat as climate change continues to reduce water supply, impair water quality and put more stress on water infrastructure.⁹

Approximately 33% of the world's drinking water is impure and 2.1 billion people lack access to safe drinking water.¹⁰

Water management encompasses a company's direct water consumption, its exposure to water-stressed regions due to its operations, and its wastewater management. OHA underwrites Water Management as part of its ESG assessment process for companies in which it is financially material.



Water is vital to the Household & Personal Products industry, both as a coolant in manufacturing processes and as a main input for many of the industry's products. Many firms in this industry have operations in regions of the world that are facing water scarcity. Without careful planning, companies could face increased costs or lose access to water in these regions, thereby presenting a risk to production. Having rigorous checks in place to ensure a steady supply of water to all factories, as well as investing in technology to increase the efficiency of water use, will help firms in this industry keep a lower risk profile as water scarcity becomes a more pressing global issue.¹¹

Culligan is a water systems treatment company for homes and businesses. Culligan's water solutions are designed to provide its customers with clean, safe and great tasting water. Culligan provides water system treatment solutions to more than 13 million homes, offices and businesses globally, delivering around 28 billion liters of filtered water each year to approximately 140 million people and facilitating a reduction in single use plastics by approximately 40 billion plastic water bottles per year. The company is committed to delivering state-of-the-art products and water solutions that benefit its customers while simultaneously minimizing impacts on the environment. Culligan is a member of the Water Resilience Coalition, the Water Council and The CEO Water Mandate, which outline their water stewardship commitments including net positive water impact by 2050. In 2024, Culligan plans to achieve WAVE verification which will help guide their water stewardship program with emphasis on water stressed regions.

In 2023, OHA engaged with Culligan to share feedback on the company's annual ESG report as well as insights on the evolving global disclosure and regulatory landscape.

5. [Freshwater: Supply Concerns Continue, and Uncertainties Complicate Planning | U.S. GAO](#)
6. [Secretary-General Warns Two Thirds of Global Population Could Face Water-Stressed Conditions within Next Decade, in Message for International Forests Day | Meetings Coverage and Press Releases \(un.org\)](#)
7. [How Climate Change Impacts Our Water – State of the Planet \(columbia.edu\)](#)
8. [How Climate Change Impacts Water Access \(nationalgeographic.org\)](#)
9. [Climate Change Impacts on Freshwater Resources | US EPA](#)
10. [Culligan Brand ESG 2022 08212023_OL](#)
11. [SASB-PDF – Issued IFRS Standards \(d3flruxduht3gu.cloudfront.net\)](#)

ESG Integration

Examples of ESG analysis across select OHA investments

WATER MANAGEMENT (CONT.)



Semiconductor production requires significant volumes of “ultra-pure” water for cleaning purposes to avoid trace molecules from affecting the quality of products. Recognizing the increasing scarcity of water around the world, manufacturers are searching for ways to reduce the need for ultra-pure water in their manufacturing processes and recycle process water to enhance efficiency. Water scarcity poses a critical risk to semiconductor production. Companies that are able to increase the efficiency of their water use can achieve a lower risk profile as well as reduce their operating costs and environmental impacts.

Allegro recognizes that there is inherent water usage in the semiconductor manufacturing process and takes pride in returning that water back to the planet in better or equivalent quality to when it was sourced.¹² Allegro maintains a transparent and robust water governance program codified by its Water Policy, promoting the effective and efficient management of water usage in its operations. Allegro actively integrates the expense and value of water into company decisions, from product development to business planning, and, in 2023, Allegro recycled nearly 1.7 million gallons of water at its factory in the Philippines by utilizing reclaimed water for spindle cooling.¹³ Further, Allegro successfully implemented a water savings program in its plating operations, increasing the amount of time that passes between replacing chemical bath solutions and conserving approximately 18,000 gallons of water. The Philippines facility continues to search for ways to enhance water efficiency and mitigate the risk of water scarcity. In 2024, the facility is planning to install a rainwater harvesting system and a 12,000-gallon cistern with the intent to maximize recycling, distribution and utilization of used water and store and capture rainwater.

In 2023, Allegro reported to the CDP water security questionnaire and received a “B-” score, above the “C” average for Electrical & Electronic Equipment, and above the “C” average for all industries globally.¹⁴ Allegro is amongst 35% of companies that reached the Management level in its Activity Group on the CDP Water Scarcity Questionnaire.



Mining and metals production can impact both the availability and the quality of local water resources, which may result in operational, regulatory and reputational risks as a result of water scarcity, costs of water acquisition, regulations on effluents or amount of water used and community relations. Companies also face competition with other industries for limited water resources.¹⁵

Harsco Environmental (Harsco) is a global leader in environmental services and innovative products for the steel and metals industry, including services related to materials handling and logistics, resource recovery, scrap management and slag management. Harsco company, Clean Earth, offers a comprehensive array of specialty waste treatment, disposal and recycling solutions, including essential solutions for a wide range of complex, highly recurring waste streams such as hazardous and non-hazardous waste and wastewater, contaminated soil and dredged material. Clean Earth is built on the premise of the circular economy, recycling everything from hazardous waste to soil. Recently, Harsco rebranded to Enviri to reflect this change in the fundamentals of the business. Harsco Environmental and all Enviri divisions work to create positive outcomes for their stakeholders across the globe. In 2022, Harsco and other Enviri divisions recycled or reused 517 million gallons of wastewater.¹⁶ In 2021, Clean Earth alone recycled more than 4.4 million gallons of wastewater, 8.6 million gallons of dredged material and 4.1 million gallons of fuel. This supports the circular economy as well as Harsco’s water management goals.

12. [Water Policy | Allegro MicroSystems](#)

13. [FY23-ESG-Report-100223.pdf](#)

14. [2023-Water-Security-Scoring-Report.pdf](#)

15. [SASB-PDF – Issued IFRS Standards \(d3flraxduht3gu.cloudfront.net\)](#)

16. [ENVIRI ESG REPORT 64pp v16.12.3 \[Low Res\].pdf](#)

RECRUITING & MANAGING A GLOBAL, DIVERSE & SKILLED WORKFORCE

Diverse and skilled employees play a crucial role in driving value creation.

Employees with diverse backgrounds, commitment, energy and imagination contribute to innovation, outstanding services and long-term success for companies. However, the competition for high-quality employees has only increased resulting in challenges attracting and retaining these employees. This increased competition necessitates the implementation of an effective employee engagement and development strategy, which can lead to increased performance and better retention.¹⁷ Employee attrition is a key driver of direct and indirect costs for businesses; it is estimated that the cost of replacing an individual employee can range from one-half to two times the employee's annual salary.¹⁸ Companies that prioritize improving workplace diversity, employee engagement and employee satisfaction can benefit in terms of retention and productivity, which ultimately impacts their bottom line.¹⁹ In fact, 85% of CEOs say that having a diverse workforce has improved their business's bottom line, and Forbes Insights has identified workforce diversity and inclusion as key drivers of internal innovation and business growth.²⁰

Retaining skilled and diverse talent is challenging without a welcoming and supportive workplace culture. Companies can benefit financially from prioritizing employee development, engagement and satisfaction. Fortune and Great Places to Work have been publishing a list of the Best Companies to Work For annually for the past 26 years, identifying companies that have built a culture of trust and transparency to help their employees thrive.²¹ A study by Jefferies compared the financial performance of the Best Companies to Work For between 1998 and 2022 and found that the Best Companies to Work For consistently outperform the market by 1.25% to 1.5%. Additionally, these companies are more resilient, outperforming the market by nearly 10% during market downturns, such as the Dotcom crash.²²

Companies with diverse management teams have 19% higher revenue, and diverse companies are 1.7 times more likely to be leaders in their market segments.²³

For Software & IT Services, recruiting and retaining a skilled, diverse and global workforce is becoming increasingly challenging, as companies struggle to recruit qualified employees. The shortage in technically skilled domestic employees has resulted in intense competition, contributing to high turnover rates. Companies can benefit by contributing education and training programs that expand the skills of current employees and improve employee engagement, productivity and retention, while enhancing diverse representation. Companies that equip themselves with diverse talent pools may benefit from improved company offerings and increased innovation, while also better understanding their global customer base.

FINASTRA

Finastra provides mission-critical software for financial institutions, banks, credit unions, marketplaces and non-banks to deliver best-in-class banking experiences.

Finastra is dedicated to developing its workforce through extensive training with an average of 54 hours of training and development per employee in 2021, and ongoing employee engagement surveys. This dedicated time was one of multiple factors that resulted in 71% of its employees reporting loving working at Finastra, 77% reporting feeling as though they can bring their whole selves to work every day and over 80% believing that Finastra is committed to diversity and inclusion. Finastra believes diversity is a vital component for the long-term success of the company and helps the company to reflect the views, beliefs and cultures of all its stakeholders.²⁴

17. [15 Effective Employee Retention Strategies In 2024 – Forbes Advisor](#)

18. [This Fixable Problem Costs U.S. Businesses \\$1 Trillion \(gallup.com\)](#)

19. [SASB-PDF – Issued IFRS Standards \(d3f1raxduht3gu.cloudfront.net\)](#)

20. [Innovation Through Diversity.pdf \(forbes.com\)](#)

21. [100 Best Companies to Work For | Fortune](#)

22. Jefferies Research Services “How to be a Human Capital Investor” July 2023.

23. [Creating A Workplace Culture Of Belonging, Diversity And Inclusivity \(forbes.com\)](#)

24. [2022-finastra-esg-report.pdf](#)

ESG Integration

Examples of ESG analysis across select OHA investments

RECRUITING & MANAGING A GLOBAL, DIVERSE, & SKILLED WORKFORCE (CONT.)



Solera provides SaaS, data and services for the vehicle lifecycle ecosystem, offering solutions for vehicle claims, repairs and fleet management.

Solera is committed to recruiting and retaining top talent and offers several programs to support its employees. The Women in Solera (WINS) program brings together exceptional female leaders with diverse and unique experiences to deliver strong, effective leadership through impactful, peer-orientated learning sessions. The High Performing Entry Level program helps high-performing employees accelerate to all levels in the company with a structured 12-month development program. Additionally, the company's leadership academy and tuition reimbursement programs illustrate its commitment to elevating and developing employees to become leaders with enriching careers.²⁵



PowerSchool offers a range of software and services to support personalized education, student information, analytics and more for K-12 schools.

At PowerSchool, they celebrate innovation, education and its employees who make it all possible. PowerSchool offers a myriad of perks and professional growth opportunities to foster a stellar work environment, including tuition reimbursement, discretionary time off, break rooms and on-site gyms.²⁶ Additionally, PowerSchool is dedicated to DEI, seeking to unite its workforce with curiosity and passion to celebrate, support and encourage a diverse and inclusive workforce. PowerSchool offers employee resource groups such as the Black and Allied Employees for Change, Prism LGBTQ+, Women in Tech, LatinX, and Diverse Abilities groups.²⁷



25. [Professional Automotive Jobs | Solera Inc](#)

26. [Careers & Culture | PowerSchool](#)

27. [Diversity, Equity & Inclusion | PowerSchool](#)

LABOR PRACTICES / WORKPLACE HEALTH & SAFETY

The proper management of labor practices helps to mitigate risks related to labor laws and regulations as well as ensure the retention of companies' workforces through employee satisfaction and engagement.

Labor practices are particularly important in the retail industry where employee turnover rates have been shown to have risen higher than the national average as well as an increase in the prevalence of "quiet quitting."²⁸ Companies face a need to improve employee communication as well as engagement to match their evolving workforce and mitigate reputational risks from poor labor practices.

Similarly, the engineering and construction industry faces requirements surrounding worker health and safety during on-site activities and laborers' exposure to hazardous conditions and chemicals, heavy machinery and potentially dangerous situations if proper caution is not utilized or safety training not provided. The construction industry has historically had high rates of severe safety incidents, which has shown a worrisome upward trend in on-the-job fatalities in recent years.²⁹ To ensure the protection of their employees from unsafe working conditions, companies within the engineering and construction industry must work towards effective and proactive workforce safety programs, which will also result in lower workman's compensation insurance costs.



While providing emergency and disaster property restoration services to its customers, BELFOR has developed and implemented a health and safety program focused on providing superior protection to its workforce.³⁰ This focus on employee safety includes a dedicated Health and Safety department, Health and Safety Policies and Procedures and a commitment to the continuous improvement of the program. BELFOR's workforce Health and Safety Program emphasizes employee training, including initial safety training for all employees, daily toolbox training at all job sites, required weekly safety training and monthly safety conference calls. The company also encourages all employees to receive additional outside training by covering the associated fees and investing more than \$1 million annually to its training programs. Other certification courses achieved by BELFOR's key team members include those focused on the company's restoration services such as mold remediation, asbestos awareness, lead renovator, bloodborne pathogen, respirator protection and OSHA 10-Hour and 30-Hour courses. Through the company's commitment to worker safety, BELFOR aims to provide safe and healthy conditions at its work sites, prevent occupational accidents and injuries, as well as ensure compliance with all relevant federal, state and local health and safety regulations and laws.



Due to the industry-wide technician shortage, recruiting body techs, service advisors and detail / claims specialists is extremely important for companies within the collision repair industry. Crash Champions seeks to be best in class with regard to recruitment and retention by providing leadership training and development through a formal firmwide program. To help inspire and train aspiring collision repair technicians and professionals, Crash Champions has developed and implemented their Skills Training Education Program (STEP) as well as Associate Service Advisor Program (ASAP) apprenticeship development programs, allowing the newest generation to build on-the-job training experience. These multi-stage programs pair apprentices with industry professionals to develop both technical and professional skills over the course of seven to twelve months while also working towards certification or full-time careers with Crash Champions. This training is crucial for safety and on the job expertise, allowing technicians to master content and become proficient at skills required for the collision repair industry.

28. [Retail Has Endured Quiet Quitting For Years. Is It Worse?](https://www.forbes.com/sites/stevegoldman/2021/09/28/retail-has-endured-quiet-quitting-for-years-is-it-worse/) (forbes.com)

29. [New Data Shows Increase in Construction Fatalities from 2021 to 2022](https://www.agc.org/news/2022/02/new-data-shows-increase-in-construction-fatalities-from-2021-to-2022) | Associated General Contractors of America (agc.org)

30. [Safety](#) | BELFOR

Engagement

OHA views engagement as purposeful, targeted communication with an entity (e.g., company, interested party, industry body) with the goal of both promoting transparency and encouraging change with an individual issuer or addressing a market-wide or system risk (e.g., climate risk).

OHA believes it is approaching engagement as a lender in a unique way as we view it as an opportunity for constructive dialogue and a way to promote transparency and disclosure around important ESG factors for company management consideration. OHA believes measurement leads to management and can create an intrinsic motivation amongst companies to take action and improve performance on financially material factors that can also contribute to positive social and environmental outcomes.

Given OHA's broad investment platform, which includes a wide range of strategies, the firm utilizes a tailored approach towards engagement based on factors such as level of control and access to management.

OHA seeks to engage with relevant parties on ESG topics but engagement varies across strategy and is influenced by transaction type, timeliness, access to information, access to company management and relationships with interested parties. OHA prioritizes areas which it believes are most material to the credit profile of the company, which can vary greatly among companies and industries.

In syndicated or public investments, where OHA may have less access to management, collaborating with key field building initiatives and trade associations to promote transparency and disclosure provides an opportunity to elevate the awareness of important ESG issues for company management consideration. In situations where financially material ESG issues are not addressed or prioritized by the company, OHA may avoid investment or divest its holdings if it believes there are environmental, social or governance related risks.

Within private credit investments, OHA may have greater access to management teams or sponsors as compared to its broadly syndicated loan business. As such, OHA may leverage relationships with sponsors as well as its collaborations with key field build initiatives and trade associations to promote transparency and disclosure. Specifically, as it relates to sponsors with private credit, OHA is focused on prioritizing company disclosure aligned with widely recognized and leveraged standards and frameworks of mutual importance to the sponsor and OHA.

In control investments where OHA has governance rights, OHA is generally able to exert more influence on ESG matters compared to syndicated loans or public bonds where there are typically a large number of lenders.³¹

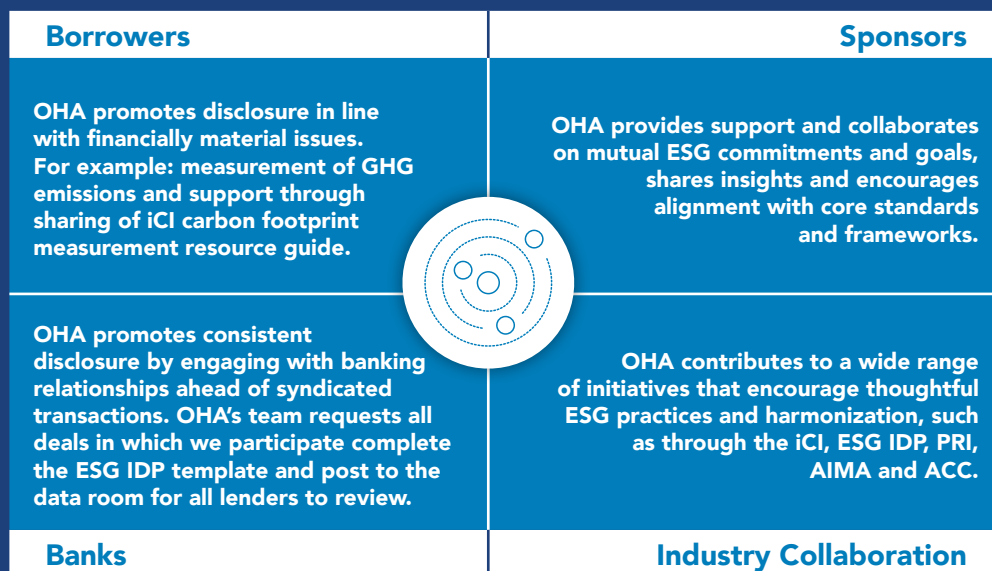
In these control investments, the OHA investment professionals work closely with the OHA ESG & Sustainability Team to promote transparency and disclosure while elevating awareness of important ESG issues for company management and stakeholders.

31. Control indicates that OHA owns 10% or more of the company's equity and/or had a board seat or board observer rights.

Engagement

We engage with a broad set of stakeholders across the full ecosystem of our markets which may include companies, sponsors, arranging banks, industry bodies, trade organizations and non-profits. In 2023, OHA engaged with approximately 100 interested parties.

Reasons for Engagement



Borrower Engagement Examples



In Q4 2020 OHA, together with others, backed an experienced management team to set up Inigo, an insurer focused on the Property & Casualty ('P&C') and Specialty insurance within the Lloyd's of London insurance market. Two senior OHA investment professionals act as board observers and regularly join shareholder meetings and calls in addition to an independent professional representing OHA fund interests who sits on the Inigo board. OHA is in regular dialogue outside of formal meetings with management and has aimed to use its influence to help shape company strategy with an emphasis on financially material ESG considerations relevant to specialty insurance. Inigo was formed following several years of large natural catastrophe ('CAT') losses to take advantage of broad-based premium rates increasing. 2021 and 2022 represented the 4th and 5th highest CAT insured losses over the past 30+ years following an increase in natural disasters including hurricane Ian in 2022. Inigo has nevertheless performed well in this difficult environment, on both relative and absolute basis in part because of climate related research embedded into pricing, underwriting, exposure management and capital modelling.

In recognition of the critical importance of understanding and implementing climate related risks, Inigo joined, and has senior representation on, the Managing Committee of ClimateWise. ClimateWise, as part of the Centre for Sustainable Finance, is uniquely placed to bring together the insurance industry and related organisations with world class academic expertise and global sustainability leaders to collectively and innovatively tackle climate change. ClimateWise helps to align leading

insurance industry organization's expertise to directly support society as it responds to the risks and opportunities of climate change. As part of its membership and commitment to improvement along ClimateWise's core principles, Inigo worked with a consultant to help drive continued progress and commitment to deepen incorporation of climate related issues into strategies and investments, and lead in the identification, understanding, and management of climate risk. A reflection of this work is marked by greater support and R&D to inform strategies for adapting to and mitigating climate-related issues and stronger climate risk scenario analysis integration into decision-making. Robust oversight and working groups report directly to the Executive Committee, and sub-groups on specific areas reporting to the working groups represent strong governance to continue navigating the organization through the ongoing climate-related changes effecting the CAT market.

In addition to its strong focus on climate-related integration processes underwriting, Inigo has made dedicated efforts to promote an inclusive culture as a human capital-intensive business. Inigo formalized a DEI policy, committee, and launched training to all staff in 2023. In addition to the all-employee training, managers and Executive Committee members received supplemental training and all new hires receive training as part of onboarding. Additionally, Inigo aims to focus on transparency and disclosure through investments in technology, active dialogue with recruitment partners, and other efforts to achieve positive outcomes supporting an inclusive culture to drive employee engagement, satisfaction and promote positive outcomes.



CentralSquare is a leading provider of public safety and administration software.

OHA engaged with the management team in 2023 and discussed a variety of topics including GHG emissions, DEI, data centers and community relations. From an environmental standpoint, CentralSquare is focused on emissions calculations and reductions and anticipates setting a net zero target in conjunction with their sponsor. They are also exploring ways to make their data centers more energy efficient. As it relates to human capital issues, the company established employee resource networks and has recruiting efforts underway to attract diverse talent. A focus on public safety is core to their business operations.



Imperial Dade is a leading distributor of packaging equipment and supplies.

In 2023, OHA discussed several ESG topics with the company's management team, including the calculation of Imperial Dade's GHG emissions since 2021, emission reduction efforts and offering sustainable choices to customers for various products. OHA additionally discussed Imperial Dade's internal environmental efforts that were implemented to reduce the company's GHG footprint, including fleet fuel management initiatives aimed to reduce overall consumption of fossil fuels. Imperial Dade currently utilizes route rationalization technologies to minimize total travel distance and/or time and track idle time of its vehicle fleet. The company has also begun to run tests on the electrification of two of its fleet vehicles as well as research the potential use of biofuel alternatives. Imperial Dade has also focused on GHG reduction through active facility management efforts, including thoughtful landlord selection and utilization of industrial fans to reduce overall heating, ventilation and air conditioning (HVAC) use in its warehouses.



In 2023, OHA engaged with management at Sabre, a leading software and technology company focused on global travel and planning services, to discuss the company's ESG projects and initiatives.

Sabre has been working on its internal ESG governance and reporting, including the company's alignment with SASB and TCFD guidelines within its recently published ESG report and formation of a cross-functional ESG Council. Other internal environmental and social initiatives include the company's decision to close its physical data centers and move its data to cloud providers to decrease overall energy consumption and GHG emissions, the formation of an Inclusion and Engagement Council and implementation of leadership and development training. For consumer-facing efforts, Sabre provides information regarding sustainable travel to customers, including emissions data that customers can leverage when considering travel options.

CORPORATE SUSTAINABILITY

The background is a solid blue color. Two thick, black diagonal bands cross the frame from the bottom-left towards the top-right. These bands are filled with a dense pattern of small, glowing green and yellow bokeh lights, giving them a textured, organic appearance. The lights vary in size and brightness, creating a sense of depth and movement.

Our firm level commitments to integrating
sustainable business practices across
our organization


Understanding Our Climate Impact



CORPORATE SUSTAINABILITY

OHA's headquarters is located at One Vanderbilt, which has one of the lowest carbon footprints across similar scaled buildings in New York City and is LEED Core & Shell Platinum v3 and Gold v4 certified on both of OHA's floors, WELL Core Platinum certified, WiredScore Platinum certified and received the WELL Health-Safety Rating.

OHA has also made strides in 2023 to improve waste management in the NYC office, an initiative that we now hope to incorporate into our other offices. In early 2023, OHA conducted a Recycling 101 training for employees.

| | | | |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 11,903 Pounds | In Spring 2023, OHA established an E-waste collection program in the NYC office utilizing the building's E-waste collection and responsible disposal services. 11,903 pounds of E-Waste from One Vanderbilt was responsibly recycled in 2023. | |  |
| 607 Pounds | In Fall 2023, OHA launched an office-wide composting program, which has diverted 607 pounds of waste from the landfill. | |  |
| Introduced recycling at all desk pods, where previously only trash bins were provided | | Upgraded communal waste bins to improve sorting and separation of waste types | Conducted a waste survey to gauge success on these initiatives and areas for improvement |

Understanding Our Climate Impact

SUSTAINABILITY NETWORK

Established in 2022, the OHA Sustainability Network is led by Jayd Alvarez and other OHA employees, with the central goal of improving education, awareness and action around sustainability topics within our offices and operations.



In 2024, the Sustainability Network aims to create more impact and involvement across the firm and has established three pillars to organize the Network's main focuses:



Corporate Sustainability

Internal energy, waste and general sustainability-related initiatives and plans to reduce the firm's operational environmental footprint



Education & Awareness

Engage the firm's employees in discussions around the importance of ESG & Sustainability and associated topics



Volunteering & Philanthropy

Organize and plan OHA volunteer events and other philanthropy initiatives related to ESG & Sustainability

Understanding Our Climate Impact

PUBLIC SUPPORTERS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Which is now overseen by the International Financial Reporting Standards (IFRS) and the task force's recommendations have been integrated into the IFRS S2 Climate-related Disclosures Standard.



OHA is committed to making a positive impact through our investments and activities. We are pleased to share our alignment with the four pillars of TCFD to demonstrate our commitment.



OHA's ESG & Sustainability team, with advice and input from the ESG committee, is responsible for overseeing and implementing OHA's approach toward assessing climate-related risks and opportunities and enabling investment professionals to be properly aware and equipped to engage with borrowers on such topics. OHA's portfolio managers are ultimately responsible for incorporating the analysis of ESG matters, including climate change, into investment decisions. We utilize external research, where necessary, to better understand a company's risks and reward profile, which may include issues related to climate.

OHA believes climate change is likely to affect nearly every industry but manifests differently in each one, which is why we believe an industry-specific approach best aligns with our investment process and allows for the most appropriate risk assessment. OHA pairs this top-down approach to climate risk assessments with a bottom-up company-specific analysis to allow for proper contextualization and time horizon assignment of potential risks. This work helps OHA identify where engagement with companies on emissions reduction may have financial benefits allowing us to prioritize engagement.

As such, climate risk, where financially material, is embedded into the methodology behind OHA's ESG due diligence process. OHA considers physical, transition and legal and regulatory climate-related risks in its prioritization of financially material environmental considerations. We have identified the interconnection between credit-specific financially material factors and climate-related risks and opportunities through the latest climate-related disclosure recommendations. Companies well situated to mitigate these risks and capture associated market opportunities, all else being equal, may be viewed more favorably.

In 2023, OHA reported the following climate risk metrics and variables affecting our investments to clients:³²

- Total carbon emissions
- Weighted average carbon intensity
- Scope 1, 2, & 3 emissions, including financed emissions

³². Reporting available upon request.

Understanding Our Climate Impact

GOVERNANCE

- OHA has a dedicated ESG & Sustainability department which includes three professionals: Jeff Cohen, Erin Hartney and Jayd Alvarez. The ESG Department reports to Bill Bohnsack, President and Senior Partner, Adam Kertzner, Portfolio Manager & Senior Partner and Fritz Thomas, Head of Client Coverage and Partner, all of whom are members of OHA's ESG Committee.
- In addition to the ESG & Sustainability department, OHA has an ESG Committee which provides strategic oversight of the incorporation and monitoring of ESG factors into the firm's investment process.
- To further ESG education across the firm, OHA's ESG & Sustainability Department holds training for investment professionals and other departments on a routine basis.
- 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.
- OHA's portfolio managers are ultimately responsible for incorporating the analysis of ESG matters including climate change into each investment decision. OHA utilizes external research where necessary to better understand a company's risks and reward profile including issues related to climate.

OHA ESG COMMITTEE MEMBERS



BILL BOHNSACK
President & Senior Partner



ADAM KERTZNER
Portfolio Manager &
Senior Partner



NATHANIEL FURMAN
Partner



NATALIE HARVARD
Head of Investor Relations
& Partner



LUCY PANTER
Portfolio Manager & Partner



FRTZ THOMAS
Head of Client Coverage
& Partner



DECLAN TIERNAN
Co-Head of Europe & Partner



THOMAS WONG
Portfolio Manager & Partner



COLIN BLACKMORE
Managing Director,
European General Counsel
& CCO



JEFF COHEN
Managing Director,
Head of ESG & Sustainability



ALEX FIELD
Managing Director



JOSEPH GOLDSCHMID
Managing Director



SONJA RENANDER
Managing Director



AMBERLY TREIBERT
Managing Director &
Deputy Chief Compliance Officer



ERIN HARTNEY
Principal, ESG & Sustainability



JAYD ALVAREZ
Associate, ESG & Sustainability

Understanding Our Climate Impact

STRATEGY / RISK MANAGEMENT

- OHA published its [Climate Policy](#) in 2023 outlining our commitment to incorporate climate related risks into our investment decision making process.
- As part of its investment process, OHA factors in climate risk implications informed by TCFD and its interconnection with industry specific factors informed by the SASB Standards.
- For example, we are utilizing physical, transition and legal and regulatory climate-related risks as core components to inform prioritization of financially material environmental considerations.
- 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 well 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 will allow for proper contextualization and time horizon assignment of these risks.
- OHA continues to build internal capabilities to expand its risk management tools to systematically identify, assess and manage climate-related risks and opportunities.
- OHA has multiple forums in which material climate related risks may be discussed. These forums include the firm's ESG Committee and through the firmwide Risk Committee, where ESG related risks are standing topics of discussion.
- OHA's ESG team and Legal & Compliance team stay abreast of climate-related regulations through several channels. In addition to the participation by the ESG team, Thomas Wong sits on the board of the LSTA and Colin Blackmore is a board member of the Alternative Credit Council. Utilizing these knowledge sharing resources better informs OHA's decision making processes and enables the team to raise certain scenarios to the ESG Committee and OHA's leadership that may require additional investigation, when necessary.
- In September 2023, iCI published a [resource guide](#), *Carbon Footprint Measurement: A Concise Guide for Companies and their Lenders*. This document is intended to be a primer and resource for companies who are interested in learning more about, or plan to start, accounting for their emissions. OHA utilizes this Carbon Footprint Measurement guide during regular engagements with select companies to encourage measurement of emissions.
- OHA is a member of numerous initiatives including the iCI and ESG IDP to share knowledge and resources and collaborate on climate-related best practices.



Understanding Our Climate Impact

METRICS & TARGETS

OHA'S OPERATIONAL FOOTPRINT

As a product of OHA's ongoing commitment to better understanding its climate impact and identifying mitigation efforts, OHA engaged a third-party advisor, Bridge House Advisors, to calculate its 2023 carbon footprint using relevant Scope 1, 2 and 3 greenhouse gas emissions (GHG) data across the business:

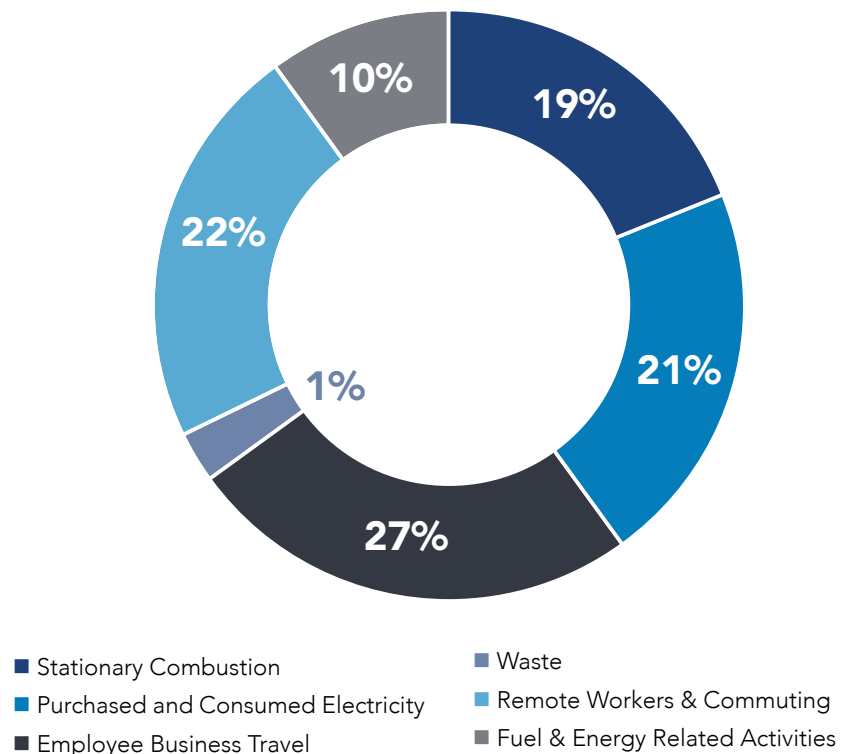
Scope 1: Stationary Combustion of natural gas at office locations.

Scope 2: Purchased Electricity across office locations.

Scope 3: Fuel & Energy-Related Activities related to the production of fuels and energy purchased and consumed, Waste Generated in Operations, Business Travel via car, rail and air both domestically and abroad, Employee Commuting via car and public transportation, and Remote Worker electricity and natural gas usage.

The results of the carbon footprint analysis revealed that during calendar year 2023, OHA emitted approximately 1,887 metric tons of CO₂-e (MTCO₂-e). The breakdown of the carbon footprint by source is illustrated in the figure to the right.

2023 Carbon Emissions



Understanding Our Climate Impact

METRICS & TARGETS

OHA offset its 2023 emissions with two projects described below, marking the fifth year in a row it has offset 100% of its operational emissions.

The White Mountain Improved Forest Management Project encompasses 11,357 acres of Northern Appalachia hardwood and conifer forest within the heart of the Ossipee section in New Hampshire's White Mountains.³³ Owned by Chocorua Forestlands, LLC, the land supports a large sawmill and is managed for multiple uses, including commercial wood products, firewood production, maple syrup production, and local recreation. Historically, Chocorua Forestlands has primarily sourced firewood for its sawmill from neighboring forests; however, during times of financial strain or unusually high firewood demand, they have intensified firewood harvesting on their own lands.

Before the carbon project, there were no legal restrictions on heavy harvesting within the White Mountain property, and substantial financial benefits for doing so. Recently, the project has shifted its management philosophy to focus on sustainable, natural forest growth, forest health, and improving timber stand composition, with the goal of restoring the forest to its historical stocking levels, stand structure, and species diversity. The commitment to the forest carbon project reinforces this approach, ensuring the permanence of carbon stocks by preventing land conversion or intensive harvesting over the next four decades.

The White Mountain Improved Forest Management Project generates two types of credits:

1. Conservation credits: These account for the climate benefits resulting from the protection of the project area. **2. Removal credits:** These credits recognize the carbon sequestration achieved by the protected trees.

527

Acres forever wild easement

592kt

CO₂-e emissions reductions over the project's first 20 years

400

Year-old growth trees

The New River Landfill Gas Methane Destruction Project is situated at the New River Solid Waste Management Facility in Dublin, Virginia.³⁴ This facility is an active municipal solid waste sanitary landfill. Since 1997, the landfill has consistently accepted an average of 150 tons of municipal solid waste annually. Notably, the landfill emits 24.1 Mg of nonmethane organic compounds (NMOC) each year. Despite these emissions, the landfill is not mandated by the EPA to reduce them.

In 2008, the landfill initiated an active landfill gas collection system, which includes 16 vertical extraction wells. This system aims to mitigate emissions and manage landfill gas effectively. By capturing and controlling the gas, the project contributes to environmental sustainability and reduces its impact on the atmosphere.

150

Tons solid waste annually

1

Landfill gas collection system

16

Vertical extraction wells

OHA'S FINANCED EMISSIONS



OHA utilizes Persefoni, a Climate Management & Accounting Platform, to calculate and estimate the firm's financed emissions.

- Utilizing Persefoni's platform, which is built on the Partnership for Carbon Accounting Financials (PCAF) standard, OHA was able to measure the firm's financed emissions
- OHA is excited about the progress it has made in estimating the firm's financed emissions and looks forward to building capabilities further

33. [White Mountain Project Sheet.pdf](#) ([anewclimate.com](#))

34. [Where we work | Anew Climate](#)

Cultivating a Diverse and Inclusive Workforce

OHA remains committed to maturing its approach to building a diverse, equitable and inclusive workforce and working environment.

The value of a diverse, inclusive and equitable workforce where employees can feel safe and comfortable is pivotal to creating a strong workforce of individuals who feel supported and engaged. Not only are the intangible qualities of a diverse workforce felt when a company invests in creating an inclusive workforce, but business performance improves as well. A number of studies support this concept and underscore the pivotal role that diversity plays in fostering innovation and driving business success. Our investments in our DEI program are founded upon these principles and continue to drive the evolution of our program.

- A McKinsey study from December 2023 found that businesses in the top-quartile for ethnic diversity show an average **27% financial advantage** over others.³⁵
- This same study found that companies with executive teams in the top-quartile for ethnic, as well as gender diversity, have a **39% greater likelihood of outperforming** companies in the bottom-quartile.
- Similarly, Harvard Business Review conducted a survey involving over 1,700 companies across eight countries.³⁶ Their findings revealed a statistically significant correlation between diversity and innovation outcomes.
- Specifically, companies with above-average “total diversity”, which is calculated as the average of six diversity dimensions, enjoyed several advantages: **19% higher revenue** from innovation, as gauged by the freshness of the company’s revenue mix, and **9% higher EBIT margins**, on average.



DIVERSITY, EQUITY, & INCLUSION (DEI) GOVERNANCE

DEI Council

Support across the firm is critical to achieving demonstrable change and action.

The DEI Council ensures the continuous evolution of OHA’s DEI program. **President & Senior Partner, Bill Bohnsack**, oversees the firm’s DEI program and is further supported by cross-functional representatives from OHA’s London office. **OHA’s Chief Human Resources Officer, Gail Burlant**, works closely with the firm’s leadership on the implementation and monitoring of the firm’s diversity and inclusion initiatives and all employees are encouraged to contribute to these initiatives.

In alignment with OHA’s DEI Mission Statement, the DEI Council continues to develop OHA’s DEI Program based on three focus areas:



- Enhance employee engagement



- Recruit, develop and retain talented employees with diverse backgrounds and experiences



- Expand community engagement and impact



35. [Why diversity matters even more | McKinsey](#)

36. [How and Where Diversity Drives Financial Performance \(hbr.org\)](#)

Cultivating a Diverse and Inclusive Workforce

2023 ACHIEVEMENTS

- Developed a three-year approach to Diversity, Equity, & Inclusion with action items and longer term goals.
- OHA became a Founding Partner and Steering Committee Member for SEO Credit Academy, with the goal to promote diversity within the credit investing industry. This program represents important progress in SEO's work to expand professional development opportunities in finance for high-achieving professionals, including those who identify as Black, Hispanic/Latinx, Native American and Asian women. As a Credit Academy Partner, OHA is at the forefront of promoting diversity in the alternative investments industry.
- Partnered with and sponsored Harvard Black Students Association (BSA). BSA is Harvard College's largest affinity group which serves to create a thriving community that supports the legacy, talents and diversity of Black students on campus.
- Continued its relationships with Girls Who Invest, SEO, Phelps Forward, Wharton Alliance and Out for Undergrad to support the recruitment of talented, minority and diverse employees.
- Increased the participation of Employee Resource Networks in relevant internal and external events.
- Piloted an unconscious bias training with a group of employees, which was then rolled out firmwide in early 2024.
- Since 2020, OHA's female investment team has increased from 15% to 24% and 63% of OHA's 2023 hires are diverse.³⁷

WHARTON
ALLIANCE

OUT FOR
UNDERGRAD



SEO

PHELPSFORWARD

girls who
invest®

2023 ACTION ITEMS & LONGER-TERM GOALS

Align & Inspire

OHA developed a three-year approach to Diversity, Equity & Inclusion. Phase One in 2023 aimed to **"Align & Inspire"** by developing and building organizational awareness of DEI to align the business's priorities to attract, develop, empower and retain employees and drive business success.

In 2024 and beyond, OHA has identified the following actions and goals.

| | |
|--|-----------------------------------------------------------|
| | Grow Our Diverse Workforce |
| | Sustain & Enhance Our Inclusive Culture |
| | Communicate Our Commitment & Progress to Key Stakeholders |
| | Engage & Develop Our Colleagues |



- OHA is a signatory to the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative (DIA)
- OHA participated in quarterly DIA Roundtable discussions during the year as well as in person events with industry peers and shares insights with key internal stakeholders

37. As of 12/13/2023. Diverse defined as female and ethnically diverse males.

Cultivating a Diverse and Inclusive Workforce

OHA'S EMPLOYEE RESOURCE NETWORKS

Our employee resource networks are important initiatives that seek to educate and empower employees, inform pathways to advancement within OHA, as well as provide valuable networking opportunities.

Below are highlights of certain events held by each network:



Multicultural Network

Strives to provide networking, educational and collaboration opportunities for all OHA employees of all cultures

- Raised awareness of various cultural holidays and celebrations through email circulars and office events including Janmashtami, Juneteenth, Lunar New Year, Oktoberfest, Raksha Bandhan, Ramadan, Rosh Hashanah, and Yom Kippur
- Celebrated National Hispanic Heritage Month, Black History Month and Asian American & Pacific Islander Heritage Month



LGBTQ+ Network

Strives to provide networking and educational opportunities among LGBTQ+ individuals and allies

- Volunteer event in NYC with Gods Love We Deliver (GLWD), which cooks and deliver nutritious meals for people living with HIV/AIDS, cancer or other serious illnesses, helping those who are too sick to shop or cook for themselves.
- Celebrated Pride Month in the New York and Fort Worth offices
- Supported and participated in Out For Undergrad business conference and Wharton Alliance's undergraduate case study competition on Penn's campus.



Sustainability Network

Seeks to inspire and educate OHA employees on the value and importance of sustainability at the firm and in the broader community

- Implemented an E-waste collection program and composting program in the New York office.
- Hosted trainings on recycling, E-waste collection and composting
- Volunteered with Earth matter on their Lavender Field on Governors Island in New York.



Veteran's Network

Honors the contributions of veterans and their families by promoting a collaborative culture that values the strength and experience the military community brings to the firm

- Held the "Murph" fitness competition in NYC to recognize Memorial Day and honor U.S. military personnel. The "Murph" is a grueling workout named after fallen Navy SEAL Lieutenant Michael P. Murphy.



Women's Network

Strives to provide women with opportunities for connections, collaboration, mentorship and professional development

- Launched quarterly lunches in the New York and Fort Worth offices as a casual setting for women to get to know one another across the firm.
- Held panels for OHA Women in the New York and Fort Worth offices to discuss topics including work/life balance, self-care, families, mentorship and career growth. Internal panelists included Colleen Mattern (Principal & Head of Valuations), Amy Williams (Principal, Controller), Lauren Lipenholtz (Principal), Lisa Patterson-Simonetti (Managing Director, U.S. Credit), and Kirsty Horton (Principal & Associate General Counsel), Leigh Atkinson (Principal & Head of Tax Compliance), Amy Williams (Principal, Controller & Head of CLO Accounting), Crissi McElyea (Principal, Portfolio Compliance), Laura Bavoso (Managing Director & Head of HR Operations) and Rebecca Hunt (Vice President & Controller)
- Participated in a New York Museum of Modern Art guided tour and Enrica Rocca Cooking School event in NY and London offices
- Participated in Dress for Success Donation and the Welman Project in NY and FW offices



Cultivating a Diverse and Inclusive Workforce



OAK HILL ADVISORS PEER POD PROGRAM (PPP)

OHA continued the successful Peer Pod Program in 2023, which is a peer mentorship program to promote inclusion and help employees acclimate and align with the firm's values and culture.

The Peer Pod Program aims to promote a smooth onboarding, provide guidance on navigating the organization, encourage the promotion of engagement and develop leaders. The program was created in 2022.

Program Goals

Successful onboarding

- Building networks within and among teams
- Integrating new employees into the firm (socially, workwise and practical logistics)

Navigating the organization

- Communicating within the organization
- Managing workflow

Promoting engagement and developing leaders

- Creating a culture that rewards helping colleagues
- Priming new employees for success

The PPP is founded on the philosophy that while individuals work independently, the firm's success is built on collaboration and synergy amongst its members, across all levels and across all regions.

OHA encourages its employees to collaborate, connect and exchange information in an effort to further business goals and tend to the development and success of every employee. The OHA-PPP translates firm culture into action, and through the PPP process, participants are encouraged to share what they need to know, how to do it at OHA and the hard and soft skills necessary to be able to effectively perform their jobs.

Supporting Our Community & Global Organizations

VOLUNTEERING

















OHA offers opportunities for employees to participate in community-based projects and events in each of OHA's primary locations. Throughout the year, OHA participates in a variety of events and offered opportunities for its employees to be engaged within their local communities and make a positive impact.

- **National Alliance of Mental Illness (NAMI) Fundraiser and Walk:** NAMI helps families and individuals affected by mental illness build better lives through education, support and advocacy.
- **Lavender Field Volunteer Day:** Summer horticulture volunteer opportunity maintaining the Lavender Field on Governors Island. The Lavendar Field on Governors Island provides a healthy ecosystem for pollinators and utilizes NYC compost in its soil.
- **Dress for Success Clothing Drive:** Dress for Success empower women to achieve economic independence by providing a network of support, professional attire and the development tools to help women thrive in work and life.
- **Welman Project:** The Welman Project's mission is to fill a classroom, not a landfill. Not only does the project provide free supplies to teachers, but does it in a way that encourages creative reuse and sustainable practices.
- **GLWD Volunteer Event:** OHA participated in preparing meals to be delivered to people living with HIV/AIDS, cancer and other serious illnesses to help those who are too sick to shop or cook for themselves.



PHILANTHROPIC EFFORTS

OHA is proud to have supported the following organizations through charitable contributions:

| | | | |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
|  share a page in a child's life |  Shift the Power |  |  |
|  |  COLLEGE FOR THEIR CHILDREN |  |  National Alliance on Mental Illness |
|  |  A COMMUNITY WHERE ALL YOUTH ARE SAFE |  |  |
|  |  LONDON'S LGBTQ+ COMMUNITY CENTER & GARDEN GRASSROOTS ACTIVITY MOVEMENT ESTABLISHED 2017 |  |  DOCTORS WITHOUT BORDERS |

2024 & Longer-Term ESG Goals

OHA is committed to responsible business practices across its organization as well as responsible investing through the companies it financially supports.

We believe that the consideration of financially material ESG factors is important in seeking long-term value creation on behalf of our investors. Over the long-term, OHA will continue to advance many of the themes mentioned in this report and seek to remain a leader in the field, making company-specific and system-wide changes. Recognizing some of the core challenges in private and alternative credit markets are transparency and disclosure of ESG information, OHA will continue to promote measurement and disclosure while also conducting internal training to continue to strengthen how we integrate unique ESG information into the investment process across industries. For example, we believe climate change will likely affect nearly every industry and we anticipate making meaningful progress with this effort to further integrate climate-related risks and emissions reduction considerations into our overall risk management and engagement processes.

Focus on expanding key initiatives launched over the last year:

- Deeper integration within OHA's investment process
- Strategic engagement with companies
- Leadership in alternative credit ESG initiatives
- Focus on leaders as mentors, sponsors and active allies to maximize employee engagement and demonstrate behaviors that attract and retain top talent and foster an inclusive culture that contributes to the firm's growth
- Advance corporate sustainability efforts across all office locations through a variety of initiatives including employee engagement





Locations and Corporate Contacts

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|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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