CRESCENT

Crescent Capital Group, LP
Responsible Investment Policy

Overview

The benefits of Responsible Investment ("RI") are observable in our communities and have the potential to improve investment performance. Crescent's approach to RI and Environmental, Social and Governance ("ESG") considerations is multi-faceted. As a firm, we strive to maintain high ethical standards, an approach we not only apply to how Crescent operates but also to the companies we partner with and the investments we make. By systematically incorporating ESG considerations into our investment decision processes, both during the initial due diligence phase as well as throughout the life of an investment, we believe Crescent's investment professionals conduct more thorough credit analyses and make better-informed investment decisions, resulting in attractive risk-adjusted returns for our clients.

Crescent's RI policy and procedures were developed by the Crescent ESG working group, which is composed of representatives from all product groups, Compliance, Risk and Investor Relations, and in consultation with the United Nations Principles for Responsible Investment ("UN PRI"). Crescent's RI policy was approved by Crescent's Management Committee and will be reviewed on an annual basis.

Responsible Investment Guidelines

Crescent's approach to RI is principally consistent with the UN PRI. An integral part of RI is the careful consideration of ESG issues when evaluating companies for investment. For this, Crescent utilizes the ESG integration method. The ESG integration method requires the systemic and explicit inclusion of ESG risks and opportunities in investment analyses in the belief that these factors can have an impact on financial performance. Except in certain circumstances driven by investor request, we do not require any ex ante criteria for inclusion or exclusion. Below are some examples of ESG factors we may analyze as they relate to a company's profile and practices.

Environmental: climate change, waste management, resource conservation and energy efficiency
Social: working conditions, human and animal rights, employee relations and diversity
Governance: transparency of management, political lobbying, compensation and internal controls

ESG Integration in Potential Investments

In conjunction with analyzing factors such as security structure, quality of management, industry competitiveness and financial fundamentals, Crescent's investment professionals are responsible for identifying any ESG factors deemed material to the potential performance of the investment. To supplement our primary research, Crescent has partnered with MSCI ESG Research and subscribes to MSCI's independent ESG research ratings and investment reports.

Within our Capital Markets Group, ESG factors are considered for every position over $10 million and the majority of positions over $5 million.[1] Research analysts assess the level of risk associated with an ESG factor and assign a numerical Crescent ESG Score (1 for low risk, 2 for moderate risk or 3 for high risk) to it. The level of due diligence that follows depends on the degree of risk associated with that ESG factor. When ESG risk is deemed low, a review of the company's public

[1] These thresholds result in 90% or greater coverage of the Capital Markets AUM, excluding structured credit investments, at any given time

documents and MSCI ESG research will generally suffice. In circumstances where ESG risk is considered to be moderate or high, further diligence may include reviewing additional filings, scientific reports, third party research and newsprints, and interviews with the issuer's management team, consultants, bankers and sponsors to the extent that these resources are available. After completion of any investigation into ESG, Capital Markets research analysts will factor their findings into the overall risk assessment of the issuer and document the information in a credit memorandum along with the Crescent ESG Score. Crescent's portfolio managers will make the final investment decision after assessing all credit considerations including identified, material ESG factors.

In the private credit groups (Mezzanine, US Direct Lending, European Specialty Lending and Special Situations), Crescent's deal teams are responsible for incorporating ESG factors into the due diligence process for every investment that is taken to final investment committee. Research for each issuer is guided by a proprietary ESG considerations worksheet. The deal team addresses questions that have been incorporated into the comprehensive ESG worksheet and are designed to elicit the issuer's strengths and weaknesses with respect to ESG considerations. Examples of such questions appear below:

<u>Environmental</u>: "Are the company's operations or assets at risk from climate change?"
<u>Social</u>: "Has the company faced any issues related to labor and working conditions in the last five years?"
<u>Governance</u>: "Have there been any criminal convictions among the company's top management level?"

Depending on the answer to each question, a level of risk is assigned to the ESG consideration (low risk, medium risk or high risk). If the risk is deemed to be low, the deal team will typically rely on due diligence already conducted by Crescent and its private equity sponsors. If the risk is thought to be medium or high, additional evaluation may be appropriate. The goal of the additional analyses is to further investigate the materiality of the ESG risks to the business, including whether they can be mitigated or avoided and to identify potential Key Performance Indicators ("KPIs") for monitoring these risks. The ESG worksheet and summary of material issues, if any, are incorporated into the investment committee memorandum and considered when making the final investment decision.

Crescent analyzes the potential impact of ESG-related risks associated with an investment and ultimately may choose not to invest if these risks are judged to be material enough to impact its investment thesis and returns.[2]

Training

To support Crescent's commitment to ESG, all investment professionals are required to participate in formal ESG training.

Ongoing Monitoring and Reporting

Internal Reporting

Within Crescent's Capital Markets Group, all investment professionals are responsible for continuously monitoring material portfolio investments for ESG risk developments. As with general credit developments, research analysts are responsible for reporting any material ESG changes to the portfolio managers. Any negative developments, depending on the materiality and the price

[2] Crescent does not take a controlling stake in its portfolios, nor are we actively involved in companies' day-to-day operations, so our ability to influence issuers to improve ESG behaviors is more limited should we decide to invest in an issuer.

of the security, may lead to investment action, including reducing or eliminating exposure. In addition to real-time ESG monitoring and communication, the group's research analysts are required to review issuers' Crescent ESG Scores on a quarterly basis and modify the scores, if necessary, to reflect the analysts' current opinion.

Similarly, Crescent's deal teams conduct ongoing monitoring of our private credit investments. On a periodic basis, deal teams systemically review the original ESG considerations worksheet for each private investment. If any material ESG issues were noted in the original worksheet, these must be reviewed and an explicit update provided. Review dates and updates are clearly documented, and depending on ESG developments, further diligence may be required. Responses to negative ESG developments may include discussions with management and/or the private equity sponsor, reducing or eliminating exposure, and possible deal restructurings.

External Reporting

Crescent is required to report annually on our ESG activities to the UN PRI.

In Summary

Crescent believes that a well-thought-out and thorough analysis of ESG-related issues is essential to understanding a company's long-term sustainability, risk and opportunities and return on investment. Crescent's investment decisions are guided by our clients' long-term interests, and those interests are best served through the incorporation of ESG considerations in all aspects of our business.