2023
Oaktree Responsibility Report

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Letter from Our co-CEOs

We are pleased to publish our second annual Responsibility Report, which provides details about our ESG and Diversity and Inclusion programs and highlights key developments from 2023.

Oaktree continues to be guided by its founding business principles and investment philosophy. Our primary objective has always been – and always will be – to deliver superior performance with less-than-commensurate risk. This report illustrates how we seek to do this while acting responsibly on behalf of our clients, employees, and communities.

As long-term investors, we believe it is critical to focus on sustainability throughout the investment lifecycle, as this helps us avoid undue risk and identify valuable opportunities. Importantly, thoughtful integration of ESG factors fits squarely within our commitment to excellence in bottom-up analysis, given that ESG factors can have a material impact on the performance of our investments.

At Oaktree, we are always focused on continuous improvement, and this extends to our approach to ESG and Diversity and Inclusion. Thus, our specific practices will continue to evolve, but our core goal will remain the same: we will seek to maximize the risk-adjusted returns we generate for our clients while investing responsibly.

Bob O'Leary
Co-CEO

Armen Panossian
Co-CEO

Overview of Oaktree

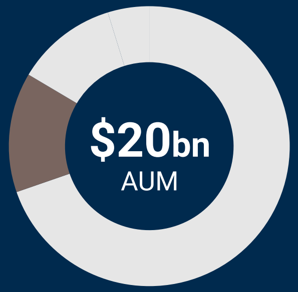
Oaktree Capital Management is a leader among global investment managers specializing in alternative investments. The firm emphasizes an opportunistic, value-oriented, and risk-controlled approach to investments in credit, private equity, real assets and listed equities.

Oaktree has over 1,200 employees and 25 offices in 15 countries worldwide. The firm has $189 billion in assets under management.[1]

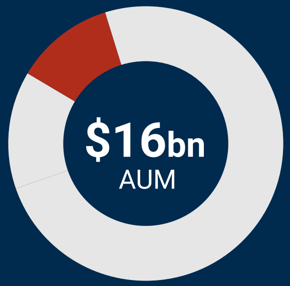
Asset Classes[2]

CREDIT

REAL ASSETS



PRIVATE EQUITY



LISTED EQUITIES

1. AUM as of December 31, 2023. Includes Oaktree's proportionate amount of DoubleLine Capital AUM resulting from its 20% minority interest therein, and 17Capital AUM.
2. Excludes proportionate amount of DoubleLine Capital AUM, in which Oaktree owns a 20% minority interest.

Oaktree Client Base

We are proud of our global, diverse, and long-standing client base. We collaborate with our clients to clearly understand their objectives, policies and needs.

65 of 100

largest U.S. pension plans

39 of 50

state retirement plans in the U.S.

550+

corporations around the world

300+

endowments and foundations globally

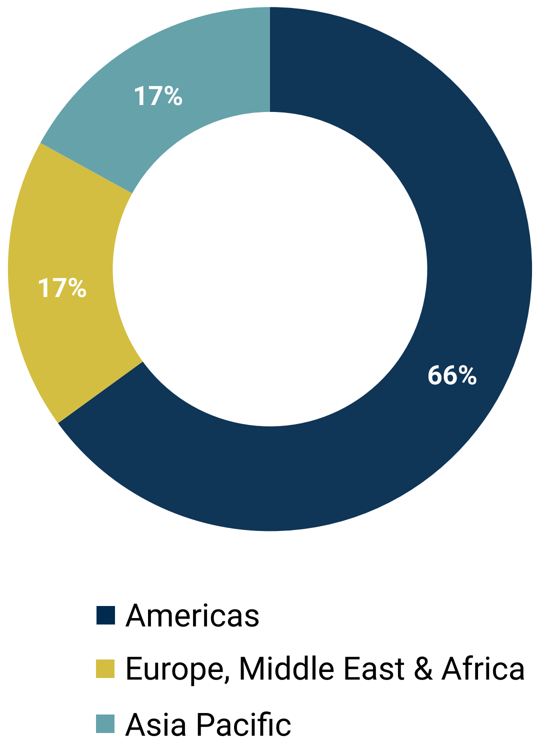
18

sovereign wealth funds

77%

of clients invest in multiple strategies

Regional Mix



Investment Philosophy & Business Principles

Our competitive advantages include our experienced team of investment professionals, a global platform, and a unifying investment philosophy that is complemented by a set of core business principles.

Investment Philosophy

Oaktree strives to deliver superior investment results with risk under control while conducting business with the highest integrity. Our investment philosophy consists of six tenets that have remained unchanged since our founding 29 years ago. See Oaktree's investment philosophy here: Investment Philosophy.

Oaktree's approach to ESG is an extension of our investment philosophy. We believe that ESG factors can directly and materially impact investment outcomes, making these considerations an integral part of prudent investing.

Business Principles

Oaktree has been guided by a set of unifying business principles since its inception. We put our clients' interests before our own, pay strict attention to potential conflicts of interest, seek to achieve attractive returns without commensurate risk, and are dedicated to creating a harmonious and equitable workplace. See Oaktree's business principles here: Business Principles.

In 2022, we added a new business principle for only the second time in Oaktree's history. Our newest principle, Responsibility, states:

We are committed to acting responsibly with our stakeholders and society at large. Oaktree (a) incorporates Environmental, Social and Governance considerations in its investment and business decision-making; (b) fosters an inclusive work environment that embraces diversity; and (c) supports the communities in which we live and operate.

2 ESG Program

Letter from Our Head of ESG

Oaktree's ESG program is an important part of the firm's mission: we seek to deliver attractive investment returns with risk under control and to conduct our business with the highest integrity. Our achievements in 2023 underscore our commitment to this pursuit. In this report, we highlight our efforts in four key areas:

Governance & Oversight:
Oaktree is committed to maintaining robust governance and oversight practices , which we further fortified in 2023. We combine bottom-up initiatives with top-down governance-oriented efforts to drive firmwide progress and increase accountability. We also expanded our centralized ESG team to six professionals. This team drives the firm's ESG strategy and helps investment teams deepen their consideration of ESG factors throughout the investment lifecycle.

ESG Integration:
Our investment professionals analyze ESG factors the same way they analyze traditional investing metrics – as part of bottom-up investment analysis. In 2023, our investment teams adopted new best-in-class tools for ESG analysis. These teams also advanced systematic tracking of engagement activities and continued to support portfolio companies' ESG plans.

Education & Innovation:
Our employees are central to the success of our program. We foster a culture of sustainability through live educational events, volunteer opportunities and our sustainability-focused employee network, Oaktree Sustainability Network (OSN).

Transparency & Communication:
Data is critical for internal and external transparency of our ESG efforts. We developed a suite of tools and dashboards to help investment teams track, quantify and integrate data into the investment decision-making process.

We take pride in our efforts and remain committed to partnering with our clients as best practices evolve. We look forward to sharing our continued progress.

Priya Prasad Bowe
Head of ESG

Firmwide Approach to ESG

Oaktree's investment philosophy stresses the importance of investing responsibly. As long-term investors, we recognize that taking account of ESG considerations throughout the investment lifecycle helps us avoid undue risk and better identify attractive opportunities. These efforts are well aligned with our long-standing commitment to excellence in bottom-up investment analysis.

Our firmwide ESG Policy (the "Policy"), applies to investment strategies across the firm and formalizes Oaktree's commitment to ESG integration. To address strategy-specific nuances, investment teams are required to have an ESG Integration Plan (EIP) that describes how they implement Oaktree's ESG Policy throughout the investment lifecycle. Our investment professionals are directly responsible for the day-to-day implementation of their EIPs. EIPs describe the team's approach to ESG across three core areas (see graphic on the right). We are committed to providing transparency of our efforts.

ESG Integration

We believe ESG considerations are an integral part of prudent investing. EIPs describe the team's approach across three key pillars:

Diligence & Investment Decision-Making

We identify material ESG factors in diligence and consider these risks alongside fundamental factors

Engagement & Monitoring

We leverage systematic methods to monitor and engage with assets on material topics central to value creation

Innovation & Evolution

We continuously evolve our approach and develop best-in-class tools and frameworks to add value to our investment process

Transparency & Communication

We report on our ESG outcomes to our clients and stakeholders

Industry Organizations

Oaktree partners with industry organizations to share insights and promote best practices for ESG integration, benchmarking, and transparency. As part of our involvement, we have made several firm-level commitments to support the goals of the responsible investment industry.

Oaktree became a signatory to the Principles for Responsible Investment ("PRI") in 2019 to deepen our longstanding commitment to ESG integration. Its principles inform our ESG Policy and strategy-specific EIPs.

In 2020, Oaktree became a formal member of the European Leveraged Finance Association ("ELFA") and a member of ELFA's ESG Committee. This commitment highlights Oaktree's support for greater standardization and disclosure of ESG data in the leveraged credit markets.

Oaktree became a supporter of the Task Force on Climate-related Financial Disclosures ("TCFD") in 2020. As a supporter, we are committed to publishing an annual TCFD Report. See page 61 for Oaktree's 2023 TCFD Report.

Oaktree's Transportation Infrastructure strategy began to participate in GRESB in 2019, a global ESG benchmark for real assets. Oaktree's Real Estate Income strategy also began participating in GRESB in 2022.

Oaktree joined BSR, a sustainable business network and consultancy, that works with a network of more than 300 member companies and other partners. In 2020, we worked with BSR on a year-long, multi-stakeholder project to create a detailed climate roadmap for Oaktree.

Oaktree partnered with the Sustainability Accounting Standards Board ("SASB") in 2021. The SASB standards, which are modeled after traditional financial accounting standards, are designed to enhance investment decision-making. Many of our investment strategies use these industry-specific standards to identify, assess, and manage financially material ESG risks.

In 2021, Oaktree joined the ESG Data Convergence Initiative ("EDCI"). As part of this initiative, Oaktree works with many of our majority-owned portfolio companies to gather and report core ESG metrics. Our EDCI participation is a key part of our data and reporting program and supports the industry's efforts to improve ESG data transparency in private markets (see page 20 for additional detail).

Oaktree became a signatory to the Partnership of Carbon Accounting Financials ("PCAF") in 2022 to support our carbon footprinting efforts across the firm. As a signatory, we have committed that we will report our investment strategies' financed emissions by 2025. We use the PCAF methodology when creating the estimates in our proprietary Carbon Emissions Dashboard (see page 21 for additional detail).

Governance & Oversight

Strong governance and oversight practices are core elements of Oaktree's ESG Program.

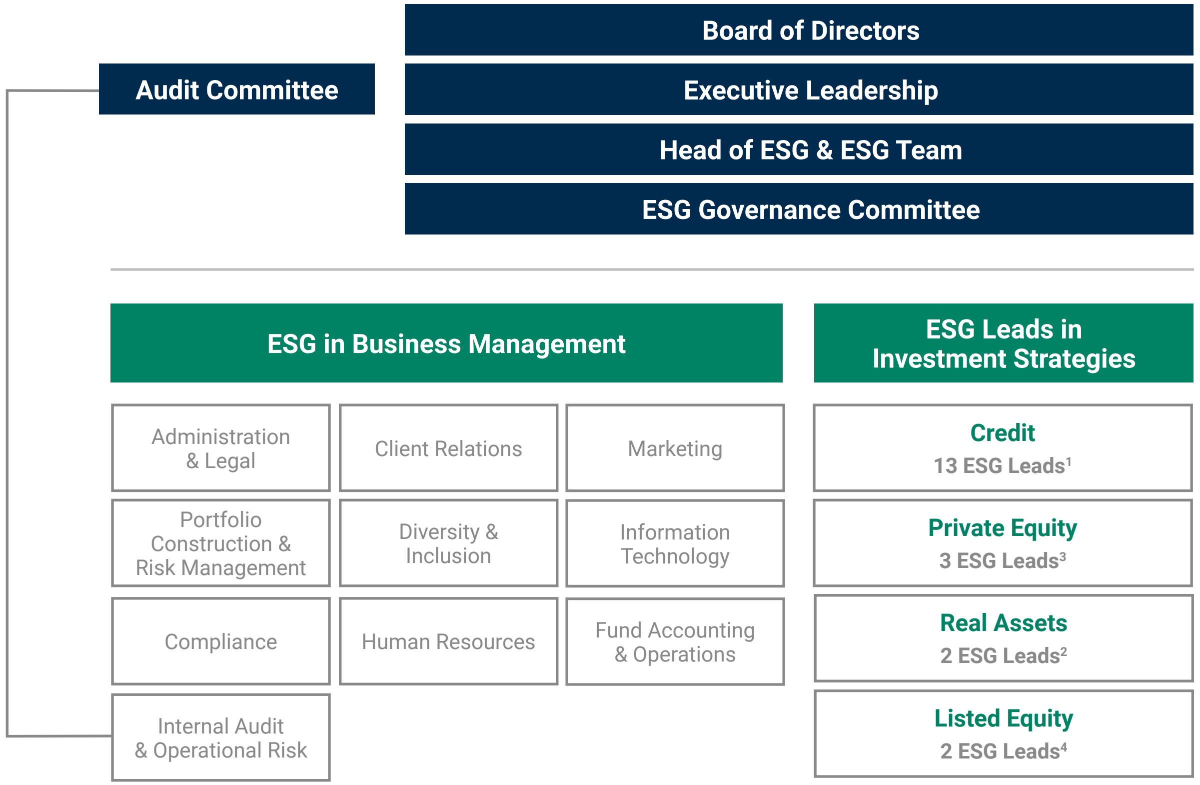
Oaktree's Board of Directors oversees the firm's approach to ESG with respect to both our corporate and asset management activities.

Oaktree's centralized ESG team, led by our Head of ESG, develops and manages the firm's ESG strategy. The team works with investment professionals to develop tools, training, and guidance on ESG best practices. The ESG team also provides regular updates on initiatives to Oaktree's Executive Committee, Senior Leadership Council, and Board of Directors.

The ESG Governance Committee is an oversight and decision-making body comprised of senior investment professionals and leaders from our business management groups. The committee meets monthly to share and promote best practices (see page 13 for additional detail).

Oaktree's ESG Leads are senior investment professionals who work with their strategy's portfolio manager(s) to integrate consideration of material ESG factors throughout the investment process. They also work with the ESG team to conduct team-specific training and advance the strategy's approach in line with industry best practices.

In addition, Oaktree's business management groups, such as Legal, Compliance, Client Relations, Marketing, and Information Technology, contribute to the program by supporting a consistent and robust firmwide approach. In 2023, Oaktree completed an internal audit of our program with the assistance of a third-party expert. The findings and mitigation plans, which our Internal Audit team reported to the Audit Committee of the Board of Directors, have helped us to improve our existing processes.



"Oaktree's Compliance team helps to implement a multilayered control environment. The team conducts reviews to assess investment teams' adherence to commitments set forth in their EIPs. Our Compliance program will continue to evolve to meet ESG-related client and regulatory expectations."

Michael Toomey
Managing Director, Compliance

1. Liquid credit, opportunistic credit, private credit platforms.
2. Real Estate and Transportation Infrastructure strategies.
3. Special Situations, European Principal, and Power Opportunities strategies.
4. Emerging Markets Equities and Value Equities strategies.

ESG Governance Committee

Oaktree established the committee in 2019 to support the execution of Oaktree's ESG Policy in investment strategies and to promote the adoption of best practices. Members consist of senior investment professionals and leaders from our business management groups. The committee provides feedback on strategic priorities of the ESG program and disseminates key information to the respective groups. As part of its oversight role, the committee reviews and approves (a) the ESG Policy and (b) strategy-specific EIPs.

The ESG team drives the agenda and educates the committee on significant program developments. The ESG team discusses these topics in consultation with other groups and internal subject matter experts. The ESG team, alongside other committee members, covers major initiatives related to governance and oversight, seeks feedback on our internal tools and dashboards, and discusses industry-wide trends. Our ESG Leads also share advancements in their strategy-specific approaches. In addition, the ESG team leverages the committee to explore new and emerging topics to facilitate ongoing innovation and education of our program.

16
Committee members

25
Years of average professional experience for members

12
Years of average tenure at Oaktree

"The ESG Governance Committee is a unique forum. Key leaders come together to share ideas and innovate our program in a way that aligns with our investment approach."

Bruce Karsh
Co-Chairman and Chief Investment Officer

2023 ESG Governance Committee Key Topics

ESG Integration

- Oaktree's ESG Policy and strategy-specific ESG Integration Plans approval
- Idea-sharing of best practices, tools, and frameworks applied across strategies

Client Feedback

- Client needs for both ESG integration and regulatory requirements
- Standardization and consistency across investment strategies

Governance & Oversight

- Major initiatives related to internal audit findings
- Compliance testing of our investment strategies' adherence to the practices set forth in ESG Integration Plans

Data & Reporting

- Internal tools and dashboards for ESG integration and portfolio risk management
- Reporting workstreams, including roles and responsibilites across the firm

Regulatory Developments

- New and evolving ESG regulatory developments that may be applicable to Oaktree, underlying portfolio companies, and our clients

Education & Innovation

- Thematic topics (e.g., net zero portfolios, impact investing, engagement best practices)
- Internal training initiatives
- Strategic developments and ways to evolve in the future

ESG Team & Recent Milestones

Oaktree's centralized ESG team guides the firm's ESG strategy.

Priya Prasad Bowe
Managing Director, Head of ESG
Los Angeles

Greer Howard-Tabah
Vice President
Los Angeles

Nicholas Cohn-Martin
Vice President
Los Angeles

Katie Green
Vice President
London

Daniela Greco
Assistant Vice President
New York

Meghan McMahon
Associate
Los Angeles

Recent Milestones

2021

- Appointed Head of ESG
- Appointed Head of Diversity & Inclusion ("D&I")
- Board of Directors assumes oversight of ESG program
- Launched proprietary ESG Assessment Tool
- Launched mandatory firmwide ESG training
- Became a PRI signatory
- Launched a PCAF-aligned carbon footprinting methodology

Governance & Oversight
Education & Innovation
Integration & Engagement
Transparency, Data, & Reporting

2022

- Expanded the ESG team to four professionals
- Added a new Oaktree Business Principle: Responsibility
- Formalized the Board of Directors oversight of our climate program
- Rolled out the ESG Assessment Tool to six credit strategies
- Launched the Engagement Tracker
- Hosted our annual ESG training, in partnership with SASB
- Initiated sponsorship of employees taking professional ESG exams
- Became a formal member of PCAF
- Launched an internal Carbon Emissions Dashboard
- Joined EDCI
- Launched the Sustainability in Action Series as part of Oaktree's Insights program

2023

- Expanded the ESG team to six professionals
- Completed the first internal audit of the ESG program
- Rolled out the ESG Assessment Tool to additional credit strategies
- Developed a Net Zero Alignment Tool
- Hosted our annual firmwide ESG training on engagement best practices
- Published our inaugural Responsibility and TCFD Report
- Filed our second annual PRI report
- Created an ESG Reporting Working Group
- Completed carbon footprinting of operational emissions
- Updated our carbon estimation methodology
- Completed our second annual EDCI submission
- Completed GRESB submissions for our Real Estate and Transportation Infrastructure strategies[1]

1. Oaktree's Transportation Infrastructure strategy began submitting to GRESB in 2019 (for 2018 year activities). Oaktree's Real Estate Income strategy first submitted to GRESB in 2023 (for the 2022 calendar year).

Approach to Engagement

Engagement is purposeful dialogue with a company or asset to achieve a specific objective.

Engagement with portfolio companies is a core part of our ESG program. We believe it is a mechanism to drive value and control risk. Our approach to engagement differs depending on the asset class, investment strategy, available levers of influence, and time horizon.

Evolving our engagement approach was a top priority for the ESG team in 2023. The ESG team discussed our engagement strategy and best practices with the ESG Governance Committee, and it was also the main topic in our 2023 firmwide ESG training that was required for investment professionals. The ESG team defined best practices for both control and non-control investments, which include setting engagement objectives, prioritizing engagement activity, and monitoring progress. Four investment teams also shared case studies detailing how they have used engagement to protect and enhance value.

We prioritize engagement efforts based on financial materiality, which means we concentrate our efforts on factors that have a direct impact on company value. Some of our strategies also use systematic engagement triggers in their investment process. For example, in certain credit strategies, companies with a low score in our ESG Assessment Tool are automatically flagged for engagement. Similarly, our Transportation Infrastructure strategy utilizes the annual GRESB reporting process as an input into engagement priorities. Systematic engagement triggers complement our bottom-up analysis and help teams direct their efforts on areas that are material.

Monitoring progress is key. Many of our strategies monitor progress in regular ESG portfolio reviews, and others focus on specific company developments. The Oaktree Engagement Tracker helps teams monitor engagement activity and progress. Tracking our engagement activity helps us provide transparent information about our engagement efforts to clients and other stakeholders.

In 2024, the ESG team aims to (a) improve engagement tracking, monitoring, and reporting and (b) partner with investment teams to improve their engagement approach.

Monitoring Engagement Progress and Outcomes

Engagement takes time. Our investment professionals actively monitor their engagement activities with companies by recording progress and documenting follow-ups and next steps.

No Progress	No acknowledgment of issue or plan of action
Some Progress	Acknowledges the issue and starts to develop a plan
Significant Progress	Develops a strategy or sets targets to address the concern
Achieved	Implements a strategy or provides requested information
No Further Changes Required	Original concern is no longer material; no further actions required
Regression	Fails to meet objectives or provide information

Education & Innovation

Oaktree's ESG training program equips investment professionals with the tools and knowledge necessary for successful integration and engagement.

The ESG team designed the training program to facilitate understanding of Oaktree's commitments, help investment teams evaluate financially material ESG issues, and explore new and emerging trends.

The program consists of four key components:

Mandatory Training

New Oaktree employees complete ESG training during onboarding. Investment professionals are also required to complete annual ESG training. These trainings feature both external speakers and internal investment professionals. The 2023 training highlighted engagement best practices (see page 15).

Strategy-, Tool-, & Theme-Specific Training

The ESG team offers topic-specific trainings to meet the needs of our investment strategies. These trainings cover a wide range of subjects such as ESG data, regulations, internal tools, and dashboards (see page 21).

Individual Learning & Development

In 2023, the ESG team launched an internal ESG Knowledge Hub, a self-service platform with resources for investment professionals. Oaktree also sponsors two elective ESG exams: the CFA ESG exam and the SASB FSA exam.

Ongoing Accountability

Departments are required to describe how they addressed ESG integration throughout the year in the annual review process. In addition, Oaktree requires investment professionals to certify compliance with our ESG Policy and their strategy EIP on an annual basis.

"Our ESG Knowledge Hub has helped us align resources and best practices across strategies."

Sophie Aldrich
Vice President, European High Yield Bonds and European Senior Loans

"The firmwide trainings support the implementation of different tools and ideas in practice."

Michael Kigawa
Vice President, Transportation Infrastructure

3 ESG Integration

Approach to ESG Data

Data is a key component of ESG integration, engagement, and transparency. We have company-reported data, analyst-generated information, and proxies.

For many of our investment strategies, company-reported data is limited. We seek to address this challenge by encouraging improved disclosure at the company level through direct engagement and participation in industry initiatives, such as EDCI. We also use internal and/or external third party proxies to build a more holistic picture of our portfolios when company-reported data is unavailable.

Our investment analysts also generate data, including proprietary ESG assessments, engagements, and net zero alignment analyses. In 2023, we worked to enhance the quality of this data through training and education for investment teams.

Collecting quality data is just the first step. In 2023, we further integrated this data by building dashboards to increase the transparency of these numbers.

We use this data in four key ways

Inform Investment Decisions

Our dashboards provide information to investment teams that can help improve the quality of their decision-making. For example, they can highlight how companies compare to their peers.

Prioritize Engagement Activity

Our dashboards help analysts prioritize their engagement efforts. For example, strategies can use dashboards to identify the high emitters in their portfolio or those that score poorly in our proprietary ESG assessments and prioritize engagement with those companies.

Monitor ESG Performance & Trends

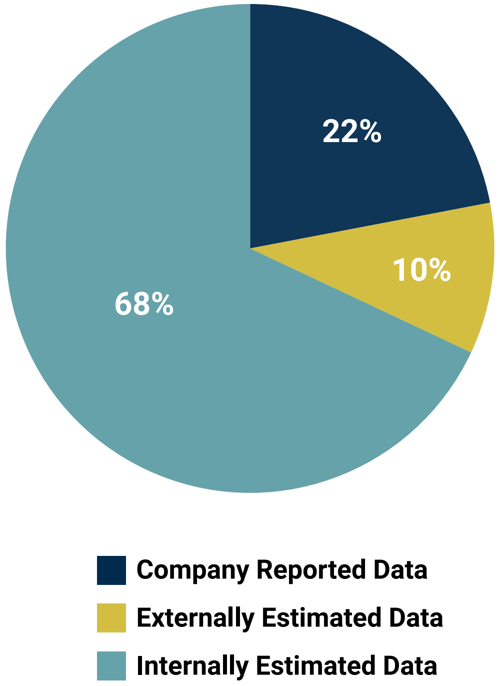
Our dashboards provide an important top-down view of ESG performance across a portfolio. Some strategies use these to evaluate portfolio-level progress and identify key areas of risk or opportunity.

Provide Transparency

We understand that transparency is important to our clients. Our ESG Reporting Working Group brings together members from our Reporting, Risk, Technology, Compliance, Legal, and ESG teams to support and improve our ESG Reporting.

Improving Company Disclosure

Many of the companies and assets we invest in report very limited ESG data.[1] With respect to carbon emissions in particular, we supplement this data with our own internal estimates, based on best practice PCAF methodology. We estimate emissions data using sub-industry and industry averages. In 2023, we added a regional component to our estimation methodology in order to make our proxied numbers more accurate.



Investment professionals engage with companies to increase the amount and quality of ESG-related information that they disclose. We believe doing so can help us unearth material ESG risks and opportunities. We also support industry initiatives that promote and facilitate ESG disclosure, including TCFD, PCAF, and EDCI.

Level of company ESG advancement

Type of Engagement	DISCLOSURE & INFORMATION GATHERING	POLICIES & PROCESSES	IMPLEMENTATION & PERFORMANCE
Desired Outcome	Setting and reporting KPIs on material topics (e.g., health and safety, anti-bribery and corruption measures, waste management, or data privacy & security)	Establishing policies and processes to mitigate material risks and/or capture opportunities (e.g., health and safety policy, employee anti-bribery training, data privacy policy)	Implementing these policies and processes effectively and reporting progress against KPIs (e.g., reduction in worker accidents, reduction in data privacy incidents)

1. The chart shows the breakdown between company reported emissions data and estimated emissions data. This is based on a representative account for our Multi-Asset Credit strategy. The availability of company reported data can vary greatly across strategies, but this breakdown is broadly representative of credit.

Spotlight on EDCI

ESG Data Convergence Initiative

In 2021, Oaktree became an inaugural member of EDCI, an organization that seeks to standardize the private equity industry's approach to sustainability reporting. We work with companies that we control (or over which we have significant influence) across five strategies to self-report ESG metrics. Portfolio companies submit ESG data on both mandatory and optional metrics.

In 2023, Oaktree submitted data to EDCI for 45 portfolio companies across our European Principal, Global Opportunities, Power Opportunities, Special Situations, and Transportation Infrastructure strategies. We aim to increase the number of participating portfolio companies and to improve our EDCI submission rates each year.

EDCI Data Categories

- GHG Emissions
- Renewable Energy
- Staffing Changes
- Board Diversity
- Work-related Injuries
- Employee Engagement

Oaktree Participation Highlights

3 Years of reporting completed[1]

5 Participating investment strategies[2]

100% Participation rate for control positions[3]

19 ESG metrics collected[4]

2023 Reporting Highlights[5]

- Reported data for **45** portfolio companies, up from **41** in 2022
- Achieved an **85%** average submission rate across metrics which increased by **16%** vs. 2022 levels
- Recorded a **203%** increase in optional metrics submission rates vs. 2022 levels
- Required percentage of female c-suite employees for participating portfolio companies[6]

1. Reporting completed for 2022, 2023, and 2024 data submission cycles.
2. Participating strategies include European Principal, Global Opportunities, Power Opportunities, Special Situations, and Transportation Infrastructure.
3. Encompasses control positions in latest vintage funds as of January 2022 and onwards. Excludes certain control investments with no employees or active operations. Participating strategies include European Principal, Global Opportunities, Power Opportunities, Special Situations, and Transportation Infrastructure.
4. Includes both voluntary and optional metrics for the 2024 submission cycle. Submission rates by portfolio company vary.
5. Data submitted in 2023 covering metrics for 2022 calendar year. Submission rates and reporting highlights are subject to change.
6. While it's an optional metric for EDCI, Oaktree made it a mandatory metric for its participating portfolio companies.

Building a Holistic View

We recognize that company-reported data is sometimes unavailable or limited, so we are always looking to develop strategies to fill information gaps. We have also built a range of dashboards to analyze our proprietary ESG data, such as the Carbon Emissions Dashboard and the ESG Assessment Dashboard.

GHG Transparency: Carbon Emissions Dashboard

Oaktree's Carbon Emissions Dashboard combines company-reported information with third-party and internal estimates to produce proxy data that can be used when reported data for a specific company is unavailable. It allows us to track emissions for the majority of our portfolios containing publicly traded assets as well as many of our portfolios holding private investments. In 2023, we made several key enhancements to our carbon estimation methodology, including producing regional and industry-specific proxies and onboarding new datasets.

Proprietary ESG Analysis: ESG Assessment Dashboard

In 2021, investment professionals in Oaktree's European High Yield Bonds and European Senior Loans teams developed a proprietary ESG Assessment Tool to facilitate bottom-up ESG analysis. This tool is guided by the SASB standards and helps analysts assess 15 factors based on their materiality to the company (the "Materiality Score") and on how well the risk is being managed by the company (the "Risk Management Score").

Today, the ESG Assessment Tool is used by the majority of Oaktree's credit strategies. The tool is a fundamental part of Oaktree's bottom-up credit approach, as it provides us with a more complete picture of sustainability factors that can potentially impact the value of our holdings.

In 2023, we developed a dashboard to aggregate portfolio-level statistics based on analysts' individual ESG assessments. The ESG Assessment Dashboard allows teams to analyze ESG characteristics at a sector and portfolio level, highlight trends across the portfolio, and identify opportunities for engagement. The ESG Assessment Dashboard provides a range of ESG insights for analysts and portfolio managers to incorporate into their diligence, monitoring, and portfolio management processes.

"The ESG Assessment Tool is a core part of our diligence, and the Dashboard provides a top-down view of the portfolio. The Dashboard helps draw our attention to areas of risk that may impact a company's credit worthiness, opportunities for engagement, and trends across the portfolio. It's one example of the push we are making to integrate data into the investment process."

Wayne Dahl
Managing Director, Co-Portfolio Manager for Global Credit and Investment Grade Solutions

2024 Data Priorities

Looking ahead to 2024, we have three key priorities:

1. **Enhancing our tools to collect and analyze ESG data**
   (including ESG assessments, engagements, and classification of alignment with the Paris Agreement)

2. **Refining our carbon estimation methodology to get more accurate with proxied numbers**

3. **Broadening our reporting capabilities to deliver high-quality data to our clients**

"In 2023, we released improved analytics and reporting systems by better integrating third-party data, analyst-generated data, and estimates. Investment teams and analysts are at the heart of our ESG program and play a crucial role in generating key ESG data points. In 2024, we aim to scale internal data collection, expand our ESG reporting and further refine our internal models."

Nicholas Cohn-Martin
Vice President, ESG

ESG in Action

In 2023, Oaktree's strategies continued to improve tools and processes to support ESG integration. In this section, we present highlights across our four asset classes: Credit, Real Assets, Private Equity, and Listed Equities. These examples illustrate our ESG philosophy in action and showcase the breadth of our program.

Credit

Our credit strategies have varied investment objectives and risk/return profiles. Each one emphasizes risk control and consistency, in line with Oaktree's unifying investment philosophy. Our credit strategies invest in both liquid and illiquid instruments, sourced directly from borrowers or through sponsors and public markets. We invest in a wide variety of areas, including opportunistic credit, private credit, high yield bonds, leveraged loans, structured credit, investment grade credit, and convertible securities.

Oaktree has established a core set of ESG processes that investment strategies apply across our credit platform. However, the approach can vary according to the relevance of the specific topic, the investment time horizon, and the available levers of influence. In the diligence process, most teams use our proprietary ESG Assessment Tool, which is guided by the SASB materiality standards.[1] During investment holding periods, our analysts monitor companies and engage selectively with them to enhance value.

2023

We made several enhancements to the ESG approach in our credit platform, including expanding the use of best-in-class tools and frameworks. These improvements include:

- Creating a Net Zero Alignment Tool that helps investment professionals analyze companies' progress toward net zero.
- Adopting the ESG Assessment Tool in our Global Opportunities strategy.
- Exploring innovative ways to promote ESG improvements in private credit, including the use of sustainability-linked loans.

1. The following strategies use Oaktree's ESG Assessment Tool: Liquid Credit (Emerging Markets Debt, European High Yield and Senior Loans, Global Convertibles, Global Credit, U.S. High Yield and U.S. Senior Loans strategies), Private Credit (Oaktree Direct Lending, Oaktree European Capital Solutions, Oaktree Lending Partners, Oaktree Life Sciences Lending, Oaktree Mezzanine, Oaktree Middle Market Direct Lending, Oaktree Strategic Credit, and Oaktree Strategic Income offerings) and Global Opportunities. In our Structured Credit strategy, our CLO investments are often backed by hundreds of corporate loans, which presents challenges for credit-specific ESG evaluation; as such, we pay close attention to governance at the CLO manager level. Our Investment Grade Credit strategy uses the ESG Assessment Tool in select cases.

Assessing Company Net Zero Alignment

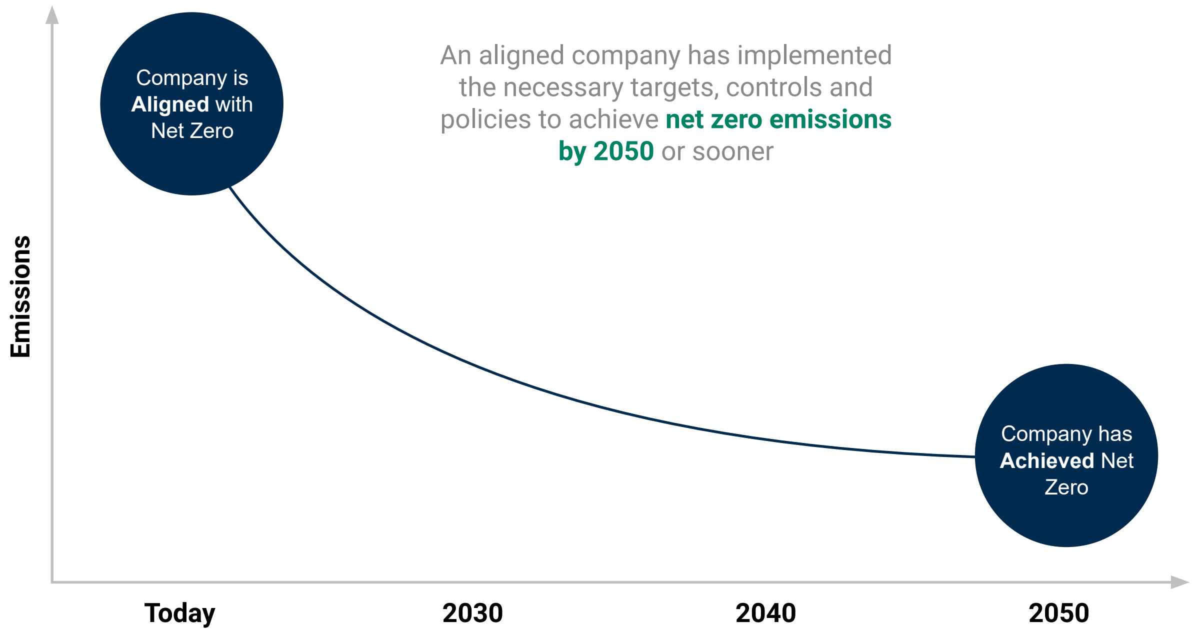
Climate issues are complex, and properly assessing the related risks and opportunities requires a multifaceted approach that isn't overly reliant on any one metric. While GHG emissions data is useful to provide a snapshot of company performance, it is inherently backward-looking. We supplement emissions metrics by assessing companies' alignment with the Paris Agreement based on their forward-looking targets and strategy.[1]

In early 2023, the ESG team and ESG Leads from several of our liquid credit strategies partnered to create Oaktree's Net Zero Alignment Tool. The tool helps teams track whether a company has disclosed its GHG emissions, set emission reduction targets, announced plans to meet those targets, and started to reduce its carbon footprint. Analysts from many of our credit strategies use the tool to categorize portfolio companies as either "net zero," "aligned," "aligning," "committed to aligning," "not aligned," or "not enough information." By establishing these categories, we aim to create consistent classifications across Oaktree. Analysts also record qualitative commentary related to the disclosure, goals, and any necessary next steps that companies plan to take to reach their climate goals.

Our approach is based on the Institutional Investors Group on Climate Change ("IIGCC") framework, which we have adapted to reflect the nature of the markets in which we operate. These minor adjustments allow analysts to classify names in an investment universe where there is relatively low disclosure.

Strategies use the Net Zero Alignment Tool in different ways. Many groups prioritize companies in sectors that are typically larger emitters, where engagement on decarbonization can have a more material impact. We believe this tool helps Oaktree strategies create a more complete picture of both current and future climate-related risks and opportunities.

Net Zero Alignment is About the Company's Commitments & Future Trajectory



1. For a company to be aligned with the Paris Agreement, it must have a credible plan to pursue policies that will help to keep the increase in global temperatures below 2°C

Global Opportunities

Considering ESG Factors Throughout the Investment Lifecycle

The Global Opportunities group has deep roots in distressed debt, reorganizations, and restructurings. The strategy has evolved over the last thirty years, and it now targets a broad set of investment opportunities. The Global Opportunities team has long recognized that responsible ownership is an important element of risk control and thus one key component to delivering attractive risk-adjusted returns.

1 Sourcing & Origination

- Over the past three decades, Oaktree has built relationships with hundreds of bankers, brokers, restructuring advisors, management teams, private equity sponsors and other financial and opportunistic credit investors.

"We've aimed to cultivate strong relationships with potential partners, and we've found that sponsors appreciate our commitment to ESG integration."

– **Milwood Hobbs Jr.**, Managing Director, Head of Sourcing & Origination

2 Diligence and Investment Decision-Making

- When conducting diligence, the Global Opportunities team assesses the investment's material ESG risks and opportunities using the ESG Assessment Tool (see page 21 for details on the tool). The ESG Assessment Tool outputs are typically presented as the first page of an investment committee presentation.
- Analysts pursue the opportunities that appear to have the strongest risk/reward profiles, as determined through a collaborative, bottom-up research process. The team also considers top-down issues, such as industry and geographic exposure.

"The ESG Assessment Tool is a key part of our due diligence process. Its ability to paint a complete picture of material sustainability factors helps strengthen our bottom-up analysis. To make an investment, we must be comfortable with the associated risks or be able to identify a clear path for improvement."

– **Olivia Guthorn**, Managing Director, Global Opportunities

3 Engagement & Monitoring

- Investment analysts maintain regular dialogue with management teams and sponsors regarding material issues, including those related to ESG, and work closely with portfolio companies in those instances where the team possesses control, has board representation, or is an influential minority investor. Investment analysts also discuss ESG developments during weekly Opportunities group meetings.
- When possible, the Global Opportunities team engages with portfolio companies to reduce possible risks and enhance the team's ability to achieve attractive risk-adjusted returns for clients.

"Direct dialogue with company management is an effective way to facilitate mutual understanding, and it can strengthen our relationship in the process. Depending on the circumstance, we might highlight market best practices, share findings from our experiences with other portfolio companies, or partner with management teams to create an action plan to remediate a financially material issue." – **Mel Carlisle**, Managing Director and ESG Lead, Global Opportunities

4 Exit

- The Global Opportunities team believes that engaging and collaborating with companies to drive progress on financially material ESG-related issues can add tangible fundamental value to the company and broaden the universe of potential buyers at exit.

"We believe that a company that exhibits excellence in its ESG scorecard is likely to correspond with a more desirable investment for future owners."

– **Brook Hinchman**, Managing Director and Head of North America for Opportunistic Credit

Global Opportunities

Risk Mitigation and Value Creation in Opportunistic Credit

The Global Opportunities team believes the consideration and integration of ESG-related factors can help provide both downside protection and valuable opportunities for growth. The potential impact is often greater when the team has control or significant influence over the company. When investment analysts engage with management teams at portfolio companies, they prioritize areas that they believe best position the company to deliver sustainable, long-term performance.

Strategic Reset and Refocus

The Global Opportunities team places a heavy emphasis on governance, as unreliable governance introduces significant risk. In situations where investment analysts identify opportunities for improvement, they seek to partner with management to make adjustments as appropriate. This may entail refining the company's strategy or aligning executive compensation with long-term performance measures. These efforts can lead to better management of resources and human capital, as well as a clearer picture of the most material risks and opportunities.

Real Estate Development Company

The Global Opportunities team worked with a real estate development portfolio company to leverage the company's existing platform and launch a new affordable housing program, after identifying a notable gap in the market. With the Global Opportunities team's support, the company has (a) designed two quality certificates for sustainable housing aimed at improving tenant health and (b) engaged an external consultant to obtain more information on its carbon footprint and the environmental impact of its construction materials. As part of this reorganization, the Global Opportunities team helped the company implement a new management team, board, and best-in-class corporate governance standards. They used this reset as an opportunity to improve the number of underrepresented groups in leadership. Women now represent half of the company's workforce and half of the internal managerial promotions over the last two years.

Data Center Company

Global Opportunities worked with a company that owns and develops data centers. Data centers are traditionally energy- and water-intensive, presenting a risk with increasing pressure from customers, regulators, and investors to decarbonize. The Global Opportunities team recognized this and partnered with the company to reshape its strategy and fund plans for the company to become a leading sustainable data center. Today, the company has a robust ESG strategy. It uses renewable power generation wherever possible and has committed to achieve net-zero status by 2030, backed by Science-Based Targets. The company also established an internal research and development division to create new techniques relating to the circular economy, carbon sequestration, and energy usage. The company was invited to present some of these innovations at the COP28 conference.

Global Opportunities

Risk Mitigation and Value Creation in Opportunistic Credit

Diversifying Leadership

When a deal involves changes to management or the board, the Global Opportunities team may consider whether they can make changes that improve diversity at the company, which can help reduce groupthink and improve overall decision making.

Restructuring an Asset Base

Opportunistic deals may involve capital restructurings, which can provide opportunities for the Oaktree team to make financially material improvements related to ESG issues, such as streamlining the business and disposing of stranded assets.

Utility Company

Global Opportunities has been working with a utility company over the last few years to improve its ESG profile. After the company filed for bankruptcy, one of the issues the Oaktree team flagged was inadequate attention to its constituents as a critical infrastructure provider. A key part of the company's reorganization goal to produce more safe, reliable, and clean energy was ensuring core stakeholders had a voice at the table. The Global Opportunities team also focused on the company's diversity and inclusion practices. They worked with the company to replace the management team and the board and dramatically improve the members of underrepresented groups at the most senior levels. After an extensive search, a new CEO and COO joined the leadership team. Both are from underrepresented groups.

The Global Opportunities team believes the company is now in a stronger position. At its core, they serve the local community. Today, the board is significantly more diverse, not only from a gender, race, and ethnicity perspective, but also in terms of representation related to ratepayer advocacy, labor relations, and regulatory experience.

Energy Company

Global Opportunities invested in a shale gas company that had filed for bankruptcy. Investment analysts saw an opportunity to restructure the company, renew its business strategy on core natural gas, and divest from subscale, uneconomic oil basin positions. Importantly, under Oaktree's ownership, the new leadership team significantly improved its ESG profile: it committed to become carbon neutral by 2035, reduced its methane intensity, and published TCFD- and SASB-aligned disclosures.

Private Credit

Spotlight on Sustainability-Linked Loans

Oaktree has invested in private credit since 2002. Our private credit strategies typically provide debt financing to companies with limited access to traditional funding sources. The strategies seek to achieve attractive risk-adjusted returns by originating or participating in the syndication of performing debt issued by North American and European companies. Our private credit teams pursue a fundamentals-based, value-driven approach to investing. They are also able to leverage Oaktree's strong relationships with private equity sponsors, senior advisors, and potential borrowers around the globe.

There are many challenges with respect to ESG integration in private credit. These include a lack of standardized disclosures from borrowers, limited levers of influence as a lender, and limited coordination between private lenders and private equity sponsors. Engagement, particularly the use of sustainability-linked loans (SLLs), has emerged as one mechanism to align interests of management with Oaktree's interests as a lender. Our engagement approach aims to increase disclosure from borrowers and drive material ESG improvements over time.

Our European Private Debt team has been structuring SLLs selectively since 2022, in cases where we believe there is an opportunity to encourage progress on material ESG topics using financial incentives.

Our approach follows key principles that align with the Loan Market Association's Sustainability Linked Loan Principles:

- KPIs should be material to the business.
- Sustainable Performance Targets (SPTs) should be ambitious.
- Any rate adjustments should be of meaningful size.

SLLs are more widely used in Europe than in other regions. The ESG team, in collaboration with the European Private Debt Team, is working to create SLL guidance that can support broader adoption of this mechanism by Oaktree strategies operating outside of Europe.

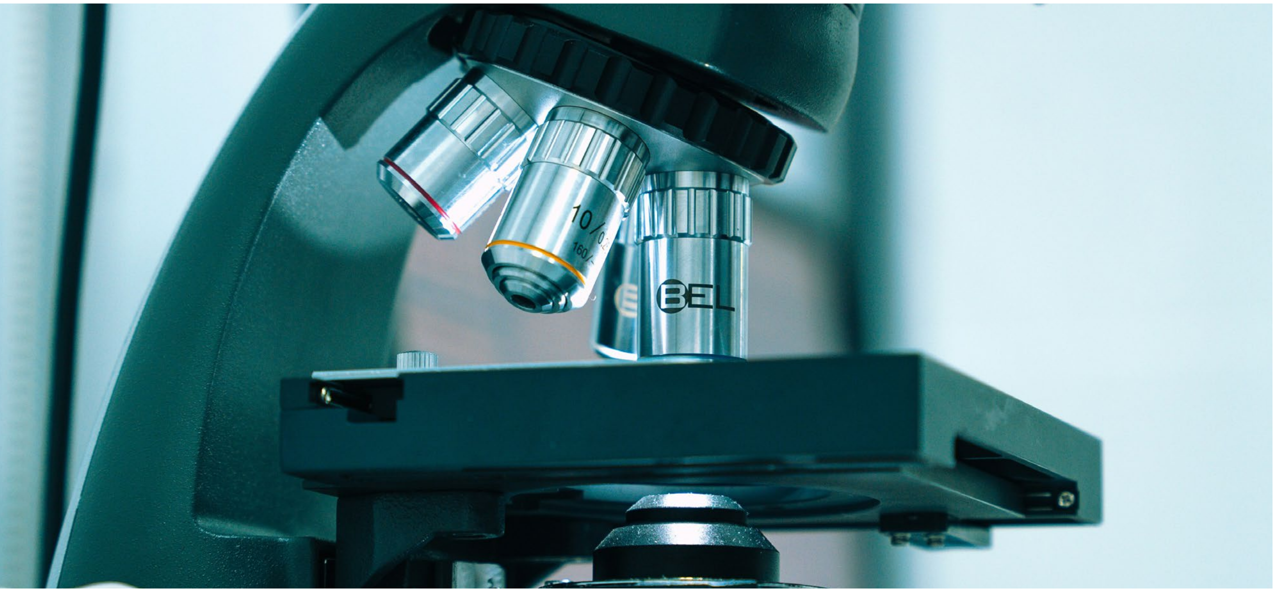
Energy Efficiency Services Provider

The European Private Debt team provided financing to a company that offers retrofit services which aim to increase the energy efficiency of residential properties. Currently, the company primarily provides energy efficiency solutions to lower-income households via contracts with energy companies and UK housing associations. The company is seeking to expand and diversify its business into other geographies, government-supported housing schemes, and the private sector. Investment professionals worked with the company to structure an ESG-linked margin ratchet based on two KPIs. Both KPIs concentrate on long-term decarbonization efforts. Investment analysts will monitor and track progress against these targets and engage with the company to help them achieve these goals.

Private Credit

Spotlight on Engagement

Our Life Sciences Lending team uses engagement as a tool to drive progress on ESG issues in the sector, by encouraging companies to (a) adopt robust governance structures, (b) implement sound pricing practices, and (c) provide broad market access for their products and services. The investment team engages with portfolio companies on a regular basis to discuss a range of material topics, including those related to ESG. Companies often seek out the views of the Life Sciences Lending investment team, given its extensive sector expertise. In 2023, the investment team began to employ the Oaktree Engagement Tracker to increase transparency surrounding its engagement efforts.



Therapeutics Company

Oaktree's Life Sciences Lending team provided financing to a therapeutics company that develops and commercializes novel therapies in the neuroscience and immuno-oncology fields. The company uses its proprietary artificial intelligence drug discovery platform to improve existing drugs by leveraging pre-approved and clinically-validated active pharmaceutical ingredients.

In 2023, the investment team engaged with the company about a letter it received from the FDA regarding a potential data integrity issue at the company's trial sites. In July, the investment team met with the company's CEO and CFO to (a) discuss the letter and better understand the cause of the issue, (b) determine appropriate remedies, and (c) explore the changes that should be made in future trials. In August, the team had a follow-up call with the CEO to discuss the progress that the company had made on these remedial actions. The CEO noted that the company was planning to request a meeting with the FDA and also conduct a third-party audit. The audit has been since been completed, and we are now engaging with the company to understand what actions it intends to take as a result of the audit's findings. We will continue to monitor the company's progress.

Real Assets

Oaktree's Real Assets platform includes two strategies: Real Estate and Transportation Infrastructure. These strategies capitalize on Oaktree's global footprint, extensive network of industry experts, and key relationships with operating partners.

Real Estate

Oaktree's emphasis on risk-control informs the investment processes followed by our Real Estate team's three strategies: Opportunistic, Performing Debt, and Income. Investment professionals conduct extensive due diligence on potential investment opportunities, which includes evaluating environmental and climate risk reports. The team then monitors how investments are performing on various ESG metrics. We incorporate information about ESG performance in quarterly financial reports and collaborate with operating partners, property management teams, and borrowers to upgrade and improve our assets throughout the holding period. In addition, we track ESG KPIs relevant to the specific asset or investment. These may include quantitative information such as energy consumption or qualitative information such as whether the building has sustainability certifications or conducts tenant satisfaction surveys.

Transportation Infrastructure

Our Transportation Infrastructure strategy invests in businesses and assets that facilitate the movement of people and goods via air, land, and sea, with a concentration in North America. Before an investment is made, deal teams use an ESG due diligence questionnaire, which draws on globally recognized frameworks including SASB, GRESB, and TCFD, to assess how the company fares based on a comprehensive list of key performance indicators. Post-investment, the team works with portfolio companies to (i) collect data twice a year on ESG-related KPIs, (ii) complete the annual GRESB Infrastructure Asset Assessment, and (iii) set annual ESG goals with management teams.

2023

Oaktree's **Real Estate** team began to (a) perform climate risk assessments as part of its diligence process and (b) include a summary of its findings in investment committee memos. Assessing physical climate risks and understanding assets' resilience is an integral part of risk control in real estate investment.

Oaktree's **Transportation Infrastructure** team partnered with portfolio companies to meet specific goals as part of their robust engagement approach.

Real Estate

Approach to Physical Climate Risk

Assessing physical climate-related risks is integral to risk management in real estate. As extreme weather events become more frequent and severe, the Real Estate team believes it is crucial to identify, evaluate, and seek to mitigate physical climate-related risks across its portfolio. These risks include damage to physical assets caused by heatwaves, flooding, wildfires, storms, and other forms of extreme weather. Determining the resilience of Oaktree's assets in the face of an increasingly unpredictable climate landscape is not only important for evaluating present and future property values, but also for assessing ongoing operating costs, insurance premiums, and rental demand.

In the last few years, the investment team has built the infrastructure, capabilities, and processes that are helping them address climate-related risks and opportunities in a systematic and consistent way.

1. **Asset-Level Physical Risk Assessments:** In 2023, the investment team began performing climate risk assessments as part of the diligence process. For cases with severe risks, the team undertakes additional diligence to identify existing or planned mitigants at the property.
2. **Portfolio-Level Physical Risk Assessments:** On an annual basis, the investment team conducts portfolio-level climate risk assessments to evaluate material climate risks and identify potential risk concentration in certain geographies. With these insights, they can also pinpoint high-risk locations requiring enhanced diligence for new investments and development of mitigation strategies for existing assets. Understanding the overall climate risk within the portfolio can also help to optimize insurance procurement and coverage.

The team utilizes two climate analytics platforms for these assessments. The first provides physical climate-related risk reports that estimate the value-at-risk due to physical hazards as well as risks related to the energy transition. The platform enables the team to consider scenarios involving various global temperature increases. They utilize this platform when underwriting investments and for annual portfolio monitoring. The second platform provides physical risk reports estimating annual average losses from natural disasters and potential upside value for areas more resilient to these risks. The team utilizes this platform annually for portfolio monitoring and compares the results with those of the first platform.

In February 2023, the investment team and senior members of the asset management team participated in a specialized climate risk session led by an outside expert. They discussed the importance of integrating analysis of both physical and transition climate risks in the investment process. The session also covered how this data can be used to enhance investment decision-making.

Looking ahead, the team plans to continue refining its approach and mitigation initiatives to better position portfolios for long-term climate resilience.

"Climate volatility is a risk that we can't ignore in our investment process. We undertake physical climate risk assessments with the aim of optimizing portfolio construction, understanding insurance exposure and potential costs, and limiting downside risk."

Amy Johannes
Managing Director and ESG Lead, Real Estate

Transportation Infrastructure

Systematic Engagement

Our Transportation Infrastructure strategy seeks to identify investments with strong downside protection as well as opportunities for adding value through operational enhancements and accretive capital deployment. Engagement on ESG issues is a core part of how the strategy creates value, and this engagement occurs both before and after an investment is made.

During the diligence phase, the Transportation Infrastructure team assesses ESG-related risks and opportunities relevant for underwriting and begins to develop a roadmap for potential long-term improvements. After an investment has been made, the team takes a three-pronged approach to engagement. This approach is used in situations where the strategy has control or significant influence over the company.

1. First, the team collects 30 KPIs from its portfolio companies twice per year. These metrics are a mix of qualitative and quantitative indicators. The team developed the list of KPIs by concentrating on the most material topics for the transportation sector, using the SASB Materiality Map, EDCI metrics, and the GRESB framework. Transportation Infrastructure maintains an internal dashboard to track trends over time.

2. Second, the deal team works with companies to complete the annual GRESB Infrastructure Asset Assessment. This process involves educating management teams on the scoring process, helping companies with data collection, tracking progress, and identifying areas for improvement. The GRESB assessment is a key benchmark for the real asset space and helps make sure companies are aligned with industry best practices.

3. Finally, the investment team collaborates with company management to identify three to five key ESG goals for the following year. These goals often stem from topics highlighted by the KPI dashboard or GRESB scoring. The deal team checks in with companies regularly throughout the year, and companies report on their progress in semi-annual portfolio reviews with the investment team.

In addition to this structured engagement, Transportation Infrastructure investment professionals maintain frequent dialogue with portfolio companies, raise ESG matters at board meetings, and organize topic-specific trainings for management teams.

Transportation Infrastructure

Portfolio Highlight: Systematic Engagement

Marine Shipping and Logistics Company

In early 2021, the Transportation Infrastructure team invested in a U.S. and Canadian marine shipping and logistics company. Within a few months of investing, the deal team had already collected information for the KPI tracker and helped the company complete its inaugural GRESB assessment. This work set a baseline for ESG practices.

Over the past three years, the Transportation Infrastructure team has partnered with management to outline ESG-related objectives, align with industry best practices, and implement changes. In 2023, the company set a goal to improve its safety practices. Safety is one of the most financially material topics for the transportation sector and is a prominent part of the Oaktree KPI tracker and GRESB submission process.

In 2023, the company heightened its focus on safety under the direction of the board. The company increased the number of safety metrics tracked and publicized the new metrics at its board meetings. Management is planning to:

- implement targeted trainings to review lessons from specific incidents, and
- add a continuing education program to make sure tenured employees still receive adequate training.

The company encouraged employees to report incidents, no matter how minute, and it deeply integrated safety protocols into the company culture.

Global Logistics Company

In 2018, Transportation Infrastructure invested in a global transportation service and logistics company. Prior to the investment, the company did not have a formal ESG program. The Oaktree team began to track core KPIs and emphasized the importance that ESG factors can play in mitigating risk, improving access to capital, and better positioning the company for long-term growth.

The company has expanded its ESG practices considerably in the past five years, which has resulted in consistent annual improvement in its GRESB score. The company now publishes an annual sustainability report to showcase the breadth of its ESG initiatives.

In 2022, the company completed its first greenhouse gas inventory, setting a baseline that it can use as it seeks to improve many of its environmental practices. In 2023, the Transportation Infrastructure investment team partnered with the company to reduce its carbon footprint and strengthen its resilience to climate risks. The investment team used guidance from GRESB and findings from work with peer companies to advise management on the top priority areas. On the back of these recommendations, the company (a) implemented a new utility tracking service to reduce energy usage, (b) mapped potential environmental costs associated with delayed decarbonization, (c) identified acute physical hazards, and (d) invested in the development of electric locomotives.

Benchmarking ESG Performance in Real Assets with GRESB

GRESB

GRESB is a global ESG benchmarking assessment for the real assets sector. Oaktree's Real Estate Income and Transportation Infrastructure investment strategies participate in the annual GRESB reporting process. There are two forms of GRESB assessments: fund-level and asset-level. At the fund-level, firms are evaluated based on their management of assets in their portfolio (the "management score"), which measures the entity's strategy and leadership management, policies and processes, and its risk management approach. Firms are also evaluated on the practices and performance of underlying assets (the "performance score") based on information collected at the asset-level, such as environmental data, targets in place, and data monitoring practices. At the asset-level, underlying portfolio companies report to GRESB.

We leverage the GRESB reporting framework to evaluate these strategies' ESG programs and to identify areas for improvement. Our participation also provides transparency for our clients, as they can assess our practices in relation to a globally recognized standard.

Real Estate

Oaktree's Real Estate Income strategy participates annually in the GRESB fund-level assessment. In 2023, our score increased by 16% year-over-year (this reflects progress made in 2022). We also earned a Green Star, which indicates that we received a 50% or higher in each of the two scoring categories (management and performance). This improvement was driven mainly by our enhanced efforts to track KPIs across the portfolio. We will continue to use the GRESB process to assess our progress and identify areas for improvement.

Transportation Infrastructure

Oaktree's Transportation Infrastructure strategy began participating in GRESB in 2019 (for 2018 calendar year activities). The team completes the infrastructure fund-level assessment and also supports its portfolio companies in completing the infrastructure asset-level assessment. Over time, the strategy's participation in GRESB has helped portfolio companies advance their ESG programs by encouraging them to accelerate data collection efforts, develop a roadmap for improvement, and align with best practices.

Private Equity

Oaktree's private equity strategies invest in a broad range of regions and sectors. We invest in companies we believe to be undervalued, using a flexible and opportunistic approach.

Special Situations

Our Special Situations strategy makes control-oriented debt and equity investments in middle-market companies that have an element of distress, dislocation, or dysfunction and that we perceive to be undervalued. The strategy typically takes control positions or otherwise gains significant influence over the company. As part of its due diligence process, the Special Situations team uses a proprietary ESG template that provides a quantitative picture of companies' ESG practices and helps the team better understand potential risks.

European Principal

The European Principal strategy makes value-oriented investments with an emphasis on capital-intensive sectors where there is limited bank financing. The strategy seeks to gain control of, or have significant influence over, its portfolio companies. The strategy's investment theses typically involve a dislocated sector or market, as this better enables them to acquire companies at discounted valuations.

Power Opportunities

The Power Opportunities strategy invests in companies that provide essential products and services to owners of critical infrastructure, including power, energy, environmental, water, wastewater, and other utility-related businesses. The investment team assesses ESG factors throughout the investment process.

2023

The **Special Situations** team continued to use its proprietary ESG Playbook with its portfolio companies to help identify gaps and implement policies and procedures that could potentially add significant value.

The **European Principal** team brought together experts in human capital from many of their portfolio companies for a D&I session. The team also continued to use ESG strategy roadmaps to drive tangible improvements at its portfolio companies.

The **Power Opportunities** team worked with its portfolio companies to capitalize on the tailwinds from the ongoing energy transition.

Special Situations

Creating Long-term Value through Active Management | Interview with Amy Rice & Effy Zinkin

WHP Global is a leading New York-based brand management firm co-founded by Oaktree. WHP Global's portfolio includes Anne Klein, Babies "R" Us, Bonobos, Express, G-Star Raw, Isaac Mizrahi, Joe's Jeans, Joseph Abboud, Lotto, and Toys "R" Us.

Amy Rice
Managing Director & ESG Lead, Special Situations

Effy Zinkin
Chief Operating Officer of WHP Global

Can you describe how Oaktree's Special Situations group integrates ESG into its investment process?

Amy Rice: We integrate ESG considerations throughout the investment cycle.

As part of our typical due diligence process, we utilize a proprietary ESG tracker to identify and quantify areas of potential risk and opportunity. The tracker includes 32 governance, 21 environmental, and 25 social factors to paint a quantitative picture of a potential investment's baseline ESG practices. In addition, we use SASB's Materiality Map to identify sustainability issues that could be material to the investment based on its industry.

After making our initial investment, we then actively monitor the company's progress using our proprietary ESG playbook.

How did Special Situations Group develop its ESG playbook?

AR: This playbook, which we developed in 2021, serves as a roadmap that helps management teams at our portfolio companies identify and promote relevant sustainability best practices. It provides portfolio companies with a suite of tools, including a GHG self-assessment tool, a sustainability policy template, a supplier code of conduct, a guideline for creating employee handbooks, and an ESG communications handbook. We provide our ESG playbook to our majority-owned portfolio companies, and we encourage our non-control positions to adopt it as well.

How has WHP used the ESG Playbook?

Effy Zinkin: When the Special Situations team first introduced the playbook, we were still a very new company. We had a relatively small environmental footprint to begin with, given that we are an owner of intellectual property and thus don't have a manufacturing presence. Still, we wanted to adopt strong ESG processes, and the playbook created a structure that helped us do this. Using the playbook, we were able to outline our core ESG policies and practices, which we've expanded on as our business has grown and evolved.

When building our ESG program, we solicited employee feedback as well as input from our partner operators, the people who license our intellectual property. This enabled us to create a comprehensive ESG policy and program that accurately reflected ESG impact of our entire business. We partnered with Amy and the Special Situations team to measure our emissions, set reduction targets, and start tracking our various KPIs, which stemmed from the playbook.

Additionally, we recently launched the WHP Global Foundation, which gives back to the communities where we have built our brands. We have a dedicated task force and work with organizations that are directly relevant to our companies.

We also now produce an annual sustainability report, which summarizes our ESG goals and related progress. This report is sent to our Board, and we challenge ourselves each year to identify areas for improvement.

AR: When we first introduced the playbook to WHP, Effy made sure representatives from the entire WHP network were part of the conversation. I believe this helped us create a truly meaningful sustainability program, which is evidenced by the genuine progress that WHP has made on many measures.

What do other WHP Global's partners and customers think of these sustainability initiatives?

EZ: Our partners deeply value our sustainability program. We started adding ESG questions– many of which we borrowed from the Special Situations process – to the diligence questionnaire we use for new acquisitions. This questionnaire helps our potential partners become aware of our ESG priorities.

Once we have acquired a brand, we then help it improve its sustainability practices. Our partners are continuously looking for ways to introduce new sustainable products, which we are eager to promote. Some recent examples include a watch band crafted from plastic removed from the ocean, a clothing collection made using mostly recycled or biobased materials, a shoe created out of recycled tennis balls, and toys constructed with sustainable wood. As we discuss sustainability issues with our partners, we are always excited to share findings and best practices that we've gleaned through our interactions with our other operators.

What are the big ESG priority areas for WHP Global in 2024?

EZ: We are expanding the number of sustainable product offerings. Given that we are an owner of brands, not a manufacturer ourselves, we must creatively incentivize and empower our operators to make changes. We plan to continue to challenge and support our brands to reimagine their design processes, the materials they use, and their production norms. We strive to be leaders in the space, and we will continue to work with our partners, including Oaktree, to improve our practices.

AR: WHP is a great example of a company that has taken the ESG playbook and run with it. We outlined the foundation for a strong ESG program with our playbook, but WHP didn't stop there. The team absorbed the information, prioritized the most important items for its business, and made huge strides in realizing the goals set out in this program.

European Principal

Collaborating with Companies to Drive Progress

European Principal integrates ESG throughout the investment lifecycle by working with companies to improve their practices.

Spotlight on Diversity & Inclusion

In June 2023, Oaktree's Head of D&I, Jerilyn Castillo McAniff, led a session on next-generation D&I policies with experts in human capital from our private equity portfolio companies. The group discussed best practices and tools across a range of talent and inclusion topics, applicable in multiple countries and workforces.

Oaktree's investment team and the firm's Head of D&I also worked directly with companies to improve their D&I practices. For example, Oaktree professionals engaged with a hospitality business to drive inclusivity in their workforce. This involved undertaking a culture audit and engaging with the senior leadership group to reset cultural drivers and behavioral norms to reduce in-group bias. Following this exercise, the company has seen stronger team cohesion, improved engagement, increased productivity, and reduced employee attrition.

"Bringing together human capital leaders from our portfolio companies is a great way to share best practices and tools. It allows companies to learn from each other and drive collective progress."

Jerilyn Castillo McAniff
Managing Director, Head of D&I

"We see human capital as a material consideration for companies. We want companies to create an inclusive culture and promote D&I efforts across their businesses."

Alison Endemaño
Managing Director and ESG Lead, European Principal

European Principal

Portfolio Spotlight: ESG Strategy Roadmaps

The European Principal Group works with companies to build and implement comprehensive ESG strategy roadmaps. These are company-specific plans based on the material ESG risks the company faces as well as potential opportunities. The roadmaps often take multiple years to implement, so the investment team meets with companies regularly to monitor their progress and help them course correct as necessary.

In January 2020, the team acquired a company that provides electrical engineering and manufacturing services and human-machine interface technologies. At the time of the team's investment, the company had minimal efforts on ESG and disclosure. Since then, the team has worked with management to develop a comprehensive ESG program and to establish an ESG Board Committee to oversee the implementation of this program. As part of this plan, the company published its inaugural sustainability report in 2023, highlighting that the company (a) has completed a €20 million refurbishment program to improve energy efficiency, (b) is now being powered entirely by renewable power, and (c) is generating 40% of its power via a newly installed solar energy system.[1] The company's efforts have earned it a silver rating from EcoVadis, a sustainable ratings provider for businesses.

In 2020, the European Principal team partnered with a highly experienced management team to launch an intermodal railcar leasing company. At outset, the team created an ESG strategy and met with the company monthly to discuss implementation progress. This included monitoring key suppliers, a number of which have since made material progress, including by improving conditions for workers and modernizing welding equipment. The company has completed its first annual GRESB assessment and obtained a green loan (verified by Sustainalytics) in 2023. The team's strategy roadmaps often take multiple years to implement successfully but the team believes they can be a key driver of value for a business and position them well for exit.

2021
- Foundation of ESG Board
- Analysis of current status
- Preparation of ESG Report

2022
- Group current state analysis
- Definition of over-arching goals

2023 and beyond
- Rating from third party
- Group rollout

Finished Projects

Environmental · Social · Governance

- Implemented ESG Program and Board
- Launched new employee benefits
- Onboarded Sustainability Manager
- Updated process-cooling system
- Achieved 100% Ecological Power
- Prepared Group ESG Report
- Combined heat and power plant
- Participated in gender diversity program
- Completed energy management audit
- Achieved Silver EcoVadis rating
- Installed photovoltaic systems

Ongoing Projects

- Refurbish key site to improve energy efficiency
- Achieve CO_2 neutrality 2033
- Improve internal management communications
- Implement a sustainable strategy
- Implement knowledge management software

1. As of 2023.

Power Opportunities

Winds of Change: A Business Transformation

Our Power Opportunities strategy's specialized industry expertise and strategic perspective enable it to identify business opportunities related to energy transition initiatives in companies that primarily serve traditional energy end markets. The team seeks to identify value creation opportunities and to help portfolio companies in using their traditional energy-related competencies to capitalize on emerging opportunities. From 2010 through 2023, the strategy completed more than 20 investments in companies connected to the renewables space.[1]

Spotlight on Shifting Business Models

In 2023, the investment team invested in a leading provider of critical infrastructure services to the offshore energy industry. The company rents out logistics equipment and provides mission-critical services for blue chip customers in the offshore energy (renewables, oil, and gas) end markets. When the team was initially completing its underwriting, they noted that one main avenue for value creation was growing the renewables services division. This division had the potential to expand rapidly given the surging demand for these services, the dearth of credible large competitors, and the company's transferable skills and competencies from its long history serving the oil and gas industry.

The company's renewables segment already plays a key role in supporting the global energy transition. It offers a wide range of services to the renewables industry, and supports customers throughout their projects' lifecycles. The company aims to become a one-stop shop for the offshore renewables industry by providing services across the value chain.

Oaktree sees four thematic value drivers at the company:

1. Expanding the renewables services division

The investment team is concentrated on accelerating the company's pivot toward offshore renewables services. The company is achieving this by making strategic acquisitions, leveraging its transferable skills, and identifying legacy oil and gas customers that are also seeking renewable energy solutions.

Oaktree increased the percentage of the company's revenue derived from renewables from 31% to 47% in less than one year of ownership. In addition, the renewables segment's EBITDA rose by nearly 52% from the year prior to the transaction.[2]

2. Improving safety

The investment team has been working with management to enhance the company's health, safety, environment, and quality control policies. The company has put in place appropriate tracking, benchmarking, and reporting tools; increased the level of employee training; and adopted industry best practices.

3. Setting a carbon neutrality strategy

Oaktree has been supporting the company's efforts to develop and execute a carbon neutrality strategy. The investment team has assisted the company as it has begun to measure its carbon emissions, set a reduction plan, and identify opportunities for more sustainable practices both internally (e.g., by growing its electrical vehicle fleet) and with its customers (e.g., by encouraging the use of sustainable fuels in the UK offshore helicopter business).

4. Increasing transparency and reporting

The company produced its first sustainability report in 2023, which has helped it increase transparency and accountability as it seeks to improve its ESG practices.

1. Includes Power Opportunities investments (control or significant influence, excludes toehold debt) made from 2010 to 2023 in which the renewable energy theme is relevant to the investment as determined by the investment team.
2. As of December 31, 2023.

Listed Equities

Our listed equities strategies seek to invest in undervalued stocks around the globe.

Emerging Markets Equities

Consideration of ESG issues is integral to our Emerging Markets Equities strategy's research, analysis, and risk management process. The team built a proprietary tool to assess ESG factors, which is guided by the SASB materiality standards. Investment analysts assign companies an ESG score using the tool based on the materiality of the ESG factor in the company's industry and the analysts' assessment of how well the risk is being managed. Analysts monitor companies' scores on an ongoing basis and engage with management to promote improvements that are expected to protect and enhance value. The team is particularly attentive to governance issues, given that this can be an area of special concern in the emerging markets.

Value Equities

Our Value Equities strategy employs a bottom-up, value-oriented, opportunistic investment approach. The team incorporates material ESG factors into its diligence and investment decision-making process through both external research and in-house tools. Analysts monitor material portfolio developments in weekly meetings, which may include those related to ESG issues.

2023

The **Emerging Markets Equities** team enhanced its engagement and monitoring process so that it could track specific KPIs for portfolio companies, including corporate spending on social responsibility, gender diversity at the board and senior management levels, Scope 1 and 2 emissions targets, and progress toward reaching net zero targets.

Our **Value Equities** team conducted an ESG Assessment Tool training to strengthen the strategy's diligence, engagement, and monitoring practices.[1]

1. Applies as of January 1, 2024, for new investments in cases where there is no third-party coverage. ESG diligence typically focuses on single name operating companies and excludes various other investments including, but not limited to, blank check companies, securitizations of diversified loan pools, or securities where the holding period is expected to be short-term.

Emerging Markets Equities

Engaging on Governance: Driving Progress and Outcomes

Engagement is a core part of our Emerging Markets Equities strategy's ESG process. The strategy leverages its strong relationships with company management teams to promote best practices, improve disclosure, and create credible plans for remedying ESG risks. The investment team identifies opportunities for engagement with companies during diligence and throughout the holding period. The team assigns scores to companies using its proprietary ESG template based on (a) the ESG factors that are most material for each sector and (b) how well companies are managing these risks. The scores help analysts center their engagement efforts on the most financially material topics.

Governance is a particular area of importance in emerging markets. A company's governance is often heavily influenced by the legal framework, regulatory environment, and disclosure requirements of the country in which the company is based. In emerging markets, risks related to companies' ownership structures and level of board independence are often more heightened than in developed markets. Concentrated ownership may lead to mistreatment of minority shareholders and, in extreme cases, expropriation, while strong board independence can help mitigate risk and better enable companies to address conflicts.

The Emerging Markets Equities strategy also has a robust system for assessing material ESG-related incidents, which is a key part of the team's risk management approach. If an analyst identifies a significant controversy either before or after an investment has been made, they must escalate the issue via a review process with at least one portfolio manager and several research analysts. Once the review has been completed and the analyst has engaged with management, the team will then decide whether to take further action, which can include divestment.

"High quality engagement is a cornerstone of our process, and we realize that change takes time. We believe engagement is more than a 'tick-the-box' exercise. We develop solid relationships with our portfolio companies so that we can provide regular feedback on strategic initiatives and drive actionable change."

Alfredo Viegas
Managing Director and ESG Lead, Emerging Markets Equities

Emerging Markets Equities

Portfolio Highlight: Engagement in the Mining Sector

Responsible investment practices are critical in the mining sector. ESG incidents pose a material risk given the asset- and labor-intensive nature of the industry. These challenges present an opportunity for investors to work with companies to improve standards and corporate practices.

Brazilian Mining Company

The Emerging Markets Equities team has actively engaged with a Brazilian mining company for roughly two decades, as the team has sought to promote practices that can support long-term value and reduce risk. Investment analysts have collaborated with the company to implement ESG best practices, such as establishing strong governance and oversight mechanisms. The company actively seeks feedback from the Emerging Markets Equities team on its initiatives given our analysts' expertise on governance in emerging markets and our in-depth sector knowledge.

In 2023, the team's engagement with this mining company was on governance. This included supporting recent initiatives to modernize the Board of Directors and improve its structure by appointing a Chair for the Board's Audit Committee. The team believes these enhancements improved the company's overall risk management. The strategy's investment professionals also discussed improving voting rights and shareholder protections. These are long-term priority areas that the team will continue to discuss with the company.

South African Mining Company

In 2023, the Emerging Markets Equities team also engaged with a South African mining company about the company's governance practices – specifically, its management remuneration policy. When speaking the Chair of the Board's Remuneration Committee, Oaktree investment professionals discussed ways that the company's remuneration policy could be improved to support the company's long-term resilience and other sustainability goals. For example, at the time, the only environmental KPI in the remuneration policy was related to GHG emissions management. While this is an important matter, it is not the most material sustainability issue for a gold mining company. The team suggested adding a KPI related to critical environmental risks, such as efforts to prevent tailings dam collapses or other impactful events, such as effluent spills. The team's suggestions were well received by the Chair of the Remuneration Committee.

Looking Forward

The team's emphasis on engagement and governance complements the strategy's aim to invest in companies that show clear, measurable signs of continuous improvement. The team believes that companies that show progress over time on ESG issues are better positioned to become long-term industry leaders. Change does not happen overnight; rather, engagement is about creating strong relationships and encouraging sustained progress over time.

4 Values

- Letter from Our Head of Diversity & Inclusion
- Proud of Our Diversity
- Celebrating Our Employee Networks
- Supporting Our People
- Supporting Our Communities
- Accelerating Industry Collaboration
- Expanding Access for Young Professionals

Letter from Our Head of Diversity & Inclusion

DIVERSITY
&INCLUSION

Oaktree is committed to maintaining an inclusive workplace where employees are comfortable bringing their authentic selves to work. We aspire to reflect and support the communities where we live and serve and help expand the talent pool in investment management.

We are proud of our diversity and are focused on expanding the pool from which we recruit, supporting the retention & development of our colleagues, raising awareness to eliminate bias in processes and driving accountability to ensure we are attracting, retaining, and promoting the most talented employees.

2023 was a busy year for our Diversity & Inclusion teams across the globe. We are excited to share with you our newest initiatives and highlights across our many teams as well as what we are most excited for in 2024.

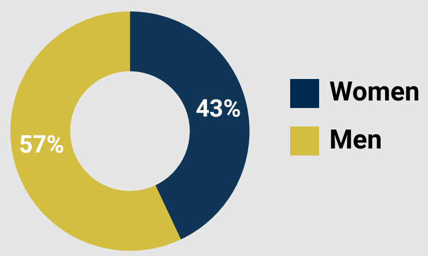
Jerilyn Castillo McAniff

Head of Diversity & Inclusion

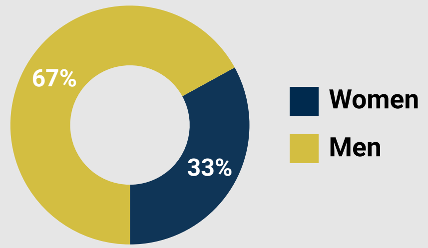
Proud of Our Diversity

We have a diverse workforce at Oaktree. Our colleagues speak 30 different languages and have attended 400 different colleges and universities globally. We aspire to expand the talent pool in our industry.

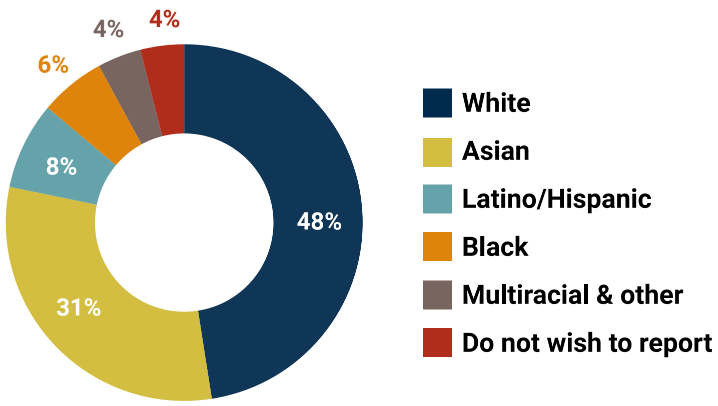
Global Workforce[1]



Officer Level



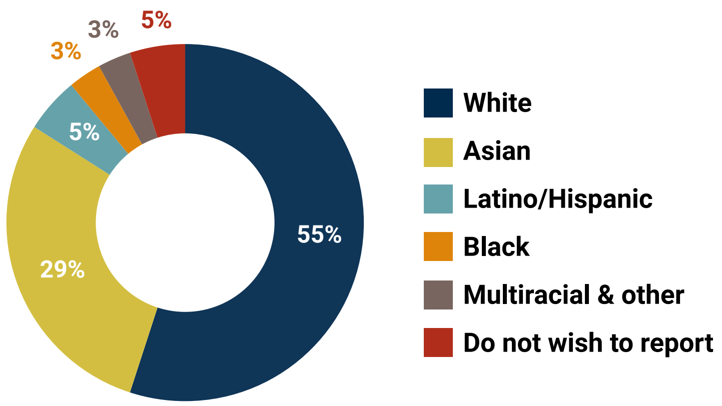
US Workforce[1]



67%
women and/or diverse

46%
women and/or diverse – investment professionals

Officer Level US Workforce[1,3]



57%
women and/or diverse

39%
women and/or diverse – investment professionals

New Hires 2023[1,2]

47%
women – global

Officer Level

40%
women – global

1. Representation data as of 12/31/2023. We collect race data in the U.S. only.
2. New hire data excludes summer interns, temporary workforce and consultants
3. Officer level includes Assistant Vice President, Vice President, Senior Vice President, Managing Director and above

Celebrating Our Employee Networks

Oaktree's employee networks seek to foster inclusivity, belonging, and engagement among employees.

In December, Oaktree hosted an Employee Network Leadership Summit to bring together our many passionate network leaders from across the organization. They were asked to share their thoughts on some of the organizations they worked with in 2023.

ACORN

Two organizations that ACORN loved supporting in 2023 are Welcome Baby and Black Infants and Families Los Angeles. Welcome Baby provides low-income mothers with the essentials they need for their newborns. Black Infants and Families is focused on addressing the unacceptably high Black infant and maternal mortality rates.

WELCOME BABY

Black Infants & Families LOS ANGELES

ABILITIES

In 2023, Abilities was fortunate to partner with Integrate Autism Advisors and meet some of their neurodivergent talent who are seeking employment. Programs like Integrate not only help increase diversity and awareness at Oaktree, but also help us support our existing neurodivergent talent.

Integrate

UNITED GROUPS CONNECT

APEX FOR YOUTH

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

LDC LATINO DONOR COLLABORATIVE

United Groups Connect (UGC) has loved working with so many wonderful organizations in 2023.

- Apex for Youth supports students of all ages in parts of NYC with a predominantly low-income Asian population. We hosted an in-office event to assemble art and STEM kits for Apex in celebration of AAPI Heritage Month.
- Latino Donor Collaborative CEO Ana Valez spoke to our colleagues about demographic trends in the U.S., especially the growth of the Latino/Hispanic population, in relation to the impact on consumer spending, education, and labor.
- We hosted a powerful conversation in partnership with the U.S. Holocaust Memorial Museum in celebration of Jewish American Heritage Month and learned the personal story of a Holocaust survivor.

Other organizations UGC supported in 2023 include the Arab American National Museum, the Hispanic Scholarship Fund, Native Arts and Cultures Foundation, the American Indian College Fund, the Marine Raider Foundation, and the Coptic Educational Foundation.

Celebrating Our Employee Networks

PRIDE

Pride has enjoyed our partnership with Out 4 Undergrad over the years. In 2023, we invited the organization's leadership to come and speak about the impact of O4U on the undergraduate community. Our Pride team loved welcoming Out Investors to Los Angeles, an organization with chapters in the US and UK.

WOMEN'S LEADERSHIP

Our Women's Leadership Council (WLC) has always been impressed by the work of the Downtown Women's Center in Los Angeles. DWC is focused exclusively on serving and empowering women and gender diverse individuals experiencing homelessness.

Other employee networks enjoyed hosting Fireside Chats and other events in 2023 to bring colleagues together to build a more inclusive Oaktree.

EARLY CAREERS

SUSTAINABILITY

TREE TALK

VETERANS

WELLNESS

Supporting Our People

Our Employee Networks and D&I teams globally organized events in 2023 to increase awareness across a variety of topics.

D&I Awareness Highlights

ACORN and Abilities collaborated on a panel with Oaktree employees who discussed their experiences as parents and caregivers of family members who have a disability or are neurodivergent.

Pride sponsored a conversation about APLA's LGBTQ+ healthcare, awareness, and life-saving services.

United Groups Connect sponsored a conversation with the founder and leaders of Moms of Black Boys United (MOBB) about the challenges of raising Black young men in America.

United Groups Connect sponsored a conversation with The Kinsey Collection, led by Bernard and Shirley Kinsey, in celebration of Juneteenth.

Abilities sponsored a screening of SPELLERS, a powerful documentary about autistic non-speakers who discover their voice by using a letterboard to communicate.

Oaktree Women Circles developed programming around the theme "influencing others".

ACORN led a session with the creator of GoMamaGuide.com and a child education expert, on navigating public school systems.

Oaktree Sustainability Network sponsored a conversation with Finch on sustainability within the home and workplace.

Abilities sponsored a discussion with Atif Moon, a top U.S. wheelchair tennis player, on perseverance and the need for creating accessible environments.

Supporting Our People

Talent & Leadership Initiatives

MANAGING AT OAKTREE

Provides employees with management tools and resources to help develop strong team leaders.

paradigm Reach

Provides opportunities for learning and awareness focused on inclusive leadership, allyship, and belonging.

RISE

Year-long leadership program that supports our colleagues during pivotal moments in their career journeys.

McKinsey & Company

Supports employees at various points in their professional development journeys.

MENTORSHIP PROGRAM

Fosters leadership development and increases knowledge sharing between mentors and mentees.

LinkedIn Learning

Offers an extensive library of learning resources to support upskilling across various functions and areas.

OAKTREE UNIVERSITY

Provides employees with learning and training course offerings to support continuous development.

LEVEL 20

Supporting women in the investment industry with networking opportunities, development programs, advocacy, mentoring and research.

Oaktree launched new benefits in 2023 for employees to supplement our family friendly benefits in various regions.

lyra *(new for 2023)*[1]

Lyra Health provides specialized mental health care resources to our employees and their families. The platform includes in-person and video therapy, mental health coaching, self-care resources, and other health services.

HealthAdvocate *(new for 2023)*[1]

Health Advocate supports our employees with healthcare advocacy and solutions for the entire family.

Other Family Friendly Offerings:

ovia · milkstork · Bright Horizons · BUBBLE

1. New in 2023 in U.S. locations only.

Supporting Our Communities

One of Oaktree's core tenets is our belief in the importance of supporting the communities in which we live and operate. Our Communities Matter is Oaktree's employee philanthropy and volunteer platform, which supports the needs of Oaktree communities through grassroots efforts. Since its inception in 2015, Our Communities Matter has donated more than $12.5+ million across a range of charitable organizations. In addition, the program has offered 300+ unique volunteer opportunities and matched 3,500 employee donations.

2023 Our Communities Matter Highlights

Los Angeles

- 1,935 total volunteer hours
- Volunteers cleaned up 23 lbs of trash from the Santa Monica shore
- 720 miles walked/ran cumulatively in 2023

960 OCM Participants

16 Volunteer opportunities and team building

London

- 1,125 total volunteer hours
- Packaged and donated 1,255 packs of food for shelters

300 OCM Participants

10 Volunteer opportunities and team building

Hong Kong

- 1,900 meal boxes prepared for families and individuals
- Screened SPELLERS, a movie that raises awareness about autism
- 60 hours packing fresh local produce
- 90 hours of kitchen prep

80 OCM Participants

3 Volunteer opportunities and team building

New York

- 920 total volunteer hours
- 3,348 meals served to 176 families
- 14,887 supplies packed in kits for low-income and fostered children

360 OCM Participants

12 Volunteer opportunities and team building

Singapore

- 7 hours of packing and distributing 30 healthy food bundles to families
- Attended orchestra concert with children from lower-income neighborhoods
- 8 hours of volunteering at 2 OCM drives

40 OCM Participants

4 Volunteer opportunities and team building

Frankfurt

- 20kg sold french fries
- 500 hand-baked Christmas cookies baked and sold
- 88 hours of total volunteering

12 OCM Participants

2 Volunteer opportunities and team building

Supporting Our Communities

Local grassroots organizations are at the heart of Oaktree's Our Communities Matter Volunteer Program. Hundreds of Oaktree staff come together every year to give back to important causes.

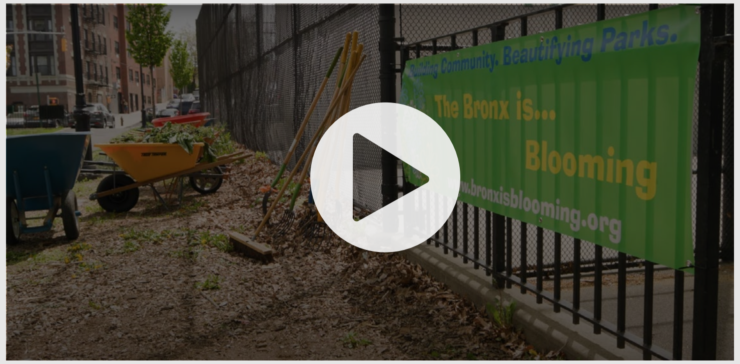
London Abseiling

(Descending down a Building)

Oaktree employees in London came together, faced their fear of heights, and abseiled 80 meters from the top of the ArcelorMittal Orbit to raise money for Papyrus, a UK-based charity focused on the prevention of suicide and promotion of young people's mental health and wellbeing.

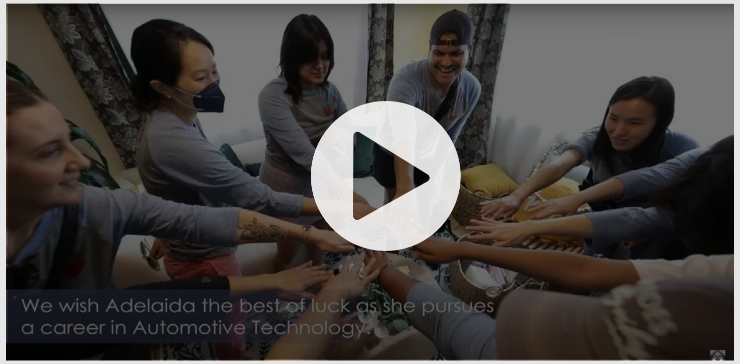
Bronx is Blooming

On Earth Day, Oaktree colleagues in New York came together in partnership with New York Cares, NYC's largest volunteer organization, to plant and mulch – leading to the caring for 73 trees and planting 240 new trees.



A Sense of Home

For the second year, colleagues in Los Angeles came together with A Sense of Home to decorate and furnish an independent home for a person emerging from the LA County Foster System. A Sense of Home helps prevent homelessness by working with its partners to create first-ever homes for youth aging out of foster care.



Accelerating Industry Collaboration

We recognize the strength derived from collaboration, both internally and across the investment management industry. Building and sustaining networks helps us share best practices related to diversity and inclusion.

AltFinance

AltFinance is committed to advancing the future of HBCU students by providing internships, mentorship, and access to the alternative investments industry. AltFinance was launched by Oaktree, Ares, and Apollo in 2021.

2023 highlights: The Fellowship Program grew to 130+ students across eight HBCUs while the Virtual Institute with courses powered by Wharton now serves 500+ students across 20+ HBCUs. Oaktree colleagues mentor students in the program and support workshops throughout the year.

girls who invest

Girls Who Invest is dedicated to transforming the investment management industry by attracting and advancing women investors, change-makers, and leaders. GWI accomplishes this through tuition-free education programs for first- and second-year college students.

2023 highlights: As a Leadership Circle partner, we are proud of our partnership as GWI has grown to reach 2500+ alumni from 200+ colleges and universities. We co-hosted a Southern California Summer Intern and Alumni Celebration alongside Bloomberg and PIMCO as well as Alumni Community opportunities in New York.

SEO

For 60+ years, SEO has been an innovator in education, mentorship and peer-to-peer support for more than 21,000 talented young people.

2023 highlights: Oaktree helped support the SEO Credit Academy by leading live-virtual sessions on topics within credit including Restructuring and Private Credit. We hosted an in-office Fireside Chat for SEO alums with SEO CEO William Goodloe and our Co-Chairman Howard Marks.

Women's Awareness Initiative

The Women's Awareness Initiative is focused on creating awareness among young professional women about careers in the asset management industry and to strengthen professional relationships for women working in the industry.

2023 highlights: Member firms met to exchange best practices for women's networks and WAI organized joint-firm events both virtually and in person. WAI onboarded its 31st member partner and has now supported students across 95+ colleges.

Oaktree is proud to work closely with organizations that support diversity and inclusion efforts across our industry. Other organizations that we partner with include the following:

- ILPA Institutional Limited Partners Association
- WIN Women in Institutional Investments Network
- WAVE Women's Association of Venture & Equity
- NASP National Association of Securities Professionals
- Bloomberg Women's Buy-Side Network
- CFA Institute
- Level 20
- PREA foundation Diversity Builds Better Futures
- aaaim
- McKinsey & Company DEI Private Markets Study, Women in the Workplace Report
- DIVERSIO
- CEO Action for Diversity & Inclusion

Expanding Access for Young Professionals

In 2023, Oaktree sought to help a wider range of young professionals gain access to the financial services industry by working with additional organizations dedicated to this goal.

Our Partners:

AltFinance
girls who invest
SEO
MLT
TOIGO Bringing Diversity to Life
girls with impact
PHELPSFORWARD

UC Investments Academy *(new for 2023)*
Expanding access for students interested in careers in investing across nine undergraduate University of California campuses.

UTIMCO Scholars *(new for 2023)*
Expanding access for students interested in careers in investing across seven University of Texas campuses.

COLLEGE MATCH
Hosted career access days for college students interested in finance and investing for College Match LA. Every year College Match helps low-income students in the Los Angeles area get into and graduate from top colleges and universities.

100 BLACK MEN
Hosted career access days and led teach-in sessions on real estate and alternative investing for high school students in the student investment program of 100 Black Men of Los Angeles, a regional chapter of 100 Black Men of America.

POSSE
Hosted our second annual Posse Foundation DAP1 interview program with 100+ high school seniors with Oaktree colleagues.

GAIN Girls Are INvestors
Hosted our second annual career access day for GAIN (Girls Are Investors). The in office session was focused on women in levels 11 and 12 in the UK.

HEAT
Hosted high school students in The Heat Program – a Brooklyn Unified South career access program with a financial literacy curriculum and career panels.

5 Operational Sustainability

- Approach to Operational Sustainability
- Building Certifications
- Oaktree Sustainability Network
- Modern Slavery
- Cybersecurity & Data Protection

Approach to Operational Sustainability

In this section, we outline Oaktree's major corporate sustainability initiatives. In 2023, we sought to improve transparency and education surrounding our operational emissions and sustainability practices. We published our operational emissions for the first time, explored how we could reduce our carbon footprint, supported employee-led sustainability initiatives, hosted educational events, and strengthened our cybersecurity program. Our operational sustainability efforts are constantly expanding, propelled by both employee-driven initiatives and firmwide programs.

Building Certifications

Oaktree is a global firm with 25 offices worldwide.[1] Our three largest offices – in Los Angeles, London, and New York – account for more than 80% of our workforce and hold the following building certifications.

Los Angeles Office (Headquarters)	London Office	New York Office
✔ LEED Gold Certified	✔ BREEAM Certified	✔ LEED Gold Certified
✔ WELL Health-Safety Rating		✔ 2-Star Fitwel
✔ UL Verified Healthy Building		✔ ENERGY STAR
✔ BOMA 360		
✔ ENERGY STAR		

1. As of December 31, 2023.

Oaktree Sustainability Network

In 2022, employees from our Los Angeles and London offices launched the Oaktree Sustainability Network ("OSN"), an employee network group that seeks to identify and promote environmental initiatives. OSN seeks to increase awareness of sustainability practices, enhance employee engagement on sustainability initiatives, and improve Oaktree's operational practices.

OSN's membership and scope of work expanded in 2023. The group hosted multiple events, both in-person and virtual. In the spring, OSN held a webinar on sustainable consumerism, which reviewed environmental considerations related to various household items, discussed how to understand sustainable product labels, shared tips for reducing personal carbon footprints, and emphasized the power of data and transparency in every purchasing decision. For Earth Day, OSN hosted in-person events in our three major offices with sustainability trivia, interactive games, and Earth-Day-themed giveaways. The group also partnered with Heal the Bay, Bronx is Blooming, and Brighten Up London to hold cleanup and conservation events in Los Angeles, New York City, and London.

OAKTREE SUSTAINABILITY NETWORK

Virtual Business Cards

At the beginning of 2023, Oaktree rolled out virtual business cards as an environmentally friendly alternative to traditional printed cards. Employees can now elect to use an entirely digital card saved on a smart device, which instantly populates contact details when scanned.

Modern Slavery

modern slavery

"Used as an umbrella term covering practices such as forced labor, debt bondage, forced marriage, and human trafficking. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power."

Source: United Nations

In 2023, Oaktree's ESG team undertook an in-depth assessment of best practices related to modern slavery prevention, to better understand potential risks in our business. The output of this process was undertaking two key prevention measures: awareness training for key staff and evolving our vendor management process.

Awareness Training
In September 2023 we partnered with an outside expert to host a workshop on modern slavery for members of our Corporate Services, Human Resources, ESG, Operational Risk Management, Portfolio Construction & Risk Management, and Diversity & Inclusion teams. The training described how to identify forced labor in supply chains, understand global legislation, and effectively mitigate risks. Because the expert that conducted the training also operates a major national helpline, they were able to draw from real-life cases.

Vendor Management
Oaktree's vendor management program expanded the geographic scope of modern slavery diligence in 2023. Historically, we conducted this diligence for UK vendors. In 2023, we extended our diligence efforts to cover key vendors supporting our global operations. In our spirit of continuous improvement, we explore avenues for combating this serious issue and upholding human rights globally.

Oaktree Capital Management (UK) LLP's UK Modern Slavery Act Statement available here: www.oaktreecapital.com/disclosures.

Cybersecurity & Data Protection

People, Leadership, and Oversight

In 2014, Oaktree established a Cybersecurity Executive Leadership Committee to help our employees meet cybersecurity compliance standards. The Committee sets the tone from the top, ensuring Oaktree not only meets compliance standards, but stays ahead of emerging threats.

Awareness and Training

As part of Oaktree's Cybersecurity Program, the firm is committed to creating a culture of cyber awareness among its employees. We hold onboarding and annual cybersecurity training sessions, issue real-time alerts on new phishing tactics, and provide interactive webinars for employees to learn more about red flags and escalation policies. Our simulated phishing exercises have evolved to include more sophisticated scenarios, ensuring employees are prepared for the latest attack techniques. Remedial training is now tailored to individual learning styles, with options for instructional videos and interactive games, ensuring employees can become cybersecurity advocates. We also plan to broad our offerings by introducing in-person classroom sessions.

Access Controls, Security Policies, and Auditing

Oaktree's Identity Access Management System appropriately grants permissions to employees based on the principle of "least privilege," meaning user access is limited to what the job function demands. A comprehensive set of security guidelines and controls is used to protect our systems, including information security, and end-user acceptable use policies. To maintain industry standards, we conduct regular internal and external reviews with third-party security providers to identify, evaluate, and monitor potential weaknesses in our cybersecurity systems. Oaktree's Audit Committee is briefed regularly on high-risk cybersecurity issues, initiatives, and program gaps, and the Board of Directors receives similar updates on an ad hoc basis.

Continuous Monitoring, Technical Systems, Controls, and Safeguards

Oaktree believes it's important to have a strong cybersecurity defense strategy. We have implemented robust technical controls and checks to protect Oaktree's systems and help keep data private. A security operations center monitors Oaktree's systems 24 hours a day, 365 days a year. The firm has implemented comprehensive systems to defend against and address cyberattacks.

Breach Preparedness

Oaktree is committed to safeguarding against cybersecurity threats through a comprehensive, multi-tiered defense strategy. In anticipation of a potential system breach, Oaktree has incorporated a breach preparedness initiative within its overarching cybersecurity framework. In the event of a breach, we would form a specialized executive Crisis Management team tasked with guiding the organization's Incident Response Plan. The team would closely collaborate with external partners to adhere to legal and compliance standards for disclosures, maintain clear communication with employees and clients, and tackle any technical issues arising from breaches.

6 Task Force on Climate-related Financial Disclosures (“TCFD”) Report

- Governance
- Strategy
- Risk Management
- Metrics & Targets

Introduction

Oaktree is committed to integrating the consideration of material ESG factors, including those related to climate, throughout the investment lifecycle. The next section of this report sets out how Oaktree ("the Group," or "we") incorporates climate-related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

The TCFD is a widely-recognized, global framework for climate-related disclosures. The TCFD's disclosure recommendations cover four key pillars: governance, strategy, risk management, and metrics and targets. The recommendations help stakeholders better understand an organization's process for addressing and managing climate-related risks.

Oaktree became a TCFD supporter in 2020. Since then, we have strengthened our approach to four pillars.

1. **Governance & Oversight:** We established Board oversight of climate-related risks and opportunities to strengthen our climate governance structure.
2. **Strategy:** We continue to develop our climate strategy by monitoring emerging practices and methodologies to identify climate risks and their potential impacts on our operations and investment strategies.
3. **Risk Management:** Data is a key element in understanding our firm's climate risk exposure and enhancing our risk management processes. We are designing tools and dashboards to create internal and external transparency of our emissions data.
4. **Metrics and targets:** Lastly, we look to the TCFD's recommendations on metrics for carbon reporting, which is a priority area for us.

We continue to evolve our approach to climate as new best practices emerge.

Governance

Oaktree's Board of Directors oversees the firm's approach to ESG and climate-related risks and opportunities in our corporate and asset management activities. Oaktree's Head of ESG provides annual updates to the Board on our strategy, objectives, and outcomes, from both a business prioritization and risk management perspective.

Oaktree's Head of ESG and centralized team drive the firm's sustainability strategy. The Head of ESG provides regular updates to Oaktree's Executive Committee, Senior Leadership Council, and the Board of Directors. The ESG team helps investment teams integrate climate-related factors into their investment processes through centralized tools, training, and guidance on best practices. We have ESG team members in Los Angeles, New York, and London that support our global efforts.

Oaktree's ESG Governance Committee is an oversight and decision-making body comprised of senior investment professionals and leaders from our business management groups (see page 13). The Committee meets monthly to share and help promote best practices. The meetings cover a range of topics that are central to Oaktree's ESG program. In 2023, the ESG team covered several topics related to climate with the Committee. This included a teach-in on net zero portfolios and a session related to decarbonization.

Oaktree's ESG Leads are senior investment professionals who work with their strategy's portfolio manager(s) to oversee integration of ESG considerations throughout the investment lifecycle. The Lead collaborates with the ESG team and portfolio manager(s) to advance the consideration of climate risks and opportunities throughout the investment process, as appropriate.

Oaktree's business management groups help create a robust ESG program. We have included a non-exhaustive list of some of the relevant groups:

- Our Legal team monitors relevant ESG- and climate-related regulations that may impact our business.
- Our Compliance team assesses strategies' adherence to the commitments set forth in their ESG Integration Plans (EIPs).
- Our Legal, Compliance, and ESG team members created an ESG Regulatory Working Group to stay abreast of emerging ESG regulations.
- Our Internal Audit function is an independent body that assesses the robustness of our ESG program. It reports to the Audit Committee of Oaktree's Board of Directors.
- Our Marketing and Client Relations teams play a key role in helping our clients understand our program, both at a firm- and strategy-level.

Role	Oversight[1]	Management & Accountability[2]	Implementation[3]
Board of Directors	✓	✗	✗
ESG Governance Committee	✓	✓	✗
Head of ESG & ESG Team	✓	✓	✓
Strategy ESG Leads & Portfolio Managers	✗	✓	✓
Investment Teams	✗	✗	✓
Internal Audit	✓	✗	✗
Operational Risk	✓	✗	✗
Legal	✗	✓	✓
Compliance	✗	✓	✓
Marketing	✗	✗	✓
Client Relations	✗	✗	✓

1. Reviews and guides strategy and major plans of action related to climate. Monitors risk, compliance, and the organization's implementation and performance against set objectives, goals, targets, and policies related to climate; informed and updated at a set cadence (e.g., annually).
2. Ensures that the organization implements its policies and is accountable for whether the organization achieves its objectives related to climate; assignment of responsibilities to management-level positions or committees for climate; assesses and monitors issues related to climate; reports to the board / senior leadership.
3. Designs and implements systems, processes, and procedures to design organizational compliance with policies and achievement of objectives related to climate.

Strategy

Our Approach to Climate

Oaktree strives to deliver superior investment results with risk under control.

The vast majority of our firm's climate risk exposure is the result of our investment activities.

In light of these risks, we seek to build resilience in our investment portfolios by assessing climate risks and opportunities as part of initial diligence, engagement, and ongoing monitoring. While addressing climate in our investment portfolios is our main priority, we are also concentrated on operational sustainability.

Our climate strategy consists of four main areas:

Integration

Oaktree's investment analysts identify material ESG risks, which may include climate risks and opportunities, in diligence and throughout the investment lifecycle, in line with their strategy's ESG Integration Plan. As bottom-up, fundamental investors, we leverage a range of tools and methodologies across strategies in our proprietary analysis.

Education & Innovation

Our employees are central to the success of our strategy. We conduct internal training to share industry best practices and educate investment teams on tools, frameworks, and internal dashboards. We monitor climate trends, including emerging industry standards, methodologies, and datasets to continually evolve our approach.

Engagement & Monitoring

A cornerstone of our program is engaging with companies and assets and monitoring risks in our portfolios. We may encourage disclosure on material ESG risks and opportunities, including carbon emissions, given the majority of our data is estimated or proxied. We may concentrate efforts on companies where climate is a material risk, and work with them to (i) highlight areas for improvement and (ii) provide resources and expertise.

Communication & Transparency

Oaktree is measuring the carbon footprint of our investments and operations, strengthening our data infrastructure, and building internal dashboards to assess climate risk. These internal initiatives form the basis of our external reporting efforts. Industry collaboration – including our involvement in TCFD, PCAF, and EDCI – is also key in advancing these priorities.

Strategy

Oaktree's Climate Journey

Since 2020, we have made many advancements in our climate journey, from both an operational and investment perspective.

2020

- Became a TCFD supporter.
- Engaged BSR, a sustainable business network and consultancy, on a year-long, multi-stakeholder project to create a detailed climate roadmap for Oaktree.

2021

- Completed a climate roadmap and action plan with our ESG Governance Committee, Executive Committee, Legal, and Compliance functions.
- Chose a primary data source for carbon emissions.
- Created a carbon footprinting methodology in line with the PCAF standard for credit assets.

2022

- Put Oaktree's climate program under the oversight of our Board of Directors.
- Became a formal member of PCAF to improve our carbon footprinting efforts across the firm.
- Hired a dedicated professional for ESG data and reporting.
- Developed an internal Carbon Dashboard (see page 21).
- Worked with over 40 portfolio companies to self-report emissions as part of EDCI.

2023

- Revamped our carbon intensity methodology to improve the accuracy of our estimates.
- Calculated Oaktree's Scope 1, Scope 2, and select Scope 3 operational emissions for 2022.
- Formalized Oaktree's Net Zero Alignment Tool (see page 25).
- Collected and submitted data for 45 portfolio companies as part of EDCI.
- Assessed our strategies' exposure to high-emitting sectors (as defined by IIGCC)[1].
- Began to assess climate risk data providers and explore pathways for scenario analysis.

2024

- Refine and expand our operational emissions reporting (see page 70).
- Publish a subset of our financed emissions (see page 72).
- Continue to improve the accuracy of estimated carbon emissions data.
- Expand product-level carbon reporting to meet client needs.
- Increase the use of climate tools across strategies.
- Augment our internal climate resources and training for Oaktree employees.

1. May only apply to certain investments in select portfolios. Does not apply to all Oaktree strategies.

Strategy

Climate Risks & Opportunities

Oaktree has identified material climate-related risks and opportunities for our business based on the recommendations of the TCFD.[1] These risks are relevant to our corporate functions, our investment strategies, and our underlying assets.

The risk timeframes vary by strategy, sector, and investment type. These are general categorizations based on the following timelines:[2]

- Short-term risks are those that may manifest by 2030
- Medium-term risks are those that may manifest 2040
- Long-term risks are those that may manifest by 2050

	Risks	Potential Impacts	Material to Oaktree Corporate	Material to Investment Strategies	Time Frame
Transition	**Policy and legal** actions that attempt to limit climate change	Enhanced emissions reporting obligations and associated costs	✓	✓	Short-term
		Increased pricing of GHG emissions and costs of compliance	✗	✓	Short- to medium-term
		Greater exposure to climate-related litigation and increased legal fees	✓	✓	Short-, medium-, long-term
	Technological improvements or innovations that support the low-carbon transition	Increased requirements for ESG data and associated costs	✓	✓	Short-term
		Reduced demand for high-emitting assets	✗	✓	Short- to medium-term
		Upgrade of existing assets and associated R&D and capex requirements	✗	✓	Medium- to long-term
		Unsuccessful investment in new technologies and reduced returns	✓	✓	Medium- to long-term
	Shifts in the **supply and demand** of certain commodities, products, and services	Greater costs for raw materials and input prices	✗	✓	Short- to medium-term
		Increased investor demand for specific ESG investment outcomes	✓	✓	Short- to medium-term
		Reduced valuations of high-emitting assets	✓	✓	Short- to medium-term
	Reputational damage due to limited progress in efforts related to the low-carbon transition	Stigmatization of high-emitting sectors and reduction in capital availability	✓	✓	Short-, medium-, long-term
		Inability to attract and retain younger workforce because of lack of climate progress	✓	✓	Medium- to long-term
		Intensified LP concerns due to limited progress in decarbonization efforts	✓	✗	Medium- to long-term
Physical	**Acute** (event-driven) or **chronic** (long-term) shifts in climate patterns	Increased severity of extreme weather events	✓	✓	Short-, medium-, long-term
		Changes in long-term climate patterns, such as rising sea levels	✗	✓	Long-term

1. Risks and opportunities are identified based on TCFD's recommendations and guidance. This list is non-exhaustive and may not include all risks relevant to Oaktree.
2. Climate risks, associated timelines, and potential impacts are speculative. The timelines for these risks and their impact on Oaktree are still largely unknown and we make no guarantee that these risks will manifest according to these timelines or that these impacts will occur.

Strategy

Climate Risks & Opportunities

Opportunities	Potential Impacts	Material to Oaktree Corporate	Material to Investment Strategies	Time Frame
Resource efficiency across production and distribution processes	Reduced operating costs through energy efficiency gains	✗	✓	Short-, medium-, long-term
	Increased production capacity, resulting in increased revenues	✗	✓	Short-, medium-, long-term
	Increased value of fixed assets (e.g., highly rated energy efficient buildings)	✗	✓	Medium- to long-term
Energy sources that come from low emissions alternatives	Reduced exposure to GHG emissions and therefore less sensitivity to changes in the cost of carbon	✗	✓	Medium- to long-term
	Reduced exposure to potential fossil fuel price increases	✗	✓	Medium- to long-term
	Increased capital availability for lower emissions products	✓	✓	Short-, medium-, long-term
Products and services that improve competitive positioning and capitalize on shifting consumer preferences	Increased revenue via demand for lower emissions products and services	✗	✓	Medium- to long-term
	Better competitive positioning to reflect customer preferences	✓	✓	Medium- to long-term
Market opportunities in new markets or types of assets that help diversify activities	Increased revenues through access to new and emerging markets	✓	✓	Medium- to long-term
	Increased diversification of financial assets	✓	✓	Medium- to long-term
Resilience through developing adaptive capacity to respond to climate change	Increased reliability of supply chain	✓	✓	Long-term
	Increased revenue via new products and services related to resiliency (e.g., climate adaptation)	✓	✓	Short-, medium-, long-term

Strategy

Climate Risks & Opportunities

Asset-specific Climate Risks and Opportunities

We invest in a range of asset classes and strategies that have varying levels of exposure to climate risks and opportunities. Our approach to climate varies depending on our levers of control and influence, our investment time horizon, and the financial materiality of ESG considerations. Our level of influence is typically determined by our investment position within the capital structure and the percentage of our ownership stake.

Oaktree's Credit investing strategies manage nearly 75% of our total AUM.[1] In Credit, we are largely concentrated on securing downside protection and have developed several key tools and frameworks to manage climate-related risk. Investment analysts identify these risks, in addition to other material ESG factors, during the diligence process using our proprietary ESG Assessment Tool.[2] While our approach varies based on the strategy, our main levers for managing climate risk are typically ongoing monitoring and engaging with companies to encourage disclosure and progress on decarbonization. Teams track their engagement progress and the top emitters in their portfolios to actively manage risk.[3]

Scenario Analysis

Scenario analysis is an exercise that helps a company understand and quantify climate risks under different hypothetical futures. For example, climate transition risks may be heightened under lower warming scenarios (e.g., 1.5 or 2 degrees) given more regulatory requirements, technological breakthroughs, or market shifts that advance the transition to a low carbon economy. On the other hand, physical climate risks may be heightened under higher warming scenarios (e.g., 4 or 5 degrees), where the effects of climate change, such as extreme weather events, become more frequent over time. As such, this analysis can help us better determine our firm's level of climate resilience in a way that is forward-looking.

However, we face several challenges with respect to this exercise. First, most of the carbon data that we have is estimated, which may compromise the quality of our scenario analysis. Second, many of the companies in our investment universe are early in their climate journeys. Third, it is difficult to predict when the long-term impacts of climate-related issues will begin to be priced into security valuations. Fourth, climate science methodologies are constantly evolving.

Despite these challenges, we recognize the importance of scenario analysis. In 2023, we began to assess climate risk data providers and the potential pathways we can use for this analysis. We conducted market research and evaluated the most commonly used scenarios among asset managers. In addition, we made several key enhancements to our carbon estimation methodology, including producing regional and industry-specific proxies and onboarding new datasets, which will help improve the quality of our analysis.

In 2024, we have set several goals:

1 *Evaluate additional physical- and transition-risk data providers*

2 *Review the available methodologies and potential use cases for scenario analysis*

3 *Begin evaluating the scenarios that we may use for future analysis*

4 *Continue to engage with companies to improve emissions disclosure*

1. As of 12/31/2023. Total AUM excludes proportionate amount of DoubleLine Capital AUM.
2. The following strategies use Oaktree's ESG Assessment Tool: Liquid Credit (Emerging Markets Debt, European High Yield and Senior Loans, Global Convertibles, Global Credit, U.S. High Yield and U.S. Senior Loans strategies), Private Credit (Oaktree Direct Lending, Oaktree European Capital Solutions, Oaktree Lending Partners, Oaktree Life Sciences Lending, Oaktree Mezzanine, Oaktree Middle Market Direct Lending, Oaktree Strategic Credit, and Oaktree Strategic Income offerings) and Global Opportunities. In our Structured Credit strategy, our CLO investments are often backed by hundreds of corporate loans, which presents challenges for credit-specific ESG evaluation; as such, we pay close attention to governance at the CLO manager level. Our Investment Grade Credit strategy uses the ESG Assessment Tool in select cases.
3. The frequency by which investment teams and portfolio managers review engagement activities and top emitters varies by strategy. May not apply to all strategies.

Risk Management

Identifying, Assessing, and Managing Climate in Investment Strategies

In this section, we discuss our efforts to mitigate climate-related risks in our investment strategies and business operations.

As described in our ESG Policy, investment strategies at Oaktree are required to have an ESG Integration Plan that describes their approach to incorporating material ESG risks and opportunities throughout the investment lifecycle (see page 10). Our investment professionals are directly responsible for ESG integration, but they are supported in these efforts by Oaktree's ESG team and the strategy's ESG Lead and portfolio manager(s) (see page 12 for our governance structure).

Credit

Oaktree's credit strategies use the ESG Assessment Tool in diligence, which is guided by the SASB materiality standards. Analysts assess company exposure to material climate-related risks and companies' management of these issues. Analysts assess environmental metrics based on how material they are to the industry. The tool can also be used to flag areas for further engagement. Some of our credit strategies also use Oaktree's proprietary Net Zero Alignment Tool to assess companies' alignment with a net zero pathway (see page 25 on the Net Zero Alignment Tool).

Oaktree's credit strategies monitor their portfolios to identify financially material risks from both a fundamental and ESG perspective. Depending on the strategy, they use a range of tools, including our Carbon Emissions Dashboard, to monitor top emitters and conduct quarterly portfolio ESG reviews.

Our credit teams also use engagement to encourage companies to mitigate ESG risks identified in diligence or ongoing monitoring. Oaktree developed an Engagement Tracker that helps investment analysts track engagement activities and monitor progress and outcomes (see page 15). While engagement triggers vary depending on the strategy, engagement is typically concentrated on companies that have poor risk management related to a material ESG factor. Depending on the level of materiality, we may engage with companies about disclosing GHG emissions, setting emissions reduction targets, or developing a decarbonization strategy.

ESG Assessment Tool

- Carbon emissions
- Energy efficiency
- Water management
- Waste management & recycling
- Environmental impact

Net Zero Alignment Tool

- Disclosure of emissions
- 2050 net zero goal
- Emissions reduction targets
- Decarbonization strategy
- Capital allocation alignment

Carbon Emissions Dashboard[1]

- Financed emissions
- Weighted average carbon intensity
- Carbon footprint
- Sector contribution
- Top holdings

Engagement Tracker

- Type of engagement
- Description of issue
- Management response
- Outcome
- Next step actions
- Investment action

1. Includes company Scope 1 and Scope 2 emissions.

Risk Management

Identifying, Assessing, and Managing Climate in Business Management

While most of our climate footprint stems from our investment activities, we also seek to implement best practices and minimize risk in our operations. These initiatives help us lead by example and share resources or findings with portfolio companies.

Oaktree's Business Continuity Program considers climate-related risks and their potential to disrupt normal business operations. Corporate Services partners with various departments to develop continuity plans, which aim to increase the resilience of our employees, facilities, and systems in the event of a hazardous incident. Resilience efforts include ensuring that we'll be able to respond to – and recover from – incidents exacerbated by climate change such as wildfires and severe storms. We also consider follow-on impacts such as infrastructure outages and geopolitical risks.

In 2023, we conducted our first estimate of our firmwide operational emissions to better understand the drivers of our corporate GHG footprint. Following this exercise, the ESG team reviewed the largest drivers of our emissions and considered how we could make the inventory more comprehensive in the future. We made material improvements to our methodology by replacing proxy data with real operational energy data for our largest offices (and other offices depending on data availability). We also incorporated employee commute data into our Scope 3 calculations to build a more holistic and accurate picture of our corporate emissions.

Risk Management

Climate in Overall Risk Management

Carbon Emissions Dashboard

Oaktree integrates climate concerns into our firm's overall risk management processes by strengthening and enhancing our data infrastructure. Our Carbon Emissions Dashboard is a key risk tool that allows us to monitor the emissions of our portfolios. The Dashboard aggregates climate data using company-reported data, third-party estimates, and our own internal estimates, based on PCAF methodology. The Dashboard provides several key outputs, including carbon metrics and top emitters by sector.

INPUTS *to Measuring Emissions*	**OUTPUTS** *in the Dashboard*	**ASSESSING & MANAGING** *Climate Risk*
Company Reported Data	Financed Emissions	Identification of High Emitters
Third Party Estimates	Carbon Footprint	Engagement Prioritization
Proprietary Estimates	Carbon Intensity	Ongoing Portfolio Monitoring

Education & Innovation

We also see training as a way to integrate climate concerns into our overall risk management approach. Our training program equips investment professionals with tools, frameworks, and guidance on ESG best practices. In 2023, we launched an internal ESG Knowledge Hub with resources for investment teams, including primers, GHG accounting guidance, and industry frameworks for decarbonization. We also hosted our first climate training on the role of carbon offsets in decarbonization efforts. Additionally, we hosted a teach-in on net zero portfolios for the ESG Governance Committee. We expect to expand our climate training program going forward.

We are also educating employees and increasing internal awareness of sustainability through the Oaktree Sustainability Network (OSN) (see page 58). We leverage OSN to gather feedback on operational initiatives and brainstorm ideas for further innovation.

Metrics & Targets

Measuring and managing emissions is a key part of our long-term climate strategy. We aim to improve the quality of our GHG emissions data and work with our portfolio companies to improve emission disclosure.

Financed Emissions

Measuring and managing emissions is a key part of our long-term climate strategy. We aim to improve the quality of our GHG emissions data and work with our portfolio companies to improve disclosure.

We follow PCAF guidance when calculating financed emissions but are constrained by data availability issues in certain asset classes and strategies. We currently include Scope 1 and Scope 2 emissions when calculating portfolio company emissions. We currently do not include Scope 3 emissions because of the lack of quality data. We continue to evaluate how we might include Scope 3 emissions data in our financed emissions calculations in the future, in line with PCAF guidance.

Our primary data source for carbon emissions and carbon intensity is MSCI. We also seek to increase disclosure in the private markets as a member of EDCI. We encourage a number of portfolio companies that we either control or have significant influence over to self-report ESG metrics, including carbon emissions.

Our initial financed emissions dataset includes self-reported company data obtained through MSCI for liquid credit and listed equity strategies. It also includes self-reported company data collected through the EDCI data collection process. Our initial disclosures represent 18% of total invested capital as of 12/31/2023.

We continue to adapt our approach to estimation when company-reported data is unavailable. Please see page 21 on our Carbon Emissions Dashboard for more details.

Market value covered ($mm MV)	**Financed emissions** (tCO_2e)	**Carbon footprint** (tCO_2e/$mm MV)	**Weighted average carbon intensity** (tCO_2e/$mm revenue)
$24,552	3,891,426	158	262

Operational Emissions

In 2024, we calculated our annual operational emissions for the second time. The data reflects our activity in the 2023 calendar year. The inventory includes Oaktree's Scope 1, Scope 2, and select Scope 3 emissions. This inventory was developed using the GHG Protocol's operational control approach. This year, we enhanced the inventory by (a) including Scope 3 employee commute emissions and (b) using actual building data for Scope 1 and 2 emissions, whenever possible.

We have also started to introduce initiatives to make the drivers of our operational emissions more visible. For example, in 2023, we launched a new European travel online booking platform, which allows travelers to see the carbon emissions associated with different travel options.

Oaktree Operational Emissions Footprint	**2023** (tCO_2e)
Scope 1 GHG Emissions	2,542
Scope 2 GHG Emissions (Location-Based)	947
Scope 2 GHG Emissions (Market-Based)	1,025
Scope 3 GHG Emissions	9,256
Total GHG Emissions	12,745

Glossary

AAAIM
Asian American Association of Investment Managers

ACORN
Aiding Caregivers & Parents at Oaktree Through Resources and Networks

AltFinance
Organization that helps HBCU students enter careers at alternatives firms, portfolio companies, and pipeline investment banking firms

BoD
Board of Directors

BREEAM
Building Research Establishment Environmental Assessment Method

BSR
Sustainability-focused business network and consultancy

Carbon Footprint
Measures a portfolio's GHG emissions normalized by its market value

Carbon Footprinting
Measures an organization's total amount of greenhouse gas emissions caused directly or indirectly by an organization

Carbon Intensity
A measure of carbon dioxide and other greenhouses gases per unit of activity

Carbon Neutral
Removing the equivalent amount of carbon dioxide an organization emits through carbon sinks

CEI
Corporate Equality Index

CFA
Chartered Financial Analyst

CFA ESG Exam
Created by the CFA society to educate professionals on the responsible investment landscape.

Circular Economy
A system where products and materials are kept in circulation and do not become waste

CLO
Collateralized Loan Obligation

CMBS
Commercial Mortgage-Backed Securities

CO_2
Carbon dioxide

CO_2e
Carbon dioxide equivalent

D&I
Diversity & Inclusion

ECN
Early Careers Network

EDCI
ESG Data Convergence Initiative

EIP
ESG Integration Plan

ELFA
European Leveraged Finance Association

Engagement
Purposeful dialogue with a company or asset to achieve a specific objective

ESG
Environmental, Social, Governance

ESG Integration
The process of including ESG factors in investment analysis and decisions to better manage risks and improve returns

FDA
Food and Drug Administration

Financed Emissions
Measure the total carbon emissions for which an investor is responsible through their investment ownership

Financial Materiality
Material factors are financial elements deemed fundamental to a company's long-term success

FSA
Fundamentals of Sustainability Accounting

GHG
Greenhouse Gas

GRESB
Global benchmark for real assets

GWI
Girls Who Invest

HBCU
Historically Black Colleges and Universities

IIGCC
Institutional Investors Group on Climate Change

ILPA
Institutional Limited Partners Association

LEED
Leadership in Energy and Environmental Design

LGBTQIA+
Lesbian, gay, bisexual, transgender, queer, intersex, asexual or ally

MLT
Management Leadership for Tomorrow

Net Zero
Reducing greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere

O4U
Out for Undergrad

OCM
Our Communities Matter

OSN
Oaktree Sustainability Network

OWC
Oaktree Women Circles

Paris Agreement
International treaty on climate change to limit the global temperature increase to 1.5°C or well below 2°C by 2100

Glossary

Paris Alignment
Refers to whether a capital flow is aligned with the objectives of the Paris Agreement

PCAF
Partnership for Carbon Accounting Financials

Physical Risk
Risks from the physical impacts of climate change, including event-driven (acute risks) or longer-term shifts (chronic risks) in climate patterns

PRI
Principles for Responsible Investment

REIT
Real Estate Investment Trust

Responsible Investment
A strategy and practice to incorporate environmental, social, and governance factors into investment decisions and active ownership

SASB
Sustainability Accounting Standards Board

SASB FSA
Sustainability Accounting Standards Board Fundamentals of Sustainability Accounting

Scenario Analysis
A process of examining and evaluating how a company might perform under different hypothetical climate futures

Science-Based Targets Initiative
A global initiative that helps companies set science-based emissions reduction targets and drive sustainable growth

Scope 1 Emissions
Direct GHG emissions occur from sources that are owned or controlled by the company

Scope 2 Emissions
GHG emissions from the generation of purchased electricity consumed by the company

Scope 3 Emissions
GHG emissions that are a consequence of the activities of a company, but occur from sources not owned or controlled by the company

SFDR
Sustainable Finance Disclosure Regulation

SLLs
Sustainability-linked Loans

TCFD
Task Force on Climate-Related Financial Disclosures

Transition Risk
Risks associated with transitioning to a lower-carbon economy, including policy, legal, technology, and market changes

UGC
United Groups Connect

Value-at-Risk
Designed to provide a forward-looking and return-based valuation assessment to measure climate related risks and opportunities in an investment portfolio

VRF
Value Reporting Foundation

WAVE
Women's Association of Venture and Equity

Weighted Average Carbon Intensity
Portfolio level metric which shows the market-value weighted average of revenue-based carbon intensity

WIIN
Women in Institutional Investments Network

Disclosures

Financed Emissions:

1. **Sources:** MSCI, Oaktree Capital Management, based on company-reported data. EVIC and revenue metrics are sourced from MSCI for liquid credit and listed equity holdings, and directly from companies for select control or significant influence private investments that participate in EDCI. We make no guarantees to the accuracy of this data.
2. **Scope:** Oaktree has included company-reported data only in this report. As such, our financed emissions cover only a subset of the assets managed within select strategies. These figures cover 18% of total invested assets as of 12/31/2023. This excludes capital not yet deployed as well as subsidiaries, including Doubleline and 17Capital.
3. **Estimates:** We have not disclosed estimated data and proxies for financed emissions due to lack of reliability and the potential for these estimates to be misleading. Estimation methodologies are imperfect because they are based on assumptions about business operations, peers, and industry averages. We are working to improve coverage and accuracy of our data over time, and we will continue to evaluate the inclusion of estimates going forward.
4. **Data Limitations:** Emissions are self-disclosed and audited inconsistently, as such, there is a lack of uniformity from one company to another. The emissions data from our control or significant influence investments reflect preliminary, unaudited disclosures. There is a time lag associated with disclosures as companies disclose emissions at the end of each fiscal year; as such, we present the most recently available data, which is typically 2022 calendar year emissions. In addition, we use the most recently available data for EVIC, which is typically 2023 fiscal year values. However, some disclosures are not yet available and in select cases we use companies' EVIC values from earlier years. We acknowledge the challenge this presents for accurately measuring emissions and are working with companies to improve data availability over time.
5. **Total Financed Emissions (thousand metric tons):** Measures the total carbon emissions for which an investor is responsible through their investment ownership. Financed emissions are calculated by establishing an attribution factor (ownership ratio) and multiplying that by a company's Scope 1 and 2 emissions. This methodology is aligned with guidance from the Partnership for Carbon Accounting Financials (PCAF). Financed emissions from companies that participate in EDCI are calculated using ownership stake (percentage of equity value) as the attribution factor, rather than EVIC or total equity plus debt.
6. **Carbon Footprint:** Measures a portfolio's financed GHG emissions normalized by its market value.
7. **Weighted Average Revenue Intensity (REV WACI):** Portfolio level metric showing the market-value weighted average of revenue-based carbon intensity.

Operational:

1. **Source:** Oaktree Capital Management, LP.
2. **Scope:** The 2023 GHG inventory was developed using the GHG Protocol operational control approach for Scope 1, Scope 2, and select Scope 3 emissions (categories 6 and 7). The data reflects emissions from January 1, 2023 – December 31, 2023. There are seven types of GHGs in the inventory based on the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs). Oaktree's inventory includes facilities in all countries in which it operates. Facilities were excluded from the inventory ('de minimis') if no full-time employees were going into an office or were not yet assigned to an office in 2023.
3. **Data Limitations:** Oaktree's operational emissions are unaudited and also rely on a degree of proxied and estimated data. Estimation methodologies are imperfect because they are based on assumptions about business operations, peers, and industry averages. We are working to improve coverage and accuracy of our operational emissions data over time.
4. **Base Year:** Oaktree disclosed the first estimate of our corporate GHG inventory for 2022 (the "base year"), reflecting January 1, 2022 – December 31, 2022 in our 2022 Responsibility Report. The 2022 baseline has been recalculated in accordance with guidance from the GHG Protocol Corporate Standard (pg 35) and Oaktree Capital's Inventory Management Plan (IMP). Oaktree Capital is recalculating it's 2022 Scope 3 Category 6 Business Travel data because of changes in calculation methodology and discovery of an error over the defined "significance threshold". The GHG Protocol requires a company to define a significance threshold for recalculations. Oaktree Capital's IMP defines this threshold to be 5%.
5. **Changes to Inventory:** We made material improvements to our methodology for the 2023 inventory by replacing proxy data with real operational energy and electricity data for our largest offices (and other offices depending on data availability). We also calculated an additional Scope 3 category, employee commute, to build a more holistic and accurate picture of our operational emissions in our 2023 inventory. Oaktree's absolute emissions have increased in our 2023 inventory relative to 2022 due to the addition of employee commute. Our Scope 1 and Scope 2 emissions have decreased due to replacing estimated data with actuals for several large offices.
6. **Scope 1:** Direct sources of emissions. This category includes combustion of fuels, including natural gas, mobile combustion, and fugitive emissions, including refrigerants. We have included actual data for select major offices, including Los Angeles, London, New York, and Stamford, as applicable depending on types of energy used in these offices. We have relied on estimations based on regional averages for select US and international offices where data is not available, or we are unable to obtain this data. The estimates for natural gas are based on the United States Energy Information Administration's (US EIA's) Commercial Buildings Energy Consumption Survey (CBECS). Refrigerant estimates incorporate industry HVAC standards, U.S. EPA loss standards, facility square footage, and months occupied. The methodology conservatively assumes HFC-134a for all unknown refrigerant types.
7. **Scope 2:** Indirect emissions from the generation of purchased electricity. Location-based emissions are calculated using the average emissions intensity of grids based on geographic location. Market-based emissions are calculated based on electricity sources that companies have purposefully chosen. We have used actual electricity usage data for our Los Angeles, New York, London, and Stamford offices. We have relied on estimations based on regional averages for select US and international offices where data is not available, or we are unable to obtain this data. For select U.S. offices, emissions factors are estimated based on the EPA eGRID database. For select international offices, emissions factors are estimated based on the International Energy Agency (IEA), the Department for Energy Security and Net Zero (DEFRA), and the Australia National Greenhouse Gas Factors.
8. **Scope 3:** Emissions that are the consequence of the activities of a company. We are reporting business travel emissions (Scope 3 category 6) and employee commute (Scope 3 category 7). We are able to obtain actual data for business travel. Oaktree's Scope 3 employee commute data is largely reliant on estimates due to an inability to collect actuals from our employees. Employee commute estimated data is based on third-party research as well as statistics published by governments and other agencies. We prioritize city-level proxies for employee commute method, followed by regional- and country-level estimates. We are working to improve the accuracy of our employee commute data over time.
9. **Total Emissions:** Scope 1 + 2 + 3 emissions is reported using the location-based figure for Scope 2.

Other general disclosures:

1. **Other metrics, beyond emissions:** Oaktree has not disclosed or set targets in relation to climate risks associated with other environmental metrics beyond emissions, such as water, energy, land use, and waste management due to a lack of high quality or reliable data. This is an area we will continue to evaluate going forward.
2. **Climate target setting:** At the firm-level, Oaktree has not set climate-related targets. We are limited in the level of accurate, company-reported data available for our universe. As such, our reliance on estimates and proxies restricts our ability to set quantifiable and measurable targets.
3. **Asset-specific risks and opportunities:** As described in Oaktree's ESG Policy, investment strategies are required follow an ESG Integration Plan that describes how the team integrates material ESG risks throughout the investment lifecycle. This Report focuses on our firmwide approach (which is generally relevant to all our investment strategies) and provides additional detail on our processes within our Credit strategies. Credit represented nearly 75% of our total AUM as of 12/31/2023. Our Credit strategies have the most widely adopted tools and frameworks for assessing climate risks and opportunities. In addition, the majority of our financed emissions are the result of our credit investments. We have not provided strategy specific information for our other asset classes (Real Estate, Private Equity and Listed Equities) as these strategies broadly follow our firmwide approach and we are still developing standardized tools and frameworks to be able to report on climate-specific risks in these other asset classes. We aim to improve the coverage of our disclosures for these other strategies over time.

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