

# 2024

## Responsibility REPORT



OAKTREE



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# 1 Overview

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- Overview of Oaktree
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# Letter from Oaktree Leadership

We're pleased to publish our third annual Responsibility Report, which highlights key milestones in our Sustainability, Diversity & Inclusion, and Philanthropy programs during 2024.

Oaktree is guided by our founding business principles and investment philosophy, which emphasize our core values of integrity, transparency and risk control. As long-term investors, our foremost objective is to deliver attractive investment performance with less than commensurate risk. Our Sustainability, Diversity and Philanthropy programs help advance our mission and reflect our values. Within our sustainability program, we've continued to hone our consideration of environmental, social, and governance factors with potentially material financial impact across our strategies, including in emerging asset classes such as asset-backed finance. Through our Diversity & Inclusion program, we seek to create an inclusive culture and build diversity of thought across our firm and within our portfolio companies. Philanthropy remains an important part of our culture as we seek to positively impact the communities in which we operate and build camaraderie within our firm. We're delighted to share the progress we've made this year.



**Bob O'Leary**  
Co-CEO



**Armen Panossian**  
Co-CEO



**Todd Molz**  
COO





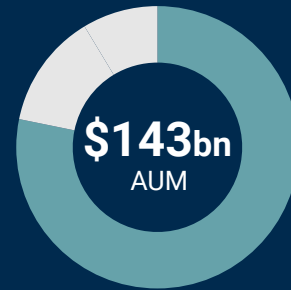
# Overview of Oaktree

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, equity, and real estate.

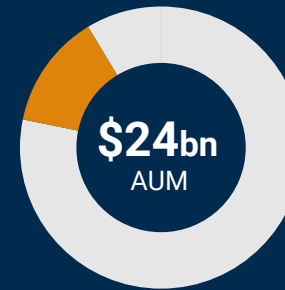
Oaktree has over 1,200 employees and 26 offices in 15 countries worldwide. The firm has \$202 billion in assets under management.<sup>1</sup>

## Asset Classes<sup>2</sup>

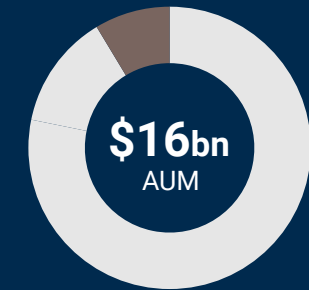
### CREDIT



### EQUITY



### REAL ESTATE



1. AUM as of December 31, 2024. 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.





# 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

40 of 50

state retirement plans in the U.S.

550+

corporations around the world

300+

endowments and foundations globally

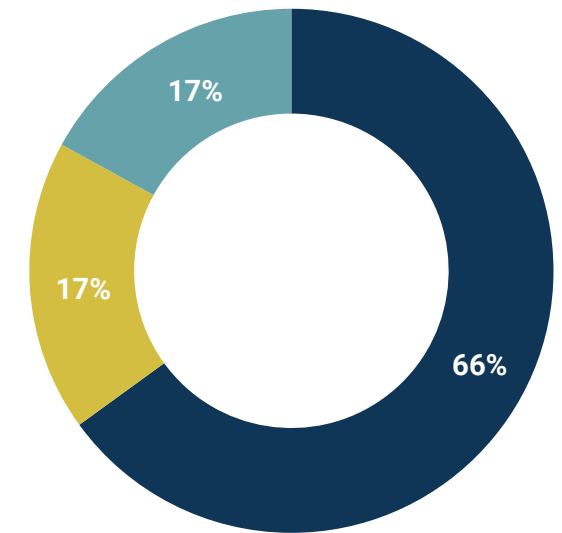
16

sovereign wealth funds

77%

of clients invest in multiple strategies

Regional Mix



■ Americas  
■ Europe, Middle East & Africa  
■ Asia Pacific





# 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 attractive 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 30 years ago. See Oaktree's investment philosophy here: [Investment Philosophy](#).

Oaktree's approach to sustainability is an extension of our investment philosophy. We believe that sustainability considerations 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 sustainability 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 Sustainability Program

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- Firmwide Approach to Sustainability
- Sustainability Strategy & Recent Milestones
- Industry Organizations
- Governance & Oversight
- Sustainability Governance Committee
- Engagement: Creating Value Through Ownership
- Climate Program Overview
- Knowledge Sharing to Drive Progress





# Letter from Our Head of Sustainability

Our sustainability program is designed to support our overall mission of delivering attractive returns with risk under control. In 2024, we focused on embedding and enhancing practices to better support our investment teams and portfolio companies. Importantly, we have continued to evolve our approach to company engagement, data, and climate considerations.

We have unique levers of influence in many asset classes and remain focused on harnessing these to drive value in our investments. We believe engagement is most effective when led by our investment teams. In 2024, we expanded our engagement tools and resources to promote meaningful dialogue between our investment teams and the companies within their portfolios.

Data continues to be a cornerstone of our program, allowing us to more accurately quantify sustainability factors, inform our investment decisions, and create value for our companies. Over the last year, we focused on enhancing the data available to our investment teams, implementing tools to help them integrate meaningful information into their investment processes and providing transparency to clients.

Climate risks and opportunities are an important focus for many of our clients. In 2024, we built upon our climate tools, frameworks, and processes, which help our investors analyze and quantify financially material climate risk in our investments. We also continued to provide education and training for our investment teams, with the aim of helping them enhance their understanding of climate risks.

Our overall ambition is to enhance our investment teams' capacity to assess material sustainability factors in their investment decisions.



**Priya Prasad Bowe**  
Head of Sustainability

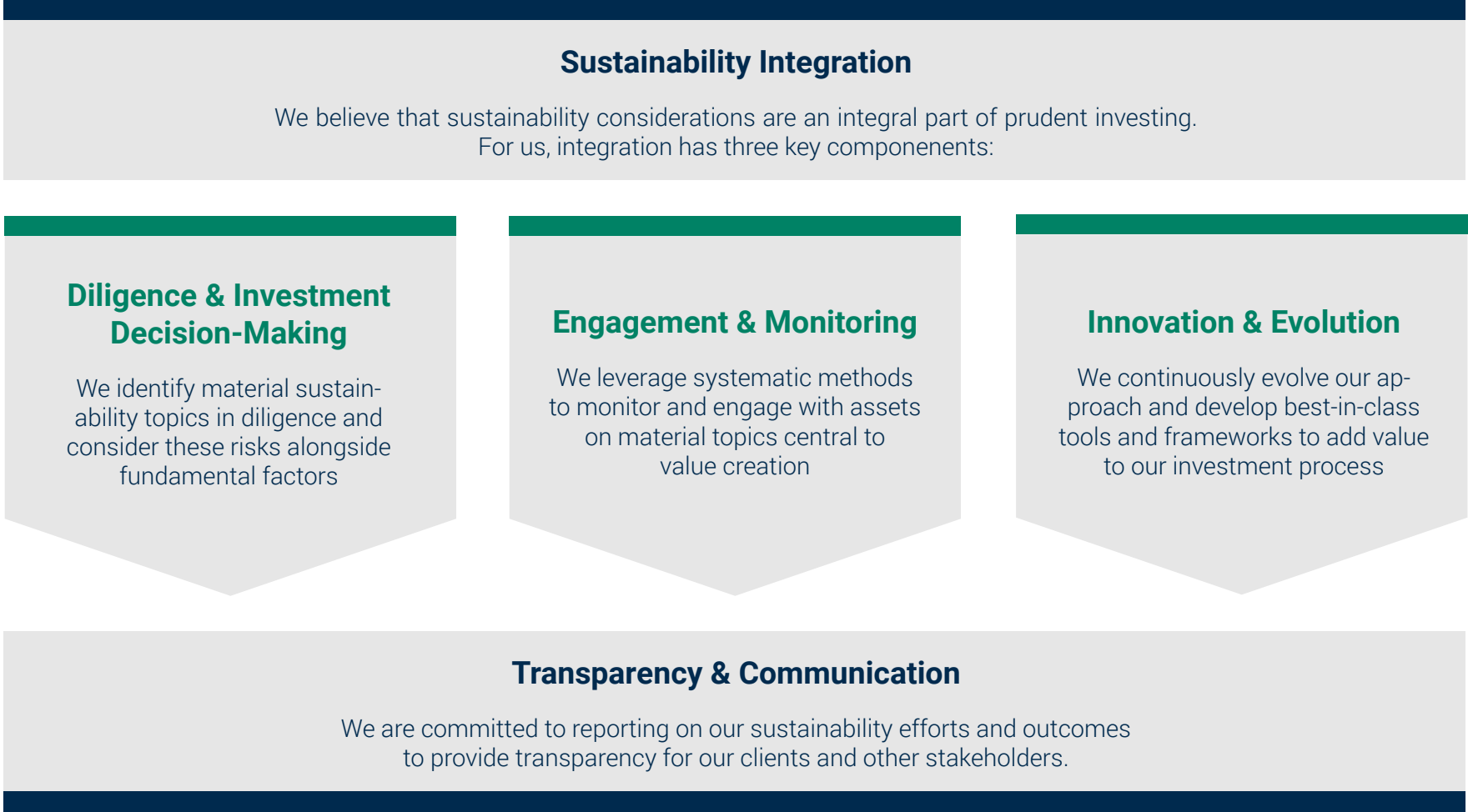
# Firmwide Approach to Sustainability

Oaktree's investment philosophy emphasizes the importance of investing responsibly. As long-term investors, we recognize that accounting for sustainability considerations throughout the investment lifecycle can help us avoid undue risk and better identify attractive opportunities. These efforts are part of our long-standing commitment to excellence in bottom-up investment analysis.

Our firmwide [Sustainability Policy](#) ("the Policy") formalizes our commitment to integration and applies across investment strategies at the firm. Our investment teams are required to adopt strategy-specific Sustainability Integration Plans ("SIPs") that describe how they implement the Policy throughout the investment lifecycle.

Oaktree's centralized Sustainability team works with the investment teams to design an integration plan aligned with their investment approach. The SIP describes the team's approach to diligence and investment decision-making, engagement and monitoring, and the ongoing innovation and evolution of the team's processes.

Oaktree has a suite of proprietary tools to support best-in-class integration. We've also developed an innovative data and reporting program to aggregate data, strengthen portfolio management, and provide transparency to clients.





# Sustainability Strategy & Recent Milestones

Oaktree’s centralized Sustainability team guides the firm’s sustainability strategy. We’ve developed a multi-faceted, holistic sustainability program across five key pillars.

## Governance & Oversight

Oaktree has created structures to oversee our sustainability program and has empowered leaders to drive forward the priorities of our program and meet our clients’ needs.

## Integration & Engagement

Oaktree has designed tailored guidance, frameworks, and tools to support investment teams’ ability to integrate sustainability considerations into their investment processes.

## Climate

Oaktree has designed a robust climate program to protect and enhance the value of our investments and our firm.

## Education & Thought Leadership

Oaktree has a robust training program for our investment teams, portfolio companies, and our clients.

## Transparency, Data, & Reporting

Oaktree aggregates and displays data to assist portfolio management. Oaktree has built a suite of reporting offerings to provide transparency on our progress.

**In 2024, the Sustainability team established key strategic priorities to help further shape and evolve our program. These are areas that we’ll continue to expand on in 2025 and beyond.**

- Conducted Compliance-led reviews of strategy integration processes

- Designed an Integration Plan for Oaktree’s Asset-Backed Finance strategy [\(see page 30\)](#)

- Expanded the use of our Net Zero Alignment Tool and launched a High Emitter Engagement Program [\(see page 60\)](#)

- Delivered a Climate 101 training for the firm [\(see page 61\)](#)

- Launched our Sustainability Dashboard to streamline and strengthen our data infrastructure [\(see page 21\)](#)

# Industry Organizations

Oaktree partners with industry organizations to share insights and promote best practices for sustainability integration, benchmarking, and disclosure. We’ve joined these sustainability organizations to support the development of our program.



Oaktree became a signatory to the Principles for Responsible Investment (“PRI”) in 2019 to deepen our longstanding commitment to sustainability integration. Its principles inform our Sustainability Policy and strategy-specific SIPs. We leverage the PRI’s guidance to implement integration best practices and benchmark ourselves against industry standards. Oaktree was elected to join the PRI’s Private Debt Advisory Committee to establish best practices for sustainability in the asset class.



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. In our TCFD report, we describe our management of climate risks and opportunities in line with the TCFD framework. (See page 56 for Oaktree’s 2024 TCFD Report.)



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 the ESG Assessment Tool, which is informed by SASB’s standards, to identify, assess, and manage financially material sustainability risks.



Oaktree became a member of the ESG Data Convergence Initiative (“EDCI”) in 2021, an organization that promotes the collection of sustainability data in private markets. We work with many of our control portfolio companies to gather and report salient sustainability metrics. (See page 23 for additional detail.)



We support transparency and benchmarking of sustainability performance in real assets. Oaktree’s Real Estate Income strategy began participating in Global Real Estate Sustainability Benchmark (“GRESB”) fund assessments in 2022.



Oaktree became a signatory to the Partnership for Carbon Accounting Financials (“PCAF”) in 2022. PCAF’s methodology helps us calculate and disclose the carbon footprint of our investments in line with best practice. In 2024, Oaktree was added to [PCAF’s list of institutions taking action](#) for publishing our first financed emissions disclosure in our 2023 Responsibility Report.



# Governance & Oversight

Strong governance and oversight practices are core elements of our sustainability program.

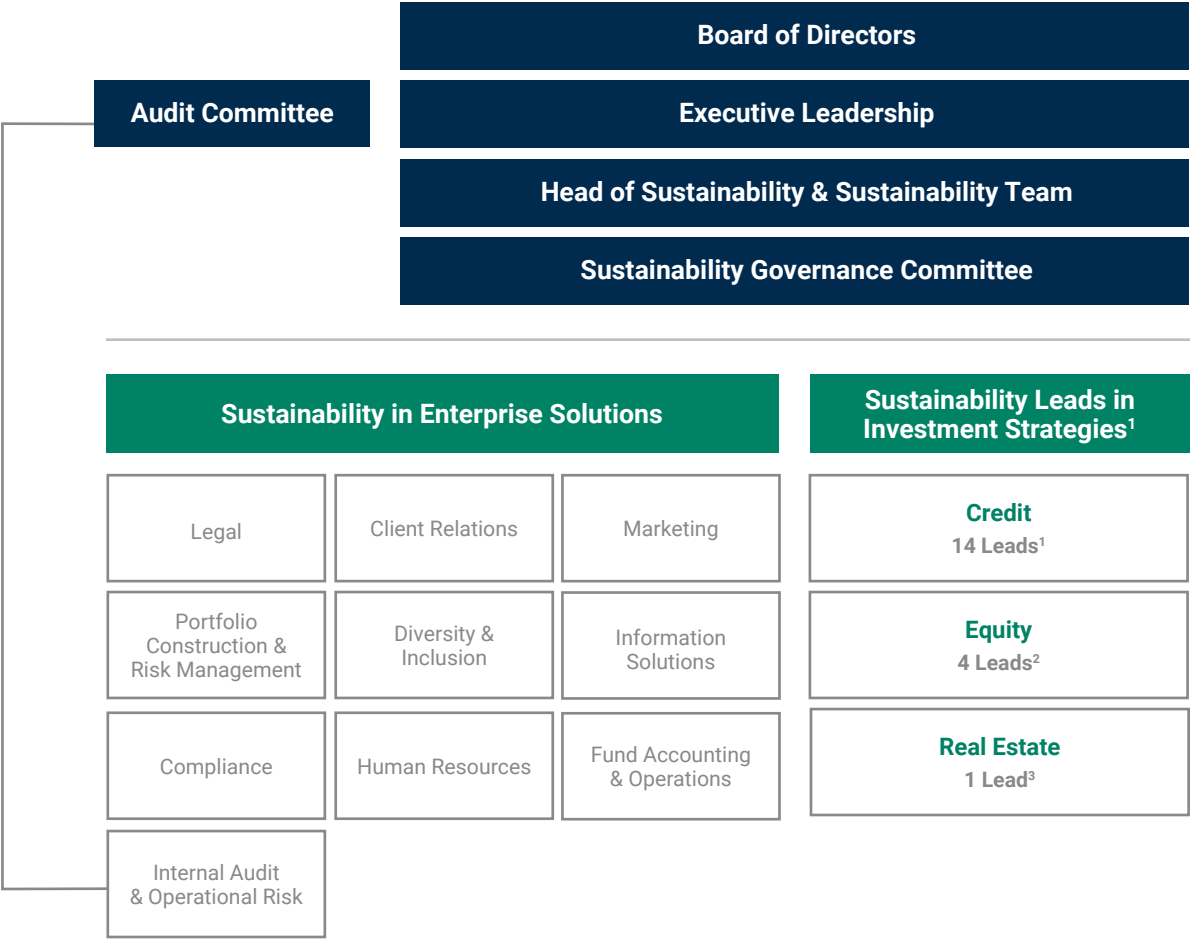
Oaktree's Board of Directors oversees the firm's approach to sustainability in both our corporate and asset management activities.

Oaktree's Head of Sustainability and centralized team develop and manage the firm's program and strategy. The team works with investment professionals to design guidance, tools, and training on sustainability best practices. The team also provides regular updates on initiatives to Oaktree's Executive Committee, Senior Leadership Council, and Board of Directors.

The Sustainability Governance Committee is comprised of senior investment professionals and leaders from groups that support our broader business (known as Enterprise Solutions groups). The Committee meets monthly to share and promote best practices. [\(See page 14 for additional detail.\)](#)

Oaktree's Sustainability Leads are senior investment professionals who work with their strategy's portfolio manager(s) to integrate sustainability considerations throughout the investment process. The Leads also work with the centralized Sustainability team to conduct team-specific trainings and advance their strategy's approach in line with industry best practices.

In addition, Oaktree's Enterprise Solutions groups, such as Legal, Compliance, Client Relations, Marketing, and Information Solutions, contribute to the program by supporting a consistent and robust firmwide approach. These teams help communicate our program externally, support regulatory adherence, strengthen our governance, and contribute to the development of our data and reporting program.



1. Includes Sustainability Leads for liquid credit, opportunistic credit, and private credit platform.  
2. Includes Sustainability Leads for the Power Opportunities, European Principal Group, Special Situations, and Emerging Markets Equities strategies.  
3. Includes Sustainability Lead for the Real Estate strategies.

# Sustainability Governance Committee

Oaktree established the Sustainability Governance Committee in 2019 to support the implementation of Oaktree’s Sustainability Policy in investment strategies and to contribute to the strategic direction of our program. Committee members consist of senior investment professionals and leaders from our Enterprise Solutions groups.

The monthly meetings allow for idea-sharing and bring in diverse perspectives from across the firm. The Sustainability team drives forward and shares strategic program initiatives with the committee. The team also conducts teach-ins on new and emerging topics. Our Sustainability Leads share processes, developments, and relevant case studies from their strategies and asset classes. Leaders from Enterprise Solutions groups provide feedback and updates on a variety of topics, including emerging regulation and client priorities.

24 groups

represented across both dedicated committee members and other attendees

16 members

representing our strategy Sustainability Leads, Legal, Marketing, Compliance, Internal Audit and Operational Risk Management, and Chief Operating Officer

25 years

of average professional experience for committee members<sup>1</sup>

12 years

of average tenure at Oaktree for committee members<sup>2</sup>

## 2024 Governance Committee Focus Areas & Highlights

### Sustainability Integration

Investment strategies share best practices and approaches to sustainability throughout the investment cycle

**2024 Highlights:** The Sustainability team and Leads updated the Real Estate, Power Opportunities, and Value Opportunities SIPs. We launched a new SIP for Asset-Backed Finance

### Client Feedback

The committee discusses client needs for sustainability integration, regulatory requirements, and reporting

**2024 Highlights:** The Sustainability team regularly shares developments, major themes and trends from discussions with LPs

### Governance & Oversight

The committee discusses major initiatives that help ensure our strategies follow the processes set forth in their integration plans

**2024 Highlights:** Oaktree’s Compliance team discussed findings from their compliance testing program, which included a review of diligence and engagement processes

### Data & Reporting

The committee is updated on enhancements to our infrastructure, including internal tools, dashboards, and reporting offerings

**2024 Highlights:** The Sustainability team discussed several initiatives related to the creation of web-based tools, the roll out of new reporting offerings, and the aggregation of data through the Sustainability Dashboard

### Regulatory Developments

We cover new and evolving sustainability regulatory developments that may be applicable to Oaktree, portfolio companies, and our clients

**2024 Highlights:** The Sustainability team, in collaboration with Legal and Marketing, provided the committee with key takeaways on our European SFDR<sup>3</sup> efforts

### Education & Innovation

The committee discusses emerging themes, educational initiatives, and other opportunities for future innovation

**2024 Highlights:** The Sustainability team conducted a teach-in on nature and biodiversity, including how this topic is material to investments and the key sectors at risk

1. As of December 31, 2024.  
2. Ibid.  
3. Sustainable Finance Disclosure Regulation.



# Engagement: Creating Value Through Ownership

Partnership with our portfolio companies is part of our mandate as long-term investors. We engage with them throughout the investment lifecycle on material factors, sustainability-related or otherwise. Engagement is an ongoing process and continuous cycle, as we need to prioritize topics, set clear objectives, monitor progress, and gather insights. We have created a suite of tools and resources to support investment teams in prioritizing and monitoring engagement activity across portfolios over time.



# Climate Program Overview

Oaktree's climate program is designed to protect and enhance the value of our investments and facilitate the analysis of climate risks and opportunities. Climate risks relate to (a) the transition to a lower-carbon economy and (b) the physical impacts of climate change. Climate opportunities are value-additive initiatives that can help companies drive greater resource efficiency, lower costs, or develop new products and services.

The vast majority of our firm's climate risk is the result of our investment activities. Therefore, our climate program seeks to build resiliency within our portfolios in a financially sensible way. We see three key levers to mitigate climate related risks and capture opportunities in our investments: measuring our emissions, assessing companies' progress toward net zero, and actively engaging with companies around decarbonization. Oaktree's "Climate Toolkit" consists of centralized tools, resources, and frameworks for our investment teams to implement and monitor these elements.





# Climate Program Overview

Consistent with our wider sustainability strategy, our investment teams are responsible for integrating material climate considerations into their investment processes. To facilitate these efforts, our firm and centralized Sustainability team provide tools, resources, and training to support our investors in assessing, mitigating, and managing climate risk and opportunity.

In 2024, we made a number of significant enhancements to our climate program. We strengthened our carbon estimation methodology and rolled out our first standardized Carbon Report to provide transparency to clients. We also expanded the use of our Net Zero Alignment Tool, launched a dashboard to support portfolio management, and introduced a fund level Net Zero Alignment Report.

Additionally, we developed resources to support high-quality climate engagement, such as our Decarbonization Playbook, and launched our high-emitters engagement program. To promote better understanding of the uses and limitations of these tools, as well as the broader context of the analysis, we held our first firmwide Climate Change 101 training.

## Climate Toolkit

### Carbon Emissions Dashboard

The dashboard aggregates climate data using company-reported data, third-party estimates, and our own internal estimates to allow issuer and portfolio-level analysis.

### Net Zero Alignment Tool

Analysts use the tool, which is informed by the IIGCC's Net Zero Investment Framework, to assess a company's level of climate risk management. Assessments are aggregated in our Net Zero Dashboard.

### Engagement Resources

Analysts engage on material climate risks, and this data is tracked, monitored and reported to clients. We also have outreach resources to support investment teams in their engagements.

## Key 2024 Initiatives



### Climate Change 101 Training

We launched our Climate Change 101 training, for internal audiences and select clients. The session covered the basics of climate change, from transition and physical risk to assessing transition opportunities



### High Emitters Engagement Program

In September 2024, we launched our high emitters engagement program to focus on partnering with select portfolio companies to support material progress.



### Decarbonization Playbook

In December 2024, we launched Oaktree's Decarbonization Playbook, a resource for our investment teams to engage with companies to support decarbonization efforts.

# Knowledge Sharing to Drive Progress

Oaktree's training program facilitates knowledge sharing with our firm, portfolio companies, and clients. Training our investment teams can strengthen integration processes and help to drive long-term value with portfolio companies. We also offer training to clients to support their sustainability journey. Importantly, knowledge sharing is symbiotic; through these sessions we learn from our clients, investment teams, and portfolio companies which further informs how we evolve our sustainability program.

## 1. Firmwide Training, Investment Teams, and Senior Leadership

Oaktree conducts an annual firmwide training which is open to all employees and mandatory for investment professionals. The Sustainability team regularly educates the Sustainability Governance Committee and Board of Directors on the sustainability environment and our strategy. The Sustainability Knowledge Hub provides resources and tools for teams to enhance their understanding of sustainability topics.

## 2. Portfolio Companies

Collaborative sessions with portfolio companies allow us to encourage progress on material sustainability topics, such as safety practices. We also have a range of company outreach resources, which offer guidance to portfolio companies on setting policies, measuring emissions, and various other topics.

## 3. Clients

We seek to share knowledge with our clients to provide transparency on our approach and focus areas, and to support clients in achieving their own sustainability goals. We also regularly share details of our sustainability practices such as how we estimate carbon emissions or record engagement activity.

### Knowledge Sharing: 2024 Examples

#### Annual Sustainability Training: Value Creation

- **Content:** The role of sustainability in value creation, driving change within portfolio companies, case studies across asset classes
- **Audience:** firmwide, mandatory for investment professionals

#### Sustainability Marketing Guidelines

- **Content:** Evolving regulatory landscape, greenwashing and greenhushing, guidelines for presenting sustainability to clients
- **Audience:** all client-facing staff, mandatory

#### Climate Change 101

- **Content:** The foundations of net zero, evaluating physical and transition risk, identifying transition opportunities
- **Audience:** firmwide and clients

#### Nature and Biodiversity 101

- **Content:** Defining nature and biodiversity, how companies can impact and depend on nature, measuring nature and biodiversity risk in investments
- **Audience:** Sustainability Governance Committee

# 3 Sustainability Integration

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# Approach to Sustainability Data

Today, many large public companies are accustomed to providing sustainability information to investors. However, many of our investments are in companies that don't systematically disclose such information. To compensate for this, our sustainability program relies on and prioritizes our investment teams' analysis of key issues, utilizing data where it's relevant, material, and reliable. We draw sustainability information from three main sources: our investment analysts, our companies, and in-house or third-party estimates.

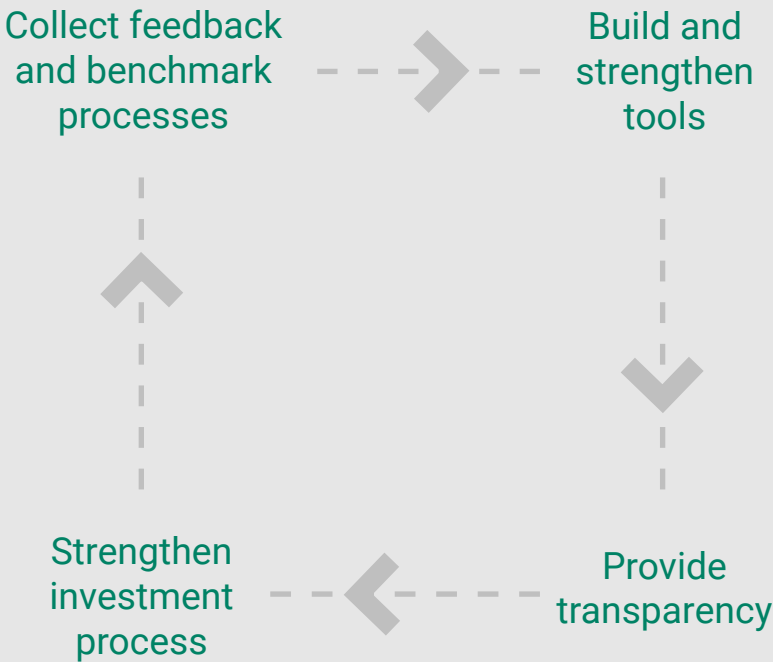
Our investment analysts assess companies' management of material sustainability topics. Our analyst-generated information includes these assessments, as well as net zero alignment analyses and engagements triggered by our proprietary tools. Investment analysts are at the heart of our sustainability program and their analyses are the primary way we assess material sustainability risks and opportunities.

Company-reported data includes sustainability information that companies publish or that we receive directly from our portfolio companies. We also encourage improved disclosure at the company level through direct engagement and participation in industry initiatives, such as EDCI. For carbon emissions, we use internal and third-party estimates to build a more comprehensive picture of our portfolios when company-reported data is unavailable.

Together, these streams of data can help our analysts prioritize engagement activity, monitor sustainability performance and trends, and provide transparency.

Several teams across Oaktree drive our sustainability data program. The Sustainability team crafts the strategy and direction of our program, incorporating client feedback and industry guidance. They work closely with investment professionals to design tools and dashboards and facilitate portfolio analytics. Multiple groups within Information Solutions develop and enhance key tools and dashboards, design reports, and structure the data architecture, while the Reporting & Performance team helps fulfill client reporting requirements. Our Marketing & Client Relations team provides valuable client feedback, and we regularly benchmark our program to industry standards.

We've developed deep partnerships across these groups to advance our data program, and we continuously look for ways to enhance our processes.



# Improving Transparency

Collecting data and expanding our coverage of sustainability data is critically important. We also seek to make it accessible, both to investment professionals and our clients.

Internally, the main way we view data is through our Sustainability Dashboard. Externally, we deliver key information to clients through portfolio-level reporting. In 2024, we dedicated significant time to developing our Sustainability Dashboard and expanding our suite of portfolio-level reports.

## Sustainability Dashboards

Dashboards allow teams to analyze sustainability characteristics at a holding-, sector-, and portfolio-level; highlight and monitor trends; and identify opportunities for engagement. Our Sustainability Dashboard now includes five separate modules.

- 1

**Carbon Summary**  
Provides an overview of portfolio carbon emissions and normalized metrics
- 2

**ESG Analysis Overview**  
Aggregates completion rates and other key metrics for ESG assessments, net zero alignments, and engagements
- 3

**ESG Assessment Tool Summary**  
Displays detailed holding-level scores from ESG assessments
- 4

**Engagement Summary**  
Displays portfolio-level engagement data
- 5

**Net Zero Alignment Summary**  
Showcases portfolio composition of financed emissions by alignment classification

## Strategy-Level Reports

Our Sustainability Reporting Working Group brings together members from our Reporting and Performance, Risk, Information Solutions, Compliance, Legal, and Sustainability teams to support and improve our sustainability reporting. In 2024, we launched three new portfolio-level reports: the Carbon Report, the Engagement Report, and the Net Zero Alignment Report. These reports provide key sustainability metrics for Oaktree portfolios where such data is collected or generated by investment teams.

- Carbon Report**  
The Carbon Report provides TCFD core metrics at the portfolio level as well as sector, region, and individual holding level metrics
- Engagement Report**  
The Engagement Report shows the total [number of] engagements and issuers engaged with, the breakdown by engagement topic and sub-topic, and a visualization of engagement progress
- Net Zero Alignment Report**  
The Net Zero Alignment Report displays the net zero status of holdings within the portfolio and provides portfolio, sector, and region level breakdowns

# 2024 Data Initiatives

In 2024, we expanded our tracking of sustainability information and improved transparency for investment teams and clients. To do this we:



## Further embedded our main tools

- Expanded the use of three important sustainability tools: the ESG Assessment Tool, Net Zero Alignment Tool and Engagement Tracker. These three tools help analysts assess companies' management of material ESG factors, analyze companies' forward-looking climate risks, and systematically track and monitor engagement progress.
- Hosted trainings on these tools with investment teams to promote adoption and usage.
- Created a new web-based platform for analysts to complete ESG Assessments to facilitate usage and reporting.



## Strengthened insights from our data

- Increased investment professionals' familiarity with the most material issues, market trends, available datasets, benchmarks, and strategies for integrating ESG factors in portfolio management through hosting trainings and creating educational resources.
- Refined our carbon estimation methodology to create more accurate estimates.



## Introduced new dashboards, including platforms that aggregate and display portfolio-level statistics

- Launched an enhanced Sustainability Dashboard featuring five modules to present data at the holding, sector, and portfolio level.
- Released educational materials to support robust utilization of the dashboard.



## Expanded our reporting capability

- Launched three strategy-level reports to increase transparency: the Carbon, Engagement, and Net Zero Alignment Reports.
- Introduced internal reporting guides to address frequently asked questions and strengthen our framework for fulfilling reporting requests.



# Spotlight on the ESG Data Convergence Initiative

## Background on the Initiative

In 2021, Oaktree became an inaugural member of EDCI, an organization that seeks to standardize the private markets industry’s approach to sustainability reporting. We work with portfolio companies across strategies to self-report relevant and material sustainability metrics. Portfolio companies submit data across several categories including GHG emissions, renewable energy, decarbonization targets, board diversity, staffing changes, work-related injuries, and employee engagement.

## Oaktree Participation Highlights



1. Reporting completed for 2022, 2023, 2024, and 2025 data submission cycles.  
2. Participating strategies include Global Opportunities, Power Opportunities, Special Situations, and European Principal.  
3. Encompasses control positions in latest vintage funds as of January 2022 and onwards. Excludes certain control investments with no employees or active operations.  
4. Data submitted in 2024 covering metrics for 2023 calendar year. Submission rates and reporting highlights are subject to change.

## Reporting Highlights<sup>4</sup>

Oaktree collected EDCI data for 50 companies in 2024. Nearly all companies reported all of EDCI’s mandatory metrics, and we had an increase in completion of the optional metrics. Notable highlights include:

- **Scope 3 Emissions:** 40% of companies submitted data for Scope 3 in 2024, up from only 20% of companies in 2022
- **Net Zero:** Oaktree achieved a 100% submission rate on the optional net zero metrics, which assess whether the company has set a decarbonization plan
- **Leadership Diversity:** We had high submission rates for diversity metrics including the number of women, LGBTQ, and individuals from underrepresented groups on the Board, as well as a 100% submission rate for number of women in the C-suite

## Looking Forward

In 2024, we identified a software solution to streamline our data collection process for the coming year. After four years of collecting this data, our investment teams and portfolio companies have a more robust understanding of the process, the metrics, and opportunities to improve their practices on material sustainability topics. In 2025, we plan to:

- Streamline data collection processes
- Enhance analysis and insights for investment teams
- Engage with portfolio companies to encourage progress on material data points

# 2025 Data Initiatives

In 2025, we will seek to:



- Explore new data sets and metrics
- Reduce barriers for data collection from portfolio companies
- Expand data coverage through direct engagement with issuers
- Strengthen carbon estimates
- Extract more insights from data
- Enhance analysis around our sustainability data



# Sustainability in Action

In 2024, investment teams partnered with the Sustainability team on many initiatives. Many teams adopted and integrated leading sustainability tools and frameworks into their investment processes. Investment professionals leveraged guidance and best practices on how to prioritize engagement, set clear objectives, and drive outcomes-based results. Lastly, analysts identified avenues to collect and enhance the integration of salient sustainability data.

This section highlights examples from select strategies across Oaktree's three asset classes: Credit, Real Estate, and Equity. These pieces showcase Oaktree's sustainability philosophy in action, highlighting how teams adapt centralized tools and processes to their individual strategies.



# Credit

Oaktree invests across the broad spectrum of credit. Credit strategies have varied investment objectives and risk/return profiles. These deals can be sourced directly from borrowers, through sponsors, or in the public markets. We focus primarily on rated and non-rated debt of sub-investment grade issuers in developed and emerging markets, and we invest in an array of high yield bonds, convertible securities, leveraged loans, structured credit instruments, distressed debt and private debt.

Many teams use Oaktree's proprietary ESG Assessment Tool – which is guided by the SASB materiality standards – for bottom-up, credit-specific sustainability analysis.<sup>2</sup> Credit teams strengthen portfolio-wide risk management by engaging with issuers on material sustainability topics, monitoring risks, and harnessing sustainability data to make more informed investment decisions. Oaktree's Sustainability team partners with credit teams to share best practices across the platform and adapt processes to different types of credit.

## 2024 Highlights

- Oaktree's [Private Credit](#) strategies embedded engagement and KPI tracking into their processes. In 2025, Oaktree will adopt a software solution to facilitate the collection of decision-useful metrics.
- The [Global Opportunities](#) strategy partnered with the Sustainability team to engage with portfolio companies that are top contributors to the firm's financed emissions.
- The newly launched [Asset-Backed Finance](#) strategy created a sustainability integration plan. Their SIP describes their unique and thoughtful approach to evaluating the sustainability and governance practices of the originators and transaction parties that lend to underlying borrowers.

1. Some tools and processes do not apply to all credit strategies or portfolios where they are not applicable.

2. Please see [Oaktree's 2022 Responsibility Report](#) for more information on the ESG Assessment Tool (pg. 22 here). 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), Global Opportunities, and Value Opportunities. In Oaktree's Structured Credit strategy, CLO and private ABF investments are often backed by hundreds of loans, which presents challenges for credit-specific ESG evaluation; as such, we pay close attention to governance at the manager level. Oaktree's Investment Grade Credit strategy uses the ESG Assessment Tool in select cases.

## Liquid Performing Credit

## Sustainability &amp; Refinancing Risk | Interview with David Rosenberg



**David Rosenberg**  
Head of Liquid  
Performing Credit  
and Co-Portfolio  
Manager

### How do you approach sustainability as a credit investor?

For us at Oaktree, our focus is on delivering attractive returns with risk under control. As credit investors, this involves picking winners and avoiding defaults. Sustainability is an important element in assessing creditworthiness and default risk. We want to look at the factors that could impact a company's ability to pay back or refinance their debt, and sustainability topics are often material to our analysis.

### What are some of the challenges in understanding the impact of sustainability on credit risk?

We lend to companies for a fixed period – typically two to five years – whereas sustainability risks may materialize over a longer period of time.

When a company is refinancing their debt, potential investors will typically look for changes in the company's profile as well as the market environment. If an issue is looming, there's a risk that a company won't be able to simply extend their debt. They may have to pay higher coupons, accept unattractive lending terms, or, at worst, face bankruptcy or default.

As our co-chairman Howard Marks wrote about in his memo [Sea Change](#), low interest rates and the financing structures that were built around them are unlikely to be the reality of the future. Refinancing risk is becoming an increasingly critical and impending challenge for companies.

### How do sustainability factors affect refinancing risk?

Most investors are looking for companies with business operations that are sustainable over the long term. This has been true for a long period in public markets and is increasingly true in private markets too. Companies with strong sustainability practices can attract new investors, secure differentiated commercial terms, raise cheaper debt, and position themselves better for emerging regulations. In addition, while data in the leveraged finance markets is still lacking, we're seeing an increase in data which can help us to quantify climate and other sustainability risks. This in turn means it is becoming easier for lenders to integrate these risks into their credit models. We've also seen a rise in green, social, and sustainability-linked financing, which can benefit companies whose practices are aligned with sustainability goals. All these factors can impact a company's ability to refinance at attractive margins.

### How do you evaluate sustainability and refinancing risk?

Across liquid credit, we use three main tools to assess and mitigate sustainability risk. These tools provide a foundation for understanding how a company may be impacted by sustainability factors. Our credit analysts conduct sustainability analysis because we believe they're best placed to assess material risks and opportunities.

First, we use our ESG Assessment Tool in diligence. This tool highlights areas of sustainability risk and opportunity, focusing on the most material topics within a sector – those that are most likely to have the greatest impact on financials, performance, and position.

Second, for companies materially exposed to climate risk, we may conduct additional diligence using our Net Zero Alignment Tool. While emissions are a useful metric, they're inherently backward-looking, so we developed a forward-looking assessment of a company's climate risk management strategy. Our Net Zero Alignment Tool helps us understand where a company is on their decarbonization journey and what their future trajectory may look like. Analysts take a critical view – assessing whether a company's plan is credible and

achievable, or purely aspirational.

The third tool is engagement. We partner with companies to help them understand the potential financial impact ESG factors can have on their business and how they can drive sustainability improvements to enhance value over time. We may also engage with other transaction partners, such as banks, to provide feedback on issuers coming to market.

Sustainability risks and opportunities affect companies over different time frames. While some may have a more immediate impact, such as a controversy, others can come to the fore over the medium and long term. We seek to assess material sustainability risks and opportunities throughout the investment lifecycle and drive progress throughout our ownership to protect and enhance its value.

## Opportunistic Credit

## Driving Value in Opportunistic Credit | Interview with Bob O'Leary and Mel Carlisle



**Bob O'Leary**  
Co-Chief Executive  
Officer and Portfolio  
Manager



**Mel Carlisle**  
Managing Director  
and Sustainability  
Lead for Global  
Opportunities

**Can you describe how Oaktree's Global Opportunities ("Opps") group integrates sustainability into its investment process?**

**Bob O'Leary:** We're fundamental, bottom-up credit investors. We seek to identify potential risks to an investment early in the diligence process and then stay abreast of those risks throughout our hold period. Our approach to sustainability risks follows that same method. We focus on material sustainability risks with the potential to affect the outcome of our investments.

**Mel Carlisle:** Like many other Oaktree credit strategies, we use the ESG Assessment Tool as part of our underwriting to assess a company's management of sustainability risks ([see page 22 of the 2022 Report](#)). Governance is particularly important given our investment strategy: weak leadership or governance structures present additional risk in restructurings and reorganizations, which are a big focus for our team.

We may also connect with other Oaktree analysts or the centralized Sustainability team to leverage their insights or utilize third-party information to supplement our assessments. This third-party information can come from discussions with industry experts, intermediaries, or

company management. Sustainability-related diligence is incorporated in materials for our investment committee.

After investing, we monitor and may engage with companies on select material topics. We discuss these issues and engagements at weekly meetings or team trainings.

**How have you worked with other groups at Oaktree to evolve sustainability processes?**

**MC:** The aim of our sustainability processes is to help drive better financial outcomes. We work closely with the Sustainability team to simplify and strengthen our practices. In 2024, we expanded the number of companies we control that collect sustainability data through EDCI ([see page 23](#)), strengthened our framework for tracking engagements, partnered with the Sustainability team to engage with our highest-emitting companies ([see page 61](#)), and hosted several relevant sustainability trainings for the team.

**BO:** We have a flexible mandate which allows us to capitalize on a wide range of investment opportunities across sectors, asset types, and geographies. Our opportunity set changes depending on the market backdrop, and in select cases

we may invest alongside other Oaktree strategies. Recently, our focus has skewed more toward public opportunities, and we've been able to borrow some of the tools and frameworks, including our Carbon Dashboard, from other Oaktree strategies.

**What sustainability factors are most relevant for you in today's market?**

**MC:** We invest across sectors, and our sector weightings depend on the market environment. We focus on the most financially material sustainability issues in a sector and assess how a company is managing those risks. For example, we've recently seen a number of opportunities within the healthcare space. When evaluating opportunities in this sector, our investment professionals look at (a) customer welfare, satisfaction, and community relations, (b) data privacy and security, and (c) governance controls and risk management. We try to help enhance our team's knowledge of these topics by offering educational resources. We're currently working with the Sustainability team on a related workshop later this year.

**How do you see Global Opportunities' processes changing over time?**

**MC:** In 2025, we want to create and deploy more resources to use with portfolio

companies to improve their management of key topics. We're launching our fourth year of collecting sustainability metrics through EDCI, allowing us to become more familiar with this data and identify opportunities for improvement. We've partnered with the Sustainability team to create resources for engagement with companies on material sustainability topics. These resources include our Decarbonization Playbook, which helps guide companies through the process of measuring and reducing emissions. We'll continue to look for opportunities to roll these resources out with more portfolio companies where relevant. By using these resources with more portfolio companies, we're able to strengthen these tools with examples and frequently asked questions.

**BO:** The sustainability landscape continues to evolve, and we'll work to stay on top of market developments, industry guidance, and opportunities to strengthen our own processes. We value our partnerships with our clients, and we'll continue to collaborate with them to understand their objectives and evolve our processes. Like other aspects of investing, the sustainability space is dynamic and requires regular iteration.



## Levers of Influence Throughout the Private Credit Lifecycle

Private credit requires a nuanced approach to sustainability integration and diligence. Typically, at the investment stage, data is often limited, influence over borrowers is minimal, and the timeframe to finalize a deal is usually tight. Oaktree's private credit teams use our proprietary ESG Assessment Tool ([see page 22 of the 2022 Report](#)) to assess sustainability risks and opportunities in individual credits. When investing in pools of loans, investment professionals take a different approach ([see page 31 on our approach in Asset-Backed Finance](#)).

Engagement with private credit borrowers may take a range of forms depending on the structure of the deal and the available levers of influence. The focus of engagement is on material topics identified during diligence or throughout ownership, which by definition should protect or enhance the value of the company. Engagement may include collaboration with co-lenders or sponsors, or dialogue directly with the company – especially where Oaktree is sole or lead lender. We're also exploring emerging practices such as sustainability margin ratchets, which link a borrower's sustainability progress directly to financial incentives ([see page 29 of the 2023 report](#)).

Data and transparency remain ongoing challenges in private credit, largely due to the limited data from borrowers pre-investment and the challenges in collecting data post-investment. Oaktree's private credit teams seek to enhance the sustainability data available from companies through data collection and KPIs tracking. For example, Oaktree's Life Sciences strategy also tracks the impacts of companies' products and services on patients. In 2025, Oaktree is onboarding a software solution to streamline and enhance sustainability data collection in private credit.

Sustainability practices in private credit continue to evolve and the investment teams aim to partner with portfolio companies and other market participants to embed and enhance practices.

*“As lenders, we seek to be a partner of choice for our borrowers and support them in progressing their sustainability practices.”*

**Armen Panossian**  
Co-CEO and Head of Performing Credit

*“Our sustainability questionnaire allows us to track companies' baseline at investment and understand their forward-looking plans to make progress throughout the lending period.”*

**Christine Pope**  
Managing Director and Sustainability Lead for Strategic Credit

## Asset-Backed Finance

# Integrating Sustainability Risks into Asset-Backed Finance | Interview with Brendan Beer, Loris Nazarian, and Priya Prasad Bowe



**Brendan Beer**  
Managing Director  
and Co-Portfolio  
Manager, Structured  
Credit and Asset-  
Backed Finance



**Loris Nazarian**  
Managing Director  
and Sustainability  
Lead for Private  
Assets

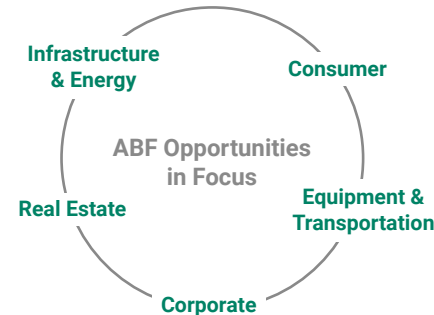
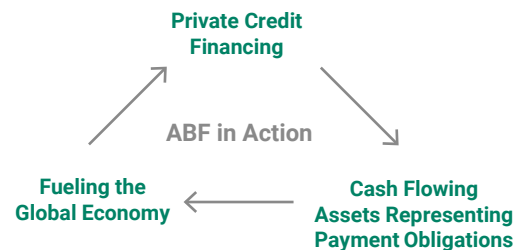


**Priya Prasad Bowe**  
Managing Director  
and Head of  
Sustainability

## What is asset-backed finance? How is Oaktree's platform differentiated?

**Brendan Beer:** Asset-backed finance ("ABF") is a growing area of private credit. The team invests across a broad range of specialty lending verticals where funding is secured by pools of contractual assets (such as loans, leases, mortgages, receivables) with predictable cashflows. The collateral securing these investments is highly diversified and finances the breadth of the global economy. ABF serves as a critical funding source for global businesses and consumers, from equipment financing to consumer credit to medical loans.

ABF financing differs from traditional corporate or private credit, in which investors provide debt financing to individual companies. We partner with originators and specialty lenders to fund their businesses of originating or extending credit to end customers across a diverse range of sectors.



Oaktree has been investing in asset-backed opportunities for nearly 20 years. We believe that in today's market, the most underserved portion of the ABF universe is the "core" segment. Core ABF sits between senior investment-grade lending and the opportunistic end of the risk spectrum.

The ABF team leverages Oaktree's longstanding expertise in relevant collateral types to analyze and structure these opportunities. We also utilize the firm's robust sourcing and origination capabilities.

## How is Oaktree's sustainability program structured, and how does this apply to ABF?

**Priya Prasad Bowe:** Our program is designed to enhance our investment outcomes. To do that successfully, we're consistent in the principles that guide our

program but work with our investment teams to tailor our processes to their investment universe. Each strategy, including ABF, has its own unique approach to sustainability, which is formalized in a Sustainability Integration Plan.

Sustainability Leads are crucial to the success of our program. They're the main point of contact between our Sustainability team and the investment team, and they help the investment team implement the integration process from diligence to exit. In 2024 Loris Nazarian was appointed as the Sustainability Lead for ABF.

Our centralized Sustainability team worked with Brendan, Loris, and rest of the ABF team to design a sustainability approach customized to their investment universe. We leveraged knowledge gleaned from other asset classes and conducted market research to design the sustainability framework that the team uses in diligence.

## What are the key challenges with respect to sustainability integration in ABF?

**Loris Nazarian:** The number of underlying assets in ABF investments is a primary challenge. When you lend against a single credit, investors can assess the

sustainability profile of the issuer. In contrast, ABF funds invest in a pool of securities – often with hundreds or even thousands of underlying borrowers – which makes borrower-by-borrower analysis challenging.

In addition, public companies are more likely to have greater disclosure of practices or key performance indicators, and they may be covered by external research providers. For private ABF, relevant sustainability information and data is limited. Because of these complexities, we designed a process that is (a) applicable to a broad range of sectors and collateral types and (b) relies on Oaktree analyst evaluations of sustainability risks and opportunities.

Our processes assess pervasive sustainability risks and opportunities that may apply to the entire group of loans. This analysis works for this asset class because risks tend to be thematic in nature and can be prevalent across the entire pool. For example, in consumer credit, we can assess regulatory risks, predatory lending, or misleading marketing provided to end borrowers across the group of loans. Our team is highly focused on the governance practices of the originators, lenders, and servicers given these parties face the end user of the loan.

Asset-Backed Finance

# Integrating Sustainability Risks into Asset-Backed Finance | Interview with Brendan Beer, Loris Nazarian, and Priya Prasad Bowe

**Given those challenges, what is the ABF team's sustainability integration process?**

**LN:** Our investment professionals first conduct an initial screen on potential investment opportunities, evaluating sustainability risks, the collateral type, sector trends, and broad market dynamics.

After the initial screen, our team reviews the investment across different verticals. The team evaluates (a) whether the originator or servicer has a Sustainability Policy or conducts a sustainability assessment on the underlying loans, (b) the profile of the borrower and potential risks associated with their use of proceeds, and (c) the sustainability risks and opportunities associated with the contractual assets being financed.

**The ABF team's diligence process evaluates sustainability risks and opportunities in three core areas:**

**1. Transaction Party**

*Evaluates whether the originator and/or servicer has a Sustainability Policy in place, conducts a sustainability assessment on their business and/or customers, and has policies and procedures in place to limit exposure to sustainability risks*

**2. Underlying Obligors**

*Considers whether there are considerations around and protections for the underlying borrowers. The team may also evaluate concerns related to obligors and their use of proceeds*

**3. Assets**

*Assesses potential sustainability risks and opportunities associated with the assets that are being financed*

**How does the ABF team approach engagement on sustainability risk and opportunity when investing in a pool of private ABF securities?**

**LN:** Engagement can be challenging in ABF investing. For the majority of deals, the ABF team finances the pool of loans and associated contracts held in Special Purpose Vehicles (SPVs), meaning there aren't employees to engage with to implement change following our investment. In addition, originators structure and pool the loans and associated contracts prior to our investment, and we can often only change terms in a refinancing.

Our team is better positioned to engage when we take a control equity position, often in an origination business or

platform, and typically alongside another strategy at Oaktree. When our team has an equity stake, the deal is not SPV-based; thus, we may have an opportunity to engage with the management team on relevant sustainability risks and opportunities throughout the holding period.

**What are some of the sectors that the ABF team focuses on? What are the unique types of sustainability risks and opportunities that you evaluate?**

**BB:** Asset-backed finance provides funding across the global economy – from homeowners to car buyers to small businesses looking to finance equipment purchases. In the diligence process, our team evaluates a set of diligence questions including questions that are asset- and sector-specific.

In consumer credit and small business financing, responsible lending practices are central to our investment thesis. These risks are prevalent in this sector given potential sensitivities with underlying borrowers, regulatory considerations, and reputational risks. Past incidents with predatory lending and misleading contract terms have made regulators increasingly focused on whether lenders consider affordability in their underwriting and provide transparent contract terms

to borrowers. Our team conducts a robust analysis of these risks in the diligence process. We consider a variety of factors, including whether the product uses misleading or predatory messaging, whether the terms result in dramatic payment increases, and whether the product finances irresponsible spending.

Aircraft leasing is another unique ABF collateral type, and the most material risks are often environmental. We evaluate climate risks in diligence, and we focus on the practices of the originator or transaction party given we typically don't have visibility into the climate profile of the underlying assets. Our team focuses on whether the originator or transaction party has adopted industry-specific sustainability or climate standards in their underwriting, or whether they perform a climate assessment on the underlying assets. In the case of aircraft, this could include an evaluation of whether the originator assesses fuel efficiency.

While our process can be applied across our investment universe, we layer on additional diligence and analysis based on the sector and collateral type. We're particularly focused on promoting appropriate lending practices and engaging with originators and specialty

lenders on their own sustainability policies.

**What are the ABF team's focus areas looking forward?**

**PPB:** We're excited about the progress we've made in our ABF strategy in 2024. Given that ABF is an emerging asset class for alternative lenders, we appreciate that sustainability practices in this space will evolve as best practices emerge. We look forward to partnering closely with clients as we continue to strengthen our framework.

# Real Estate

Oaktree’s real estate platform capitalizes on the Firm’s global footprint, multi-disciplinary capabilities, extensive network of industry experts, and key relationships with operating partners.

## Real Estate Income

The Real Estate Income strategy invests in high-quality real estate assets with an emphasis on income and long-term growth.

## Real Estate Debt

The Real Estate Debt strategy specializes in debt-driven opportunities that aren’t anticipated to result in control of the underlying asset, and pursues a wide range of investments, including CMBS, commercial and residential mortgages, mezzanine loans, and corporate debt.

## Real Estate Opportunities

The Real Estate Opportunities strategy invests at the intersection of real estate and distressed debt, capitalizing on over-leveraged and distressed real estate in need of rescue capital or asset repositioning.

Oaktree’s Real Estate team tailors its sustainability integration process to each strategy depending on the type of investments and level of control. Investment professionals conduct due diligence on potential investment opportunities, which may include evaluating environmental and climate risk reports. The Real Estate team tracks sustainability KPIs, which may include energy consumption, sustainability building certifications, or results from tenant satisfaction surveys. In real estate investments where Oaktree has more control, the team may collaborate with asset management teams, operating partners, and property managers to upgrade and improve assets throughout the holding period to protect and enhance their value.

## 2024 Highlights

- Oaktree’s [Real Estate](#) group made notable improvements to its sustainability processes, including expanding coverage of GHG emissions and obtaining additional sustainability building certifications for properties.



# Engagement in Real Estate

Real estate drives 40% of global carbon emissions, making it a critical sector for decarbonization. Environmental regulations have ballooned, with numerous municipalities and countries mandating properties to provide energy data and adhere to specific efficiency standards. The sector has also evolved post-pandemic, with employers rethinking workplace settings and individuals prioritizing additional space in their residences.

These macro factors can have a material impact on valuations. Oaktree’s Real Estate group believes tenants, buyers, and other stakeholders tend to reward sustainability improvements through greater renewal rates, higher rental rates, more competitive buyer pools, and more favorable exit pricing.

Oaktree has three synergistic, yet distinct, real estate strategies: Opportunistic, Performing Debt, and Income. These three strategies invest in a variety of asset classes, and investment professionals tailor their approach based on several factors, including but not limited to: the financial materiality of potential sustainability considerations, Oaktree’s level of influence, investment strategy and contractual commitments, and investment time horizon.

Oaktree Real Estate professionals typically work to improve a property’s sustainability characteristics to drive value or control risk. The mechanisms for these engagements vary by asset type, and the interests of involved stakeholders also impact the engagement dynamics. For many Oaktree real estate deals, there are five partners: the Oaktree investment team, an asset management partner, an operating partner, a property manager, and the tenant. Oaktree investment professionals create partnerships across all five layers.

Oaktree Real Estate investment professionals offer expertise around industry best practices, deal dynamics, and client expectations. Oaktree partners with asset managers and operating partners to oversee the bulk of the enhancements and facilitate different collaborations, and property managers are integral in executing improvements at the property level. Tenant demand for specific improvements can also drive property-level enhancements, from electric vehicle chargers to more efficient lighting.



## Engagement in Real Estate

Successful, scalable engagement often requires partnership across the many groups involved. These engagements also often lead to more comprehensive and durable improvements.

A few examples of Oaktree's engagements with partners from 2024 include:



### Emissions Data

Carbon footprinting is the critical first step in managing emissions. Over the past few years, Oaktree has worked with partners to increase the amount of emissions coverage across the three real estate strategies. In 2024, the team achieved 100% emissions coverage for landlord-controlled areas in the REIF portfolio, and aims to achieve 75% utility data coverage for overall square footage of tenant-controlled areas by 2030. Oaktree set a top-down goal and dedicated time educating asset management partners, operating partners, and property management teams on the importance of data collection and opportunities for automation.



### Building Certifications

Building certifications verify that properties meet certain sustainability standards, which can provide transparency to tenants and help boost rental premiums and occupancy rates. Oaktree tracks building certifications across the three real estate strategies. In 2024, after conducting property-level gap analysis, Oaktree pursued operational building certifications across equity positions in the REIF portfolio. Oaktree investment professionals partnered with asset management teams to train operating partners and property managers on the impact of certifications on rents, lease turnover times, and property marketability, and they worked to secure tangible building-level enhancements. In 2024, Oaktree increased the number of certifications on equity positions by nearly 50% compared to 2023<sup>1</sup>.



### Tenant Engagement Surveys

Tenant engagement surveys provide insight into satisfaction levels and highlight material areas for improvement, which can lead to higher tenant retainment. In 2024, Oaktree increased tenant engagement surveys for equity investments by 8%<sup>1</sup>. This growth was also achieved through deliberate education with partners on the benefits of surveys and how to efficiently implement them.



1. For equity properties in REIF.

# Equity

Oaktree’s equity strategies invest in a range of regions and market sectors across traditional private equity, special situation opportunities, and listed equities.

## Special Situations

Oaktree’s Special Situations strategy makes control-oriented debt and equity investments in middle-market companies that we perceive to be undervalued, often due to distress, dislocation, and/or other idiosyncratic factors. As part of its due diligence process, the Special Situations team uses a proprietary ESG template that provides a quantitative picture of companies’ sustainability practices and helps the team better understand potential risks.

## Power Opportunities

The Power Opportunities strategy invests in attractive, growing companies that provide essential products and services to owners of critical infrastructure, including power, energy, environmental, water, wastewater, and other utility-related businesses. The Power team partners with portfolio companies to incorporate sustainability considerations into value creation plans where material to drive progress before exit.

## European Principal

The European Principal strategy focuses on value-oriented investments that allow for control of, or significant influence over, a company. Investments usually stem from a thesis around a dislocated sector or market, such that entrance to the sector or acquisition of the company can occur at a discounted valuation. The European Principal team works directly with portfolio companies’ management to develop sustainability action plans to address identified issues.

## Emerging Markets Equities

The Emerging Markets Equity strategy seeks to earn attractive risk-adjusted returns by investing on a long-only basis in the equities listed in emerging markets in Asia, Latin America, Eastern Europe, the Middle East, and Africa. Consideration of sustainability issues is integral to the strategy’s research, analysis, and risk management process.

## 2024 Highlights

- Oaktree’s [Power Opportunities](#) strategy partnered with the Sustainability team to develop the Oaktree Decarbonization Playbook, which will be rolled out in 2025.
- Oaktree’s [Emerging Markets Equities](#) team worked with the Sustainability team to conduct a review of the top contributors to the strategy’s financed emissions in their portfolio.





## Special Situations

# Switching to More Sustainable Options to Create Value

The Special Situations group takes an active approach to portfolio management. The group has an in-house Portfolio Transformation Team (“PTT”) that works directly with portfolio companies to drive value creation. The PTT partners with the deal team from diligence to exit.

For new potential investments, the PTT will assist the deal team with commercial and operational due diligence, and they help create a plan of improvement for the company. Once Special Situations makes an investment, the PTT drives value creation through the implementation of strategic initiatives aimed at improving a company’s governance, operations, and earnings. These initiatives include sourcing board or management team candidates, structuring company-wide KPIs, optimizing a company’s supply chain and manufacturing processes, and identifying new areas of revenue growth. When Special Situations looks to exit its investment, the PTT supports the process by assisting with marketing and due diligence materials and management coaching.

Array Marketing (“Array”) is a distressed-for-control investment made by the Special Situations group in 2021<sup>1</sup>. Array is a leading supplier of in-store merchandise displays for beauty brands and resellers. Under Oaktree’s ownership, the PTT implemented a comprehensive post-restructuring performance improvement plan that included changes in management, operational improvements, and identification of new product and customer growth opportunities.

In the beginning of 2024, the PTT and Array leadership conducted a study to assess Array’s market landscape and customer preferences. While Array has had a sustainability program in place for several years, the survey results reinforced beauty brands’ focus on sustainability and highlighted the importance of sustainable packaging as a critical part of retaining and attracting clients.

Array’s clients are beauty brands seeking customized display cases to differentiate themselves at large retail outlets. Many of Array’s customers change their displays seasonally, and they wanted to reduce the waste from those changes. Oaktree and Array identified two key opportunities to improve sustainability and create additional value: (i) transition to more sustainable packaging materials and (ii) enhance Array’s recycling program. Throughout the year, Array successfully implemented both changes.

Even before the survey findings, Array had a robust sustainability program. The company maintains a Gold EcoVadis Sustainability Rating, reports annually to the Carbon Disclosure Project (“CDP”), participates in the United Nations Global Compact (“UNGC”), has carbon-neutral facilities, scores products on their Lifecycle Assessment, and retains a Forest Stewardship Council (“FSC”) Chain of Custody Certification. The packaging and recycling initiatives that stemmed from the survey evolved Array’s robust environmental program, advancing key initiatives to fit client demands.



### Sustainable Packaging

A significant portion of Array’s waste related to the bubble wrap used in shipping the displays from the factory to the store. To reduce this, Array replaced traditional bubble wrap with paper. The packaging team evolved its process, shifting materials without any cost and saving 237,000 feet of plastic bubble wrap in 2024.



### Recycling Program

Historically, Array’s displays were made with molded plastic, which is often difficult to recycle. Array innovated on these designs, reducing the amount of plastic used in each display and utilizing paper where possible. Array also partnered with TerraCycle, a recycling company that specializes in difficult-to-recycle materials, to collect displays after each project. In 2024, Array recycled 180 metric tons of materials.

*“Our PTT regularly conducts market studies to spotlight areas of strength and opportunities for improvement. Array was able to swiftly action several main findings, creating significant savings and positioning them well with key customers.”*

**Colin Smith**

Managing Director and Head of Portfolio Transformation Team

*“Oaktree helped craft top-down sustainability goals and gave us space to navigate the most effective bottom-up implementation that worked for our business.”*

**Dana Michaud**

Senior Director, Sustainability & Risk Management of Array Marketing

1. Special Situations began investing in the debt of Array in 2020 but gained control of the company in 2021.



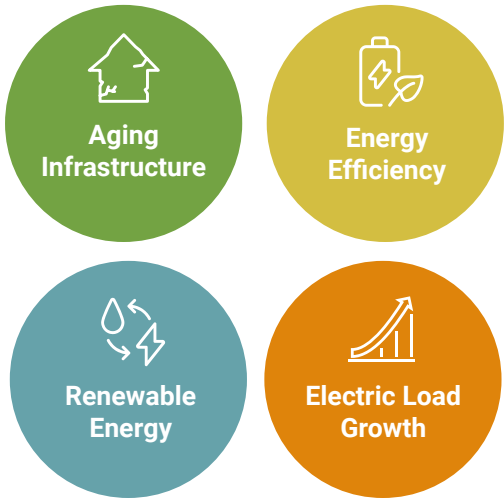
Power Opportunities

Driving Health & Safety Performance in the Power Opportunities Strategy

Oaktree's Power Opportunities team typically takes control positions in mid-market private companies in the utility, energy, water, wastewater, telecom, and broader infrastructure sectors. The Power team invests in “picks and shovels” companies that provide products or services to critical infrastructure end markets. These companies are often positioned to benefit from thematic trends, such as electrification, aging infrastructure, or the energy transition.

The team focuses on companies with proven business models, strong cash flows, and opportunities for growth. The Power team partners with management to develop highly customized value creation plans. These plans might include initiatives to transition business models toward more diverse end markets or operationalize best-in-class health and safety practices prior to exit.

Power’s Key Themes



Adding Value During Ownership: Strategic Partners on Health and Safety

Worker health and safety practices are central to the operations and activities of Power’s portfolio companies. Workers often use complex equipment and tools that require extensive training and pose risks if used incorrectly. Strong safety practices help portfolio companies (a) operate efficiently and retain workers, thus reducing turnover and exposure to liabilities, and (b) gain and retain customers, given that safety performance is typically a key criterion in vendor selection.

The Power team actively engages with its portfolio companies to improve their safety processes and performance. The team brings three decades of industry expertise to help companies drive progress. They partner with management to strengthen safety practices through strategic and tactical actions, which are tailored to each company. These actions may include:

- Taking steps to ensure a strong, top-down safety management culture
- Ensuring collection of and focus on key safety KPIs
- Establishing and augmenting health and safety roles to formalize oversight
- Requiring formal safety training for employees
- Establishing safety escalation policies
- Improving utilization of personal protective equipment

The team evaluates the success of these actions throughout the investment lifecycle. Among other metrics, the team typically measures progress by closely monitoring the company’s Total Recordable Incident Rate (or TRIR, one of the principal measures of workforce safety).

*“The Power Opportunities team works closely with our portfolio companies on various strategic actions during our ownership. We leverage our in-depth sector expertise, strong relationships with management teams, and industry network to drive initiatives that are accretive to growth, financial performance, and business resiliency.”*

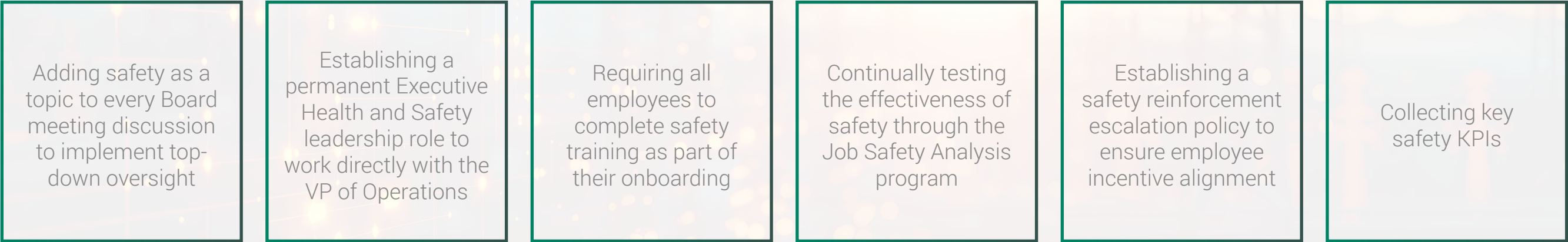
**Michael Cardito**  
Managing Director and Portfolio Manager

# Driving Health & Safety Performance in the Power Opportunities Strategy

Richards Manufacturing is a manufacturer of network protectors and other specialized products for electric utility infrastructure. The company aligns with Power’s core themes including aging infrastructure, grid resiliency, and electrification.

Safety is highly material to the Richards Manufacturing business; it’s paramount for worker protection and retention, customer relationships, and overall company reputation. During investment diligence, the Power team reviewed the company’s safety metrics and practices and identified areas for improvement. The team noted several action items, including establishing more robust controls for handling chemicals, ensuring better organization of parts and tools, increasing the number of emergency drills, and formalizing a safety committee.

The Power team worked with the company’s leadership team to address these areas for improvement. The management team strengthened practices by:



Over the past three years, the company’s safety performance has improved substantially, including a 57% decrease in the TRIR<sup>1</sup>. Richards has embedded safety practices into their strategy, and these initiatives impact all facets of the organization.

1. Source: Richards Manufacturing, Oaktree Capital Management.

# 4 Values

- Letter from Our Head of Diversity & Inclusion
- Our Global Workforce
- Celebrating Our Employee Networks
- Supporting Our People
- Supporting Our Communities
- Accelerating Industry Collaboration
- Expanding Opportunities for Early Talent



# Letter from Our Head of Diversity & Inclusion

Oaktree is committed to supporting its workforce and encouraging an inclusive workplace that enables all individuals to achieve their full potential. We believe that bringing together diverse backgrounds fosters more perspectives and a deeper understanding of the communities in which we operate and invest. The level of engagement across our various Diversity & Inclusion focused programs continues to grow each year with a significant number of colleagues actively participating in initiatives to help support our inclusive culture. Examples include serving on one of our Diversity & Inclusion councils, mentoring in our Mentorship program or through one of our early talent partnerships, supporting our Employee Networks either as a captain or core member, supporting early talent by helping teach workshops with our partners and universities, and supporting our various programs focused on our people through leadership chats and speaker events.

This year we continued to collaborate with industry partners to help our colleagues expand their networks and supported a number of early talent programs to continue to widen the funnel of talent for our industry. In 2024, we launched Oaktree Roots - a more formal onboarding program to support our employees in learning the foundations of our firm. We conducted our biennial Employee Engagement Survey this year, and the results resoundingly conveyed employee pride in working at Oaktree and as a great place to work. Lastly, in 2024, we codified a set of Leadership Expectations for leaders rooted in Integrity, Exemplary Behavior, Talent Development, Encouragement, and Championing Workplace Inclusion.

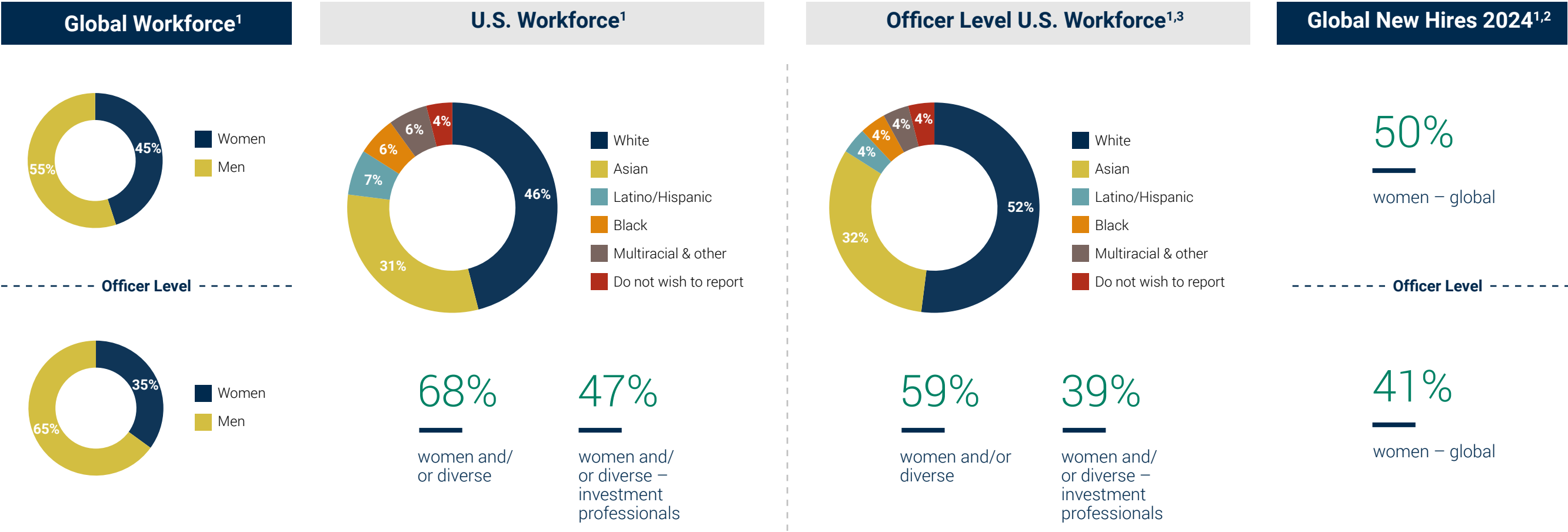


**Jerilyn Castillo  
McAniff**  
Head of Diversity  
& Inclusion



# Our Global Workforce

Oaktree’s global workforce spans 26 offices with 28% of our colleagues working in offices outside the U.S. Collectively, we speak 30 different languages, and our colleagues have attended over 400 different colleges and universities globally. We’re proud of our many dimensions of diversity – all of which add to diversity of thought in service of our global clientele.



# Celebrating Our Employee Networks

Oaktree's employee networks seek to foster inclusivity, belonging, and engagement among our employees. Our employee networks are available to all employees and have allowed colleagues to build relationships and make connections across the firm. The following pages include highlights of events sponsored by our Employee Networks.



**HOLIDAYS:** We partnered with [Heart of LA \(HOLA\)](#) to create care packages for college students. HOLA helps underserved youth overcome barriers through exceptional, free, integrated programs and personalized guidance in a trusted, nurturing environment.

**SUMMER:** Our London team hosted a multi-firm networking gathering at our office, with more than 15 firms represented, including fellow asset managers, law firms, and investment banks.

**SPRING:** We partnered with [Our Big Kitchen LA](#) for a team cooking event where we prepared 400 meals and 600 cookies from scratch under the instruction of a professional chef. The food was distributed to families and individuals suffering from food insecurity.



Abilities partnered with the [Spina Bifida Association](#) to host a Walk-n-Roll fundraiser to support their mission to build a better future for all those impacted by Spina Bifida. In addition to Disability Inclusion, Abilities is committed to supporting our neurodiverse colleagues and their families. We held educational events about neurodiversity in the workplace and coordinated a networking session with autistic talent searching for employment in partnership with [Inclusion Matters](#) and [Integrate Autism Advisers](#).



ACORN partnered with a new organization called [Mama2Mama](#), which focuses on mothers and provides care and support to underserved women before and after giving birth. Oaktree employees assembled and donated 100 Hospital Go Bags and 100 Postpartum Care Kits for Mama2Mama.

ACORN continued its support of [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 high Black infant and maternal mortality rates.



**Black Infants & Families**  
LOS ANGELES

# Celebrating Our Employee Networks – Highlights



Oaktree partnered with [Heal the Bay](#) to clean up the beach in Santa Monica. Heal the Bay is a nonprofit environmental organization dedicated to making Southern California coastal waters and watersheds safe, healthy, and clean. Oaktree volunteers collected 50 lbs. of trash and over 2,000 cigarette butts.



The women's networks from Oaktree and several peer firms gathered for their third annual Women in Asset Management: LA Edition networking event. This year's event was in partnership with the UCLA Fink Center for Finance. We've long collaborated with our industry peers across employee networks to foster inclusivity and support expanding relationships within the industry. Our WLC also celebrated with the International Women of Courage 2024 awardees at their annual dinner hosted by American Women for International Understanding. This award honors women around the world who have demonstrated exceptional courage and leadership in advocating for human rights, women's equality and social progress. This is the only Department of State award that recognizes emerging women leaders worldwide. Since 2007, over 200 women from over 90 countries have been honored as International Women of Courage.



At our 2024 Oaktree Conference, we launched a wellness activity that included a Beverly Gardens Walk and Run in Los Angeles and a Westminster 5-7K Fun Run in London. Our Wellness team hosted a conversation with Dr. Mary Kate Roohan on exploring Emotional Resilience and hosted a number of somatic meditation sessions. We sponsored a puppy yoga session with Wags and Walks, which served as a healthy networking opportunity for colleagues.



# Celebrating Our Employee Networks – Highlights



Our Veterans team organized a fireside chat with Hiring Our Heroes and the COMMIT Foundation to discuss the transition of veterans into civilian roles and describe strategies to recruit and onboard veterans into their post-military careers.



Our Pride network led several initiatives to raise awareness about ways to support colleagues, friends, and family members who identify as LGBTQ. The team offered sessions focused on creating an inclusive environment led by Inclusive Group in the U.S. and Humankind in EMEA.



To celebrate Juneteenth, our United Groups Connect team sponsored a fireside chat with Bill Gould, an eminent Stanford Law School professor, about his book *Diary of a Contraband: The Civil War Passage of a Black Sailor*. Gould discussed his great-grandfather's journey, his legacy as a builder in Massachusetts, and the significance of historic preservation.

During Hispanic Heritage Month, we hosted a talk with Arturo Lomeli, founder of Clase Azul, a tequila brand he started more than 25 years ago in Guadalajara, Mexico. Arturo shared his vision to launch a brand that could drive awareness about Mexican culture and craftsmanship worldwide and his commitment to supporting the local community.



# Supporting Our People

## Talent & Leadership



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



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



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




10-week on-boarding program to support our newest colleagues. Sessions with senior leaders cover our history, culture and investment strategies.



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

### Employee Engagement Survey

85%



In 2024, we conducted our biennial employee engagement survey, achieving an engagement score of 85% firmwide with an equal score among men and women. This score reflects Oaktree's strong culture, with feedback indicating that employees are proud to work here and highly recommend the firm as a great place to work.

Oaktree launched new benefits in 2024 for employees to supplement the firm's existing family friendly benefits in various regions.



Progyny supports employees on their path to parenthood. With a network of best-in-class fertility specialists, an integrated pharmacy solution, and dedicated patient care advocates, employees have access to the most advanced, effective fertility treatments.



[Maven Clinic](#) supports our UK staff in preconception, family-building, pregnancy, postpartum, parenting, and menopause.



# Supporting Our Communities

A core Oaktree tenet is 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. In 2024, Oaktree colleagues spent 3,748 hours with 50+ volunteer activities in nine offices across five countries.

Los Angeles

- 2,095 total volunteer hours<sup>1</sup>
- 927 miles walked/ran cumulatively in 2024.
- [APLA](#): Assembled 400 hygiene kits for LGBTQ+ elderly living with HIV
- [Painted Turtle](#): Assembled 400 kits, craft activities and 60 turtle pillows for children with disabilities.

1,219

OCM Participants

16

Volunteer opportunities and team building

London

- 1,052 total volunteer hours<sup>1</sup>
- [Thames 21](#): 84 bags of waste collected from the banks of the River Thames to prevent plastics from entering the river system
- [Cook for Good](#): 120 3-course meals prepared to help tackle food insecurity.

271

OCM Participants

14

Volunteer opportunities and team building

Hong Kong

- 224 total volunteer hours<sup>1</sup>
- [Food Angel](#): 1800 meal boxes prepared for families and individuals
- [A Drop of Life](#): >100L of water carried for a trail of 3km to raise social awareness of water resource conservation
- [Ways Out Hong Kong](#) x [FSES](#): Turned food residuals into jewelry to raise upcycling awareness.

83

OCM Participants

3

Volunteer opportunities and team building

New York<sup>2</sup>

- 790 total volunteer hours<sup>1</sup>
- [NY Cares](#): Wrapped 306 gifts for students during the holidays
- [Apex for Youth](#): Packaged 13,430 supplies for 300 summer students
- [Foster Love](#): Packed and decorated 150 duffel bags for foster children

291

OCM Participants

13

Volunteer opportunities and team building

Singapore

- 129 total volunteer hours<sup>1</sup>
- [Food Bank Singapore](#): Packaged and distributed 50 healthy bundles to families
- [Beyond Social Services](#): Attended a movie with underserved children and their families
- [Public Hygiene Council Singapore](#): Employees participated in a beach cleanup

36

OCM Participants

3

Volunteer opportunities and team building

Luxembourg

- 46 total volunteer hours<sup>1</sup>
- [The Blood Transfusion Centre - Luxembourg Red Cross, Mänschen hëllefen](#): Employees participated in blood donation for the Luxembourg Red Cross
- [SOS Villages D'Enfants Monde - ING Night Marathon Luxembourg](#): Famous ING Night Luxembourg Marathon which raises money for several charities

18

OCM Participants

2

Volunteer opportunities and team building

1. Total volunteer hours are calculated based on the total participant count multiplied by the hours of the event  
2. New York data also includes events in our Connecticut office

# Supporting Our Communities

## Our Communities Matter

Our Communities Matter empowers employees to give back to local causes they believe are most in need. Its intention is to facilitate a variety of local, employee-led volunteering opportunities and company-sponsored gifting programs throughout the year, as well as sponsor events in partnership with our Employee Networks.



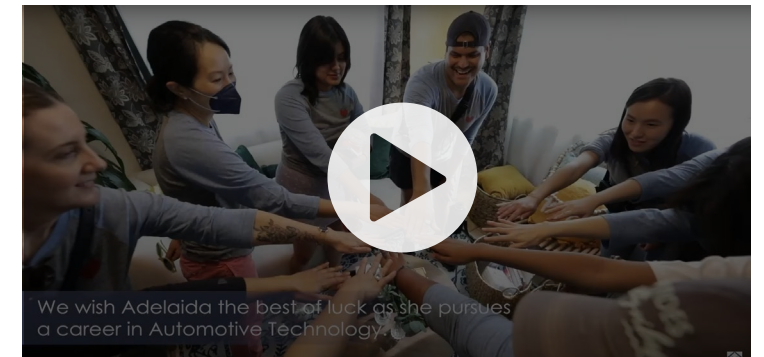
## Wags & Walks

We loved welcoming Wags & Walks puppies into our office during the summer. Not only was it a joyful day to help underscore how pets can help support mental health, but the puppies were also offered for adoption.



## A Sense of Home

United Groups Connect and Our Communities Matter have co-sponsored home design installations with A Sense of Home for three years and it has become one of our team's favorite events. Over the course of several days, Oaktree colleagues worked together to shop for, design, and install a new, independent home for someone who was previously in the Los Angeles County foster care system.





# 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.

## Other Partners:



Oaktree is a proud founding sponsor of AltFinance, a non-profit expanding pathways for students at historically black colleges and universities (HBCU) into careers in alternative investment management. AltFinance introduces HBCU students to the industry through information sessions and a foundational curriculum; provides industry-specific training and access to networks of professional and academic leaders; and coordinates experience-building opportunities such as mock interviews and office tours.

**2024 highlights:** Howard Marks and Bruce Karsh joined AltFinance CEO Marcus Shaw for the keynote Fireside Chat at the 2024 Los Angeles AltFinance workshop. Since 2021, nearly 190 students have participated in the core program and more than 900 HBCU students, alumni, and professors across over 25 HBCUs have received access to AltFinance Institute content (including Wharton courses and tools) via the virtual platform.



Girls Who Invest is dedicated to transforming the investment management industry by attracting and advancing women investors, change-makers, and leaders. GWI supports first- and second-year college students through tuition-free education programs, while also providing career advisory services, community-building initiatives, and lifelong alumni support.

**2024 highlights:** Oaktree is proud to be a Leadership Circle partner to Girls Who Invest. In 2024, we helped GWI launch their Alumni Circles and Leadership Program. Several senior Oaktree colleagues volunteered as captains of their alumni circles, and we co-hosted the Alumni Circles program kick-off event in Fall 2024. We also co-hosted an alumni networking event in New York and an annual summer scholar and alumni celebration in Los Angeles.



TOIGO helps shape leaders within the finance industry. The organization fosters collaboration and has developed over 2,000 professional leaders at every level. TOIGO's programs and career counsel span all career stages from early career visioning and coaching to industry education, leadership, and skills development.

**2024 highlights:** Oaktree was proud to celebrate TOIGO's impactful 35 years of leadership development in the finance industry in 2024. We see TOIGO leadership and alumni as thought leaders and partners and are proud to see TOIGO alumni in senior level roles across our organization.



Posse is a leadership program that provides college scholarships to students in their senior year of high school across more than 20 cities in the U.S. as well as an additional 10 cities and Puerto Rico through its virtual program. Posse also recruits veterans for their partner colleges. The graduation rate for Posse scholars who begin college is 90%, and 80% of their graduating seniors served as officers of a college organization.

**2024 highlights:** Oaktree is proud to partner with Posse in Los Angeles and at the national level. In 2024, we hosted our third annual event with Posse, which was a career building reception for their summer scholars in Los Angeles. This included opportunities for networking, and a chance to hear from senior Oaktree leaders. We have also hosted first-round Posse interviews with high school seniors in our office in previous years.



# Expanding Opportunities for Early Talent

In 2024, 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.

## Early Talent Partners:



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



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](#).



Hosted high school students in [The Heat Program](#) – a Brooklyn Unified South career access program with a financial literacy curriculum and career panels.



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.



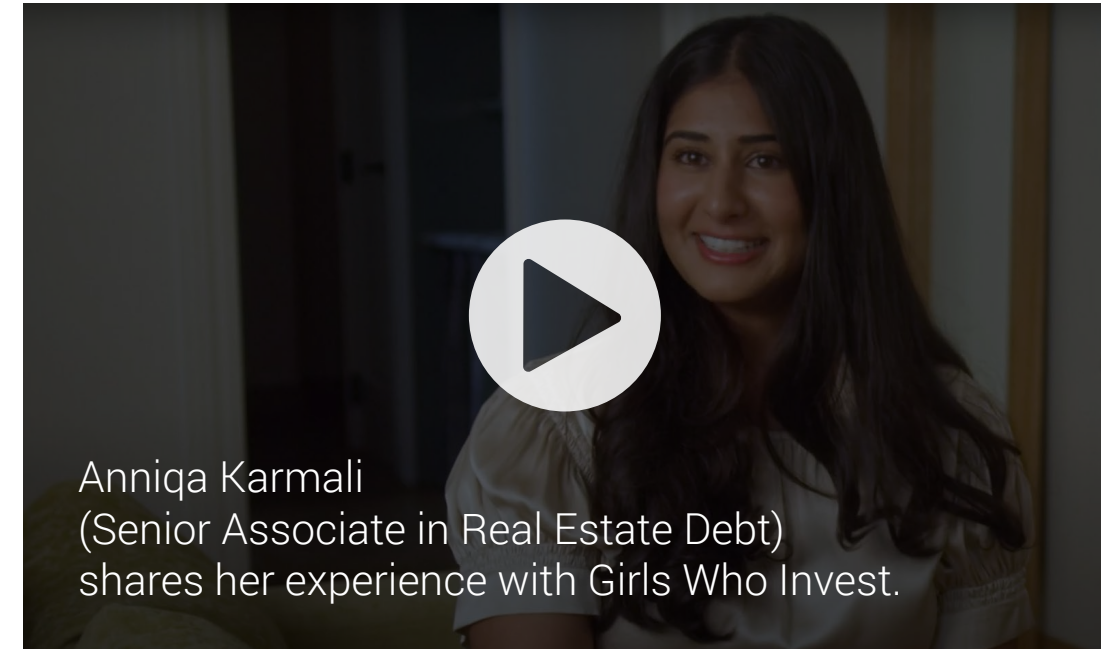
Supported the Future Leaders program for the Investment Diversity Exchange (TIDE), which provides early-stage talent with educational resources and training sessions during their annual conference and encourages networking with senior professionals in the industry.



Expanding access for students interested in careers in investing across nine undergraduate University of California campuses.



Expanding access for students interested in careers in investing across seven University of Texas campuses.



Anniqa Karmali  
(Senior Associate in Real Estate Debt)  
shares her experience with Girls Who Invest.



# 5 Operational Sustainability

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



# Approach to Operational Sustainability

This section details sustainability initiatives in our day-to-day operations. This includes our operational emissions inventory as well as other sustainability initiatives across Oaktree's offices.

We began calculating and reporting on our operational emissions in our 2022 Responsibility Report. Our operational emissions inventory includes our Scope 1, Scope 2, and select Scope 3 emissions. It excludes our financed emission (i.e., emissions from our investments). This is now our third report publishing our operational emissions inventory. We've strengthened the inventory over time by (a) reporting additional operational Scope 3 categories and (b) using actual building data for Scope 1 and 2 emissions, whenever possible. We review our operational emissions inventory with key internal stakeholders and senior leadership to identify opportunities for improvement.

In addition to calculating and reporting our emissions, we continuously strive to improve our operational sustainability offerings. In 2024, we expanded the number of employee-led sustainability initiatives, added more educational events, and fortified our cybersecurity efforts.

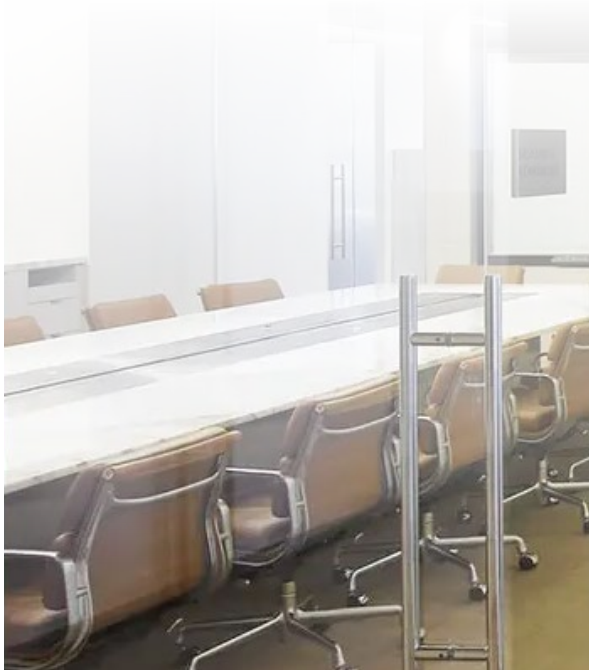


# Building Certifications

Oaktree is a global firm with 26 offices worldwide.<sup>1</sup> Our largest offices are certified by internationally recognized sustainable building rating organizations, including Leadership in Energy and Environmental Design (“LEED”) and Building Research Establishment Environmental Assessment Method (“BREEAM”). Our offices in Los Angeles, London, and New York account for over 80% of our workforce and hold the following building certifications.

## Los Angeles Office (HQ)

- ✓ LEED Gold Certified
- ✓ WELL Health-Safety Rating
- ✓ UL Verified Healthy Building
- ✓ BOMA 360
- ✓ ENERGY STAR



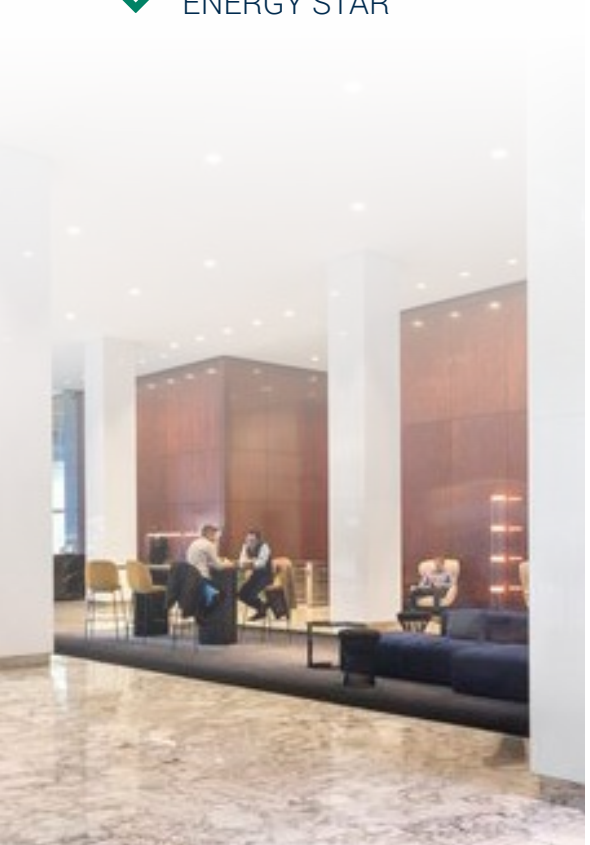
## London Office

- ✓ BREEAM Certified
- ✓ ISO 14001



## New York Office

- ✓ LEED Gold Certified
- ✓ 2-Star Fitwel
- ✓ ENERGY STAR



1. As of December 31, 2024.



# Oaktree Sustainability Network

Oaktree Sustainability Network (“OSN”) is an employee network group founded in 2022. The group seeks to increase awareness of sustainability practices, enhance employee engagement on sustainability initiatives, and improve Oaktree’s operational practices.

## FEBRUARY

Internal teach-in on sustainable travel tips

[\(see page 54 for additional detail\)](#)

## MARCH

Collected gently used donations for an event with [Welcome Baby](#)

## APRIL

Earth Day events in Los Angeles, London, and New York



## APRIL

Seed planting event with [Bronx is Blooming](#) in New York

## APRIL

Cooking event with [Cook for Good](#) in London

## MAY

Climate 101 webinar



## MAY

Los Angeles beach cleanup with [Heal the Bay](#)

## AUGUST

Thames cleanup with [Thames21](#)

## OCTOBER

London upcycling event with [More Life Home](#)



# Operational Initiatives

## Biennial Client Conference

In 2024, Oaktree hosted client conferences in Los Angeles, London, and Tokyo. The teams involved in the planning and logistics focused on reducing waste where possible at each of these events.



Moved from single-use to reusable water bottles

100%

Used 100% post-consumer recycled paper on printed materials

50lbs

Rescued almost 50 lbs. of food from the LA conference dinner for the [Alexandria House](#), translating to approximately 40 meals donated



Developed a new mobile app to share conference materials digitally

225lbs

Donated 225 lbs. of food and beverage across the week in London to [Women's Association for Networking and Development](#) and [Stockwell Park Community Centre](#), translating to approximately 243 meals

110 meals

Boxed and donated 110 meals to [Oasis Community Fridge](#) after the London welcome dinner

## Efficiency of Business Travel

In February, the Sustainability team and Corporate Services hosted a teach-in on sustainable travel for employees responsible for booking business trips. The goal of the session was to highlight the sustainable travel resources available to Oaktree employees. They reviewed the emissions from business travel, which is one of the largest drivers of Oaktree's operational footprint. The teach-in focused on Oaktree's Travel Policy, the use of virtual meetings, how to find sustainable hotels, the environmental considerations for different modes of transportation, and the importance of combining trips where possible. They also reviewed a new feature in Oaktree's travel booking system that displays the emissions associated with each trip option.

# Cybersecurity & Data Protection

At Oaktree, safeguarding data is fundamental to maintaining trust with our clients, employees, and stakeholders. As cyber threats continue to evolve in both sophistication and scale, we remain committed to continuously enhancing our cybersecurity posture, ensuring the resilience of our systems, and fostering a culture of awareness across the organization.

Our cybersecurity program is guided by a risk-based approach, aligning with industry best practices and regulatory requirements. It's overseen by senior leadership and supported by a Cybersecurity Executive Leadership Committee, which provides strategic direction, evaluates emerging risks, and ensures that cybersecurity remains a business priority.

## Cybersecurity Awareness and Training

We recognize that cybersecurity isn't just a technical issue – it's a shared responsibility. Our training and awareness initiatives are designed to equip employees with the knowledge and tools needed to recognize cyber risks, protect sensitive information, and contribute to the overall security of our firm.

In addition to mandatory annual cybersecurity training, employees are encouraged to participate in optional advanced training programs that cover emerging threats, secure data handling practices, and phishing awareness. Through the use of gamification, engagement in these optional programs has been strong, with over 74% of employees voluntarily completing additional cybersecurity training beyond the required curriculum.

## Technical Controls and Continuous Monitoring

Threat actors regularly adapt their methods, making continuous monitoring, proactive defense strategies, and regular testing essential components of our cybersecurity framework.

Our security teams conduct ongoing risk assessments, vulnerability testing, and third-party evaluations to identify and address potential weaknesses. Our incident response framework is designed to ensure a coordinated and timely response in the event of a cyber incident, supported by simulation exercises that enhance preparedness at all levels of the organization.

## Cyber Resiliency

Beyond our internal cybersecurity initiatives, we also assess the security posture of our third-party vendors, ensuring they adhere to robust security standards. As the regulatory landscape continues to evolve, we're committed to staying ahead of compliance requirements, including global data privacy laws, while enhancing our threat intelligence and risk mitigation capabilities.

## Looking Ahead

Oaktree continues to invest in its security capabilities, automation, and intelligence-driven threat detection to further enhance our ability to prevent, detect, and respond to cyber risks. By integrating cybersecurity into our broader operational strategy, we reinforce our commitment to protecting the confidentiality, integrity, and availability of data, ensuring Oaktree remains a trusted partner in an increasingly complex digital world.



# 6

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

- Governance
- Strategy
- Risk Management
- Metrics & Targets

# Governance

[Oaktree’s Board of Directors](#) oversees the firm’s approach to sustainability and climate-related risks and opportunities in our corporate and asset management activities. Oaktree’s Head of Sustainability 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 Sustainability** and centralized **Sustainability team** drive the firm’s sustainability strategy, which encompasses our sustainability integration processes; climate program; engagement approach; and data and reporting ecosystem. The Head of Sustainability provides regular updates to Oaktree’s Executive Committee, Senior Leadership Council, and the Board of Directors. The Sustainability team helps investment teams integrate material climate-related factors into their investment processes through guidance on best practices, training, and centralized tools. Sustainability team members in Los Angeles and London support our global efforts ([see page 13](#)).

Oaktree’s **Sustainability Governance Committee** is comprised of senior investment professionals and leaders from our Enterprise Solutions groups ([see page 14](#)). The Committee meets monthly to share and help promote best practices. The meetings focus on a range of topics that are central to Oaktree’s sustainability program. In 2024, the Sustainability team discussed multiple climate-related topics with the Committee, including a review of our firmwide financed emissions and the launch of our high-emitter engagement program.

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

Oaktree’s **Enterprise Solutions** groups help enhance sustainability integration throughout the firm. We’ve included a non-exhaustive list of some of the relevant groups:



Legal monitors relevant sustainability-related regulations that may impact Oaktree’s business.



Marketing and Client Relations play a key role in helping our clients understand our program and sharing valuable client feedback.



Compliance assesses strategies’ adherence to the commitments set forth in their SIPs.



Human Resources helps deliver sustainability and climate training, and source talent with sustainability skills and experience.



Internal Audit is an independent body that assesses the robustness of our sustainability program. It reports to the Audit Committee of Oaktree’s Board of Directors.



Information Solutions supports and strengthens our IT infrastructure for climate analysis, data visibility, and reporting.



# Governance

Role	Oversight <sup>1</sup>	Management & Accountability <sup>2</sup>	Implementation <sup>3</sup>
Board of Directors	✓	✗	✗
Sustainability Governance Committee	✓	✓	✗
Head of Sustainability & Sustainability Team	✓	✓	✓
Strategy Sustainability Leads & Portfolio Managers	✗	✓	✓
Investment Teams	✗	✗	✓
Internal Audit	✓	✗	✗
Operational Risk	✓	✗	✗
Legal	✗	✓	✓
Compliance	✗	✓	✓
Marketing	✗	✗	✓
Client Relations	✗	✗	✓
Human Resources	✗	✗	✓
Information Solutions	✗	✗	✓

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, and targets 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 ensure organizational compliance with policies and achievement of objectives related to climate.



# Strategy

Oaktree has built a robust climate program to mitigate material risks and capture opportunities. The vast majority of our firm’s climate risk exposure is the result of our investment activities. To mitigate these risks, Oaktree has built centralized resources to help our investment strategies effectively integrate climate considerations into their investment processes.

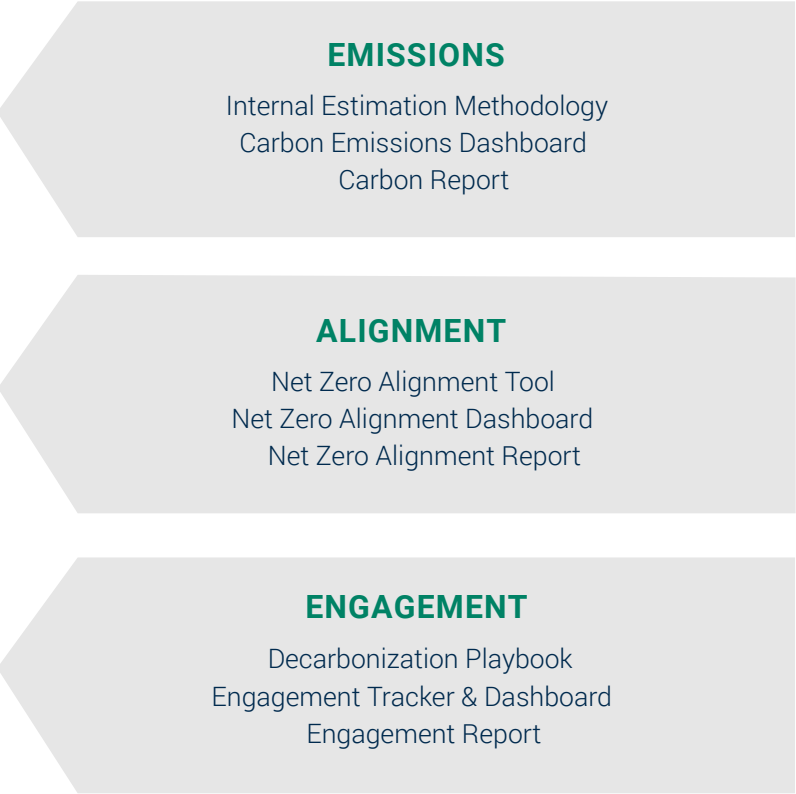
The goal of our climate program is to protect and enhance the value of our investments and our business. We use three key levers to do this:

**Carbon Emissions:** Financed emissions are the primary measure for asset managers to assess their climate transition risk exposure. We source emissions data and third-party estimates from MSCI. We also collect emissions data directly from control investments through our participation in EDCI.<sup>1</sup> When company-reported emissions data or third-party estimates aren’t available, which is the case for many of our strategies, we carbon footprint our portfolios using an internal estimation methodology based on the PCAF framework. We aggregate this data through our Carbon Emissions module of our Sustainability Dashboard. Investment teams and portfolio managers use the dashboard to interact with the data and conduct issuer- and portfolio-level carbon analysis. Oaktree’s standardized Carbon Report provides this data to clients.

**Net Zero Alignment:** Investment professionals use the Net Zero Alignment Tool<sup>2</sup> to conduct a bottom-up, company-specific analysis of material climate risks and opportunities. Alignment is a forward-looking assessment that takes a company’s decarbonization goals and action plans into account. In contrast, emissions are backwards looking but provide a snapshot of carbon performance at a specific point in time. We aggregate and display our alignment data through the Alignment module of the Sustainability Dashboard ([see page 21](#)). We also developed a standardized Net Zero Alignment Report to report this data to clients in select strategies.

**Engagement on management of climate risks and opportunities:** Analysts identify and track material climate risks and opportunities for engagement using centralized tools and dashboards. Oaktree has created resources for investment professionals to facilitate engagement on climate topics when they’re material to the investment thesis. For example, the Decarbonization Playbook is a step-by-step guide to help portfolio companies measure emissions and create a credible decarbonization plan. Oaktree developed its Engagement Summary in the Sustainability Dashboard to display portfolio-wide engagement data and progress. We provide a standardized Engagement Report for clients in select strategies.

Investment professionals incorporate these three levers into the investment process by using bottom-up tools and training. These resources constitute Oaktree’s “Climate Toolkit.”



1. ESG Data Convergence Initiative (EDCI) participating strategies include Global Opportunities, Power Opportunities, Special Situations, and European Principal. Encompasses control positions in latest vintage funds as of January 2022 and onwards. Excludes certain control investments with no employees or active operations.

2. Developed in 2023 based on the Institutional Investors Group on Climate Change (IIGCC) framework

# Strategy

In 2024, Oaktree enhanced its climate program by creating resources for climate engagement, rolling out climate trainings to investment teams, expanding the use of centralized climate tools, and designing new dashboards to aggregate financially-material climate data. We include spotlights on engagement, training, and best practice sharing.

## Engagement: Spotlight on High-Emitter Engagement Program

In 2024, Oaktree launched its high-emitter engagement program. This is a collaborative initiative whereby the Sustainability team and investment teams systematically engage with the top 20 contributors to Oaktree’s firmwide financed emissions. to understand their approach to mitigating material climate risks and opportunities. We prioritize engagement with companies where climate is a material risk but it is not being managed well, thus representing higher climate risk. The Sustainability team conducted several engagements as of year-end 2024 in collaboration with investment teams. These conversations helped us understand these companies’ current decarbonization strategies and future goals.

## Sustainability Data: Spotlight on Net Zero Alignment Dashboard

In 2024, Oaktree added a Net Zero Alignment module to the Sustainability Dashboard. The Net Zero Alignment Dashboard allows investment teams and portfolio managers to analyze portfolio composition by alignment classification. The dashboard connects alignment classifications to our financed emissions and engagement data, which helps teams identify engagement opportunities for companies with high emissions that are not aligned with net zero.

Oaktree Net Zero Alignment Classification Process

The company has...	Not enough information/ is not aligned	Committed to align	Aligning	Aligned	Achieved net zero
Set a goal to be net zero by 2050	✖	✔	✔	✔	✔
Disclosed emissions	✖	✖	✔	✔	✔
Set interim emissions reduction targets	✖	✖	✔	✔	✔
Improved emissions intensity in line with targets	✖	✖	✖	✔	✔
Designed a clear plan to deliver GHG targets	✖	✖	✖	✔	✔
Reduced emissions as much as possible with limited offset use	✖	✖	✖	✖	✔

# Strategy

Knowledge sharing on climate best practices was a key part of our program in 2024.

## Education and Innovation: Spotlight on Climate Trainings

Training helps our teams understand and adopt centralized climate resources. Oaktree has an annual firmwide training which is required for all investment professionals, as well as other strategy-specific and thematic trainings on specific topics. Select climate trainings Oaktree has hosted for investment teams include:

**Climate 101:**  
This training was tailored to investment professionals but open to all employees. The training covered the basics of climate change, including the key transition and physical risks that teams should consider in the investment process. The training also covered Oaktree’s Climate Toolkit.

**Carbon Emissions Dashboard & Report:**  
Oaktree hosted carbon “office hours” to help teams understand the mechanics of our recently launched Carbon Report and Carbon Emissions Dashboard, including our approach to carbon accounting.

**Net Zero Alignment Portfolios:**  
The Sustainability team hosted a training for the Sustainability Governance Committee on how to construct net zero aligned portfolios.

**Net Zero Alignment Tool training:**  
The Sustainability team and investment professionals hosted a training on the Net Zero Alignment Tool. This training provided background on why investment teams conduct alignment, gave an overview of the classification scheme, and discussed how analysts engage with issuers that are not aligned with net zero.

## Spotlight on the Brookfield and Oaktree Climate Summit

Oaktree and Brookfield co-hosted a Climate Summit in Los Angeles in November 2024. The Summit included attendees from multiple businesses across both organizations, including senior leadership, investment professionals, and members from Legal, Compliance, and Marketing. Both groups shared practices on decarbonization and climate-related topics. Among other topics, we discussed assessing net zero alignment, measuring financed emissions, engaging with portfolio companies on climate topics, understanding climate regulations, and designing climate reporting.





Strategy

# Climate Risks & Opportunities

Oaktree has identified material climate-related risks and opportunities for our business based on the recommendations of the TCFD.<sup>1</sup>

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:<sup>2</sup>

- Short-term risks may manifest by 2030
- Medium-term risks may manifest 2040
- Long-term risks 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 sustainability 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 sustainability 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

# Scenario Analysis

Scenario analysis is an exercise that helps us understand our holdings’ exposure to climate risks under different hypothetical futures.<sup>1</sup>

In 2024, the Sustainability team evaluated various scenario analysis frameworks and data sources. We elected to use MSCI’s Climate Value at Risk (CVaR) data, which is an indication of the potential company value that would be at risk under specific climate scenarios.<sup>2</sup> We conducted an initial analysis on our listed equity and liquid credit securities given that CVaR availability was highest for these assets.<sup>3</sup> We looked at CVaR by sector under a range of warming scenarios.<sup>4</sup>

While scenario analysis is a helpful input for assessing climate risk, there are limitations with the data. The models have many underlying climate, economic, and macro assumptions, which creates discrepancies among different data providers. Scenario analysis models can also underestimate the pace of climate change.

Among all the scenarios, the liquid credit and listed equities portfolios had the largest average CVaR under the 1.5-degree scenario, which assumes that climate transition risks are heightened due to (a) delayed or divergent policies across countries and sectors and (b) higher carbon prices. Transition risks are the risks associated with a potential transition to a lower-carbon future, and they include market shifts, technological breakthroughs, and carbon pricing. At a sector level, valuations in the Materials, Energy, and Utilities sectors are most impacted across a range of scenarios. This suggests that these high-emitting sectors are likely to be the most impacted as the economy transitions to a lower-carbon future. These sectors are where our investment teams have enhanced focus on climate risk and tend to conduct alignment analysis.

Scenario analysis is one of many decision-useful climate tools. Looking ahead, we’ll continue to assess how to integrate this analysis into our climate toolkit.



1. For the majority of Oaktree holdings, we do not have third-party scenario analysis data available.

2. CVaR forecasts the present value of the future costs and benefits under different climate scenarios. The present value of the sum of future cash flows are divided by company valuation (enterprise value). This is expressed as a percentage change from a holding’s current valuation.

3. Assets subject to this analysis include Liquid Credit and Listed Equity holdings. Liquid Credit (High Yield Bonds, Multi-Asset Credit, Senior Loans, Emerging Markets Debt, Convertible Securities) and Listed Equity (Emerging Markets Equities) constitutes 29% of Oaktree total AUM (excluding Doubleline and including 17Capital) as of 12/31/24. Scenario analysis excludes structured credit investments.

4. We used MSCI’s 1.5-, 2-, and 3-degree scenarios across the orderly, disorderly, too little too late, and hot house world scenarios to conduct this analysis.



# Risk Management

## Overview

As described in our Sustainability Policy, investment strategies at Oaktree are required to have a Sustainability Integration Plan that describes their approach to incorporating material sustainability risks and opportunities throughout the investment lifecycle [\(see page 10\)](#). Our investment professionals are directly responsible for sustainability integration. They’re supported in these efforts by Oaktree’s Sustainability team and the strategy’s Sustainability Lead and portfolio manager(s). [\(See page 13 for our governance structure.\)](#)

## Credit

Oaktree has developed a suite of resources for credit teams to integrate material climate considerations into both bottom-up analysis and top-down monitoring. Bottom-up analysis helps investment professionals identify company-level risks and opportunities, while the top-down tools support portfolio-wide and firmwide risk management.

### Bottom-up integration for individual credits

Oaktree has constructed our tools based on industry best practices, and many of these are part of our “Climate Toolkit.” The use of these tools and resources in practice varies by investment strategy based on investment time horizon, underlying security types, and level of control. Investment professionals use these tools to evaluate climate risks and their level of materiality for individual credits.

## Bottom-Up Climate Toolkit

### ESG Assessment Tool

Many of Oaktree’s credit strategies use the ESG Assessment Tool in their underwriting, which is guided by the SASB materiality standards. Analysts assess companies’ exposure to material climate-related risks and companies’ management of these issues. Teams use the Assessment Tool to analyze several climate-related factors including carbon emissions, energy efficiency, and environmental impact. The tool can also be used to flag areas for further engagement.

### Net Zero Alignment Tool

Some of our credit strategies also use Oaktree’s proprietary Net Zero Alignment Tool to assess companies’ alignment with a net zero pathway.<sup>1</sup> Most teams focus on companies that are in high emitting sectors where climate issues are material. The tool helps teams identify material issues for engagement and ongoing monitoring.

### Engagement Tracker and supporting resources

Many of our credit teams engage to encourage progress on material topics and track these efforts in the Engagement Tracker. Strategies typically target their engagement activities on companies that could improve their management of a material ESG factor including climate considerations. In addition, we may engage on broader climate issues outside of emissions, such as water use or waste management, where material to the investment thesis. The Sustainability team has created a range of resources to support engagement, including guidance for investment teams and resources for portfolio companies.

1. The use of this tool can vary by strategy and portfolio. Not used by all strategies at Oaktree.

# Risk Management

## Top-down portfolio management

Oaktree displays the data from individual sustainability credit analysis via dashboards. This provides visibility into portfolio-wide risks, opportunities, and trends. Our Sustainability Dashboard includes five separate modules and aggregates our analysts’ bottom-up, company-specific sustainability assessments as well as salient, decision-useful sustainability data to help teams manage portfolio-wide risk.

### Top-Down Climate Toolkit

#### Carbon Emissions Summary

Our Carbon Emissions Summary in the Dashboard allows us to monitor the emissions of our portfolios. It provides several key outputs, including normalized carbon metrics (e.g., weighted average carbon intensity), financed emissions, and top emitters by sector, which allows analysts to conduct issuer- and portfolio-level analysis.

#### Net Zero Alignment Summary

The Net Zero Alignment Summary in the Dashboard displays a portfolio’s market value and financed emissions by alignment classification (e.g., aligned, aligning, or not aligned with net zero).<sup>1</sup> It helps connect alignment to our existing financed emissions and engagement data, which helps teams identify opportunities for engagement for [companies] that aren’t aligned but are top emitters. This component of the Dashboard is a risk tool for investment teams and portfolio managers to monitor portfolio alignment commitments and make more informed investment decisions and allocations.

#### Engagement Summary

Oaktree’s Engagement Summary in the Dashboard aggregates the engagement activities recorded in strategy-specific trackers. It displays portfolio-level engagement information and provides insights on company progress and outcomes, including topics related to climate.

#### Portfolio Sustainability Reviews

Many credit strategies interface with dashboard data during portfolio sustainability reviews or general portfolio monitoring. While the format of portfolio sustainability reviews varies by team, it’s usually a forum to discuss portfolio sustainability developments, top emitting companies in the portfolio, and recent engagements.

1. Only applicable to strategies and funds that assess net zero alignment.

# Metrics & Targets

Oaktree uses a range of climate data to assess financially material risks and opportunities across our portfolios. Emissions are one of the main ways to assess exposure to climate transition risk across our portfolios and wider business. However, emissions are backwards looking and don't take a company's future decarbonization goals and actions into account. Net zero alignment analysis provides a framework to assess a company's forward-looking climate strategy and provides an indication of future emissions trajectory. As such, we see both emissions and alignment as key inputs into a broader view of climate risk of our portfolios.

### Carbon Emissions

*How much is a company emitting today?*

**Pros:** More objective and increasingly reported by companies themselves

**Cons:** Highly dependent on sector and region and does not reflect future decarbonization plans

### Net Zero Alignment

*How are emissions likely to change in the future?*

**Pros:** Provides a forward-looking measure of risk, can incorporate analyst assessments

**Cons:** Based on targets and assumptions so reality may diverge



# Metrics & Targets

## Financed Emissions

Financed emissions are one of the main methods for an asset manager to assess climate risk. Financed emissions are affected by both (a) an issuer’s GHG emissions and (b) an investment manager’s position size in that issuer.

For many of our investment strategies, company-reported emissions data is limited. We’re focused on improving the quality of our GHG emissions data and working with the companies we invest in to disclose emissions.

We consider PCAF guidance when calculating financed emissions within the data constraints of our asset classes and strategies. We currently include Scope 1 and Scope 2 emissions in our calculations, and we don’t include Scope 3 emissions due to concerns around the accuracy of estimated data and comparability between companies. We continue to evaluate the inclusion of Scope 3 emissions in our financed emissions calculations, in line with PCAF guidance.

We source company-reported carbon emissions data and third-party estimates from MSCI. We also collect emissions data directly from control investments as members of EDCI. Where data isn’t available, which is the case for many of our strategies, we estimate this data using an internal estimation methodology, which is informed by PCAF.

Our financed emissions disclosure includes company-reported data for all investment strategies and company-reported data from our EDCI efforts. We have also included MSCI estimates for all investment strategies and internal estimates for our listed equity and liquid credit strategies. Our disclosure represents 44% of total invested capital as of 12/31/2024. We continue to evolve our approach to collecting data from companies, estimating data where it’s unavailable across strategies, and disclosing our firmwide financed emissions.

Market value covered (\$mm MV)	Financed emissions (tCO <sub>2</sub> e)	Carbon footprint (tCO <sub>2</sub> e/\$mm MV)	Weighted average carbon intensity (tCO <sub>2</sub> e/\$mm revenue)
\$64,366	12,396,157	193	292

## Operational Emissions

Oaktree has calculated operational emissions for the 2022, 2023, and 2024 calendar years. Our inventory was calculated using the GHG Protocol operational control approach. Since our initial inventory, we’ve made significant improvements.

In 2022, we published Scope 1, Scope 2, and Scope 3 business travel data. Since this was the first year of our emissions calculations, the majority of our building data was estimated.

In 2023, we enhanced our inventory by using actual building data for our largest offices – Los Angeles, New York, London, and Stamford – and by calculating Scope 3 emissions from employee commuting (in addition to business travel). We use proxies and estimation where certain data isn’t available for our offices and employee commuting.

In 2024, we’re publishing operational emissions from Scope 1, Scope 2, and Scope 3 business travel and employee commute. Scope 3 business travel is a large source of emissions for us, and we hosted a sustainable travel teach-in during 2024 to encourage the adoption of best practices by our employees ([see page 54](#)).

The Sustainability and Corporate Services teams review the operational emissions inventory with senior leadership, internal stakeholders, and the Oaktree Sustainability Network ([see page 53](#)) to review the largest drivers of our footprint. We also discuss opportunities for improvement around educating employees on how to reduce their carbon footprint.

Oaktree Operational Emissions Footprint	2024 (tCO <sub>2</sub> e)
Scope 1 GHG Emissions	2,846
Scope 2 GHG Emissions (Location-Based)	1,089
Scope 2 GHG Emissions (Market-Based)	1,222
Scope 3 GHG Emissions	10,738
Total GHG Emissions	14,673

# Glossary

AAAIM Asian American Association of Investment Managers	Carbon Neutral Removing the equivalent amount of carbon dioxide an organization emits through carbon sinks	D&I Diversity & Inclusion	their investment ownership	LGBTQIA+ Lesbian, gay, bisexual, transgender, queer, intersex, asexual or ally
ACORN Aiding Caregivers & Parents at Oaktree Through Resources and Networks	CEI Corporate Equality Index	ECN Early Careers Network	Financial Materiality Material factors are financial elements deemed fundamental to a company's long-term success	MLT Management Leadership for Tomorrow
AltFinance Organization that helps HBCU students enter careers at alternatives firms, portfolio companies, and pipeline investment banking firms	CFA Chartered Financial Analyst	EDCI ESG Data Convergence Initiative	FSA Fundamentals of Sustainability Accounting	Net Zero Reducing greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere
BoD Board of Directors	CFA ESG Exam Created by the CFA society to educate professionals on the responsible investment landscape	SIP Sustainability Integration Plan	GHG Greenhouse Gas	O4U Out for Undergrad
BREEAM Building Research Establishment Environmental Assessment Method	Circular Economy A system where products and materials are kept in circulation and do not become waste	ELFA European Leveraged Finance Association	GRESB Global benchmark for real assets	OCM Our Communities Matter
Carbon Footprint Measures a portfolio's GHG emissions normalized by its market value	CLO Collateralized Loan Obligation	ESG Environmental, Social, Governance	GWI Girls Who Invest	OSN Oaktree Sustainability Network
Carbon Footprinting Measures an organization's total amount of greenhouse gas emissions caused directly or indirectly by an organization	CMBS Commercial Mortgage-Backed Securities	ESG Integration The process of including ESG factors in investment analysis and decisions to better manage risks and improve returns	HBCU Historically Black Colleges and Universities	OWC Oaktree Women Circles
Carbon Intensity A measure of carbon dioxide and other greenhouses gases per unit of activity	CO <sub>2</sub> Carbon dioxide	FDA Food and Drug Administration	IIGCC Institutional Investors Group on Climate Change	Paris Agreement International treaty on climate change to limit the global temperature increase to 1.5°C or well below 2°C by 2100
	CO <sub>2</sub> e Carbon dioxide equivalent	Financed Emissions Measure the total carbon emissions for which an investor is responsible through	ILPA Institutional Limited Partners Association	Paris Alignment Refers to whether a capital flow is aligned with the objectives of the Paris Agreement
			LEED Leadership in Energy and Environmental Design	

# Glossary

<p>PCAF Partnership for Carbon Accounting Financials</p> <p>Physical Risk Risks from the physical impacts of climate change, including event-driven (acute risks) or longer-term shifts (chronic risks) in climate patterns</p> <p>PRI Principles for Responsible Investment</p> <p>PTT Portfolio Transformation Team</p> <p>REIT Real Estate Investment Trust</p> <p>Responsible Investment A strategy and practice to incorporate environmental, social, and governance factors into investment decisions and active ownership</p> <p>SASB Sustainability Accounting Standards Board</p> <p>SASB FSA Sustainability Accounting Standards Board Fundamentals of Sustainability Accounting</p>	<p>Scenario Analysis A process of examining and evaluating how a company might perform under different hypothetical climate futures</p> <p>Science-Based Targets Initiative (SBTi) A global initiative that helps companies set science-based emissions reduction targets and drive sustainable growth</p> <p>Scope 1 Emissions Direct GHG emissions occur from sources that are owned or controlled by the company</p> <p>Scope 2 Emissions GHG emissions from the generation of purchased electricity consumed by the company</p> <p>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</p> <p>SIP Sustainability Integration Plans describe how strategies implement Oaktree's Sustainability Policy throughout the investment lifecycle</p> <p>SFDR Sustainable Finance Disclosure Regulation</p>	<p>SLLs Sustainability-linked Loans</p> <p>TCFD Task Force on Climate-Related Financial Disclosures</p> <p>Transition Risk Risks associated with transitioning to a lower-carbon economy, including policy, legal, technology, and market changes</p> <p>UGC United Groups Connect</p> <p>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</p> <p>VRF Value Reporting Foundation</p> <p>WAVE Women's Association of Venture and Equity</p> <p>Weighted Average Carbon Intensity Portfolio level metric which shows the market-value weighted average of revenue-based carbon intensity</p> <p>WIIN Women in Institutional Investments Network</p>
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# Disclosures

Financed Emissions:

1. Sources: MSCI, Oaktree Capital Management. EVIC and revenue metrics are sourced from MSCI for listed holdings, and directly from companies for select control or significant influence private investments. Therefore, we make no guarantees to the accuracy of this data.
2. Scope: Oaktree has disclosed company-reported data and estimated data from MSCI for all investment strategies (excluding Real Estate), estimated data from MSCI for all investment strategies (excluding Real Estate), and internal estimates for liquid credit and listed equity holdings. These figures cover 44% of total invested capital as of 12/31/2024. This excludes capital not yet deployed as well as subsidiaries, including Doubleline and 17Capital. Additionally, we do not disclose emissions for the following asset types due to either data limitation or lack of common methodology: CMBS, RMBS, sovereign bonds, municipal bonds, REITs, ETFs, revolving credit facilities. There is a time lag associated with disclosures as companies disclose emissions at the end of each fiscal year; as such, our data reflects a mix of calendar year emissions, typically 2023, 2024, or the most recent data available.
3. Estimations: We have included estimated data from MSCI for all strategies and internal estimates for liquid credit and listed equity holdings. Estimation methodologies are imperfect because they’re based on assumptions about business operations, peers, and industry averages.
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.
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). We recognize that this metric is limited in terms of comparability or benchmarking due to its link to portfolio size.
6. Carbon Footprint: Measures a portfolio’s 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 2024 GHG inventory was developed using the GHG Protocol operational control approach. The data reflects emissions from January 1, 2024 – December 31, 2024. Oaktree’s inventory includes facilities in all countries in which it operates. Select offices for our AIFM were not included in the inventory (‘de minimis’) since Oaktree does not have operational control over these offices.
3. Data Limitations: These emissions are unaudited. We’ve relied on estimations for select offices where data isn’t available. Oaktree’s Scope 3 employee commute data is partially based on estimates. These estimates are based on regional averages and assumptions according to location of our operations.
4. Scope 1: Direct sources of emissions. This category includes combustion of fuels, including natural gas, mobile combustion, and fugitive emissions, including refrigerants. We’ve included actual data for our major offices, depending on whether these energy sources are used. We use estimates based on regional averages for the remaining offices.
5. 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’ve used actual electricity usage data for our Los Angeles, New York, London, Stamford, and Houston offices. Electricity consumption was estimated based on the United States Energy Information Administration’s (US EIA’s) Commercial Buildings Energy Consumption Survey (CBECS).
6. Scope 3: Emissions that are the consequence of the activities of a company. We’re reporting business travel emissions (Scope 3, Category 6) and employee commute (Scope 3, Category 7). Oaktree reports Scope 3 financed emissions in our financed emissions disclosures. Oaktree does not report the other Scope 3 categories which include purchased goods and services, capital goods, fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, upstream leased assets, downstream transportation and distribution, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets, franchises
7. Total Scope 1 + 2 + 3 emissions is reported using the location-based figure for Scope 2.

Other general disclosures:

1. 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.
2. 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. Oaktree is reliant on company-reported ESG data for these non-emissions metrics. This is an area we will continue to evaluate going forward.



[oaktreecapital.com](http://oaktreecapital.com)