## SFDR Sustainability Risk Statement

The EU Sustainable Finance Disclosure Regulation ("SFDR") requires Strategic Value Partners, LLC (together with its affiliates, the "Firm" or "SVPGlobal") to make the following disclosures available on its website.

### *Sustainability Risks*

Incorporating ESG standards across our investments, especially our control portfolio companies, as well as SVPGlobal's business practices, is aligned with our firm's culture, investment value creation approach and the following core beliefs:

- ESG risks are financial risks
- ESG factors can positively impact financial value creation as well as limit downside outcomes
- We recognize that our Firm and our portfolio investments can play a constructive role to mitigate environmental and social challenges

### *Investment Process*

- We incorporate ESG considerations across our investment screening, due diligence and ownership for control investments. ESG sensitivity is reviewed within the context of each specific investment
- ESG Sensitive Business Guidelines, Controversies Review and Company Disclosures Review steer our ESG screen
- ESG due diligence includes an **Assessment of Investment Specific** ESG factors and a **Thematic Assessment** of how broader **ESG Themes** of **Carbon Transition, Physical, ESG Regulation and Liabilities** might impact a specific investment
- We most directly monitor and promote ESG considerations where we have control or significant influence
- SVPGlobal specifies broad KPIs to track the ESG performance of our control investments. Key initiatives are often identified in value creation plans to drive execution against the KPIs.

Additional information regarding the Firm's ESG policies is available upon request.

### No consideration of Principal Adverse Impact

The SFDR requires the Firm to make a "comply or explain" decision as to whether to consider the principal adverse impacts ("PAIs") of our investment decisions on sustainability factors, in accordance with a specific regime as outlined in SFDR. The Firm has decided not to comply with the SFDR regime. The Firm is therefore required to publish and maintain on our website a statement to explain our reasons for not complying with the PAI regime in SFDR, and information as to whether and when we intend to comply with such regime.

SVPGlobal does not consider the PAI of our investment decisions on sustainability factors because we view ESG as one of many factors driving investment value creation. Moreover, we note that we are not required to consider non-financial performance considerations in respect of our investment products under SFDR. We evaluate ESG factors in our investment due diligence in the context of our broader investment thesis that also includes financial, strategic, and operational considerations; and where we have control of a portfolio investment, we work with management to pursue sustainable business practices and improve their ESG framework consistent with our overall approach.

### ***Remuneration Policy***

SVPGlobal's remuneration policies are consistent with its approach to the integration of sustainability risks in the investment decision making process. SVPGlobal believes that ESG considerations are an important aspect of security analysis and can be a type of financial risk. Accordingly, compliance with ESG factors or the integration or incorporation of such factors into SVPGlobal's investment process could have an impact (both positive or adverse) on the performance of investments and the performance of funds managed by the Firm. Pursuant to SVPGlobal's remuneration policies, SVPGlobal is committed to maintaining a compensation structure that is aligned with its investors while at the same time is effective at attracting and retaining talent. SVPGlobal employees are compensated with a combination of salary and discretionary bonus, which is based on both individual and SVPGlobal's overall performance. Discretionary remuneration takes into account the performance of the individual employee and the size of the overall bonus pool. Accordingly, such discretionary compensation takes into account both future earnings and future risks. To the extent that ESG, like any other investment risk, has an impact on portfolio performance, this is likely to be reflected in the overall level of discretionary remuneration awarded to employees.