

SUSTAINABLE VALUE CREATION REPORT

2021

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Last year, we prepared our first Sustainable Value Creation Report, in honor of 15 years of creating impact at Centerbridge. As we continue our longstanding journey to do well by doing good, we are excited to begin providing annual updates on our progress.

2021 was another whirlwind year — with remarkable science fueling recovery and we hope putting the worst of the pandemic behind us, although variant resurgences at the end of the year and into early 2022 have led to increasing caution. Despite this, the world’s, and Centerbridge’s, focus on investing responsibly has not waned. If anything, the importance of creating sustainable businesses has become all the more pronounced. In 2021, we continued to expand and elevate our approach to Environmental, Social & Governance (“ESG”), Inclusion & Diversity (“I&D”) and our Foundation and community efforts. We believe that focusing on these areas makes us better investors, while also driving environmental and social progress.

Importantly, in 2021, we became a signatory to the United Nations-backed Principles for Responsible Investment (PRI), an organization dedicated to promoting environmental and social responsibility among the world’s investors. In line with our commitment to the PRI, we continued to further integrate ESG considerations into our investment approach across all three of our investment strategies — private equity, credit and real estate.

We believe that focusing on these areas makes us better investors, while also driving environmental and social progress.

We also continued our focus on diversity at the highest and most senior levels, as we believe that increased diversity drives better decisions. We set a target for at least two diverse members on every portfolio company board, while also enhancing the diversity of our Firm, including our Investment Committees.

Finally, together, we continued to focus on driving transformative change across our local communities in New York City and London. Our Centerbridge Foundation, established in 2007, continues to support education organizations that are addressing systemic inequalities and expanding opportunity for young people, which has become even more critical in the wake of the pandemic. In addition, we were particularly excited to announce CUNY Futures in Finance, an industry partnership ignited by our belief in CUNY’s mission, to prepare and connect diverse, strong talent in our backyard with careers in the financial sector.

We made significant progress in 2021 — detailed further within this report — but we recognize there is so much more work and opportunity ahead of us. We cannot know exactly what 2022 will bring, but we are confident that, with ESG, I&D and serving the community embedded in our culture and integrated within our processes, we will be better-positioned to confront the unexpected and continue creating sustainable and impactful value.

Very truly yours,



Jeffrey H. Aronson
CO-FOUNDER, MANAGING PRINCIPAL



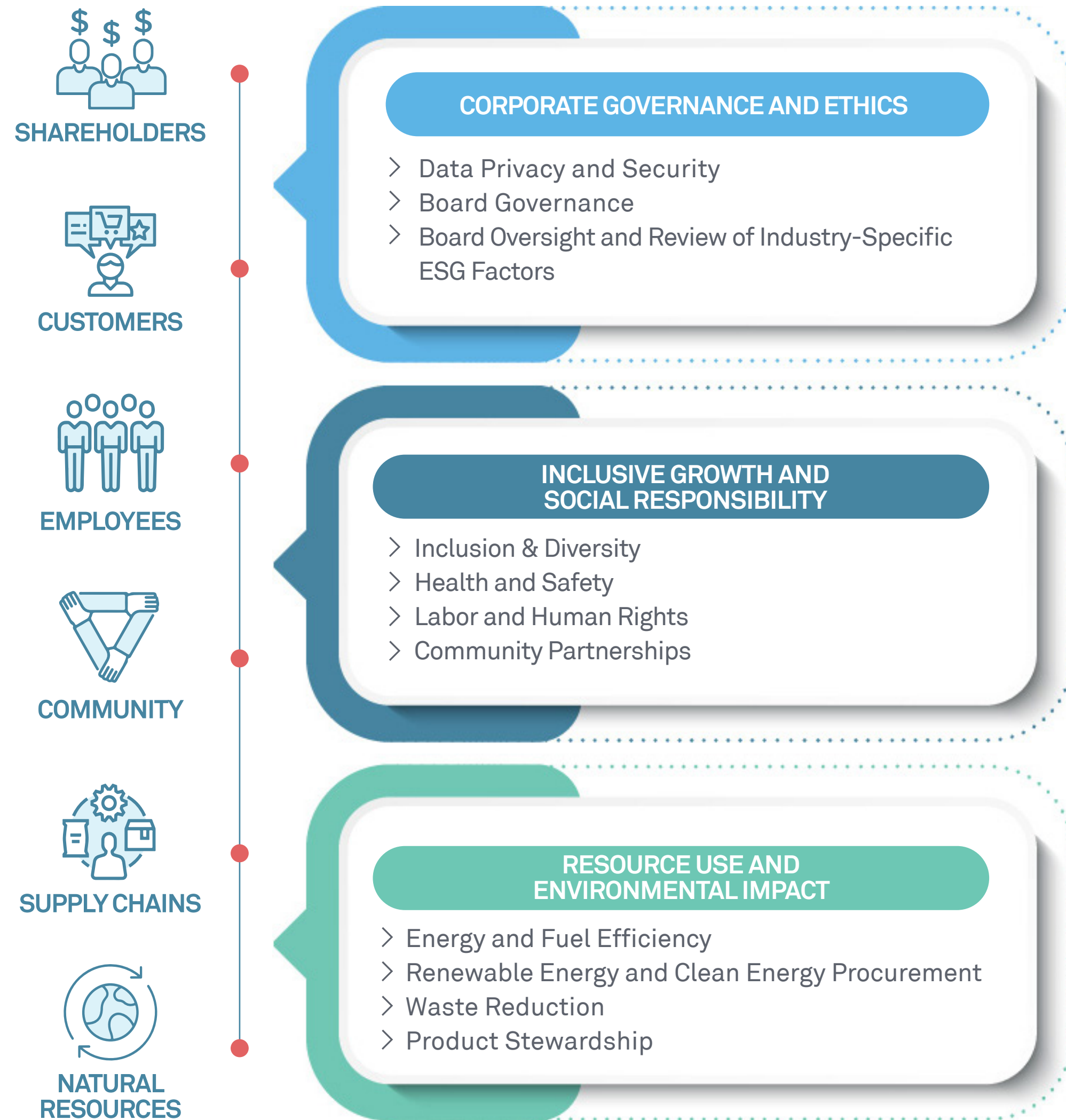
Sustainable business practices create value — for our investors, employees, portfolio companies and the communities where we operate

Centerbridge’s 2020 Sustainable Value Creation Report described how we mitigate risk and create enduring value by systematically incorporating ESG considerations into our operations and investment lifecycle. Our three pillars of Corporate Governance and Ethics, Inclusive Growth and Social Responsibility and Resource Use and Environmental Impact, coupled with our One Team philosophy, continue to form the backbone of Centerbridge’s ESG work through the years.

Every year, we strive to enhance our ESG strategy to incorporate new themes, industry trends and best practices. What remains constant in our ESG approach is our strong focus on the consistent implementation of our operating models and toolkits across our investment strategies.

In addition, I&D — an integral component of our second pillar of Inclusive Growth and Social Responsibility — continues to remain a key area of focus for our Firm and investments. A deep dive on our I&D work is presented on pages 7–8.

A STAKEHOLDER BASED APPROACH TO SUSTAINABLE VALUE CREATION



Over the last year, Centerbridge has made significant strides in its ESG journey, including the milestones below:

- ✓ Leveraged our One Team philosophy, predicated on the complementary relationship between equity and credit investing through a full investment cycle, to deepen and enhance our credit and real estate ESG integration models, applying our learnings from our private equity approach
- ✓ Further strengthened our ESG integration model in private equity through an increased emphasis on ESG at the portfolio company board level
- ✓ Initiated the creation of an ESG integration model for credit investments using third-party ESG research and data platforms — Sustainalytics® and RepRisk® — to enhance how we integrate ESG risks and opportunities into the investment diligence process, as well as monitor reputational and business conduct risk; implementation to follow in 2022
- ✓ Became a signatory to the United Nations-supported Principles for Responsible Investment (PRI) — a natural step forward for us
- ✓ Joined ILPA’s Diversity in Action Initiative as a founding signatory to further advance our commitment to I&D
- ✓ Committed to collecting and reporting on select ESG performance data by joining the ESG Data Convergence Project — an industry-wide GP-LP partnership that aims to create a critical mass of meaningful ESG data from private companies by converging on a standardized set of ESG metrics for the private equity industry
- ✓ Drove significant progress on I&D both within the Firm’s talent lifecycle, as well as for our portfolio company boards and executive leadership teams — detailed in the next section

PRIVATE EQUITY

Over the last several years, we have developed a rigorous approach to incorporating ESG factors within our investment process for control investments within Centerbridge’s private equity funds. Our 2020 report details our Responsible Investment Standards and key components of our operating model for ESG integration, which includes: (1) in-house industry specific guidance, (2) an ESG diagnostic to be completed during the diligence process and incorporated into Investment Committee materials, (3) an annual portfolio ESG performance assessment where we partner with management to identify areas of ESG risk and opportunity and (4) required annual board discussions on ESG.

In 2021, we introduced and implemented several enhancements to further strengthen our ESG integration model. Key highlights include:

- ✓ **100%** of our Portfolio CEOs signed Centerbridge’s Sustainable Value Creation Commitment Statement. By endorsing this statement, CEOs agree to participate in Centerbridge’s annual ESG assessment, identify areas of risk and opportunity, and track progress over time
- ✓ **20+** companies participated in Centerbridge’s annual ESG assessment
- ✓ **>90%** of portfolio companies discussed industry and company-specific ESG factors at the board level. Some of the topics are captured on the right
- ✓ **2+** diverse member target introduced for each new portfolio company board
- ✓ Integrated ESG considerations into the quarterly valuation process
- ✓ Started exploring ways to leverage new developments in the space, including ESG-linked margin ratchets in term loans and ESG preparedness for IPOs
- ✓ Enhancing the 2022 Portfolio ESG performance assessment to include ESG KPIs and alignment with the recommendations of the Taskforce on Climate-Related Financial Disclosure

Board-Level ESG Topics:

-  ESG assessment score and enhancement plan
-  Materiality matrix and ESG strategy
-  I&D data and action plan
-  Governance structure e.g., internal working groups
-  Board effectiveness
-  Deep-dives on safety, cybersecurity, environmental risk, product stewardship, community engagement, supply chain sustainability

CREDIT

Centerbridge views ESG as both a lever for risk mitigation as well as value creation. Even within strategies or investments where we do not operate with controlling influence, we adapt our ESG integration approach while remaining aligned to the core tenets of our commitment to ESG principles. In our credit business, we have been able to leverage the ESG experience and learnings from our private equity and real estate strategies, while tailoring our approach depending on the level of influence we have.

In 2021, a group of credit-focused Investment Professionals worked together with the ESG Working Group and a third-party ESG specialist to enhance the operating model for integrating industry-specific ESG factors within our credit business across the full investment lifecycle — screening, diligence, reporting and post-investment management. The credit team will begin implementation in 2022.



SCREENING Enhancing our sector-based screening approach using clear Firm-wide exclusion and escalation protocols

INDUSTRY-SPECIFIC GUIDANCE Prioritizing ESG factors which have the potential to make a meaningful impact on the financial condition or operating performance of a company, or those which may result in significant reputational risk, using our in-house industry-specific guidance which draws on the principles of the Sustainability Accounting Standards Board

DILIGENCE Developing an ESG diligence framework designed to incorporate industry-specific ESG factors using a proprietary decision-tree model. Approach to be tailored to the type of investment — public or private — and the level of control, through a combination of an internal diagnostic and/or analysis using third-party ESG data providers, Sustainalytics® and RepRisk®. Key findings to be incorporated into Investment Committee materials, where applicable

REPORTING AND POST-INVESTMENT ENGAGEMENT Planning to integrate ESG considerations into the ongoing Quarterly Portfolio Review process, where applicable, and developing a standardized approach for engaging companies where we have non-control investments

ESG INTEGRATION IN REAL ESTATE

We have long believed in the integration of ESG risk mitigation and value creation opportunities within the investment process. Recently, we formalized a two-pronged operating model for ESG management across the global real estate portfolio. Centerbridge's responsible investment standards and operating themes, as detailed in our 2020 Sustainable Value Creation Report, continue to form the basis of this approach.

TWO-STAGE ESG DILIGENCE

The two-step ESG assessment is integrated within the diligence process and tailored to the asset class under consideration. The first assessment occurs during the pre-diligence stage and contains initial ESG-related observations of early-stage deals. If the deal progresses to the detailed diligence phase, a more comprehensive ESG diagnostic is completed. As in our private equity investments, these analyses are included in the Investment Committee materials and give the Investment Committee a snapshot of the ESG-related risks which may affect the financial or operating performance of the target. In addition, the diagnostic provides a high-level assessment of the ESG areas to focus on during ownership.

Key ESG areas assessed

- Physical climate risk considerations
- Business ethics and transparency
- Employment practices
- Diversity composition
- Health and safety
- Data privacy and security
- Environmental risks and opportunities to reduce impact

PORTFOLIO MANAGEMENT

Centerbridge's approach to managing the real estate portfolio is anchored on the principle of responsible ownership. Therefore, ESG risks and opportunities form a key pillar of the value creation plan for Centerbridge's real estate investments.

Examples of ESG factors implemented in Centerbridge's real estate investments:

- Deploying energy and water efficient technologies
- Installing electric vehicle charging stations
- Sustainable sourcing practices
- Biodiversity conservation and rehabilitating ecosystems
- Sustainable certifications for new construction
- Efficient and sustainable use of natural resources
- Board and executive leadership diversity
- Community engagement and strategic partnerships
- Renewable energy sourcing and deployment
- Health and safety standards and practices
- Employment practices

Select ESG Themes in Action¹

BIODIVERSITY AND ECOSYSTEM PRESERVATION

In an effort to reduce the environmental impact associated with Open Cell Foam Blanks, a product widely used in the boating industry, **Suntex Marinas** initiated a program to replace such material with Encapsulated Foam alternatives. This has helped eliminate hazards like microplastic leakage into the water that harm plant and marine life, as well as environmental contamination due to the non-biodegradable nature of the product

EFFICIENT AND SUSTAINABLE USE OF NATURAL RESOURCES

The **Lennar Single Family Rental venture** aims to provide affordable safe housing for middle income families and uses a variety of methods to reduce its environmental impact:

- Lennar uses drywall that is 25% lighter than older vintage drywall in its homes, reducing shipping cost and carbon emissions associated with delivery of materials
- 45% of Lennar homes use PET Enhanced Plank flooring, which is made from 40% recycled content, reducing reliance on natural resources
- Hardwood flooring is being sourced only from 100% certified responsible/sustainable forests
- 95% of Lennar homes use post commercial recycled content carpet pads
- 100% of Lennar homes will utilize LED lighting
- Low-E windows are utilized in almost all Lennar homes
- All Lennar homes utilize cutting edge water efficiency technology, including Flo by Moen water shut off technology

RENEWABLE ENERGY SOURCING

In 2020, **Self Storage Group ASA** started to consolidate all electricity usage for its Norwegian facilities at one supplier, allowing it to more closely monitor electricity consumption for each facility and establish KPIs, targets and action plans accordingly. Today, SSG sources 100% of its electricity for its Norwegian properties from renewable and carbon-neutral sources

2021

\$116M+

invested in buildings and features that offer environmental and social benefits

2+

diverse members on every portfolio company board going forward

100%

of control investments deployed measures to reduce their environmental impact

11,000+

lightbulbs across the portfolio converted to LED

¹All initiatives highlighted for Suntex Marinas, Lennar Single Family Rental venture and Self Storage Group ASA are as of December 31, 2021.



INDUSTRY
FINANCIAL SERVICES

REGION
EUROPE

FUND
CCP III

TRANSACTION CLOSE
NOVEMBER 2020

INVESTMENT STATUS
UNREALIZED

auxmoney, a leading digital-lending platform for consumer credit in Europe, successfully placed its first asset-backed security of EUR 250 million. Proceeds of the issuance will finance people who are often inadequately provided with credit by traditional banks — the self-employed, students and trainees, employees in probationary periods and temporary employees, as well as young people and migrants with a low credit history. Through a more differentiated risk assessment, auxmoney also enables access to loans for these population groups and thus promotes financial inclusion. auxmoney believes that the transaction was one of the first of its kind in Europe to include securities externally certified as social bonds. auxmoney’s social bond follows the standards defined by the International Capital Market Association’s (ICMA) Social Bond Principles (SBP). ISS Corporate Solutions also issued a Second Party Opinion confirming the eligibility of the security as a social bond.



INDUSTRY
REAL ESTATE

REGION
NORTH AMERICA

FUND
CCP III & CPREF

TRANSACTION CLOSE
MAY 2017

INVESTMENT STATUS
PARTIALLY REALIZED

Merit Hill is a corporate platform focused on acquiring and owning self-storage properties throughout the United States. Merit Hill’s portfolio includes over 200 properties located throughout the country, including in Arizona, California, Florida and Texas, among others.³ Given the significant usage of energy across the self-storage portfolio, Centerbridge has partnered with Merit Hill to implement a number of energy reduction initiatives to reduce the portfolio’s carbon footprint as well as decrease utility costs. The following energy initiatives have been implemented and are in the process of being rolled out across the portfolio: (1) replacing existing lighting with energy efficient LED lighting, (2) installing solar panels (where zoning permits), (3) upgrading HVAC controls to reduce energy usage and (4) installing motor sensors to reduce unnecessary lighting and power consumption in hallways and corridors. These initiatives have resulted in a reduction of greenhouse gas emissions equivalent to those generated by driving over 600 passenger vehicles for one year.⁴



INDUSTRY
FINANCIAL SERVICES

REGION
NORTH AMERICA

FUND
SC III-FLEX

TRANSACTION CLOSE
APRIL 2021

INVESTMENT STATUS
UNREALIZED

Forbright Bank, a full-service bank, commercial lender and asset manager committed to accelerating the transition to a sustainable, clean energy economy, is one of the only seven U.S. banks that are signatories to United Nations Principles for Responsible Banking.⁵ It also has pledged to ensure that its operations are net zero. Two of the initiatives which Forbright is driving within its lending platform to further its commitment to sustainability-oriented and social goals include (1) dedicating half of its assets to financing companies involved in driving the change to a more resilient, sustainable and low-carbon economy and (2) a partnership with Mosaic, a solar and energy-efficient home improvement financing platform with a plan to facilitate \$1.5 billion in new loans to homeowners and builders across the U.S. making the transition to clean solar energy and battery storage. In addition to direct lending, Forbright enables its customers to direct their FDIC-insured deposits toward clean energy and sustainability-oriented loans through decarbonization-linked deposit products. In December 2021, Forbright issued a \$125 million inaugural Green Bond, which follows the standards defined by the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) 2021.



INDUSTRY
REAL ESTATE

REGION
NORTH AMERICA

FUND
CPREF

TRANSACTION CLOSE
JANUARY 2021

INVESTMENT STATUS
UNREALIZED

FreshDirect, a leading online fresh food grocer in the United States, has implemented a number of environmental and social initiatives throughout its value chain. The company is exploring energy efficiency opportunities to reduce its carbon footprint and is providing visibility and recognition to BIPOC-led brands that are working toward a more sustainable, inclusive and just food system. In addition, the company has developed a number of responsible sourcing practices and initiatives. These include (1) supporting sustainable and ethical food production through their partnership with Equal Exchange, which according to FreshDirect made it the first east coast retailer to sell organic and Fairtrade bananas sourced from farmer cooperatives in Ecuador and Peru, (2) sourcing meat from farms that practice sustainable farming practices through 100% grass-fed programs that couple intensive animal welfare practices with regenerative agriculture (rebuilding the soil, restoring biodiversity and improving the water cycle), (3) sourcing fish from farms that practice responsible aquaculture and (4) partnering with several brands that use upcycling, taking unused or discarded foods and transforming them into new products, therefore adding value and reducing waste.

² The examples highlighted on this page are intended to illustrate approaches that have been taken in various investments, and are not intended as a comprehensive representation of ESG initiatives within the funds’ portfolios.

³ As of December 31, 2021.

⁴ Per company board materials as of December 2021.

⁵ As of September 21, 2021.

Inclusion & Diversity is a key pillar of our ESG strategy and a business imperative that helps drive top performance

Diversity of talent leads to diversity of thought, which is critical to successful investing. To demonstrate our commitment to I&D both within Centerbridge and the broader investment management industry, we became a signatory to the ILPA Diversity in Action Initiative. In last year’s Sustainable Value Creation Report, we outlined the Firm’s history and overall approach to I&D. We take an integrated, investment-centric approach to not only recruit diverse talent, but to retain, develop and advance such talent. Below are the key areas and initiatives in our talent lifecycle with spotlights on select 2021 programs to the right.

- RECRUIT** Diversifying our candidate pipeline and hires
 - ✓ Early career partnerships
 - ✓ Recruiting playbook
 - ✓ Interview training
 - ✓ Founders Fellowship
- RETAIN** Fostering belonging, openness and equity
 - ✓ Sustainable Value Creation Steering Group
 - ✓ Engagement surveys
 - ✓ Pay equity, benefits and policies
 - ✓ Resource groups, including the BCAC
- DEVELOP** Elevating skills and preparing future leaders
 - ✓ Apprenticeship
 - ✓ Mentorship
 - ✓ Speaker series
 - ✓ Centerbridge Management Academy
- ADVANCE** Embedding I&D in all talent management practices
 - ✓ Talent Philosophy
 - ✓ Talent Criteria
 - ✓ Performance Management
 - ✓ Career Sponsorship Program

FOUNDERS FELLOWSHIP

The Founders Fellowship was borne out of our goals to create greater gender equity within the asset management industry. The program, which offers a year-long professional development opportunity for undergraduate women interested in careers in investing, provides experiential learning, career coaching, networking and mentorship. Fellows join us for monthly workshops covering a range of topics specific to the investment industry, such as: The Life Cycle of a Private Equity Deal, IPOs, Financial Analyses and more. All fellows are matched with Centerbridge mentors who help prepare them for investing careers. The program has continued during the 2021/2022 school year with plans to run annually going forward.

CAREER SPONSORSHIP PROGRAM

Advancing underrepresented groups across all areas and levels of our Firm requires intense focus, commitment and action. One of the ways we sought to achieve this was through the creation of the Career Sponsorship Program, which was established in 2021. Thirty team members from underrepresented demographics are paired with senior leaders from across the Firm. Sponsors meet with their paired participant throughout the year to help support their career goals and aspirations and work to expand their visibility within the organization by highlighting participants for recognition and opportunities for career advancement.



BLACK CAUCUS AT CENTERBRIDGE

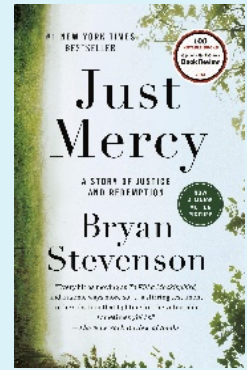
In October 2020, several team members came together to form the Black Caucus at Centerbridge (“BCAC”), whose mission is to foster advocacy, empowerment, support and the advancement of our Black-identifying team members. Shortly after the BCAC was established, the Allies Network was launched providing further opportunities to listen, learn and take action on I&D initiatives. The BCAC partners with our Human Capital Team to help attract, retain and advance Black talent so that our Firm reflects or exceeds the diversity of the communities and companies in which we invest. Through collaboration with our Foundation and talent partnerships, portfolio companies and clients, we seek to exchange ideas, best practices and resources committed to racial equality. In 2021, the Allies Network introduced a series of communications and engagement opportunities including the first Ally Bulletin, highlighting various current events and articles related to social equity and justice.

CENTERBRIDGE MANAGEMENT ACADEMY

In 2021, we launched our Management Academy, which included 12 managers from across the Firm globally, representing the Investment and Business Operations Teams, with a mix of gender and other diverse characteristics. The purpose of the program is to help our managers grow their capacity and capability for inclusive people management. Grounded in the Firm’s management capability framework, the learning journey is structured dynamically including: a customized skills assessment, instructor-led learning sessions, internal leader conversations, individual coaching and peer coaching. The Centerbridge Management Academy is now an annual learning offering with the goal to have all managers participate in the program.

<p>60% of 2022 associate class is diverse</p>	<p>89% of 2021 summer interns were diverse</p>	<p>64% of 2021 senior promotions were women</p>
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I&D ENGAGEMENT EVENTS



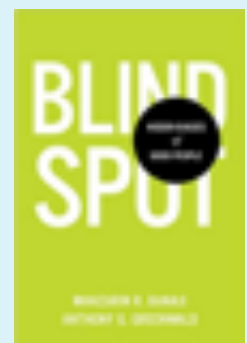
Conversation with Bryan Stevenson

In December 2020, we were excited to have Bryan Stevenson, Founder & CEO of the Equal Justice Initiative, speak with the Firm. Mr. Stevenson has dedicated his life to combating human rights inequalities within our justice system. His work in criminal justice and as an advocate for the most marginalized in our society has been widely recognized. Team members were provided a copy of his bestselling book *Just Mercy: A Story of Justice and Redemption* as well as a gift card for contributing to the community in a way most meaningful to each individual.



I&D LP Roundtable

In February 2021, we hosted an I&D Roundtable with our LPs. The session was highly attended and one of the first of its kind within the industry to speak openly about I&D progress and challenges. During the 2-hour discussion, we shared an overview of the Firm's I&D initiatives, including the operating model used to set and implement our I&D strategy across our Firm, portfolio companies and community.



Unconscious Bias Workshop with Dr. Mahzarin Banaji

In May 2021, we invited Dr. Banaji to host an interactive session with the Firm to build awareness in identifying implicit biases and learning tools to adjust automatic patterns of thinking, with the goal of increasing inclusive behaviors. Dr. Banaji is a renowned Professor at Harvard University, previously at Yale University, and experimental psychologist who has spent the past 35 years understanding how the mind works in social contexts. All team members were provided a copy of her book with Anthony Greenwald, *Blindspot: Hidden Biases of Good People*.

I&D IN THE PORTFOLIO

Centerbridge strengthened its approach with regard to board diversity in 2021 by implementing a commitment to target at least two diverse directors for each new portfolio company board. In order to build our pipeline of qualified diverse candidates, we are in the process of establishing partnerships with organizations dedicated to building such networks. Centerbridge recently partnered with Him for Her, a social impact venture with a referral-only talent network of more than 3,800 board-ready women, more than a third of whom are women of color, aimed at accelerating diversity on corporate boards.

Centerbridge also encourages its portfolio companies to define I&D goals and implement programs to achieve those goals. Active support to do so has included CEO and CHRO Workshops and trainings to institute and advance best practices.

In addition, Centerbridge encouraged portfolio company boards to add a dedicated I&D discussion to their agendas in 2021 and engaged Diversio®, an anonymous and automated data collection platform, to further enhance our annual I&D tracking exercise for our boards and executive leadership teams in 2022.



Board Priority

- Board review and support on I&D initiatives
- Focus on board and executive team composition



Portfolio Partnership

- Best practice sharing
- Toolkit and program development



Measure Progress

- Diversity demographics
- I&D management practices
- Other KPIs including inclusiveness index

CENTERBRIDGE FOUNDATION

Mission and Approach

Established in 2007, the mission of the Centerbridge Foundation is to **increase access to educational and economic opportunities for young people so that they can achieve their full potential.** We believe that a quality education provides the most direct path to increased academic achievement, a broader range of employment options and longer-term economic self-sufficiency. In last year’s Sustainable Value Creation Report, we discussed the 15-year history of our work in our communities, detailing our strategic partnership grants, team engagement and the deep connection to the I&D strategy at the Firm.

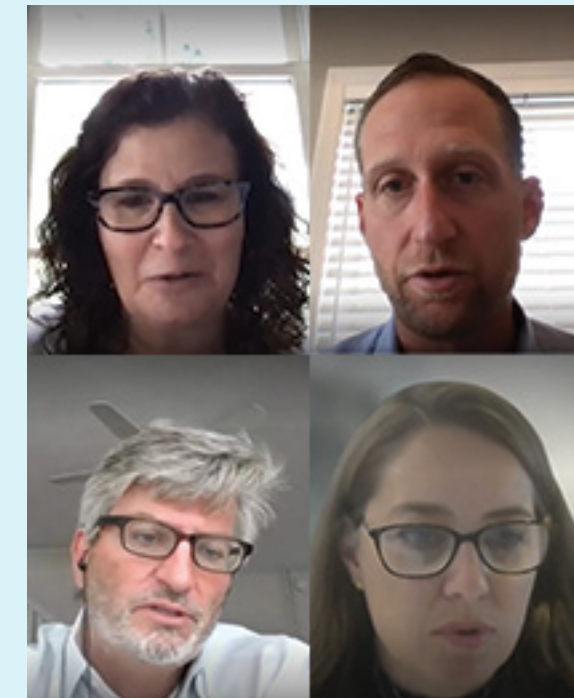
This year, we continued to implement our multi-faceted approach to address systematic inequities and partner with organizations providing opportunities for young people who face additional barriers to success and are less likely to be prepared for college and careers. While staying true to the Foundation’s mission, in 2021 we were responsive to sector changes and events, mostly related to COVID-19, and pivoted to find the opportunities that provide maximum impact across our communities. As Bryan Stevenson has said, and reminded us when he spoke with the Firm, **“we all have a responsibility to create a just society.”** At Centerbridge, we have not taken this responsibility lightly and will continue to look for new opportunities and deepen current initiatives which, over time, will lead to improving student outcomes and strengthening our communities.

Team Impact, Learning and Firm Engagement

In 2021, we continued to rely on our team’s valuable skills, deep commitment and interest in the Foundation’s work to accomplish our goals and advance our mission. Below are select team engagement highlights from the year.

EDUCATION LEADERS PANEL

Over the summer, we hosted a panel of four extraordinary education leaders and members of our Foundation’s portfolio — Richard Barth, CEO of KIPP Foundation, Nicole Hurd, ex-President of College Advising Corps and current President of Lafayette College, Phoebe Boyer, Executive Director of Children’s Aid, and Mark Dunetz, Executive Director of New Visions. Through an interactive conversation, the leaders provided their thoughts on the past 20 months, current state of the education system, the road to recovery from the pandemic and how to address current disrupted education systems.



ANNUAL SERVICE MONTH

Given that many organizations had to shift their volunteer programming and had limited engagement opportunities due to COVID-19, we extended our longstanding week of service to provide volunteer opportunities for our team members throughout the month of July in New York City and London. From gardening at a community school run by Children’s Aid in New York City to supporting young people online through the employability organization Resurgo in London, we had several options for our team members to get involved with community-based organizations.



COVID-19 CONTINUED SUPPORT

Centerbridge responded to the COVID-19 crisis in a staged effort to address immediate needs and plan for longer-term strategic response. In 2020, these included direct needs grants, developing the One Team Relief Fund and providing additional grant partner support. In 2021, in recognition of the anniversary of the pandemic’s onset and to respond to the extraordinary challenges low-income communities faced, the Foundation made donations to organizations in New York City and London focused on providing mental health services and support to first responders and young people in underserved communities.



YEAR-END SPEAKER

It has been a tradition to invite a guest speaker at the end of every year to reflect on his/her work in the education sector. We were incredibly honored this year to host CUNY’s Chancellor, Félix Matos Rodriguez, for a conversation led by Jeff Aronson with our team, Bain partners and LPs. The Chancellor is the first educator of color to lead CUNY. After successfully running two CUNY colleges as President of Hostos Community College and Queens College, he became the Chancellor in 2019. He walked through his priorities as Chancellor, including his focus on promoting social mobility and diversity across CUNY and successful career outcomes for all students.



Making long-term commitments, investing in strong leadership and finding opportunities for creating community value

Research has shown a persistent link between poverty, education and employment. The UK government estimated it would take until 2070 to close the attainment gap, with disadvantaged students 18 months behind their peers by the end of secondary school. And, in the U.S., the median earnings for 25–34 year-olds with a BA are 57% higher than median earnings of high-school graduates.⁶ Also, COVID-19 has devastated low-income communities and will have long-standing impact. By building the capacity of organizations to scale effective interventions, and providing strong leaders with the tools they need to better serve young people, we try to address the systemic change required to break this cycle.

Through the **Partnership Grant**, we invest in a small portfolio of innovative nonprofit organizations with established track records that are capable of achieving significant impact on outcomes for young people. For over 10 years, we have partnered with Bain & Co. to deepen the impact of our grant partners through multi-year grant funding and pro bono consulting expertise. We also provide additional resources and learning opportunities across the grant portfolio.

⁶Sources: Impetus, National Center for Education Statistics

NEW YORK CITY

2021 Partnership Grant Recipients

At the end of 2020, the Foundation Committee selected **Khan Academy** and **New Visions** as the 10th NYC Partnership Grant recipients. We are funding both organizations over three years, beginning in 2021, with Bain focused on two projects: for Khan, codifying its approach to its district partnership model and, for New Visions, planning for scale of its data portal across all New York City schools.

Case Study and Portfolio Survey

As with every year, we commissioned the Center for Public Research and Leadership (“CPRL”) at Columbia University to develop a case study to document our investment in a grant partner exiting our portfolio after four years. This year, the case study focused on **Children’s Aid**. The case studies are a chance for reflection, learning and sharing with the education and funding sector. CPRL also conducted a survey to gather feedback from our grant partners on our performance and where we can improve our Partnership Grant process.

Portfolio Supplemental Support Program

Instead of running a new Partnership Grant selection process in 2021 for investment beginning in 2022, we decided to reinforce our long-term commitments and provided the opportunity for our current portfolio partners to receive additional funding focused on their most pressing strategic needs in one of four funding categories: (1) professional development of staff, (2) innovation, (3) mental health or social emotional learning or (4) additional support for the current Partnership Grant project. RFPs submitted will be reviewed by the Foundation Committee in early 2022. We look forward to reporting back on projects chosen and progress made.

OUR PARTNERS



LONDON

2021 Partnership Grant Recipient

The Foundation Committee chose the **Connect Fund** as our fourth grant partner to enter the London portfolio this year. The fund is focused on youth unemployment which has become a critical issue in the UK in recent years, and the pandemic has created a crisis. The Connect Fund’s goal is to build a cohort of smaller, high impact organizations over time working to support young people from disadvantaged backgrounds gain employment. Also, to address the racial leadership gap that exists in the UK in the charitable sector (only 6% of leaders are diverse), the Connect Fund intends to invest in training 50 diverse nonprofit leaders.

Investment Committee Portfolio Support

We continue to look for ways to provide additional support to our grant partners. One example is through the Connect Fund. Our support of the Connect Fund is in partnership with Impetus, a local education-focused foundation. Grant portfolio decisions will be made by Impetus’ Investment Committee (IC). Centerbridge has the opportunity to nominate one person from our Foundation Committee to attend the IC meetings, provide insight and learn about the pipeline of organizations being considered. In early 2022, Centerbridge will host the official launch of the Connect Fund to introduce funders to each other and discuss the plans for our charitable investments.

New Selection Process

At the end of 2021, the Foundation Committee entered another due diligence process for the 2022 Partnership Grant recipient. With very strong organizations and potential projects to choose from, the Committee voted to bring **Football Beyond Borders** (FBB) into the Foundation’s grant portfolio. FBB is an education organization focused on literacy that uses the power of soccer as a hook to engage young people from disadvantaged backgrounds who are disengaged or at risk of exclusion from school. Our support, in partnership with Bain, will focus on creating a growth and pricing strategy so FBB can scale its impact across the UK.



CUNY PARTNERSHIP WITH CUNY

We believe that investing in our local talent will create a deeper connection to a more diverse workforce for our Firm and the industry, and create long-lasting impact for New York City. Our multifaceted approach to partnering with the City University of New York (CUNY), the largest urban higher-ed institution across the U.S., has been imperative for us, to meaningfully support the educational and career outcomes for its students. There are four elements to Centerbridge's CUNY partnership, which are deeply rooted in our Firm's focus on ESG, I&D and the community.

Foundation Partnership Grant

CUNY was the recipient of the Centerbridge Foundation's 2020 Partnership Grant focused on improving education and career outcomes for the thousands of students and alumni across the CUNY system. With our Foundation's funding and Bain & Co.'s strategic guidance, we are focused on creating scalable employer-driven pilots and developing capacity building plans for the Career Success team. In 2021, the second year of the four-year grant period, CUNY has been focused on testing the pilots and increasing capacity at the campuses to support career outcomes. Also, our combined support during COVID-19 provided the ability for CUNY to pivot and make key decisions focused on: (1) career-connected learning programs, (2) employer partnerships, (3) alumni engagement and (4) career-related digital tools.

CUNY Investment Industry Fellowship

In 2018, we worked with the Career Success team to develop a nine-month fellowship for sophomores and juniors interested in pursuing careers in the investment industry. In June 2021, we concluded our fully virtual third cohort and in September we welcomed the fourth cohort of 26 exceptional students. The Fellowship is an opportunity for diverse and talented students to learn about, and ultimately secure, careers in the industry. The Foundation partners with our Human Capital Team to run an extensive application process, after which fellows join monthly workshops run by our team members and are matched with a Centerbridge mentor. Program goals include fellows securing summer internships in the industry, with potential for future full-time roles.

220,000+
students across 25 colleges

1 MILLION+
graduates live in the NYC metro area

1 in 73
college students in the U.S. is a CUNY student⁷

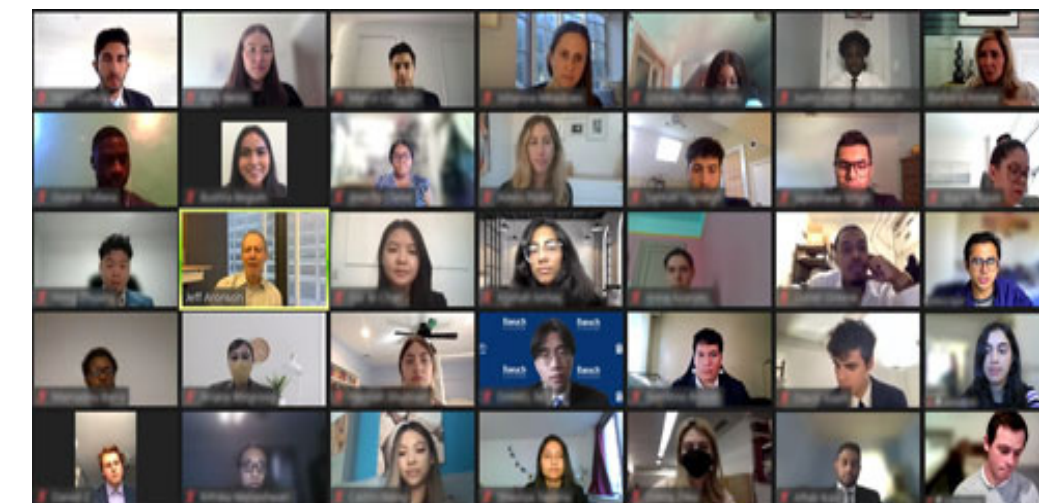
>75%
of enrollees are students of color

81%
of first year students graduated from NYC public high schools

61%
of students do not have a parent that graduated college

Summer Internship Program

In 2022, Centerbridge's summer internship program will include only CUNY students across the New York City office. The opportunity will be open for CUNY sophomores and juniors to be placed across nine different departments including Investor Relations, Valuation, Human Capital and the Investment Team.



Cohort 4, CUNY Investment Industry Fellowship

Futures in Finance

We were thrilled to share the announcement of **CUNY Futures in Finance** in 2021, a new partnership spearheaded by Centerbridge with Bloomberg LP and Goldman Sachs, focused on creating a bridge between rising talent from CUNY and the financial sector in New York City. In the works since 2019 (with COVID-19 interfering with a launch in 2020), and ignited by our strong belief in CUNY talent through our Partnership Grant and Investment Industry Fellowship, the founding partners will invest in building capacity at CUNY to cultivate, prepare and train students for careers in the industry with the goal to secure full-time jobs across the sector. While all three firms have strong partnerships with CUNY, our goals also include encouraging our New York City finance community to recognize and hire CUNY talent.



CIIF IMPACT

100%
summer internship attainment

70+
Centerbridge mentors and volunteers

35+
investment skills-based workshops to date

85
fellows trained to date

100%
retention of program attendees

⁷ Source: The City University of New York, as of December, 2021

This report, entitled “Sustainable Value Creation Report 2021” (this “ESG Impact Report” or “Report”), has been prepared and is being made available by Centerbridge Partners, L.P. and the Centerbridge Foundation (collectively, “Centerbridge” or the “Firm”). The information in this Report reflects Centerbridge’s aspiration, or bold ambition, to make a meaningful impact regarding ESG initiatives and our self-assessment of how the Firm has progressed in relation to such objectives. This Report does not constitute an offering of interests in any Centerbridge Partners, L.P.-sponsored fund or portfolio company.

This Report includes select examples in order to illustrate the manner in which Centerbridge has formulated and sought to execute on its ESG objectives, and is not intended to provide an exhaustive description of all of the initiatives undertaken and results thereof, or the potential that may be achievable, at Centerbridge or within our funds’ portfolios or at the companies in which we invest or the organizations to which we provide support or with which we have partnered.

Centerbridge believes in a philosophy of continuous improvement and we recognize the importance of adapting our approach to fit changing circumstances and needs. There is no “one-size-fits-all” approach to identifying and incorporating ESG initiatives that have the potential to be impactful within an organization. Accordingly, our approach, and its impact, varies across the different aspects of our operations and portfolio and will evolve over time.

Please note that the environmental, social and governance (“ESG”) performance indicators contained in this Report are not guarantees or promises. They have been prepared based on the current standards of measurement and performance for ESG topics and involve estimates and a variety of assumptions. Such standards are developing within the broader communities in which Centerbridge and its portfolio companies operate, and as applied by Centerbridge they reflect current expectations and/or assumptions of Centerbridge and others whose inputs we have incorporated herein. There are inherent limitations in quantifying the impact that ESG initiatives have the potential to make, and that they ultimately do make, in relation to financial performance and/or other objectives.

In preparing the information in this Report, Centerbridge has relied without independent verification on certain information prepared or provided by third parties or otherwise obtained from published sources, including, without limitation, certain economic, market and other information, and in certain cases such information has not been updated through the date hereof. Centerbridge is under no obligation to update the information presented herein.



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