

Environmental, Social and Governance Guidelines



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) GUIDELINES (“GUIDELINES”)

PURPOSE

Castlelake, L.P., understands that investment performance risks are not purely financial in nature and, as a fiduciary, thoughtfully applies a comprehensive evaluation of pecuniary factors as well as externalities, including, but not limited to, corporate governance, environmental factors, and long-term business risk considerations.

These Guidelines provide an overview of the considerations made and processes undertaken with respect to ESG risks and opportunities that may relate to investments made by funds, accounts, or other advisory clients for which Castlelake serves as investment manager (“Funds”). Castlelake will generally consider ESG risks and/or opportunities when underwriting an investment, entering a joint venture relationship and/or managing existing investments.

Castlelake seeks to integrate the consideration of ESG issues across its investment lifecycle as it believes these factors can impact capital flows, asset values, and liquidity, thus potentially affecting investment outcomes.

While often discussed under the banner of ESG as a single subject, philanthropy, employee engagement, community contributions, and other similar efforts are out of scope of these Guidelines since said efforts do not directly tie to investment management and risk assessment.

SCOPE

These Guidelines are intended to provide a broad framework for Castlelake’s approach to ESG integration through the investment lifecycle across the Funds for which it serves as investment manager. Castlelake recognizes that it may have limited, or no, ability to influence or control ESG-related variables in certain of its investing activities.

Castlelake’s ESG Director and ESG Committee are responsible for setting ESG strategy, providing guidance, and designing an effective and efficient process framework for its incorporation in investment management.

GUIDELINES

Castlelake has chosen the following guidelines to seek to appropriately identify and manage ESG issues and opportunities in its investing activities, which guidelines will be applied, as relevant, to an investment:

1. Review appropriate ESG factors, as applicable, with guidance from third party frameworks as part of the pre-investment due diligence process in each investment opportunity.
2. As appropriate and relevant, engage in appropriate escalation processes with respect to certain material ESG exposures.
3. Present relevant underwriting conclusions and findings in materials delivered to Castlelake's Investment Review Committee ("IRC") to facilitate a thoughtful risk review for each investment opportunity.
4. As appropriate and relevant, engage with controlled investment operating entities, borrowers, and/or investees, to seek to enhance governance, inclusive of ESG considerations, within the same while remaining true to Castlelake's overall ESG framework.
5. Remain committed to compliance with applicable national, state, and local labor, environmental and other applicable laws
6. Generally, attempt to encourage establishment of appropriate governance structures (e.g., boards of directors) within investments and investees.
7. Exercise stewardship by being accessible to, and generally be willing to engage and collaborate with, relevant stakeholders with respect to ESG matters, either directly or through representatives of investments, as appropriate.
8. Endeavor to provide information to Castlelake's limited partners on the matters addressed herein, and work to foster transparency.
9. Review and update Castlelake's ESG Policy at least annually..

REPORTING

Castlelake has issued several annual ESG reports to date and expects to continue to communicate with stakeholders regarding ESG efforts annually going forward. The annual reports are publicly available and are intended to provide an overview of ESG efforts for the prior year. Castlelake believes in being forthcoming regarding our approach to ESG and responsible investment and will continue to do so.

POLICY DOCUMENTS

Castlelake publishes these ESG Guidelines to foster transparency and because we believe clear definitions, sound processes, and effective controls drive efficient risk and opportunity assessment.

These Guidelines are complementary to various policies and corporate governance documents, the detailed and prescriptive nature of which are proprietary, but exist to carry out the objectives and governance outlined in these Guidelines.



These Guidelines are reviewed at least annually and updated as appropriate.