

Environmental, Social and Governance Guidelines



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

PURPOSE

At Castlelake, ESG is a set of tools used to assess environmental, social, & governance risks and to unlock value. While the term ESG has seen broad and varied use across industries and in regulatory settings the term captures a wide range of variables that can result in an effect on economic performance and can embed inherent risks from an investor standpoint. We understand that investment performance risks are not purely financial in nature and, as a fiduciary, thoughtfully apply a comprehensive evaluation of pecuniary factors as well as externalities.

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 and global business operations, which aligns with Castlelake’s values, and addresses the financial risks inherent in a broad range of global challenges.

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. 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 for these Guidelines since said efforts do not directly tie to investment management and risk assessment.

Castlelake’s ESG Director and ESG Committee are responsible for setting ESG strategy, providing guidance, and designing an effective and efficient process framework through which ESG is used.

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. Reference the Castlelake Investment Exclusions List, in the pre-investment due diligence process to ensure such investment is not precluded from consideration for the Funds.
3. As appropriate and relevant, engage in appropriate escalation processes with respect to certain material ESG exposures.
4. 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.
5. As appropriate and relevant, sponsor tailored ESG policies for business line and/or controlled investment operating entities, and/or investees, to seek to enhance governance, inclusive of ESG considerations, within the same while remaining true to Castlelake's overall ESG framework.
6. Remain committed to compliance with applicable national, state, and local labor, environmental and other applicable laws
7. Generally, attempt to encourage establishment of appropriate governance structures (e.g., boards of directors) within investments and investees to encourage consideration of material ESG factors identified, with the goal of improving investment performance over time.
8. Seek to use governance structures within investments and investees that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest and implement other policies that are intended to help align the interests of owners and management.
9. Be 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.
10. Endeavor to provide information to Castlelake's limited partners on the matters addressed herein, and work to foster transparency.
11. Review and update this Policy at least annually as Castlelake's approach and the broader field of responsible investment continue to evolve.

REPORTING

Castlelake has issued three 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.