



ACORE CAPITAL

2024 Environmental, Social & Governance Policy

This ESG Policy outlines our intended commitments to responsible investment

ACORE Capital ESG Policy

I. Overview

ACORE Capital, LP (“ACORE”, “we”, “the Firm”) believes that the thoughtful management of material environmental, social, and governance (ESG) issues will lead to better outcomes for our investors, assets, and members of our community. In alignment with our fiduciary duty, we recognize that there are material ESG risks and opportunities for many of our real estate assets and property managers, and we believe that effective ESG management can lead to better risk adjusted returns for our investors. There are inherent constraints given our primary position as an underwriter, as we have limited influence and control over underlying assets; however, we are committed to considering ESG throughout the investment lifecycle where it is practicable to do so.

This ESG Policy outlines our intended commitments to responsible investment, promoting awareness of ESG considerations as applicable to our internal operations and portfolio. ACORE is a signatory of the United Nations Principles for Responsible Investment (UN PRI), which holds members to high standards with respect to ESG integration, as outlined by the Six Principles for Responsible Investment (see Appendix A). We acknowledge that ESG risks and industry best practices will continue to evolve, and ACORE will therefore conduct a periodic review of this Policy and make updates as necessary or advisable.

II. Scope and Limitations

The purpose of this Policy is to formalize ACORE's structure for overseeing ESG matters throughout the lifecycle of all investments. As a commercial real estate debt manager, we acknowledge our capability to influence, alter, amend, or support borrower operations, which may vary based on deal terms and sponsor relationship. As such, ACORE will make its best effort to influence ESG outcomes within its pre-investment diligence and ongoing portfolio management where commercially feasible and practicable.

This ESG Policy acknowledges the complexity of investment decisions. As no singular financial, economic, or market factor dictates an investment decision, the same principle applies to ESG factors. Instead, ACORE commits to exercising prudent judgment and thorough diligence in evaluating the significance of various factors, including ESG considerations, when determining investment decisions. Notably, this policy only applies to investments and initiatives from 2024 onward, given significant program updates made (e.g., enhanced ESG due diligence process).

III. Roles and Responsibilities

ACORE's ESG program is overseen by our Chief People Officer and Head of ESG, alongside our internal ESG Committee, comprised of senior leadership across departments. The ESG Committee convenes quarterly, and these individuals actively endorse and contribute to the advancement of ESG initiatives at ACORE, underscoring a collective commitment to ESG principles across the organization. The Originations and Asset Management Teams implement our approach to responsible investment, in collaboration with borrowers and sponsors. As such, all investment professionals, including members of the Investment Committee, are responsible for ensuring that material ESG factors are considered throughout the investment process.

To promote ongoing awareness of ESG considerations as they pertain to our real estate investments, all ACORE employees, including the senior leadership team, are provided with this ESG Policy at onboarding. ACORE provides ESG training to all employees on an annual basis which provides investment professionals with practical guidance on effective ESG integration strategies. Consistent with our conflicts of interest policy, all ACORE employees are responsible for addressing and mitigating potential conflicts that may arise in connection with our ESG initiatives. For additional information regarding our conflicts of interest policy, please refer to ACORE's compliance manual, section VIII and Appendix N, available upon request.

IV. ESG Investment Process

Originations and Underwriting:

ACORE strives to assess material ESG risks during each phase of the investment processes, when and where practicable. We endeavor to consider ESG factors during the due diligence process, integrating material findings into Investment Committee materials and discussions as warranted. Our approach is highly collaborative, as we will seek to leverage ESG due diligence previously commissioned by sponsors or borrowers when sufficient and reasonable.

During the due diligence process for a new loan, ACORE conducts a fulsome ESG assessment due diligence, leveraging a standard checklist that considers material ESG factors. We endeavor to present material ESG findings during deal-related Investment Committee calls and, if applicable, with our borrowers and/or sponsors so that we better understand their ability to protect and create value. Post investment, ESG findings are communicated with the Asset Management Team for ongoing monitoring of ESG risks, where feasible, throughout the hold period.

Portfolio Management:

As financial dynamics and market conditions evolve, material ESG factors may also change during the life of a loan. As of 2024, ACORE will begin identifying opportunities to monitor changes in ESG exposure that may affect our portfolio, recognizing inherent limitations given ACORE's position as a lender. To align with our stewardship objectives, this may include the collection of ESG KPIs, when feasible, or the escalation of ESG concerns to equity sponsors where further examination of ESG risks or trends is deemed beneficial for ACORE's investors, the impacted community, or other stakeholders.

ESG Issues Considered

ACORE considers material ESG risks and opportunities relevant to the specific operations and geography of a real estate asset. When material, the ESG factors that are incorporated into our investment evaluation and monitoring processes may include, but are not limited to, the following:

Environmental	<ul style="list-style-type: none">• Air Quality• Biodiversity Impact• Physical Climate Risks (e.g., earthquakes, hurricanes, floods)• Carbon Emissions (e.g., Scope 1, 2, & 3)• Energy Consumption• Green Building Certifications (e.g., LEED, WELL)• Site Contamination and Remediation• Handling of Hazardous Substances
Social	<ul style="list-style-type: none">• Affordable Housing• Community Impact• Health and Safety• Human Rights

Governance	<ul style="list-style-type: none">• Accountability and Oversight• Anti-Money Laundering, Bribery and Corruption• Conflicts of Interest
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Exclusions

At ACORE, our investment philosophy is anchored by a set of core values that guide our decision making. To avoid reputational and regulatory risk that could impact financial outcomes for our investors, we will not invest in industries that do not align with these principles.

V. Reporting & Transparency

To ensure transparency of portfolio-level ESG risks, we commit to inform our limited partners and other stakeholders of any material adverse ESG-related events and incidents that would reasonably impact fund-level returns. The Firm may agree to provide notice of certain ESG related matters to investors on a per request basis. ACORE works to include updates on the Firm's ESG program, commitments, and progress in its regular reporting to our investors and employees.

This ESG Policy was last reviewed in March 2024 and is subject to change as ACORE deems necessary.

Appendix A: UNPRI Six Principles for Responsible Investment

As a UNPRI signatory, ACORE is committed to following the six core principles in our investment process:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.