

# **LUMENT FINANCE TRUST, LLC**

## **Code of Business Conduct & Ethics**

**March 2021**

## Code of Business Conduct & Ethics

### I. Introduction

Lument Finance Trust, Inc., Maryland corporation, and its subsidiaries (collectively, “**LFT**” or the “**Company**”) is fully committed to a “Culture of Compliance.” That means the Company is committed to the highest standards of ethical conduct and to doing business with honesty and integrity. In order to ensure compliance with U.S. and other laws, including but not limited to, anti-corruption, anti-bribery, anti-money laundering and sanctions laws and regulations, data protection laws and the Federal Securities Laws, which include the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) applicable to OREC Investment Management, LLC d/b/a Lument Investment Management (the “**Manager**”), the investment adviser of the Company, the Company has adopted the policies and procedures set forth in this Code of Business Conduct and Ethics (the “**Code of Ethics**” or “**Code**”). These policies and procedures are designed to promote ethical practices and conduct by all directors, officers and employees, if any, of the Company, and all officers and employees of the Manager, including members of the Manager’s investment committee, and the officers and employees of ORIX Real Estate Capital, LLC d/b/a Lument (“**Lument**”) and its parent ORIX Corporation USA or any of its affiliates (“**ORIX USA**”) acting for or on behalf of the Company (collectively, the “**Covered Persons**”) to not only conduct themselves lawfully at all times, but also maintain the highest ethical standards in every aspect of their dealings with other employees, the business, the community, clients, suppliers and government authorities. This Code operates, as it relates to employees of Lument or ORIX USA who are acting for or on behalf of the Company, in conjunction with and in addition to, the policies of the Manager and those of Lument.

This Code is a resource which summarizes basic compliance standards. We expect all Covered Persons to conduct themselves in an ethical manner, and this Code builds on that expectation by providing Covered Persons with additional specific legal and regulatory requirements to reflect that culture of compliance in specific cases.

The Company reserves the right to take disciplinary action, including termination of employment, if a Covered Person engages in conduct deemed to be unethical or illegal, whether or not such conduct constitutes a direct violation of the requirements set forth in this Code. The Company may take such action if, in its sole judgment, the Company believes that the Covered Person’s conduct poses serious reputational risk to the Company or Lument.

All Covered Persons are expected to report to the Manager’s Chief Compliance Officer (the “**CCO**”) or the Lument General Counsel (“**General Counsel**”) any known or suspected violations of the policies and procedures contained in this Code of Ethics or other activities of any employee that could be construed as a violation of any law, rule or regulation applicable to the Company’s business. If a Covered Person is unsure whether a violation has occurred, the Covered Person should discuss the matter with his/her manager and, if doubts continue following that discussion, the matter should be referred to the CCO or General Counsel. Failure to comply with the above could result in disciplinary action against any non-reporting employee. Consistent with the law, the Company will not permit retaliation against employees who report such matters in good faith.

## **II. Compliance with Laws, Rules and Regulations**

The Company strives to ensure that all activity by or on behalf of the Company is in compliance with applicable laws, rules and regulations (“applicable laws”). Many of these applicable laws are specifically described in this Code of Conduct and in other policies and procedures of the Manager and Lument. In the conduct of our business, all Covered Persons are required to comply with all applicable laws.

## **III. Fair and Honest Dealing**

Covered Persons shall deal fairly and honestly with other Covered Persons and with the Company’s shareholders, customers, suppliers, competitors and employees. Covered Persons shall behave in an ethical manner and shall not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

## **IV. Timely and Truthful Public Disclosure**

In reports and documents filed with or submitted to the U.S. Securities and Exchange Commission and other regulators by the Company, and in other public communications made by the Company, Covered Persons involved in the preparation of such reports and documents (including those involved in the preparation of financial and other reports and the information included in such reports and documents) shall make disclosures that are full, fair, accurate, timely and understandable. Where applicable, these Covered Persons shall provide accurate financial and accounting data for inclusion in such disclosures. Covered Persons shall not knowingly falsify information, misrepresent material facts or omit material facts necessary to avoid misleading the Company’s independent public auditors or investors. Covered Parties shall never take any action to coerce, manipulate, mislead or fraudulently influence the Company’s independent auditors in the performance of their audit or review of the Company’s financial statements.

## **V. Corporate Opportunities**

Covered Persons are prohibited from taking for themselves opportunities that are discovered through the use of Company property, information or position or use Company property, information or position for improper personal gain. Covered Persons have a duty to the Company to advance its legitimate interests when opportunity to do so arises.

## **VI. Protection and Propose Use of Company Assets**

All Covered Persons should endeavor to protect the Company’s assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on profitability. The Company’s assets should be used for legitimate business purposes.

## **VII. Conflicts of Interest**

It is the policy of Company to conduct business in a manner that ensures that business judgment

and decision-making by its employees are not affected or influenced by personal interests. Covered Persons are required: (i) to refrain from acting in any circumstances in which their personal interests conflict or appear to conflict with the interests of the Company; and (ii) to disclose factual circumstances or relationships that reasonably could be expected to give rise to a conflict of interest (or the appearance of a conflict of interest) with the Company.

The Company defines conflicts of interest situations broadly to include actual conflicts of interest (a real or existing conflict), potential conflicts of interest (a situation that may result in a conflict) and perceived conflicts of interest (a situation that may appear to be a conflict even if this is not the case). In addition, a conflict of interest may be financial or non-financial in nature.

Covered Persons must be alert to potential or perceived conflicts and in every case, use good judgment, assess each situation objectively and, before moving forward, ask themselves how their actions would look to someone outside of the Company. Because conflicts of interest may not always be clear-cut and easy to define, employees should consult with their manager or the Chief Compliance Officer.

In order to manage conflicts of interest, each Covered Person is required to disclose to Compliance and obtain approval with respect to any material direct or indirect financial interest that the Covered Person or the Covered Person's family member may hold or acquire in any organization which does business (or may do business) with or compete with the Company or Lument, including a supplier or customer of the Company or Lument. Generally, a Covered Person or Covered Person's family member will be deemed to have a material financial interest in an organization if, (1) with respect to a publicly owned entity, a Covered Person or family member owns or has the right to acquire Securities<sup>1</sup> in an amount in excess of 5% of the total Securities of the same class of such entity, or (2) with respect to an entity that is not publicly owned, a Covered Person or family member owns or has the right to acquire Securities in an amount in excess of 5% of the total Securities in such entity.

A Covered Person (including any family member) is prohibited from having any material direct or indirect financial interest in any transaction involving the Company or Lument without the prior written approval of Lument Chief Executive Officer, with consultation by Compliance. If a Covered Person becomes involved in a situation that may give rise to a conflict, or even the appearance of a conflict, the Covered Person must immediately contact Compliance.

Covered Persons are required to disclose to Compliance and obtain approval of any activities that are outside the scope of the Covered Person's employment with the Company and which (a) interfere with the Covered Person's job performance or work schedule, (b) constitute (or have the potential to result in) a conflict of interest (i.e., the Covered Person's personal interest conflicts with the interests of the Company or Lument) or (c) have the potential to cause reputational harm to the

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<sup>1</sup> "Security" includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness, mutual fund, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, reorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. Virtual currencies such as Bitcoin and Ethereum are not considered Securities; however, many "coins" or "tokens," including those offered in an "initial coin offering" or "ICO" are Securities and should be reported as such.

Company.

### **VIII. Personal Share Dealing**

Purchasing and selling securities in a Covered Person's own account, or accounts over which the Covered Person has access or control, can give rise to potential conflicts of interest. As fiduciaries, we are held to the highest standards of conduct. Improperly gaining advance knowledge of portfolio transactions, or conducting securities transactions based upon information obtained at the Company, can be a violation of those standards.

The Company and its Manager have policies that specifically cover personal securities transactions. All Covered Persons are obligated to follow those procedures whenever they conduct such transactions.

### **IX. Insider Trading**

In the conduct of our business, Covered Persons may come into possession of material non-public information. This information could concern an issuer, a portfolio, the market for a particular security, or the Company itself. The purchase or sale of the Company's securities or the securities of other publicly traded companies while aware of material nonpublic information about such company, or the disclosure of material nonpublic information to others who then trade in such company's securities, is prohibited by this Code of Conduct and by United States and other jurisdictions' securities laws. All Covered Persons are prohibited from using such information in ways that violate the law, including for personal gain. Non-public information must be kept confidential, which may include keeping it confidential from other Covered Persons.

### **X. Waiver**

Any waiver of this Code for executive officers or directors may be made by the disinterested members of the Board of Directors or committee thereof and be disclosed as required by law or stock exchange regulation.

### **XI. Confidential Information**

Covered Persons will have access from time to time to confidential or proprietary business information about the Company or within the Company's possession or control, including strategic plans, financial information, information regarding negotiations, agreements or dealings between the Company and others, trade secrets, patents and trademarks. Unauthorized disclosure or use of confidential or proprietary business information, including through electronic means, could result in severe damage to the Company and is strictly prohibited. It is the responsibility of every Covered Person to secure and limit access to confidential or proprietary business information to those within the Company who need to know such information. Covered Persons are prohibited from using confidential or proprietary business information for personal gain and are prohibited from permitting any other person to use this information.

### **XII. Reporting Known or Suspected Violations or Illegal or Unethical Behavior**

If a Covered Person has a reasonable belief that another employee has engaged in any action that violates applicable laws, regulations, or Company Policies, the Covered Person must immediately report such information to their immediate manager. The manager in turn must immediately report the matter to the CCO or General Counsel. If, for any reason, the Covered Person does not feel comfortable reporting the matter to the CCO or General Counsel, the Covered Person must report the information to other members of the Company's management team.

In circumstances where Covered Person wishes to speak to someone outside the Company, the Covered Associate may reach out to the Company's Whistleblower Anonymous Ethics Hotline which is an independent and confidential hotline services administered by a third-party.