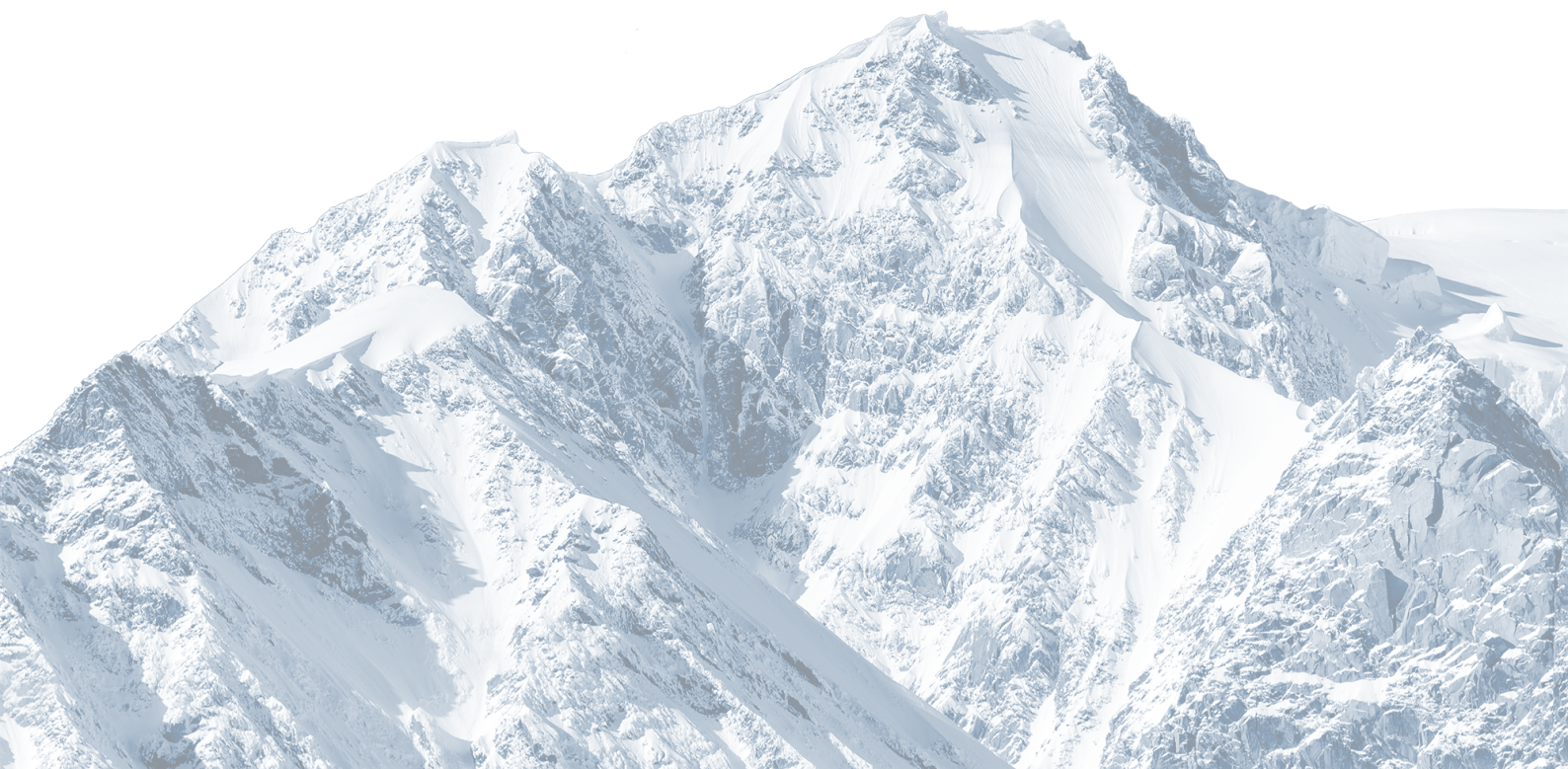


Algebris Investments Global Climate Report

2025



General Information

This is Algebris' annual Global Climate Report. It has been prepared by Algebris Investments (hereinafter "Algebris", "the Firm", or "the Company") and covers the 2024 and 2025 calendar years.

The report addresses the non-financial reporting obligations for Algebris and describes the Firm approach to Climate-related risks and opportunities. It has been developed in line with the climate disclosure requirements of the FCA Rules, falling under the International Sustainability Standards Board (ISSB)¹. The document also reflects Algebris' longstanding commitment as a supporter of the Taskforce on Climate-related Financial Disclosures (TCFD) since 2020. In accordance with the TCFD Recommendations and Recommended Disclosures, the Firm systematically applies the framework to its management activities in respect of the Portfolios and to its commercial operations including both physical and transition risks.

The information presented here is prepared on a consolidated basis and aligned with Algebris' financial statements, with no entities excluded from the reporting scope. Guided by the principle of double materiality, we report on issues that are financially material to Algebris as well as those that reflect our broader environmental and social impact.

The content of this report has been reviewed and validated by Algebris' governing bodies. For further details on the basis of preparation and other general information, please refer to the annex section of this report.

1. Introduction

It is widely recognised that global warming caused by Greenhouse Gases (GHG) emissions poses a serious risk to the global economy. As a responsible asset manager, Algebris Investment ("Algebris" or the "Firm") is aware that our impact on the environment and society manifests itself first and foremost through the choices we make in our investment decisions. We believe that consideration of sustainability factors forms an integral part of our fiduciary duty and we are committed to integrate them across our investment processes and operations.

Starting in 2019, Algebris has been performing a carbon footprint analysis of the Firm's activities, and in 2024 we committed to formally to set a Net Zero **Science Based Target (SBT)** with the Science Based Targets Initiative (SBTi). In 2020 we set up an in-house project of afforestation (AlgeTREES), which is carried out with our partner Hakuna Matata – a UK charity to which Algebris has a formal standing commitment to donate 1% of the Firm's annual earnings and to match third-party donations.

We are members of the **Net Zero Asset Mangers Initiative (NZAM)**, a group of international asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius. This initiative was suspended in 2025 and reactivated in 2026.

¹After the ISSB issued its inaugural IFRS Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, the Financial Stability Board asked the IFRS Foundation [to take over from the TCFD](#) the monitoring of progress on climate-related disclosures

We have developed internal research capabilities focused on climate and sustainability themes, to integrate sustainability consideration in the investment process across all our investment strategies. The Responsible Investment research team has built proprietary frameworks to evaluate the sustainability features of issuers, which integrate a **double materiality** approach. This means that our sustainability assessments aim not only at establishing whether the financial value of a perspective investee company could be materially impacted by non-financial factors, but also at assessing the impact that companies' products and operations have on the environment and society at large.

We are **active owners** and take into account long-term sustainability considerations of issuers when deciding how to exercise our voting rights. Algebris' voting policy includes a formal commitment to vote in favour of AGM resolutions asking for companies to submit a Climate Transition Action Plan. We actively engage with investees on climate and broader sustainability issues, in particular on climate targets.

We seek appropriate **disclosure** on sustainability and climate metrics by the companies in which we invest, either directly or as part of collective engagement. In 2020, we became supporters of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the Carbon Disclosure Project (CDP) as investor signatory. We have been actively participating in CDP's Non-disclosure Campaign, requesting investee companies to respond to climate change, forests and water security questionnaires and we participate to CDP's Science Based Targets (SBTs) campaign.

Algebris recognises that establishing a robust framework for the transition is a necessary first step, not an end point. While the governance, commitments, and analytical capabilities described in this report are now embedded, portfolio-level alignment with a 1.5°C pathway remains a work in progress: at end-2025 our short-term implied temperature pathway is not yet consistent with that scenario, and SBT coverage of our Net Zero-aligned portfolios stands narrowly below our 2025 interim milestone. The external environment also continued to evolve over the course of 2025 — including the suspension of NZAM and changes to the EU regulatory framework, such as amendments to the CSRD and CSDDD under the Omnibus package. These developments are reshaping the disclosure and target-setting requirements that apply to our investee companies, and may have a bearing on the pace at which portfolio-level alignment can be advanced. We report the underlying metrics transparently in Section 6 and will revisit our interim trajectory as part of our 2026 NZAM target review.

This Climate report discusses our Climate Strategy and our approach to Climate Risk Management – while also presenting relevant underlying metrics of financed emissions and broader Climate-related financial risks that are applicable to our portfolios. This Report relates to the relevant assets that the Firm manages as investment manager in respect of discretionary investment management and distribution services. In this Report, the Firm's managed products and services are together referred to as "Portfolios". The Report also covers the Firm's own operations. It is consistent with the Recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and with the climate disclosure requirements of the FCA Rules. Data is shown for the 2023, 2024, and 2025 reporting years.

2. Governance

Strong corporate governance plays a critical role in any complex organisation by strengthening accountability, reducing risks, and building trust. At Algebris, the Board is ultimately responsible for governance and oversight of the activities of the Firm, including its discretionary investment management and distribution services through robust involvement across all levels of the organization. This includes the establishment of an effective, long-term, and resilient governance and risk environment, including Climate-related issues.

The Chief Executive Officer and Senior Management play a central role in shaping the firm's climate strategy and Responsible Investment integration framework. Their strategic vision is operationalised through the Algebris Responsible Investment Committee, which serves as the key governance body for climate and sustainability matters. The operational governance at the Group level is outlined below:

Figure 1 Governance at Group level

Management role	Responsibilities	Reporting lines	Monitoring lines
Supervisory Board	The CEO and Senior Management play a pivotal role in shaping our climate strategy and guiding the integration of sustainability and climate considerations across our investment framework.		
Responsible Investment Committee (RIC)	Responsible for identifying and managing Climate-related risks and opportunities, for developing Algebris' climate investment integration framework across all strategies, and for overseeing all projects aimed at embedding sustainability considerations in the wider Firm's activities.	The Group CEO, the CEO of Algebris Management Company, the CRO, the Head of Legal, and the Head of Compliance participate to the meetings of the RI Committee.	The RI Committee meets quarterly and reviews relevant Climate-related matters where warranted. In carrying out these responsibilities, the Committee relies on the preparatory work of Algebris RI Research team and on the contribution of members from other teams.
Head of Responsible Investment and Policy Research	Chairs the Responsible Investment Committee. Responsible for oversight and management of the Firm's Climate-related strategy and Climate-related research.	Reports to CEO.	Maintains and monitors the Firm's sustainable investment framework. Manages the Research team that monitors Climate-related KPIs across portfolios and produces climate-related assessment

Leading the development, implementation and monitoring of the Firm's sustainable investment framework and the integration of Climate-related considerations in the investment process across all investment strategies.

of perspective portfolio companies for funds with a sustainable investment commitment. Monitors the correct implementation of climate integration framework across investment strategies. Monitors the insurgence of investment-relevant climate-related risks and opportunities.

Chief Risk Officer (CRO)	The Group CRO is responsible for the Firm's risk management policy and processes, including the integration of climate risk into risk management processes.	Reports to the Deputy CEO.	Monitors Climate Risk and Green Transition Risk for all the funds. Estimates the monetary impact the climate risk factors have on the funds.
Investment Team Representatives	The RI Committee includes one representative for the investment teams of all Algebris investment strategies. They act as the contact point between the Committee and investment teams and are responsible for steering the integration of Climate-related risks and opportunities as part of the investment process in line with the Firm's policies.	Report to the Head of their respective investment team and ultimately to the CIO.	Monitor adherence of perspective investment opportunities with Firm's Climate exclusion policies.
Responsible Investment Review Group	Examines the legitimacy of exemption requests that can be advanced by the investment team with respect to the application of the Firm's Climate-related and broader ESG policies.	It is comprised of a minimum of 5 individuals with skills and expertise to address regulatory, risk, legal, market, and compliance issues relating to the exemption requests. To avoid conflicts of interest, the membership of the Group does not include members of the Investment Team.	Exemptions granted are monitored periodically to make sure that they remain appropriate.

2.1 Responsible Investment Governance Structure

Algebris' Responsible Investment Committee is central to the identification of Climate-related risks and opportunities. It also plays an essential role in developing and implementing the framework for integrating climate and broader sustainability considerations into the investment processes of our strategies, and it offers recommendations around strategic decisions related to climate issues at Firm and portfolio level.

The Committee convenes on a quarterly basis, with a variable agenda, and may also meet on an ad hoc basis as required. To ensure close alignment between investment and the Firm's sustainability objectives, each investment strategy is represented on the Committee by a designated member of the investment team that participates as a regular attendee. These professionals act as connection-points between the Responsible Investment Committee and their respective teams, playing a critical role in embedding Climate-related considerations into the investment process. Furthermore, the active participation of the firm's Risk Team in the Responsible Investment Committee ensures that Climate-related risks are incorporated into the broader risk management framework and are subject to ongoing oversight.

The primary purpose of the Committee is to:

- Closely monitor regulatory developments in the area Sustainable Finance and Identify Climate-related risks and opportunities for the Funds and wider Firm's activities
- Develop, implement and monitor application of the Firm's Responsible Investment integration framework across all Algebris investment strategies and – where relevant – mandates
- Develop the ESG/responsible investment framework for new products
- Review, update and approve the Firm's Responsible Investment and ESG related policies
- Coordinate Algebris' participation in ESG-related investors initiatives
- Oversee projects aimed at embedding sustainability considerations in the wider Firm's activities

Over the past years, this Committee, under the strategic guidance of Senior Management, has taken several key Climate-related decisions. These include Algebris' participation in global investor initiatives such as CDP and the Net Zero Asset Managers initiative; the launch and expansion of the firm's afforestation program, AlgeTREES; the adoption of a science-based fossil fuel investment policy setting strict limits on exposure to coal and other fossil fuels across Algebris funds; and the introduction of new investment strategies with a strong focus on sustainable investing and the net-zero transition.

2.2 Responsible Investment Team and Review Group

The **Responsible Investment (RI) Team** sits at the centre of the analytical and operational work described across this report. Led by the Head of Responsible Investment, who also chairs the Committee, the team is responsible for the data analysis, proprietary framework development and ongoing monitoring that underpin our climate and sustainability integration across all strategies. This includes maintaining and developing our Sustainable Investment Case methodology, running the transition monitoring framework, conducting company-level ESG assessments, and producing periodic sustainability reporting.

The RI team works in close collaboration with the Investment teams on sustainability investment integration. Engagement activity around sustainability topics is also coordinated by the RI team in collaboration with the Investment team, with engagements tracked through a proprietary reporting tool that records objectives, company feedback and follow-up actions. The work of the team draws on a diverse set of third-party data providers — including S&P Trucost, Sustainalytics, Clarity AI, CDP and Bloomberg — supplemented by internal research and company engagement where external data is unavailable.

The **Responsible Investment (RI) Review Group** is tasked with examining the legitimacy of exemption requests advanced by investment teams in respect of the application of the firm's Climate-related and broader ESG policies. The Review Group is comprised of a minimum of five individuals with the skills and expertise needed to address regulatory, risk, legal, market, and compliance issues relating to such requests. To avoid conflicts of interest, its membership does not include members of the Investment Team. Exemptions are granted in rare instances – under specific conditions that are discussed in our Exclusion Policy available on our [website](#) – and are monitored periodically to ensure the grounds remain valid.

3. Strategy

3.1 The Role of Capital in the Transition

The transition to a lower-carbon economy will be determined as much by capital allocation decisions as by policy or technology. Governments set the regulatory framework, and technology defines what is possible, but it is the flow of private capital — through lending, equity ownership, and investment – that determines which business models get funded, at what cost, and on what timeline.

Environmental and social pressures are increasingly material, from an investment perspective. For the companies we invest in, they may appear as higher insurance costs, complex regulatory landscape, input price volatility, stranded asset risk and shifting competitive dynamics. For banks and other financial institutions in particular, Climate-related risks can emerge in the loan book, balance sheet and financed emissions. Financial institutions that are more significantly exposed to fossil fuel assets, that have not built climate risk into their credit assessments, or that lack credible transition plans for their lending books carry risks that are not always visible in standard metrics but can become biting over a medium to long-term horizon.

Algebris is a long-only active manager. We take positions in companies we understand deeply, hold them over multi-year horizons, and build our investment case on a thorough assessment of long-term value and resilience. Climate analysis and fundamental analysis are both, at their core, exercises in understanding how viable a business model really is. A company managing its transition exposure well – by deploying capital thoughtfully, setting credible targets, integrating climate into governance – is typically also a company with the high quality of management and long-term viability that make for a good investment.

3.2 Our Journey and Key Milestones

Our climate strategy has evolved materially since Algebris first formalised its responsible investment commitments. We joined the **UN Principles for Responsible Investment (UNPRI)** in 2019, establishing the basic governance foundation for systematic ESG integration across our operations and investment process.

In 2020 we became supporters of the **Task Force on Climate-Related Financial Disclosures (TCFD)** and joined the **Carbon Disclosure Project (CDP)** as investor signatories. In 2021 we joined the **Net Zero Asset Managers Initiative (NZAM)**, setting an initial commitment to manage 57% of total AUM in line with net zero by 2050 or sooner, and implemented a science-based Fossil Fuel Investment Policy across all our funds. The NZAM initiative was suspended in 2025 and reactivated in 2026 – which coincides with the timeline for our first 5-year target review. This will be carried out and published in 2026.

In 2022 we launched the Algebris Green Transition Fund, our first dedicated climate solutions strategy – soon followed by more funds in the sustainable investment space. In 2024 we published our first TCFD-aligned Climate Report and formally committed to submit our operational emissions targets for validation through the **Science Based Targets initiative (SBTI)**. Each of these steps has deepened the integration of sustainability and Climate-related considerations into how we invest, how we engage, and how we report.

3.3 Our Climate Strategy in Practice

3.3.1 Scope

Before describing our climate strategy in practice, it is worth clarifying the scope within which it applies. This report relates to our own Funds, where Algebris fully sets and controls the investment policy for the funds. Where the Firm instead acts as sub-investment manager to third party firms, it typically has no authority to directly determine the investment strategy for the sub-managed Portfolios, including the approach to climate risks and opportunities, and is instead required to follow the investment mandate established by the primary investment manager. While we do engage with mandate clients around the sustainability provisions in mandate portfolios and often the ESG provisions applied to mandates may converge towards the policies we apply to our own funds, the ESG framework for these funds is ultimately set and decided by the clients.

3.3.2 Principles

Our climate strategy operates across four interconnected dimensions, each of which is developed in detail in the sections that follow.

The first is **risk management**. We identify, measure and monitor Climate-related risks - both physical and transition - across our operations and our portfolios, using scenario analysis, carbon metrics and proprietary risk indicators to understand our exposure and how it evolves. This is an ongoing dimension of portfolio management and investment committee oversight. The governance structures and processes through which this is governed are described in Section 2, and our risk management methodology in Section 4.

The second is **investment integration**. Climate considerations are embedded in our investment process from research through to portfolio construction. This includes exclusion policies that remove companies engaged in harmful or controversial activities from our investable universe, sustainability screening that sets minimum quality thresholds for investment in some of our funds, a proprietary Transition Monitoring Framework that assesses the forward-looking transition quality of investee companies, a dedicated Sustainable Investment Case for our strategies that are classified as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR). Section 5.1.1 describes this in full.

The third is **active ownership**. We use our position as investors to engage directly with investee companies on Climate-related matters — promoting stronger disclosure, ambitious targets, and good climate governance. We do this through ad hoc individual engagement, as well as through collective initiatives such as the CDP Non-Discloser Campaign or the CDP Science Based Targets Campaign. Our voting policy also includes a pledge to support shareholders' resolutions asking companies to set climate transition plans – when they are brought to companies where we hold voting rights. Section 5.1.3 covers our stewardship and engagement approach.

The fourth is **accountability and reporting**. We disclose metrics that allow our clients and stakeholders to assess whether our climate commitments are translating into real-world outcomes. Sections 6, 6.1 and 6.2 present our targets, portfolio climate footprint, and operational emissions respectively. Section 7 provides the full methodological detail underpinning those disclosures.

3.3.3 Mapping Climate-related Risks and Opportunities

The process of decarbonisation of the global economy creates risks and opportunities. Summary Tables 1, 2 and 3 below outline our assessment of potential risks and opportunities in relation to both our own operations, and the portfolios we manage. The mapping of risks and opportunities is reviewed annually.

Regarding **our own operations**, we carry out an annual inventory of all material GHG emissions. This process has been fine-tuned over the past few years, and in 2025 we engaged a leading independent third-party accredited verifier to formally verify the greenhouse gas (GHG) emissions reported by the Firm. The verification was conducted in full accordance with ISO 14064-1:2018, the internationally recognized standard for the quantification and reporting of GHG emissions and removals at the organizational level. The verification covered the GHG emissions inventory for the 2023 reporting year, establishing a clear and auditable reference point against which our future emissions performance can be measured and tracked over time. The assessment covered the quantification and reporting of CO₂ emissions arising directly from Algebris' operational activities.

Regarding **the portfolios we manage**, Algebris' investment integration strategy aims to ensure the Firm is aware of key sustainability risks and opportunities by incorporating additional layers of scrutiny – via exclusion policies and due diligence – in the investment analysis and decision-making, as well as in risk monitoring. Sustainability and Climate risks and opportunities are factored into the Firm's investment management processes for all Algebris Portfolios and certain Non-Algebris Portfolios where applicable. In addition, the Firm manages certain portfolios which have an investment strategy which expressly refers to climate risks and opportunities as a part of the investment mandate. For these funds – which have been classified as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR) – we apply stricter exclusion policies and evaluate Climate opportunities via a proprietary sustainability investment case. More details available in Section 5.

Table 1 Climate-related risks considered by Algebris in relation to our own operations

Risk	Description	Timeframe ²	Severity / Impact	Mitigating Actions
Transition: Reputation	Asset Mangers face a risk of being perceived as not having engaged enough to actively respond to climate change.	S term	Severity: High Impact channels: Lower revenues Lower AUM	We conduct an annual inventory of all our GHG emissions. Since 2019, we have been running a forestation project in Tanzania (AlgeTREES). In 2024, we have committed to setting a Science Based Target (SBT) for emission reduction with the Science Based Target Initiative (SBTi). In the context of target setting, we will implement a Climate Transition Action Plan.
Transition: Policy and Legal	Regulatory requirements on sustainability and Climate-related disclosures for financial products are in constant evolution and increasingly a focus of regulation. Failure to meet requirements could result in increased costs, fines, penalties or revenue loss.	S term	Severity: Medium Impact channels: Increased costs Lower revenues	The Algebris Compliance and Legal Departments drive the implementation of applicable laws and regulations – including by resorting to specialised external counselling – and monitor continued adherence to them at Firm level.
Transition: Technology	The growing complexity of regulatory requirements requires investment in data, technology, practices, and processes to manage climate risks and opportunities.	M term	Severity: Low Impact channels: Increased costs	We invest in data, technology, practices, and processes to manage existing or emerging climate risks and opportunities. We continue to review our data and technology suite to make sure it is always appropriate.
Physical: Acute and Chronic	Acute physical risks to our operations might result from increased frequency and severity of extreme weather events. Chronic physical risk may emerge in connection with rising temperatures; for example, summer blackouts driven by grid surcharge due to increased use of air conditioning are becoming more common in global cities around the world.	M term	Severity: Medium Impact channels: Disruption Increased costs	We host our services on a secure cloud, with no physical dependency on our sites. Data-centre sites are selected to minimise exposure to floods, earthquakes, hurricanes and other natural disasters, and use climate control, fire detection and suppression, and water sensors. Our infrastructure spans six Cloud Regions, each with a replicated region for resiliency, and we run business continuity and disaster recovery tests annually.

²Time horizons are defined as follows: short term: 0-5 years; medium term: 5-10 years; long term: 10+ years

Table 2 Climate-related Investment Portfolio risks considered by Algebris

Risk	Description	Timeframe ³	Severity / Impact	Mitigating Actions
Transition: Reputation	Companies in the financial sector risk being exposed to allegations of greenwashing or being perceived as not having met their fiduciary duties if not appropriately considering the climate implications of their investments.	S term	Severity: Medium Impact channels: Lower revenues Lower AUM	We apply a strict and science-based policy limiting investment in companies exposed to fossil fuels, across all our funds classified as Article 8 and Article 9 under SFDR. We also apply a rigorous set of exclusion policies aimed at reducing the risk of being exposed to activities that are harmful to the environment. In 2021, we joined the Net Zero Asset Managers Initiative, setting a net zero AUM target. In 2024, Algebris submitted its commitment to validate this target and set broader Net Zero targets with the Science Based Target Initiative. For our investee companies, we similarly monitor existence and adherence to emission reduction targets, we have a formal commitment in our voting policy to support shareholder resolutions asking companies to introduce climate transition plans, and we engage with investees on these topics.
Transition: Market	Our investee companies may face changing customer behaviour due to preferences for more sustainable products/ services. The speed at which this transition risk will manifest depends both on demographics and on government policy. Algebris may similarly face changes in preferences from our customers. There is evidence of generational differences in sustainability preferences, with younger generations placing a higher priority on sustainability when investing. These might lead to market shifts and increased or decreased demand for some of our products.	S term	Severity: High Impact channels: Lower revenues Lower AUM	Algebris has set up a solid framework for integrating Climate-related considerations in investment processes across our existing strategies, while expanding our internal sustainability research capabilities with the addition of dedicated analysts and a diversified package of data services. At the same time, we started pursuing a strategy of diversification in our product offering with the creation of an investment line having sustainable investment as its objective.

³Time horizons are defined as follows: short term: 0-5 years; medium term: 5-10 years; long term: 10+ years

Transition: Policy and Legal	Changes to Climate-related regulation that impact our investee companies or Algebris, by affecting existing or new products and/or operations. Examples are: increased pricing of GHG emissions; enhanced emissions-reporting obligations; regulation of existing products and services; exposure to litigation and reputational risk.	M term	Severity: Medium Impact channels: Increased costs Lower revenues	We invest in data, technology, practices, and processes to manage existing or emerging climate risks and opportunities. We continue to review our data and technology suite to make sure it is always appropriate for our needs. We have implemented proprietary sustainability screening for the investee companies in our portfolios that includes an assessment of the compatibility of our investees' business models with key planetary limits (planetary boundaries) as well as their exposure to key transition risks.
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Physical: Acute and Chronic	Acute and chronic risks to our investee companies (and hence to the portfolios we manage) as a result of extreme weather events and long-run changes in climate.	M/L term	Severity: Medium Impact channels: Disruption Higher costs Lower revenues	We look at composite physical risk indicators for our investee companies from third party providers. These composite scores are calculated as a sensitivity-weighted average of the risk scores for six physical risk indicators (heatwaves, cold waves, droughts, hurricanes, wildfires, and river and coastal flooding). Starting in June 2024, for all our UCITS funds we calculate and report quarterly the portfolio composite risk score over two horizons (2030 and 2050) and under three scenarios: Hothouse — GHG emissions triple by 2075 and global average temperatures rise by 3.3–5.7°C by 2100; Orderly transition — GHG emissions reduce to net zero by 2050, with global average temperatures rising by 1.3–2.4°C by 2100, consistent with the Paris Agreement; Disorderly transition — adjustment is delayed, GHG emissions stabilise at current levels until 2050 and then decline until 2100, consistent with global average temperatures rising by 1.3–2.4°C by 2100.
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Table 3 Climate-related opportunities considered by Algebris in relation to our own operations and portfolio investments

Risk	Description	Timeframe ⁴	Severity / Impact	Mitigating Actions
Investment: Technology	Revenue opportunities for investee companies from the development of technologies tackling climate change.	S / M Term	Impact channels: Higher revenues Efficiencies	As part of our proprietary Sustainability Investment Case tool, we look at investee companies' exposure to sectors and trends that could benefit or suffer from the net zero transition.
Investment: Products	Increased demand for climate-focused strategies due to increased regulation impacting our clients and shifts in investment preferences.	M term	Impact channels: Higher revenues Higher AUM	Over the past 3 years, we have strengthened the integration of Climate-related considerations across the investment process for our existing strategies, and we have launched 4 investment funds having sustainable investment as their objective and with a strong focus on the net zero transition.
Investment: Market	Access to new market segments or investor demographics due to shifting preferences in investment	M Term	Impact channels: Higher revenues Higher AUM	Over the past 3 years, we have strengthened the integration of Climate-related considerations across the investment process for our existing strategies, and we have launched 4 investment funds having sustainable investment as their objective and with a strong focus on the net zero transition.
Operations: Energy	Lower-emission sources and higher energy efficiency across all our offices	S term	Impact channels: Lower Scope 2 emissions	We will be looking at options to switch energy providers and/or enhance energy efficiency of our offices as part of our commitment to set a Science Based emission target.

⁴Time horizons are defined as follows: short term: 0-5 years; medium term: 5-10 years; long term: 10+ years

4. Climate Risk Management

4.1 What is Climate Risk?

Over the past decade, Climate-related risks have increasingly materialized, and we anticipate their continued significance, driven by their potential to materially affect the long-term value of portfolio companies. Climate risk refers to the potential threats posed by climate change to the assets and business models of companies.

Climate risk enters investment risk via its potential to amplify the impact of market risk, credit risk and liquidity risk. Physical climate risk can affect asset values, supply chains and sovereign creditworthiness. Transition risk can reshape the economics of entire sectors, alter regulatory environments, and change the cost of capital and its availability for the companies operating in those sectors.

Figure 2 Climate Risk Categorization

Physical risks	Transition risks
Risks associated with long-term changes in the climate, resulting in more extreme weather events that could impact the future business activities and the value both of our Firm and our investees	Risks stemming from transition of the economy towards a model compatible with limiting long-term temperature rises. This will encompass changes in demand for goods and services, as well as changes in the cost structure of companies and sectors, which could be driven by enhanced climate laws and regulations, as well as shifts in consumer preferences.

4.2 Algebris Climate Risk Framework

Our climate risk framework is based on the recognition that climate risks manifest differently depending on the time horizon considered. Over the short term - zero to five years - transition risks tend to dominate, driven by policy developments, carbon pricing, regulatory change and the pace of technological substitution. Physical risks become increasingly significant over the medium term - five to ten years - as the compounding effects of temperature change, extreme weather frequency and water stress begin to affect asset values and operating costs in measurable ways. Over the long term, beyond ten years, the interaction between physical and transition risks becomes the central analytical challenge: the trajectory of the transition itself determines which physical risks materialise and at what degree of severity.

At the portfolio level, we monitor aggregate exposure to climate risks using a suite of quantitative metrics that encompass transition risk indicators, physical risk composite scores and scenario-based earnings analysis. We calculate these across all liquid funds on a quarterly basis. At the individual company level, climate risk inputs feed directly into our investment analysis through the Sustainable Investment Case and Transition Monitoring Framework described in Section 5.

Our risk framework covers all liquid funds, which represented on average about 97% of total AUM throughout fiscal year 2025. Private equity strategies, venture capital and non-performing loan funds are subject to separate evaluation frameworks given their distinct asset characteristics and are not included in the portfolio-level metrics presented in this section.

This climate risk framework sits within Algebris' broader **Sustainability Risks Policy**, which governs how the Firm identifies, measures, manages and monitors sustainability risks across all investment activities, as required under the EU SFDR. Under this regime, sustainability risk is defined as an ESG event or condition that could cause a material negative impact on the value of an investment – a definition that encompasses climate risk as one of its most significant and structurally persistent components.

Climate-risk integration is calibrated to the expected life of each portfolio. For an open-ended or indefinite investment product or mandate, risk management is an ongoing process, which is reviewed on an ongoing basis. For a closed-ended or finite investment product or mandate, the risk management process is tied to the anticipated lifespan of the relevant product or mandate. Within this framework, the Firm does not prioritise any particular sub-category of climate risk over another⁵.

The Firm's process to determine which risks and opportunities could have a material financial impact on the portfolios is part of the wider investment process. All risks that the Firm faces are identified and recorded in the risk register. Each risk is then assigned a probability score (ranging from very likely to rare) and an impact score (ranging from insignificant to severe). Using these two variables and taking into consideration mitigating controls that are in place, a measure of the severity of each risk is identified. A significant risk is one that would result into a potential or realized loss at the business level with the probability and size combinations that are listed in the risk matrix below.

		Insignificant	Minor	Moderate	Major	Severe
Probability	Frequency	€ 100,000	€ 200,000	€140,000	€ 800,000	€ 1,600,000
Rare	1/4	25,000	50,000	100,000	200,000	400,000
Unlikely	1/2	50,000	100,000	200,000	400,000	800,000
Possible	1	100,000	200,000	400,000	800,000	1,600,000
Likely	2	200,000	400,000	800,000	1,600,000	3,200,000
Very Likely	4	400,000	800,000	1,600,000	3,200,000	6,400,000

Algebris maintains a low appetite for sustainability risk. The Responsible Investment Committee, Responsible Investment team and the Risk team conduct periodic monitoring of all portfolios to verify that positions remain within established sustainability risk limits, with corrective action taken where warranted.

The Firm maintains other policies relating to ESG and sustainability, including a Responsible Investment Policy, a Fossil Fuels Investment Policy, and various ESG Exclusion Policy (including but not limited to climate), which are available on our [website](#).

⁵Assessment of climate risks is complex and requires subjective judgements, which may be based on data, which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Firm will correctly assess the impact of climate risks on the Portfolio's investments. If a climate related event occurs especially one that the Firm did not anticipate, it can cause a sudden and substantial decline in the value of portfolio holdings. In extreme cases, an investment could lose its entire value, which would diminish the overall value and returns of the Portfolio and could also create additional liabilities for the Portfolio.

4.3 Climate-related Scenario Risk Analysis

A. Transition Risk

Transition risk arises from the policy, regulatory, technological and market changes that accompany the shift to a lower-carbon economy. For companies that are poorly positioned (either because their business models depend on high-carbon activities, or because they lack credible decarbonisation strategies, or because their capital allocation is misaligned with transition trajectories) these changes can impair earnings, reduce asset values and ultimately threaten their long-term resilience and viability.

We monitor transition risk at the portfolio level through three complementary lenses: (1) exposure to fossil fuel sectors, (2) SBT coverage, and (3) carbon earnings at risk under different climate scenarios. Together, these give us a current-state picture of exposure to transition risk, a forward-looking read on investee companies' ambition, and an estimate of the potential financial impact of transition scenarios on portfolio earnings.

A.1. Fossil fuel exposure

The most direct form of transition risk in a portfolio is exposure to companies whose revenues depend on fossil fuel extraction, production or distribution — assets that face the most acute risk of regulatory restriction, stranded asset and demand destruction under the assumption that the transition accelerates. We monitor portfolio exposure to companies active in fossil fuel sectors as a percentage of invested capital, broken down by sub-sector (including thermal coal, Arctic oil, oil sands and conventional oil and gas) to capture the different risk profiles and policy trajectories within the broader category. This monitoring is conducted across all liquid funds and reported quarterly for Article 8 funds and monthly for Article 9.

Our investment exclusion policies establish strict limits on investment in fossil fuels. Our net zero-aligned Article 8 and Article 9 funds exclude thermal coal entirely, as well as gas, Arctic oil and oil sands, with Article 9 funds extending some restrictions also to conventional oil and gas. These exclusions – which are publicly available on our [website](#) – reduce structural fossil fuel exposure across our portfolios.

A.2. Science-Based Targets (SBT) Portfolio Coverage

SBTs are a rigorous measure of corporates' climate ambition. A portfolio with high SBT coverage has greater assurance that investee companies will be reducing their emissions in a structured way, thereby reducing exposure to the regulatory and reputational risks inherent to companies without credible transition plans.

We monitor four dimensions of SBT coverage across all liquid portfolios: (1) the share invested in companies with validated Near Term SBTs; (2) the share invested in companies with validated Net Zero SBTs; (3) the share in companies with a formal commitment to set a Near Term SBT within two years; and (4) the share in companies with a formal commitment to set a Net Zero SBT within two years. Our decarbonization pathway within the NZAM initiative follows the Science Based Targets initiative (SBTi) Portfolio Coverage approach, with an objective to reach 100% target coverage by 2040 (see Section 7 for current figures). In this context, it is important to acknowledge that the past two years have been momentous for sustainable finance – and have seen major shifts in regulatory requirements

for corporate target setting (e.g. changes to the EU CSRD and CSDDD via the Omnibus). This has partly reflected in companies withdrawing SBT commitments, which may continue in future years. Algebris will monitor these developments and assess whether they warrant a restating of our portfolio commitments or a switch to a different methodology.

A.3. Carbon Earnings at Risk

To translate transition risk into financial risk, we use carbon earnings at risk analysis based on data sourced from S&P Global Trucost. This framework assesses the potential impact on investee companies' earnings of carbon costs that are currently not priced by the market — representing the actual financial exposure that would materialise if carbon pricing were to increase in line with the assumptions in the transition scenario.

We apply this analysis across three scenarios (listed below) and two different time horizons (2030 and 2050) to capture both the near-term and structural dimensions of transition risk:

1. An **orderly transition scenario**, where greenhouse gas emissions reduce to net zero by 2050 in a managed and progressive way, resulting in global average temperature increases of 1.3–2.4°C by 2100, consistent with the goals of the Paris Agreement.
2. A **disorderly transition scenario**, in which emissions stabilise at current levels until 2050 before declining sharply, resulting in a similar temperature outcome to the orderly scenario but with more abrupt and disruptive policy and market adjustments along the way.
3. A **hothouse scenario**, where mitigation efforts are insufficient, emissions continue to rise, and global average temperatures increase by 3.3–5.7°C by 2100, representing the high physical risk, low transition effort end of the range.

For each scenario and horizon, we assess three metrics at the portfolio level: (i) EBITDA at risk; (ii) Reduction in EBITDA margin and (iii) Unpriced carbon cost as a percentage of EBITDA. See Figure 3 below for more details on how these are computed.

Figure 3 Company level metrics monitored (using S&P Trucost data)

EBITDA at Risk	Reduction of EBITDA Margin (%)	Unpriced Carbon Cost / EBITDA (%)
A binary indicator of whether a company's earnings before interest, tax, depreciation and amortization (EBITDA) are at risk. The metric indicates companies facing more significant carbon price risk.	Estimated reduction in earnings before interest, tax, depreciation and amortization (EBITDA) margin after incorporation of unpriced carbon cost as a percent of original earnings before interest, tax, depreciation and amortization (EBITDA)	Unpriced carbon cost as a percent of earnings before interest, tax, depreciation and amortization (EBITDA). Gives a sense of the intensity of carbon costs across companies.

These metrics are aggregated at the portfolio level using investment weights. The results, presented in Figure 4 below, suggest that **the direct financial impact of transition risk scenarios on our liquid portfolios is likely to be limited**. This finding should be interpreted with one important **caveat**. The carbon earnings at risk analysis draws on Scope 1 and Scope 2 emissions data, so the scope is limited to direct and energy-related emissions of investee companies – leaving Scope 3 emissions (which are more difficult to measure) out of the picture. For most sectors, this provides a fairly reasonable basis for assessing transition risk exposure. For banks and other financial institutions – where a significant portion of our AUM is invested across portfolios – this is less valid.

For these companies, direct operational emissions are minimal, and the most material climate transition risks sit in their financed emissions (**Scope 3 Category 15**), i.e. the carbon footprint embedded in their lending and investment activities. For example, a bank that finances coal mining, oil and gas expansion or other carbon-intensive industries, carries a higher transition risk on its balance sheet than a bank that mostly finances clean energy. This risk is not visible in the banks' Scope 1 and 2 emissions and relying solely on direct emissions data for a portfolio with substantial financial sector exposure would materially underestimate transition risk.

To address this limitation, Algebris collaborated with S&P Global to develop a **bespoke transition risk model** specifically designed to incorporate an evaluation of banks' Scope 3 financed emissions. This enhanced framework allows us to apply scenario analysis to the lending and investment exposure of our financial sector holdings in a way that reflects where the real transition risk for those businesses. The outputs of this model are integrated into our portfolio risk monitoring and internal reporting. We supplement the quantitative analysis with our proprietary assessment of banks' fossil fuel financing policies, net zero lending commitments and climate governance quality (see Sections 5 and 6) which provides a qualitative layer of transition risk evaluation for the financial sector.

Figure 4 presents aggregated results across all liquid funds and mandates – as well as for Equity and Credit investments separately. Projected impacts on EBITDA remain contained: reductions in EBITDA margin stay within 0.3% even under a Low Mitigation scenario at the 2050 horizon, and unpriced carbon cost as a percentage of EBITDA peaks at 1.5% for Equity and 1.4% for All Liquid Assets at the same point. The share of holdings exposed to EBITDA-at-risk companies likewise stays below 2%, with Equity exhibiting marginally greater sensitivity than Corporate Credit, reflecting its longer duration of cash-flow exposure to transition policy. Sensitivities widen meaningfully from the 2030 to 2050 horizon and from Aggressive to Low Mitigation, indicating that the cost of inaction compounds over time rather than crystallising suddenly.

Figure 4 Resilience of portfolio to transition risk

ALL LIQUID ASSETS

	Reduction of EBITDA Margin		Unpriced Carbon Cost / EBITDA		% invested in companies with EBITDA at risk	
	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon
Aggressive Mitigation	-0.1%	-0.1%	0.5%	0.7%	0.6%	0.8%
Strong Mitigation	-0.1%	-0.2%	0.6%	1.1%	0.8%	1.1%
Low Mitigation	-0.1%	-0.3%	0.7%	1.4%	1.0%	1.6%

Equity

	Reduction of EBITDA Margin		Unpriced Carbon Cost / EBITDA		% invested in companies with EBITDA at risk	
	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon
Aggressive Mitigation	-0.1%	-0.1%	0.5%	0.7%	0.7%	0.9%
Strong Mitigation	-0.1%	-0.2%	0.6%	1.1%	0.9%	1.1%
Low Mitigation	-0.2%	-0.3%	0.6%	1.5%	1.0%	1.6%

CORPORATE CREDIT

	Reduction of EBITDA Margin		Unpriced Carbon Cost / EBITDA		% invested in companies with EBITDA at risk	
	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon	2030 Horizon	2050 Horizon
Aggressive Mitigation	-0.1%	-0.1%	0.5%	0.6%	0.7%	0.9%
Strong Mitigation	-0.1%	-0.2%	0.6%	1.0%	0.9%	1.1%
Low Mitigation	-0.1%	-0.3%	0.6%	1.3%	1.0%	1.6%

Note: This excludes private equity strategies, venture capital and non-performing loan (NPL) funds, which are subject to separate evaluation frameworks due to their distinct asset characteristics.

B. Physical Risks

Physical risk scenarios are particularly relevant for organizations exposed to acute or chronic climate change, such as those with long-lived, fixed assets, locations or operations in climate-sensitive regions (e.g., coastal and flood zones), reliance on availability of water and value chains exposed to these factors.

Algebris carries out physical climate risk analysis based on third party composite physical risk scores under different scenarios. Scores range from 0 (best) to 100 (worst) and are sourced from S&P Trucost. They represent the combined exposure to nine climate change hazards at a weighted average of multiple locations (company) under a given scenario and time period. The hazards aggregated into the composite scores are coastal floods, drought, extreme cold, extreme heat, fluvial flood, pluvial flood, tropical cyclone, water stress and wildfire. The results of the portfolio-level assessment are reported in Figure 5 below, which aggregates the result for all funds and mandates apart from our private equity and venture capital funds. Composite scores cluster between 64 and 77 across scenarios and horizons, placing the portfolio in the upper-middle band of the 0–100 range. We read this as moderate exposure: scores rise from 64 under an Orderly Transition in 2030 to 77 under a Hothouse Scenario in 2050, indicating that physical risk is contained over the near term but builds materially under higher-warming pathways. The portfolio is not unusually concentrated in the most exposed geographies or sectors, but the underlying drivers — heat stress, water stress, and flood exposure across investee company operating footprints — warrant ongoing monitoring.

Figure 5 Physical risk outlook (All Liquid Funds) (31/12/2025)

Scenario	2030 Horizon	2050 Horizon
Orderly Transition	64	68
Disorderly Transition	64	71
Hothouse Scenario	66	77

4.4 Monitoring and managing of Climate-related Risks

Climate-related risks are monitored on a periodic or ad-hoc basis, depending on the portfolio. Indicators of both transition and physical climate risks are also included in the periodic sustainability reporting published on our website for all of Algebris UCITS funds. This reporting is issued monthly for the funds classified as Article 9 under the EU SFDR, and quarterly for those classified as Article 8.

The Firm's risk appetite when it comes to the Climate-related risks of its funds' investments is low, as this is defined in the fund's risk appetite. While the current risk management framework does not impose tolerances on Climate-related risks in its current form, the Firm's existing ESG policies, mainly the ESG exclusion policies, keep the relevant exposures contained over the investment horizon for the Firm's funds.

The monitoring and review of the funds' exposure to physical climate risks and green transition risks forms a standing agenda item of the Investment Risk Committee, [SM4.1]ensuring such risks receive regular and structured oversight at the appropriate governance level. While the Firm's investment teams are provided with information on Climate-related risks and are encouraged to take these into account when making an investment decision, Climate-related risk would not by itself prevent the Firm from making any investment. Instead, Climate-related risk forms part of the overall risk management processes and is one of many risk factors which may be relevant to a determination of risk.

The Firm does not apply absolute risk limits or risk appetite thresholds which relate exclusively to Climate-related risk as a separate category of risk. But it does apply strict fossil fuel investment exclusions that are aimed at keeping exposure to such risk to a minimum. At the Firm level, Climate-related risks are expressed as operational risks, for example through reputational damage, AUM loss, compensation demands and greenwashing accusations. This is done by assessing the likelihood of the occurrence and the severity of impact of each risk and the effect to the Firm. Each identified category of risk is assessed and controlled, and its residual risk is contained within the Firm's operational risk appetite.

5. Responsible Investment Approach

5.1 Our RI Approach

As an active asset manager, our investment decisions are the primary source of our Climate-related risk exposure and a powerful lever for contributing to the transition. This conviction sits at the foundation of our responsible investment framework and shapes sustainability integration in our investment process.

Our approach rests on three pillars: (1) positive contribution to sustainability, (2) no significant harm, and (3) active engagement. These are applied differently across our investment strategies, reflecting each fund's investment mandate, their SFDR classification, the sectoral focus, and geographic composition – but the underlying principle across all remains that of **double materiality**.

When we assess a potential investment from a sustainability perspective, we ask two questions simultaneously: how do sustainability factors affect the financial value and long-term prospects of this company? And how does this company's business model and operations affect the environment and

society? This approach combines a risk and impact angles, which in our view allows for a comprehensive and truly holistic view of corporate sustainability.

5.1.1 Positive Contribution to Sustainability

The first pillar of our framework asks a demanding question of prospective investments: does this company make a positive contribution to sustainability, and can we demonstrate that rigorously? For our Article 8 funds, we do not commit to any minimum sustainable investment percentage, but the primary mechanism is **ESG best-in-class screening**. Every company in the investable universe is assessed against a minimum ESG score threshold derived from third-party data, with investment restricted for companies in the bottom 15% of their sector's global ESG score distribution. The bottom 10% constitutes an outright exclusion; companies scoring between the 10th and 15th percentiles are placed on a formal watchlist subject to enhanced monitoring and engagement. For our flagship Financial Credit and Financial Equity strategies, stricter restriction triggers apply at the 15th percentile, with watch listing beginning at the 10th.

We are clear-eyed, however, about what ESG scores can and cannot tell us. They are constructed to be comparable and systematic, but they are necessarily backward-looking, often lag company-level developments, and do not always embed a double materiality perspective. We therefore complement them with a proprietary sustainability assessment that evaluates companies through a richer qualitative and quantitative lens, considering also direct and indirect environmental impacts, social externalities, governance quality, and forward-looking transition credentials.

This assessment is the foundation of what we call the **Sustainable Investment Case**, which is used as the core sustainability assessment for our Article 9 funds.

The Sustainable Investment Case template encompasses a comprehensive set of indicators: SDG revenue mapping and alignment scores, planetary boundaries metrics, the full suite of mandatory EU SFDR Principal Adverse Impact indicators plus selected optional ones, net zero pathway and target data, physical risk indicators, and biodiversity metrics. It is produced for each prospective investee at the pre-investment stage and reviewed on an ongoing basis thereafter. For financial institutions — which represent the core of many of our strategies — a specialist version of the Sustainable Investment Case applies an additional layer of scrutiny to banks' fossil fuel financing policies, lending alignment with the Paris Agreement, and NZBA membership or equivalent climate commitments.

For investments in small and medium enterprises where third-party ESG data coverage is limited or unavailable, our Responsible Investment team conducts direct due diligence using a proprietary ESG questionnaire covering 54 questions across environmental, social and governance dimensions. A SASB materiality map is applied to weight questions according to the sector and nature of each company's activities, and results are aggregated into a summary score and constituent E, S and G component scores. This ensures that SME holdings - which represent a meaningful share of our listed equity portfolios - are not assessed on a lesser standard simply because they are less covered by data providers.

5.1.2 Do No Significant Harm

The second pillar operates as a set of minimum standards and hard constraint that define the outer boundary of our investable universe. The DNSH angle is anchored in the EU's Principal Adverse Impact (PAI) regime, and operationalised via our ESG exclusion policies. We apply three categories of exclusion across all funds where we act as sole investment manager.

Normative exclusions remove from the investable universe all companies found to be in violation of the UN Global Compact principles or OECD Guidelines for Multinational Enterprises – i.e. international standards governing corporate conduct on human rights, labour, environment and anti-corruption. A violation is defined as involvement in critical-severity controversies where the company is non-reactive to remediation. This exclusion applies across all our funds without exception.

Ethics exclusions restrict investment in activities we consider harmful on ethical grounds. These include controversial weapons, tobacco, and predatory lending across all funds. Article 9 funds are subject to a broader set of restrictions covering also alcohol, military contracting, small arms and gambling, with precise revenue thresholds set at the fund level.

Climate exclusions draw from the EU framework for Paris Aligned Benchmarks (PAB). The Article 8 that were included in our original NZAM commitment, as well as the Article 9 funds, exclude investment in companies deriving any revenue from coal exploration, mining, extraction, distribution or coal-powered energy generation, as well as any company pursuing material coal expansion regardless of current revenue share. For unconventional oil and gas, they exclude companies with any revenues from Arctic oil or tar sands exploration, extraction, distribution or refining. For our Article 9 funds we extend exclusions to conventional oil and gas production and setting strict revenue thresholds for oil and gas refining, distribution and power generation.

On most of these exclusions we also apply a significant ownership overlay — removing from the investable universe any company with a material ownership stake in a directly excluded entity, typically defined as 10% or above based on Sustainalytics data. This overlay reflects our view, as a firm with deep roots in financial sector investing, that the gatekeeper role of banks in capital allocation makes their financing of harmful activities a relevant dimension of our own exposure. A full schedule of exclusion thresholds by fund classification is set out in our Responsible Investment Exclusion Policy, available on our [website](#).

For financial institutions in our Article 9 funds, eligibility also depends on a proprietary screening of fossil fuel financing policies. To be investable, a bank must demonstrate credible coal, arctic oil and oil sands policies; have at least 20% of revenues aligned with one or more SDGs; and be a member of the Net Zero Banking Alliance or equivalent initiative or have a validated science-based emission reduction target.

Figure 8 Exposure to Fossil Fuels Revenues

FOSSIL FUEL EXPOSURE

Scenario	2023	2024	2025
Exposure to companies with revenues from fossil fuels	0.7%	1.2%	0.0%
Share of revenues from Thermal Coal	0.0%	0.0%	0.0%
Share of revenues from Arctic Oil	0.0%	0.0%	0.0%
Share of revenues from Oil Sands	0.0%	0.0%	0.0%

Figure 9 Investment Screening Techniques and Monitoring Frameworks

Investments Techniques	Objectives
Exclusion strategies	The Firm may exclude from certain investments or sectors which the Firm deems harmful on environmental or social grounds
Negative screens	The Firm may apply scoring or other assessments to individual investments and screen out the lowest-rated investments, based on the harm done by those investments to the relevant environmental or social objective
Positive screens / best in class	The Firm may apply scoring or assessment to individual investments and limit its investable universe to the highest-rated portion or percentage of assessed investments
Impact or thematic investing	The Firm may assess the direct or indirect contribution of individual investments to the attainment of particular environmental or social objectives and invest predominantly in only such investments
Active ownership	Active ownership through proxy voting and Active engagement with investee companies in relation to ESG matters Section 5.1.3

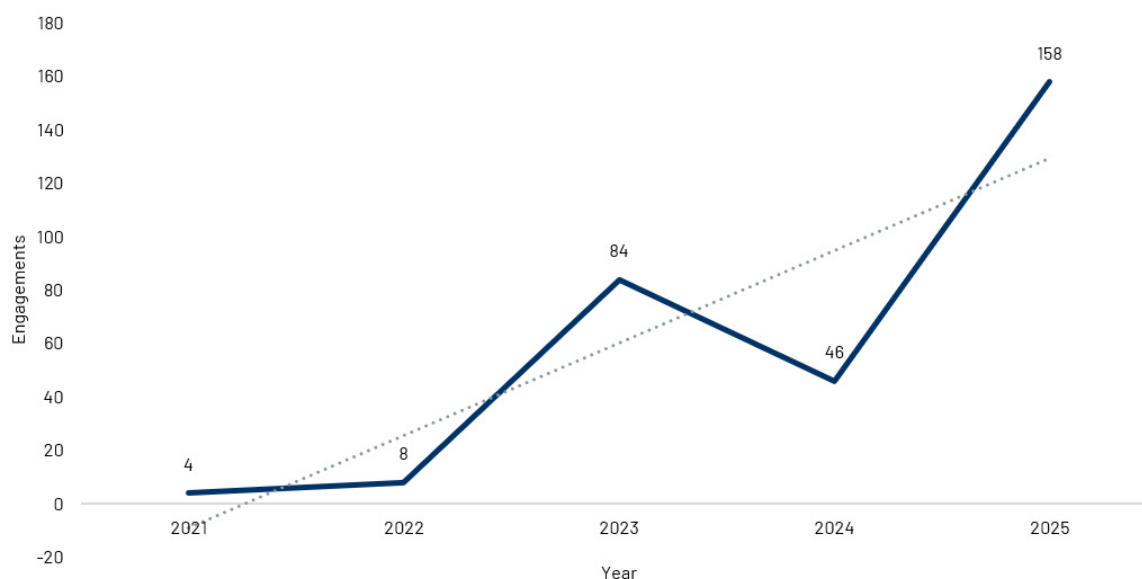
5.1.3 Active Engagement and Voting

Algebris engages in Active Ownership, with a view to reducing the risk of particular positions falling outside of risk appetite/limits (including on climate and broader sustainability risks). We also aim to use our role as investors to promote positive change, and we place a high importance on actively engaging with investee companies on matters of sustainability.

Our stewardship policy is grounded on 3 pillars: (1) individual engagement, (2) collective engagement, and (3) voting. We maintain our commitment to **effective stewardship** of investee companies throughout the lifecycle of the investment, through ongoing monitoring of sustainability credentials and progress. This is primarily achieved via regular contact with the investee companies and on-going review of the sustainability credentials of investee companies as well as the investment case.

The members of Algebris investment and RI team engage with investee company on their sustainability practices on a regular basis via broker conferences, company road shows or separately arranged meetings. All such meetings where relevant will take place in accordance with our wall crossing procedures and adherence to market abuse and insider dealing controls. The level and frequency of engagement may vary and will be determined by a number of factors, including but not limited to, the type of asset class held and the size of the position that we hold. Additional ad hoc engagements may occur if there are any concerns about the company and/or the market in which it operates, including on Climate-related matters.

Figure 10 Algebris engagement as of fiscal year 2025



Our engagement activity primarily aims at evaluating the level of integration of sustainability in the governance, operations and business models of the companies in which we invest and to promote positive change in how investees manage sustainability risks and their impacts on specific sustainability topics.

In addition to individual company engagement, we participate in collective engagement initiatives. We are an investor signatory to the Carbon Disclosure Project, participating annually in the Non-disclosure Campaign and the SBT campaign. We have supported the Task Force on Climate-Related Financial Disclosures since 2020, and we also engage with regulators and supranational bodies on sustainability policy— including through open letters and consultation responses — and publish our policy positions on our website. As members to the Net Zero Asset Managers Initiative, we also routinely engage with investee companies on their climate transition plans and targets as well as specifically on science-based transition targets.

Engagement timelines are structured and tracked (Figure 10). In case of a serious concern (e.g. engagement triggered by severe controversies) and where there is lack of meaningful response or evidence of success for the engagement activity, the outcome can be divestment until the identified issues are resolved. This escalation path is documented in our proprietary engagement reporting tool and any escalation would be notified to and reviewed by the RI Committee.

For all equity investments, voting decisions are taken on a case-by-case basis following an assessment of each resolution's likely effect on the long-term performance and sustainability credentials of the investee. Proxy voting is managed through the ISS Proxy Exchange platform, with votes instructed by the relevant portfolio manager and approved by the Operations team. We joined the Say on Climate Initiative in 2020, committing to support shareholders resolution asking investee companies to submit climate transition action plans for shareholder vote at their AGMs. This commitment is embedded in our Voting Policy. We publish our full voting record and an annual Voting and Engagement Report on the sustainability section of our [website](#).

5.2 Transition monitoring: Assessing Portfolio Transition Quality

Exclusions and ESG screening together define what we will not invest in and establish a minimum threshold for Do No Significant Harm (DNSH) assessment. But they do not, on their own, tell us how well positioned the investee companies in our portfolios are for the transition to a low-carbon economy.

To answer this question, we have developed a proprietary **Transition Monitoring Framework** that assesses the transition quality of each investee company across eight dimensions and aggregates these assessments into a portfolio-level score. Companies are evaluated on:

- Transition targets and their ambition;
- Current emissions profile and alignment with a well-below-2°C pathway;
- Emissions disclosure quality and verification;
- Decarbonisation strategy integration;
- Capital allocation alignment with low-carbon activities;
- Climate policy engagement at the value chain level;
- Climate governance quality;
- Climate risk integration into business accounts and disclosures.

Each dimension is scored on a scale of zero to ten. The eight-dimension scores are subsequently aggregated using a weighted average, where the weights are calibrated by sector, reflecting the recognition that the determinants of transition quality vary materially depending on the industry in which a company operates. For an oil and gas company, the most material factors are actual emissions reduction, decarbonisation strategy and capital reallocation. For a bank, they are governance, climate integration into lending, and fossil fuel financing policy. Applying uniform weights across all sectors would systematically distort comparisons — thus rewarding low-emissions sectors regardless of their transition management quality, and penalising high-emissions sectors even where companies are managing their transition actively and credibly. The sector-adjusted score measures how well a company is navigating the transition given its specific circumstances.

Company-level scores are then aggregated to the portfolio level using investment weights, and to account for portfolio composition changes throughout the year, the score is calculated quarterly with the annual figure reported as the average of four quarterly observations. This gives a more accurate picture of actual average exposure than a year-end snapshot.

The framework is in active development. It represents the first phase of what we intend to build into a comprehensive, systematic transition monitoring capability across all liquid strategies, and the methodology will evolve as data availability improves and sector-specific transition dynamics become better understood. Full details of the framework, including definitions and the sector weighting table, are set out in Appendix D.

5.3 Data Infrastructure and Research Capability

Our RI team draws on a range of specialised third-party providers for the analytical work described in this report — including S&P Trucost, Sustainalytics, Clarity AI, Bloomberg, CDP, and specialist NGO sources including BankTrack, OilandGas Policy, World Bank Fragile States Index, IMF, Rainforest Action Network and Urgewald. The team conducts direct company-level research where third-party data is absent or insufficient.

The Head of the Responsible Investment team holds the CFA Certificate in ESG Investing and has completed two responsible investment courses offered by the UN PRI Academy. Investment team members across all strategies are trained in the services of our external data providers and encouraged to pursue relevant sustainability qualifications. Sustainability considerations are embedded in our annual performance review process — employees are assessed on their contribution to the firm's sustainability objectives, with outcomes that can influence compensation decisions.

5.4 Our Net Zero Commitment and the Evolving NZAM landscape

Algebris joined the Net Zero Asset Managers Initiative in 2021, committing to manage an initial 57% of total AUM — equivalent to 79% of AUM excluding discretionary mandates — in line with attaining net zero emissions by 2050 or sooner. For the purpose of setting our NZAM target, we adopted the SBTi Portfolio Coverage approach, committing to drive adoption of Science Based Targets by investee companies.

It is important to be transparent about the current status of NZAM and what it means for us. NZAM suspended its activities in January 2025 following the departure of several major asset managers, amid intensifying political and regulatory pressure. Following a comprehensive review engaging hundreds of stakeholders, NZAM relaunched in early 2026 with a materially revised commitment framework that removes the explicit requirement to target net zero by 2050, replacing it with a more flexible structure in which each signatory sets its own near-term climate targets and stewardship practices. At the same time, the past two years have been momentous for sustainable finance – and have seen major shifts in regulatory requirements for corporate target setting (e.g. changes to the EU CSRD and CSDDD via the Omnibus). This has partly reflected in companies withdrawing SBT commitments, which may continue in future years.

We are monitoring this development carefully and seek to be clear about our own position. As our first 5-year NZAM target revision comes due in 2026, we will use this exercise to also assess whether recent global developments in sustainable finance and the changing landscape around corporate target setting warrant a restating of our portfolio commitments or a switch to a different methodology for setting our portfolio targets.

6. Metrics and Targets

Both the IPCC's 1.5°C pathways (2018) and the IEA's Net Zero roadmap (2021) underscore that meeting 2050 net-zero goals demands sharp curtailment of fossil fuel-based emissions alongside withdrawal of capital from these sectors. This section presents the metrics we use to monitor Climate-related risks and impacts across both our operations and – more importantly – our investment decisions.

6.1 Financed Emissions and other Portfolio Metrics

As an asset manager, we recognize that our investment decisions represent the most significant driver of our contribution to the transition to a low-carbon economy. Our portfolio is both our principal source of Climate-related risk and our primary opportunity for contributing to real-economy decarbonisation. This section presents our measurement framework for financed emissions, reports our current portfolio footprint, and assesses how our holdings are positioned relative to a net-zero transition pathway.

6.1.1 Algebris Financed Emissions

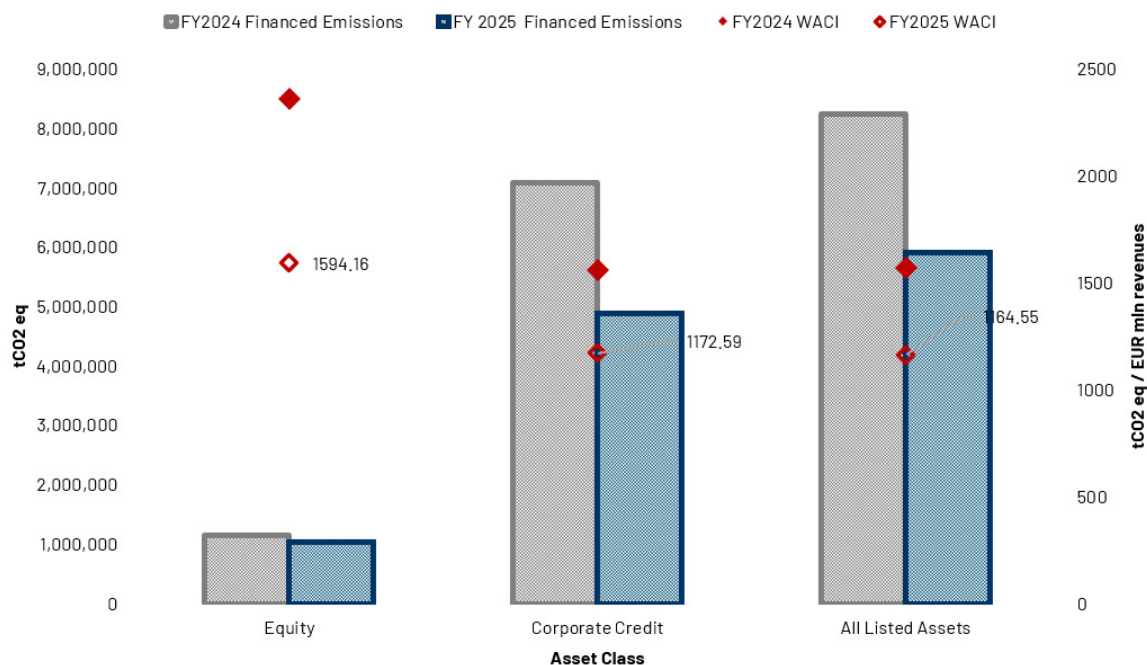
Our approach to measuring and monitoring financed emissions is grounded in the recommendations of the TCFD and the requirements of the FCA's reporting regime. These metrics are calculated and reported across all our liquid funds, which account for 97% of our assets under management throughout fiscal year 2025. Our Non-Performing Loans funds and Private Equity fund – representing 1% and 2% of AUM respectively – are currently excluded from this reporting boundary as data availability for these asset classes remains limited. Emissions data is sourced from S&P Trucost and reported at product level as well as aggregate portfolio level.

We monitor **three financed emission metrics**, each serving a distinct analytical purpose and aligned with TCFD's recommendations on disclosure. Together they provide both an absolute and an intensity measure of our climate exposures, allowing us to compare across portfolios of different sizes and over time.

- **Portfolio Carbon Emissions** measure the total GHG emissions attributable to our investments on an ownership-share basis. For each investee company, we calculate our proportionate share of emissions based on the ratio of our current investment value to the company's enterprise value including cash (EVIC). These per-company figures are then aggregated across the portfolio. The metric is calculated for Scope 1, Scope 2, Scope 3 separately, as well as total Scope 1+2+3 emissions. This indicator is equivalent to Principal Adverse Impact indicator (PAI) 1 under the EU SFDR regime.
- **Portfolio Carbon Footprint** applies the same ownership-attribution logic but normalises the result by the current value of the portfolio, expressed in per million euros invested. This intensity measure enables meaningful comparison of carbon efficiency across portfolios irrespective of their size and is equivalent to PAI 2 under the SFDR regime.
- **Weighted Average Carbon Intensity (WACI)** takes a different approach to attribution: rather than allocating emissions by ownership share, it scales each company's emissions intensity — measured as tons of CO₂ equivalent per million euros of revenue — by its portfolio weight. This metric captures the carbon efficiency of the economic output generated by our investee companies and enables benchmarking against market indices and sector averages. It is equivalent to PAI 3 under SFDR.

All three metrics are reported for Scope 1+2 and Scope 1+2+3 emissions, at both the aggregate liquid portfolio level and broken down by asset class — listed equity and corporate credit (Figure 11).

Figure 11 Financed Emissions by Asset Class



As of end-2025, Algebris total financed Scope 1+2+3 emissions across all liquid portfolios stood at 5,909,890 tCO₂e, with a carbon footprint of 228 tCO₂e per million euros invested and a WACI of 1,165 tCO₂e per million euros of revenue.

Carbon footprint is higher across our listed equity portfolio than our corporate credit portfolio, reflecting the greater sectoral diversification of our equity holdings relative to our credit book, which is concentrated in banks and other financial institutions - a sector with comparatively lower direct emissions intensity. WACI is broadly comparable across the two asset classes.

Data coverage across all liquid portfolios stands at 84% throughout fiscal year 2025, weighted by investment value. Coverage for our corporate credit portfolio is 83%, somewhat below the 88% achieved for listed equity. This differential reflects the fact that our corporate credit portfolio includes exposure to unlisted companies, for which third-party emissions data is less readily available than for publicly listed peers. The calculation methodology for each metric is set out in Appendix B.

6.1.2 Other Climate-related Portfolio Indicators

Financed emissions metrics tell us what the portfolio looks like today. We complement this with a forward-looking set of metrics, that capture the direction of travel of our investee companies with respect to the transition rather than simply their current emissions stock.

The two primary alignment indicators we monitor at the portfolio level are Science Based Targets coverage and implied temperature pathways. **SBT coverage** measures the share of the portfolio invested in companies that have either validated Near Term or Net Zero SBTs, or have made a formal commitment to set such targets within two years — providing a forward-looking read on how much of the portfolio is anchored to credible, externally validated decarbonisation commitments. **Implied temperature pathways**, calculated at portfolio level using the CDP temperature rating methodology, translates investee companies' emissions reduction targets into an aggregate temperature trajectory, giving a single forward-looking figure that can be tracked over time and assessed against the goals of the Paris Agreement. Both indicators are also used as inputs into our transition risk assessment framework and are discussed in that context in Section 4.

As of the end of 2025, approximately 22% of our liquid portfolio is invested in companies with set Near Term SBTs and 1% is invested in companies that also have more ambitious Net Zero SBTs. These numbers have improved year over year from 2023, showing progressively larger SBT portfolio coverage (see Figure 12). Yet, the short-term portfolio-level implied temperature pathway stands on a Scope 1+2 basis and 5.7°C including Scope 3 emissions. These figures are not yet consistent with a 1.5°C scenario, which reflects both the current state of target-setting across our investee universe and the structural challenge of moving a diversified portfolio to full alignment within a short timeframe.

Our original NZAM commitment, set against an end-2020 baseline of 0% SBT coverage across our Net Zero-aligned portfolios, translated the 2040 100%-coverage objective into a linear interim trajectory of 25% SBT coverage of Net Zero AUM by 2025 and 50% by 2030. Coverage at end-2025 stands at 22% (Near Term SBTs), narrowly below the 25% interim milestone. We have not met the 2025 waypoint, but the gap is small relative to the broader disruption that has reshaped target-setting across the industry over the past two years. NZAM itself suspended its activities in January 2025 (see Section 5.4 for the full chronology and our position on the relaunched framework), and the regulatory backdrop has shifted materially — changes to the EU CSRD and CSDDD via the Omnibus package, in particular, have led a number of investee companies to withdraw their SBT commitments, a trend that may continue. We will revisit the interim trajectory as part of our 2026 NZAM target review, alongside the broader question of whether to restate our portfolio commitments or adopt a different methodology.

Figure 12 Science-Based Targets Coverage Over Time

SCIENCE-BASED TARGETS (SBTs)

Scenario	2023	2024	2025
% Invested in Companies with Set Near Term SBTs	18.0%	21.0%	22.0%
Share of revenues from Thermal Coal	0.3%	0.5%	0.9%

On top of headline SBT coverage, our proprietary Transition Monitoring Framework, described in full in Section 5 and Appendix D, assesses investee companies' transition readiness across eight dimensions and aggregates these to a portfolio-level transition quality score, adjusted for sector composition and calculated quarterly. Read alongside the SBT coverage and temperature pathway figures, the transition quality scores provide a richer picture of where the portfolio stands and where engagement effort is most needed.

6.1.3 Coverage, Limitations and Forward Commitments

We are mindful that our current financed emissions reporting has limitations that should be understood by readers of this report. The exclusion of our NPL, Private Equity and Venture funds from the reporting boundary means that a portion of our AUM (albeit very small) is not yet reflected in the figures presented here. The reliance on third-party estimated data for SME issuers introduces some degree of uncertainty into portfolio metrics – which become sensitive to methodological changes from data providers. And the use of EVIC-based attribution — while consistent with TCFD, PCAF, and SFDR guidance — means our reported financed emissions are sensitive to market value movements in addition to actual changes in investee company emissions.

We are committed to addressing these limitations progressively. Our priority areas for the coming reporting period are: (i) extending as much as possible the emissions reporting boundary to our private markets strategies; (ii) increasing engagement with investee companies to encourage direct emissions disclosure so as to reduce the need for estimates; and (iii) working with our data provider to improve SME coverage. Progress against these commitments will be reported in our next annual climate disclosure.

6.2 Algebris Operational Emissions

As a financial institution, our direct operational emissions are modest relative to our financed emissions. Nevertheless, we regard the rigorous measurement and active reduction of our own footprint as an important dimension of our climate commitments. Understanding our operational baseline is a prerequisite for setting credible science-based reduction targets, tracking progress over time, and maintaining accountability to our investors and stakeholders.

Our emissions accounting follows the GHG Protocol Corporate Standard, the GHG Protocol Scope 3 Calculation Guidance, the GHG Protocol Corporate Value Chain (Scope 3) Standard, and the Global GHG Accounting and Reporting Standard for the Financial Services Industry. We report on a calendar year basis, with the reporting period running from 1 January to 31 December inclusive. Our baseline year is 2023.

We have adopted an operational control approach to consolidation, meaning we account for all emission sources over which we exercise operational control. For Scope 2, we apply a location-based methodology, using grid-average emission factors at the city level where available, and at the national or state level where city-level data is not accessible. Emission factors are sourced from the EPA, Grid Emission Factors, and the UK Department of Environment, Food and Rural Affairs (DEFRA), with the most granular and location-appropriate factor applied in each case.

In 2023, we launched a dedicated environmental accounting tool to support the collection, calculation and monitoring of our operational emissions. The platform aggregates site-level performance data annually, enables target-setting and tracking, and keeps emission factors aligned with the latest GHG Protocol guidance. Input data is sourced from our internal finance team, our suppliers and service providers, and the building management companies of our rented offices. Full calculation formulas for each emission category are set out in Appendix A.

We engaged SGS, an independent accredited verifier, to formally verify the Firm's GHG emissions in accordance with ISO 14064-1:2018, the recognised standard for organisational GHG quantification

and reporting. The verification covered the GHG emissions inventory for the 2023 reporting year and validated the methodology applied. This establishes an auditable base year – a reference point against which future emissions performance is measured.

6.2.1 Scope 1 Operational Emissions

Scope 1 covers direct GHG emissions from sources owned or controlled by the firm, calculated by multiplying total energy consumed in kilograms by the relevant fuel-type emission factor, and converting the result to tons of CO₂ equivalent. As we do not own any physical assets — our offices are all leased — Scope 1 emissions are negligible. No combustion of fuel occurs in assets under our direct ownership or control, and we report Scope 1 emissions as zero for the current reporting period.

6.2.2 Scope 2 Operational Emissions

Scope 2 covers indirect GHG emissions from the generation of purchased electricity, heat and cooling consumed across our office locations. These are calculated by multiplying total electricity consumed in kilowatt-hours by the relevant location-based grid emission factor for each office.

Where direct energy consumption data is available from building management companies or utility providers, it is used as the primary input. Where such data is unavailable, we apply a two-step spend-based estimation: total electricity expenditure in local currency is converted to euros at the prevailing exchange rate, and then divided by the average cost per kilowatt-hour for a services business in the relevant market to derive an estimated consumption figure, which is then multiplied by the applicable grid emission factor.

Our offices are located across multiple jurisdictions, and emission factors vary materially by location depending on the carbon intensity of the local electricity grid. This geographic dimension makes Scope 2 the most methodologically complex element of our direct footprint, and we continue to work with building managers to improve the availability of direct consumption data across all sites.

Total Scope 2 emissions for 2025 were 74.18 tCO₂e, comprising 32.72 tCO₂e from power consumption and 41.46 tCO₂e from lighting. Of this total, 20% was attributable to our UK operations and 55% to our operations in Italy, while the rest of the world contributed quite little (see Figure 11a and 11b). The categorisation of Scope 2 emissions in 2025 differs from prior years due to a change in office location and energy provider, which resulted in different billing structures for electricity consumption. Prior year figures have not been restated as the underlying data is not available on a comparable basis.'

Figure 12a Scope 2 emissions per region in 2023

	Algebris UK	Algebris Italy	Algebris Ireland	Algebris Japan	Algebris Singapore	Algebris US	Algebris Switzerland	Total
Scope 2 (tCO ₂ eq)	12.36	20.74	7.55	5.32	3.35	1.75	0.06	51.07
Electricity	5.87	9.84	3.58	2.53	1.59	0.83	0.03	24.24
Cooling	3.59	6.02	2.19	1.54	0.97	0.51	0.02	14.83
Heating	2.91	4.88	1.77	1.25	0.79	0.41	0.01	12.01

Figure 12b Scope 2 emissions per region in 2024

	Algebris UK	Algebris Italy	Algebris Ireland	Algebris Japan	Algebris Singapore	Algebris US	Algebris Switzerland	Total
Scope 2 (tCO ₂ eq)	10.59	28.24	7.21	5.99	3.56	N/A	0.08	55.66
Electricity	5.02	13.40	3.42	2.84	1.69	N/A	0.04	26.42
Cooling	3.07	8.20	2.09	1.74	1.03	N/A	0.02	16.16
Heating	2.49	6.64	1.69	1.41	0.84	N/A	0.02	13.09

Figure 12c Scope 2 emissions per region in 2025

	Algebris UK	Algebris Italy	Algebris Ireland	Algebris Japan	Algebris Singapore	Algebris US	Algebris Switzerland	Total
Scope 2 (tCO ₂ eq)	14.26	40.15	7.83	5.50	3.20	3.06	0.18	74.18
Power	6.29	17.71	3.45	2.42	1.41	1.35	0.08	32.72
Lighting	7.97	22.45	4.37	3.07	1.79	1.71	0.10	41.47

6.2.3 Scope 3 Operational Emissions

Our Scope 3 operational emissions span four categories under the GHG Protocol framework: business travel (Category 6), employee commuting (Category 7), purchased goods and services (Category 1), and fuel and energy-related activities including well-to-tank emissions and transmission and distribution losses (Category 3). We also account for waste generated in operations (Category 5).

Each category applies a distinct calculation methodology, as detailed below.

A. Business travel (Category 6)

Business travel is our largest source of operational Scope 3 emissions, reflecting the international nature of our investment activity and client relationships. Emissions are calculated by applying vehicle-category emission factors to total expenditure on business travel, converted from sterling to euros at the prevailing exchange rate. Emission factors are sourced from the EPA and applied at the vehicle category level — air, rail, and ground transport are treated separately. Total business travel emissions for 2025 were 445.88 tCO₂e.

B. Employee commuting (Category 7)

Employee commuting emissions are calculated using a two-step approach. First, individual commuting distances and transport modes are gathered through an annual staff survey, and total annual commuting distance is derived by multiplying the one-way commuting distance by the number of days spent in the office during the reporting year. Second, the total distance for each transport mode is multiplied by the relevant UK DEFRA emission factor per kilometre. Total commuting emissions for 2025 were 29.85 tCO₂e, based on 176 employees and an average of 165 days per year in the office.

C. Purchased goods and services (Category 1)

Emissions from purchased goods and services are estimated using a spend-based approach, applying EPA emission factors at the product category level to total expenditure converted to euros. This category captures the upstream emissions embedded in the goods and services we procure to run our business. Total Category 1 emissions for 2025 were 1,326.84 tCO₂e.

D. Fuel and energy-related activities (Category 3)

This category captures well-to-tank emissions associated with fuel extraction and processing upstream of our energy consumption, as well as transmission and distribution losses in the electricity grid. Emissions are calculated by applying location-based UK DEFRA value-chain emission factors to total energy consumed in kilowatt-hours. Total Category 3 emissions for 2025 were 12.02 tCO₂e.

E. Waste generated in operations (Category 5)

Waste emissions are calculated by multiplying the total waste produced per office in kilograms by the relevant UK DEFRA waste-category emission factor. Data on waste volumes is collected from building management companies where available. Total waste emissions for 2025 were 72.11 tCO₂e.

Total Scope 3 operational emissions for 2025 were 1,886.71 tCO₂e. Total emissions across all scopes were 1,960.89 tCO₂e, equivalent to 11.14 tCO₂e per employee.

Figure 13 FY2024 & FY2025 Algebris Emissions per Scope

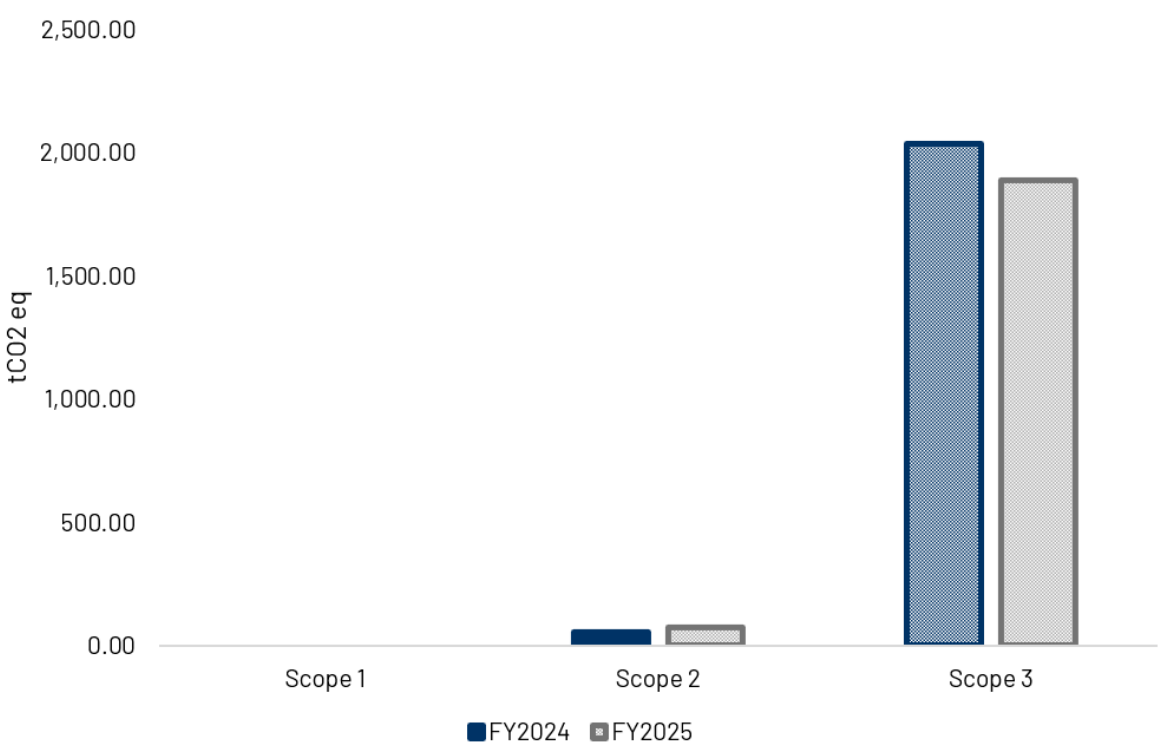


Figure 14a FY2024 Scope 3 Emissions per Category

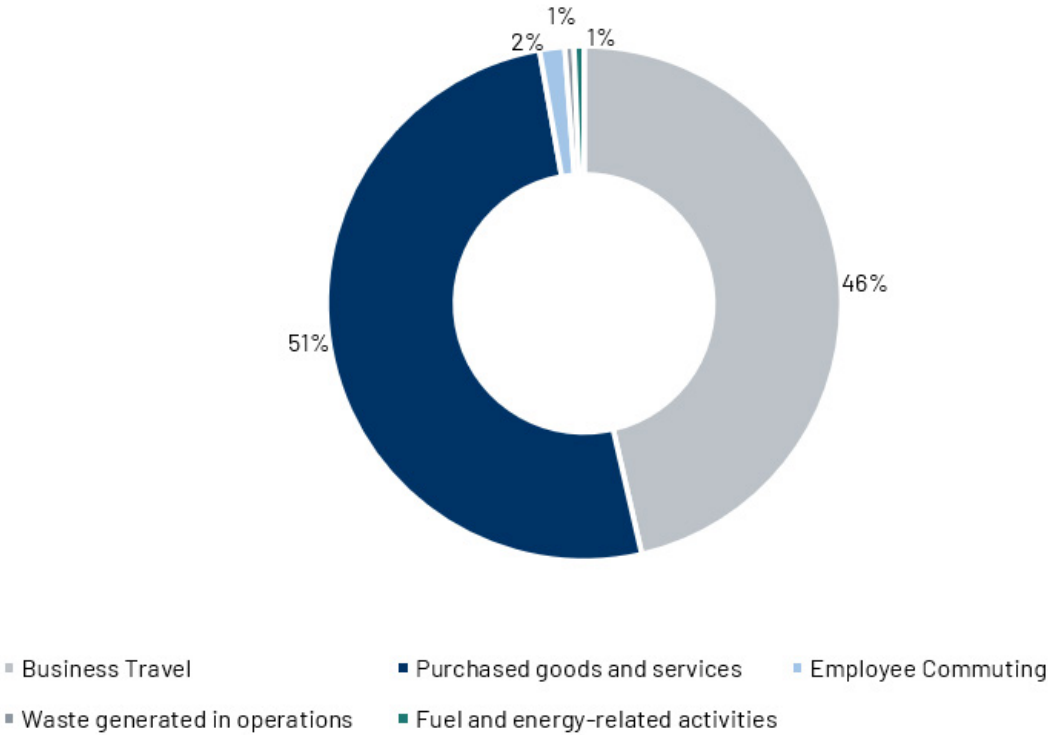


Figure 14b FY2025 Scope 3 Emissions per Category

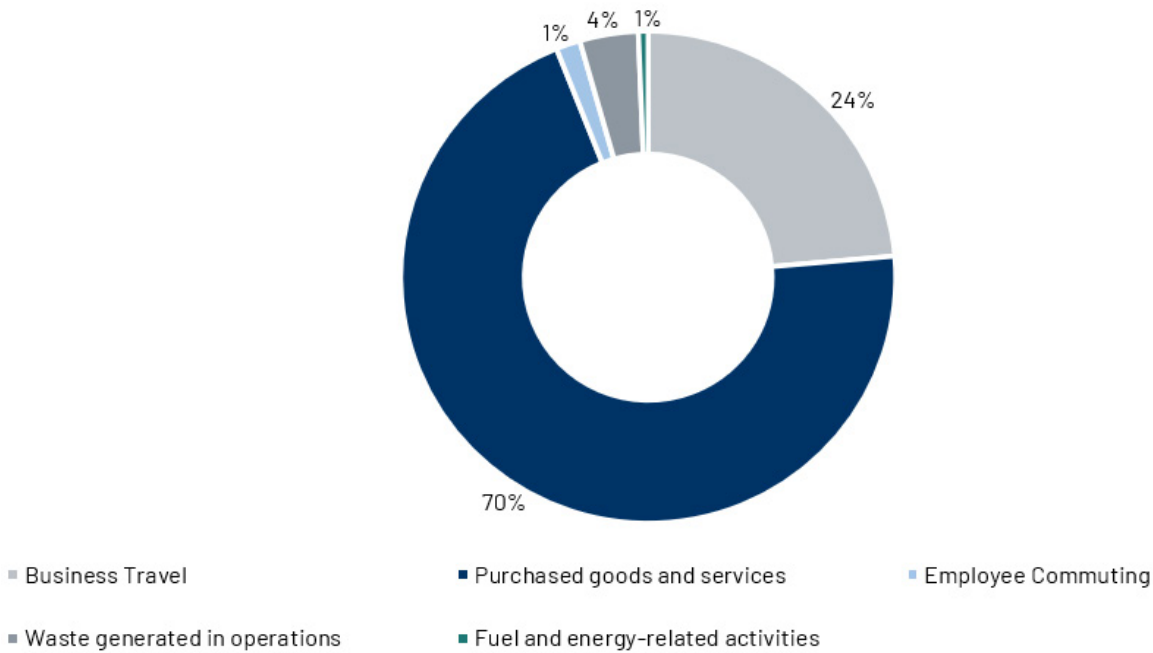
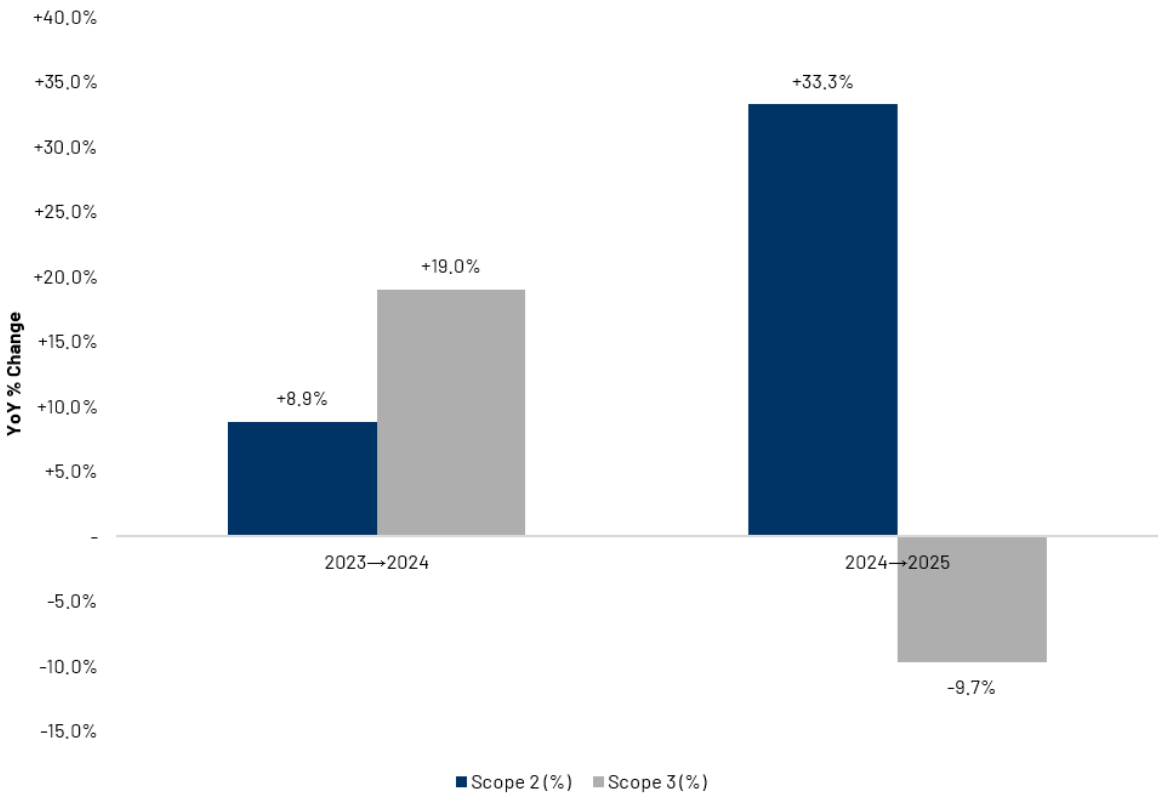


Figure 15 Algebris Carbon Footprint since Base Year 2023



6.3 Reduction Initiatives and Forward Commitments

Achieving meaningful reductions in our operational footprint requires targeted action across the emission categories where our impact is most material. We have identified four priority workstreams for the current and coming reporting periods, each with defined scope and expected impact, and a link to our broader reduction ambitions.

6.3.1 Energy efficiency across our offices

Reducing energy consumption within our office estate is the most immediate and directly measurable lever available to us for cutting Scope 2 emissions. During the reporting period we began deploying Building Energy Management Systems (BEMS) across our offices, with the UK office as the first site of implementation. BEMS optimise energy use by dynamically controlling heating, ventilation and lighting in response to occupancy patterns and usage data. Based on industry benchmarks, this technology has the potential to reduce office energy consumption by between 10% and 30%, equivalent to an estimated reduction of approximately 5 -15 tCO₂e per year relative to our 2023 Scope 2 baseline.

The system was deployed during the current reporting period; its full impact on emissions will be visible once a complete annual data cycle has been captured. Our near-term objective is to extend BEMS to all remaining office locations, establishing a consistent and data-driven approach to energy management across the firm.

6.3.2 Waste reduction and circularity

Waste-related emissions, captured under Scope 3 Category 5, are not a dominant share of our operational footprint, but addressing them reflects our broader commitment to resource efficiency. We have begun a transition toward digital documentation that is progressively reducing paper consumption and total waste volumes across our offices. We also only use recycled paper already in our printing machines. In parallel, we are reviewing our waste management arrangements with a view to further increase recycled material use and improving the end-of-life treatment of key waste streams.

While modest in absolute terms, these measures help us target our structural shift in how we manage resources. Our target is to achieve a reduction in total waste-related emissions with continued circularity improvements over the medium term.

6.3.3 Business travel

Business travel is our largest single source of operational Scope 3 emissions and remains the category where we face the most significant structural challenge, given the international character of our investment and client-relationship activities. In the coming period we are working a revised business travel policy that integrates a minimum level of carbon offsetting directly into the flight booking process. This mechanism places an effective shadow carbon price on every trip, ensuring that the emissions cost of travel is visible and internalised at the point of decision rather than accounted for retrospectively.

Once fully operational, this initiative is expected to deliver savings in CO₂ emissions, while perhaps also encouraging behavioural change across teams. This measure is a critical step in aligning our internal travel practices with our short term and long-term targets, and forms part of our broader decarbonization efforts.

6.3.4 Supplier engagement and procurement

Purchased goods and services — Scope 3 Category 1 — represent the largest component of our operational footprint. Addressing this category requires a different approach from the direct operational levers above: progress depends on the sustainability commitments of our supply chain rather than on changes to our own processes. We are therefore strengthening our supplier engagement and procurement process to create an environment where we systematically favour partners who can demonstrate credible commitments to decarbonisation and circularity.

Our initial target is to positively influence the sustainability practices of suppliers representing at least 50% of total purchased goods and services spend within three years. Based on current emissions data, supplier engagement is our highest-impact operational initiative. Over time this approach will be extended to all key suppliers, embedding low-carbon expectations across our entire procurement value chain.

6.4 AlgeTREES and Broader Environmental Commitments

Beyond the direct reduction initiatives described above, our environmental commitment extends through two further dimensions: firm-wide employee engagement and community-level carbon action. Across all our offices we maintain active programmes to reduce everyday environmental impact — including comprehensive recycling, the elimination of single-use plastics, and the promotion of low-emission commuting practices. In our Milan office, all employees are offered bicycles provided by the firm for their daily commute, a practical initiative that directly reduces Category 7 commuting emissions while signalling the firm's values to staff.

Our broader environmental commitment is also expressed through the AlgeTREES initiative, a long-term reforestation project run in partnership with the charity Hakuna Matata. Algebris has pledged to plant one million trees over ten years, supported by a contribution of 1% of annual firm earnings matched against all third-party contributions. Since its inception in 2019, AlgeTREES has formed the cornerstone of our approach to carbon offsetting and community environmental engagement.

It is important to note that AlgeTREES is treated as a complementary commitment rather than as a substitute for direct emissions reduction. Carbon removal through reforestation does not offset measured operational emissions in our reported figures; our reduction targets are set and tracked on the basis of actual emission decreases. The initiative reflects our view that credible climate action requires both internal decarbonisation and positive contribution to the wider ecosystem.

Our engagement with investee companies on Climate-related matters, and the role of stewardship in driving transition at the portfolio level, is discussed in Section 5.

7. Appendix

Appendix A Own Operations: Emission Calculation Methodology

Scope 1

Direct GHG emissions from sources that are owned or controlled by the Group.

Methodology

$$tCO_2e = \sum \left(\frac{\text{Total energy consumed (kg)} \times \text{Relevant fuel energy type emissions factor per unit (kgCO}_2\text{e)}}{1,000} \right)$$

Data Used

- Activity data (i.e., fuel consumption)
- Emissions factors per fuel/energy type

Scope 2

Indirect GHG emissions from the generation of purchased or acquired electricity, heat or cooling consumed by the Group.

Methodology

$$tCO_2e = \sum \left(\frac{\text{Total energy consumed (kWh)} \times \text{Relevant location based emissions factor per unit (kgCO}_2\text{e)}}{1,000} \right)$$

(or when data is not available)

Step 1: Total expenditure on electricity (in local currency) × (Current exchange rate to EUR) = θ

Step 2:

$$tCO_2e = \sum \left(\frac{\theta \times \text{Average cost per kWh for a services business} \times \text{Relevant grid average emissions factor per unit (kgCO}_2\text{e)}}{1,000} \right)$$

Data Used

- Activity data (i.e., electricity consumption)
- City-level (and when not available national/state-level) emissions factors

Scope 3 (business travel)

Indirect GHG emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.

Methodology

$$tCO_2e = \sum \left(\frac{\text{Total expense on transit} \times \text{Relevant vehicle category emissions factor (kgCO}_2\text{e)}}{\text{GBP} \times \text{Exchange rate/EUR} \times 1,000} \right)$$

Data Used

- Activity data (i.e., expenditure, vehicle type)
- EPA emissions factors

Scope 3 operational emissions (value chain)

GHG emissions from purchased goods and services (category 1), fuel and energy related activities (category 3), waste generated in operations (category 5) and investments (category 15).

Methodology

Purchased Goods and Services

$$tCO_2e = \sum \left(\frac{\text{Total spend GBP by product} \times \text{Relevant product category EPA emissions factor per unit (kgCO}_2\text{e)}}{\times \text{Exchange rate/EUR} \times 1,000} \right)$$

WTT and T&D

$$tCO_2e = \sum \left(\frac{\text{Total energy consumed (kWh)} \times \text{Relevant location based emissions factor per unit (kgCO}_2\text{e)}}{1,000} \right)$$

Waste

$$tCO_2e = \sum \left(\frac{\text{Total waste produced per office (kg)} \times \text{Relevant waste category UK Dept. Environment emissions factor per unit (kgCO}_2\text{e)}}{1,000} \right)$$

Investments

See appendix B

Data Use

- Activity data (i.e., expenditure, activity type)
- EPA emissions factors per activity
- UK Department of Environment, Food, and Rural Affairs value chain emissions factors

Scope 3 (commuting)

GHG emissions from employee commuting (category 7).

Methodology

Step 1:

Total commuting distance (km) × (Number of days per year in the office) = Total yearly distance = θ

Step 2:

$$\text{tCO}_2\text{e} = \sum \left(\frac{\text{Relevant vehicle category} \times \text{UK Dept.Environment emissions factor per km (kgCO}_2\text{e)}}{1,000} \right)$$

Data Used

- Commuting distance
- Vehicle type
- Number of days in the office

Appendix B Financed Emissions: Metric Calculation Methodology

Portfolio Carbon Emission (TCFD)

Total GHG emissions financed by a portfolio (equivalent to PAI 1 under the EU SFDR PAI Regime)

Methodology

$$\text{MtCO}_2\text{e} = \sum \left(\frac{\text{Current value of investment}}{\text{investee company's EVIC}} \times \text{investee company's Scope XX GHG emissions} \right)$$

EVIC = Enterprise value including cash

Notes

- Calculated for Scope 1, Scope 2, Scope 3 and total scopes
- Limited comparability across portfolios because the indicator is not rescaled by size of the portfolio

Portfolio Carbon Footprint (TCFD)

Total GHG emissions financed by a portfolio normalised by portfolio size
(equivalent to PAI 2 under the EU SFDR PAI Regime)

Methodology

$$\frac{\text{tCO}_2\text{e}}{\text{€ mn inv}} = \sum \left(\frac{\text{Current value of investment} \times \text{investee company's Scope XX GHG emissions}}{\text{current portfolio value}} \right)$$

Notes

- Intensity metrics, enables comparison across portfolios irrespective of AUM

Weighted Average Carbon Intensity (WACI - TCFD)

Measures the average carbon intensity of companies in the portfolio
(equivalent to PAI 3 under the EU SFDR PAI Regime)

Methodology

$$\frac{\text{tCO}_2\text{e}}{\text{€ mn inv}} = \sum \left(\frac{\text{Current value of investment}}{\text{current portfolio value}} \times \frac{\text{investee company's GHG emissions}}{\text{Investee company's revenues}} \right)$$

Notes

- Intensity metrics, enables comparison with benchmarks
- Only usable with corporate equity and debt (no sovereign)

Appendix C Data Sources, Emission Factors and Reporting Boundary

Financed emissions

Financed emissions data is sourced from S&P Trucost. Portfolio Carbon Emissions, Carbon Footprint and Weighted Average Carbon Intensity are calculated using company-level emissions data provided by S&P Trucost, attributed to Algebris portfolios on an ownership basis using enterprise value including cash as the denominator, in line with the PCAF Global GHG Accounting and Reporting Standard for the Financial Services Industry. Data coverage is calculated as the percentage of portfolio value for which company-level emissions data is available. Where company-level data is unavailable, positions are excluded from the coverage calculation and no sector-average estimation is applied.

The financed emissions reporting boundary covers all liquid funds. Non-Performing Loan funds and the Private Equity fund are excluded from this boundary. Category 15 Scope 3 financed emissions are included in the reporting boundary.

Own operations - emission factors

Operational emissions are calculated using emission factors from the following sources, applied at the most granular geographic level available for each office location:

United States Environmental Protection Agency (EPA) emission factors are applied to fuel consumption, business travel by vehicle category, and purchased goods and services.

United Kingdom Department for Environment, Food and Rural Affairs (DEFRA) emission factors are applied to employee commuting, waste, well-to-tank emissions, and transmission and distribution losses.

Grid emission factors are applied to location-based Scope 2 electricity consumption, sourced at city level where available and at national level where city-level data is not accessible. Emission factors are applied to the following office locations: Algebris UK, Algebris Italy, Algebris Ireland, Algebris Japan, Algebris Singapore, Algebris US, and Algebris Switzerland.

Own operations - reporting boundary and consolidation

Algebris applies an operational control approach to consolidation, accounting for all emission sources over which it exercises operational control. All office locations listed above are included within the reporting boundary. The reporting period runs from 1 January to 31 December. The baseline year is 2023.

Scope 2 emissions are calculated using a location-based methodology, applying grid-average emission factors at city level where available and at national or state level where city-level data is not accessible.

Own operations - data collection and verification

Operational emissions data is collected and calculated through an internal environmental accounting tool, which aggregates site-level performance data annually, enables target-setting and progress tracking, and ensures emission factors are updated in line with the latest GHG Protocol guidance. Input data is gathered from Algebris' internal finance team, suppliers and service providers, and the building management companies of all rented office locations. The environmental accounting tool and the emissions data it produces were independently audited by SGS in 2025.

Applicable standards

Operational emissions are calculated in accordance with the following standards: the GHG Protocol Corporate Accounting and Reporting Standard; the GHG Protocol Corporate Value Chain (Scope 3) Standard; the GHG Protocol Scope 3 Calculation Guidance; and the Global GHG Accounting and Reporting Standard for the Financial Services Industry. Financed emissions are calculated in accordance with the PCAF Global GHG Accounting and Reporting Standard for the Financial Services Industry.

Appendix D Transition Analytics Framework (Responsible Investment): Technical Detail

D.1 Overview

The Transition Analytics Framework assesses the transition quality of each investee company across 29 individual indicators, organised into eight category groups. Each indicator is scored on a scale of zero to ten, where ten represents best-in-class performance. Category group scores are derived by aggregating the underlying indicator scores within each group, and the eight category group scores are then combined into a single company-level transition quality score using a weighted average in which the weights vary by sector. Company-level scores are aggregated to the portfolio level using investment weights. The portfolio-level score is calculated quarterly to account for position changes throughout the year, and the annual figure reported is the average of the four quarterly observations.

D.2 Indicator Definitions and Data Sources

Category 1 Targets

Indicator	Description
Near-Term Target Status	Evaluates whether a company has a validated Near-Term Science Based Target as assessed by the Science Based Targets initiative. A validated target scores ten; a committed target scores five; no target scores zero. Source: CDP/SBTi data via Bloomberg.
Net-Zero Target Status	Evaluates whether a company has a validated Net-Zero Science Based Target. The same scoring logic applies. Source: CDP/SBTi data via Bloomberg.

Category 2 Emissions

Indicator	Description
Company Emissions	Assesses absolute Scope 1, 2 and 3 greenhouse gas emissions relative to sector peers, with lower emissions relative to peers producing a higher score. Source: S&P Trucost, reported where available and estimated where not.
Well Below 2°C Aligned Emissions	Evaluates whether a company's current emissions trajectory is consistent with a well-below-2°C pathway. Source: S&P Trucost
Percentage Deviation from 2°C Path	Measures the percentage by which a company's current emissions deviate from the trajectory required to align with a 2°C scenario, with lower deviation producing a higher score. Source: S&P Trucost.
Non-Renewable Energy Intensity	Measures a company's consumption of non-renewable energy per unit of revenue, with lower intensity producing a higher score. Source: S&P Global.
Renewable Energy Mix	Measures the share of a company's total energy consumption sourced from renewable sources, with a higher share producing a higher score. Source: S&P Global.

Category 3 Emissions Data and Disclosure Verification

Indicator	Description
Scope 1+2 Disclosures	Assesses whether a company reports Scope 1 and Scope 2 emissions data, with reported data scored higher than estimated data and no data scoring zero. Source: S&P Global, reported or estimated where available.
Scope 3 Disclosures	Applies the same logic to Scope 3 emissions reporting. Source: S&P Global, reported or estimated where available.
Emissions Verification - Number of Scopes Audited	Measures the number of emission scopes subject to independent third-party verification via CDP, with a higher number of verified scopes producing a higher score. Source: Bloomberg.

Category 4 Decarbonisation Strategy

Indicator	Description
Estimated Green Revenue Mix	Measures the share of a company's revenues derived from activities aligned with the UN Sustainable Development Goals, as a proxy for the degree to which the company's business model is oriented toward sustainable economic activity. Source: Bloomberg for green revenue classification; S&P Global for SDG alignment data.

Category 5 Capital Allocation Alignment

Indicator	Description
Low Carbon Capex Ratio	Measures the ratio of a company's capital expenditure directed toward low-carbon activities to its total capital expenditure, with a higher ratio producing a higher score. Low carbon capex and total capex data are both sourced from Bloomberg.
Fossil Fuels Banks Ratio	Is applied specifically to financial institutions and measures the degree to which a bank's financing activities are exposed to fossil fuel companies, with lower exposure producing a higher score. Source: BankTrack, Rainforest Action Network, Urgewald, and Bloomberg.

Category 6 Climate Policy Engagement

Indicator	Description
Policy Engagement	Assesses the quality and depth of a company's engagement with climate-related policy processes. Source: Bloomberg ESG.
Value Chain Engagement	Assesses whether a company actively engages with its value chain on climate matters, including suppliers and customers. Source: Bloomberg ESG.
Supply Chain	Assesses the existence and robustness of a company's supply chain sustainability management practices. Source: Bloomberg ESG.

Category 7 Climate Governance

Indicator	Description
Biodiversity Policy	Assesses whether a company has a formal policy addressing biodiversity impacts. Source: Bloomberg ESG and S&P Global.
Environmental Supply Chain Management	Assesses the existence of formal environmental management requirements imposed on suppliers. Source: Bloomberg ESG and S&P Global.
Waste Reduction Policy	Assesses whether a company has a formal waste reduction policy in place. Source: Bloomberg ESG and S&P Global.
Water Policy	Assesses whether a company has a formal water management and reduction policy. Source: Bloomberg ESG and S&P Global.
Management Compensation Incentives	Assesses whether executive compensation is formally linked to sustainability or emissions reduction outcomes. Source: S&P Global.
Sustainability Committee	Assesses whether a board-level or senior management sustainability committee exists with defined climate responsibilities. Source: S&P Global.
TCFD Supporter	Assesses whether a company is a formal supporter of the Task Force on Climate-Related Financial Disclosures. Source: S&P Global.

Category 8 Climate Risk and Accounts

Indicator	Description
Climate Scenario Analysis	Assesses whether a company conducts and publicly discloses climate scenario analysis in line with TCFD recommendations. Source: S&P Global and Bloomberg.
Climate Integration Discussion	Assesses whether a company explicitly discusses how climate considerations are integrated into its business strategy and operations in public disclosures. Source: S&P Global and Bloomberg.
Climate Risk Discussion	Assesses whether a company explicitly discusses the material impacts of climate risks on its business in public disclosures. Source: S&P Global and Bloomberg.
Internal Carbon Pricing	Assesses whether a company uses an internal carbon price as a tool for capital allocation and investment decision-making. Source: Bloomberg.

D.3 Scoring Conventions and Missing Data

All indicators are scored on a scale of zero to ten. For binary indicators — such as the existence of a policy, committee or TCFD support — a score of ten is assigned where the feature is present and zero where it is absent, with intermediate scores assigned where partial or developing practices are documented. For continuous indicators — such as renewable energy mix percentage or deviation from a 2°C pathway — scores are calculated by normalising the raw metric against the observed distribution within the relevant sector peer group, so that the score reflects relative performance rather than an absolute level.

Where data for an individual indicator is unavailable for a given company, that indicator is excluded from the category group score calculation and the remaining available indicators within the group are reweighted proportionally. Where data availability for a company falls below a minimum threshold such that the score cannot be considered representative, the company is flagged for direct engagement to improve disclosure. This approach ensures that data gaps do not systematically advantage companies with lower disclosure quality.

D.4 Sector Weighting Table

The eight category group scores are combined into the composite company-level transition quality score using a weighted average in which the weights assigned to each category group vary by GICS sector and sub-sector. The weighting structure is proprietary and reflects Algebris's assessment of the relative materiality of each transition dimension for companies operating in a given sector. The underlying principle is that transition quality looks materially different depending on the sector a company operates in, and that a uniform weighting applied across all sectors would systematically distort the composite score — advantaging sectors where transition risk is structurally lower and penalising sectors where companies may be managing an inherently more complex transition actively and credibly.

In practice, sectors where direct operational emissions are the primary transition risk driver, such as energy, utilities and heavy industry, carry higher weights on the Emissions and Capital Allocation Alignment categories. Sectors where governance and strategic integration are the more material transition levers, such as banks and other financial institutions, carry higher weights on the Climate Governance and Climate Risk and Accounts categories. Sectors where disclosure quality and technology strategy are the primary considerations, namely technology and communications, carry higher weights on the Emissions Data and Disclosure Verification and Climate Risk and Accounts categories. The specific weights applied to each GICS sector and sub-sector are reviewed annually by the Responsible Investment team and updated where changes in sector-level transition dynamics or data availability warrant revision.

D.5 Quarterly Averaging Methodology

Portfolio-level transition quality scores are calculated at the end of each calendar quarter using the investment weights prevailing at that date. The annual score reported for each fund is the simple average of the four quarterly scores. This approach captures the effect of portfolio composition changes throughout the year — including position initiations, additions, reductions and exits — and ensures that the reported annual figure reflects average exposure across the full year rather than a point-in-time snapshot at year-end. Where a company enters or exits the portfolio mid-quarter, it is included in or excluded from the quarter-end score based on whether it is held at the quarter-end date.

Appendix E – Physical Risk Methodology

Physical risk scores are sourced from S&P Global Trucost and assessed at the individual company level. Each company receives a composite physical risk score reflecting its exposure to a range of climate-related physical hazards — including flood, heat stress, water stress, wildfire, tropical cyclone and sea level rise — based on the geographic location of its assets and operations. These company-level scores are aggregated to the portfolio level using investment weights, producing a consolidated physical risk indicator for each liquid fund.

In addition to the portfolio-level aggregate, Algebris monitors the tail of the distribution — identifying and separately assessing the most physically exposed individual holdings to understand concentration of physical risk within each portfolio.

Physical risk is assessed under the same three scenarios used for transition risk analysis: an orderly transition scenario, a disorderly transition scenario, and a hothouse scenario, as defined in Appendix F (Transition Risk Methodology). Scores are provided at two time horizons — 2030 and 2050 — allowing Algebris to assess how physical risk exposure evolves under different warming trajectories over the medium and long term. The hothouse scenario, in which mitigation efforts are insufficient and global temperatures rise materially above 2°C, produces the most significant physical risk scores and is the primary reference point for tail risk monitoring purposes.

Appendix F – Transition Risk Methodology

Methodology

As mentioned, climate risk management at Algebris is built on the recognition that climate change gives rise to two distinct but interconnected categories of financial risk: physical risks, stemming from the direct impacts of a changing climate on assets, operations and supply chains; and transition risks, arising from the policy, regulatory, technological and market shifts associated with the move toward a low-carbon economy.

Scenario analysis is the primary tool through which both risk categories are assessed, as it allows the Firm to evaluate the potential financial consequences of different climate pathways across a range of plausible futures rather than relying on a single point forecast. Algebris applies this framework across three scenarios — an orderly transition, a disorderly transition, and a hothouse scenario — and at two time horizons, 2030 and 2050, to capture both the near-term policy exposure and the longer-term structural implications of each pathway.

Within this broader scenario analysis framework, Carbon Earnings at Risk is the methodology used to quantify the financial impact of transition risk at the portfolio level. Drawing on data sourced from S&P Global Trucost, the analysis assesses the potential effect on investee companies' earnings of carbon costs that are currently unpriced by the market — that is, the financial exposure that would materialize if carbon pricing were to increase in line with each scenario's assumptions. For each scenario and time horizon, three company-level metrics are computed: a binary EBITDA at Risk indicator flagging companies facing material carbon price exposure; the estimated reduction in EBITDA margin after incorporation of unpriced carbon costs; and unpriced carbon cost as a percentage of EBITDA, capturing the intensity of that exposure. These metrics are then aggregated to the portfolio level using investment weights, and reported separately for all liquid investments, listed equity, and corporate credit. It is important to note that the analysis draws on Scope 1 and Scope 2 emissions data, which covers the direct and energy-related emissions of investee companies. For Algebris portfolios, which carry significant exposure to banks and financial institutions, this means the analysis does not fully capture the transition risk embedded in those companies' financed emissions — a known limitation that Algebris is actively working to address through a bespoke model developed in collaboration with S&P Global, designed to incorporate Scope 3 Category 15 data for the financial sector.

Scenario	Details of scenario	Results of assessment: resilience of 2024 portfolios	Results of assessment: resilience of 2025 portfolios
Orderly transition	Aggressive mitigation scenario that assumes greenhouse gas emissions reduce to netzero by 2050, resulting in global average temperatures rising by 1.3-2.4°C by 2100, consistent with the goals of the Paris Agreement	• All Liquid Investments: Across all liquid investments only 1% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 1.16% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our listed equity investments would be on average -0.14% on a 2030 and -0.17% on a 2050 horizon. • The unpriced carbon cost accounts for 0.75% of EBITDA on a 2030 scenario, and for 0.91% under a 2050 scenario. • Listed Equity: Across our all-listed equity portfolios, 0.97% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.71% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our listed equity investments would be on average -0.15% on a 2030 and -0.19% on a 2050 horizon. • The unpriced carbon cost accounts for 1.09% of EBITDA on a 2030 scenario, and for 1.38% under a 2050 scenario. • Corporate Credit: Across our corporate credit port-	• All Liquid Investments: Across all liquid investments only 0.63% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 0.83% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our listed equity investments would be on average -0.10% on a 2030 and -0.13% on a 2050 horizon. • The unpriced carbon cost accounts for 0.54% of EBITDA on a 2030 scenario, and for 0.67% under a 2050 scenario. • Listed Equity: Across our all-listed equity portfolios, 0.70% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 0.95% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our listed equity investments would be on average -0.12% on a 2030 and -0.16% on a 2050 horizon. • The unpriced carbon cost accounts for 0.53% of EBITDA on a 2030 scenario, and for 0.69% under a 2050 scenario. • Corporate Credit: Across our corporate credit port-

		folios, 1.03% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.16 % is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our corporate credit investments would be on average -0.14% on a 2030 and -0.17% on a 2050 horizon. • The unpriced carbon cost accounts for 0.76% of EBITDA on a 2030 scenario, and for 0.92% under a 2050 scenario.	folios, 0.67% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 0.88% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across our corporate credit investments would be on average -0.10% on a 2030 and -0.12% on a 2050 horizon. • The unpriced carbon cost accounts for 0.50% of EBITDA on a 2030 scenario, and for 0.62% under a 2050 scenario.
Disorderly Transition	Strong mitigation scenario that assumes a delayed adjustment, in which greenhouse gas emissions stabilize at current levels until 2050 and then decline until 2100. This scenario is expected to result in global average temperatures rising by 1.3-2.4°C by 2100	• All Liquid Investments: Across all liquid investments, only 1.25% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 1.49% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across all liquid investments, would be on average -0.17% on a 2030 and -0.28% on a 2050 horizon. • The unpriced carbon cost accounts for 0.90% of EBITDA on a 2030 scenario, and for 1.43% under a 2050 scenario. • Listed Equity: Across our all-listed equity portfolios, only 0.97% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 2.68% is invested in companies that would face the same risk on a 2050 horizon.	• All Liquid Investments: Across all liquid investments, only 0.80% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 1.06% is invested in companies that would face the same risk on a 2050 horizon. • The reduction in EBITDA Margin across all liquid investments, would be on average -0.13% on a 2030 and -0.22% on a 2050 horizon. • The unpriced carbon cost accounts for 0.54% of EBITDA on a 2030 scenario, and for 0.69% under a 2050 scenario. • Listed Equity: Across our all-listed equity portfolios, only 0.70% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 and 1.05% is invested in companies that would face the same risk on a 2050 horizon.

- The reduction in EBITDA Margin would be on average -0.17% on a 2030 scenario and -0.30% on a 2050 horizon.
- The unpriced carbon cost accounts for 1.24% of EBITDA under a 2030 scenario, and for 2.12% under a 2050 scenario.
- **Corporate Credit:** Across our corporate credit portfolios, only 1.30% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.47% is invested in companies that would face the same risk on a 2050 horizon.
- The reduction in EBITDA Margin would be on average -0.18% on a 2030 scenario and -0.28% on a 2050 horizon.
- The unpriced carbon cost accounts for 0.92% of EBITDA under a 2030 scenario, and for 1.45% under a 2050 scenario
- The reduction in EBITDA Margin would be on average -0.14% on a 2030 scenario and -0.25% on a 2050 horizon.
- The unpriced carbon cost accounts for 0.61% of EBITDA under a 2030 scenario, and for 1.09% under a 2050 scenario.
- **Corporate Credit:** Across our corporate credit portfolios, only 0.86% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.12% is invested in companies that would face the same risk on a 2050 horizon.
- The reduction in EBITDA Margin would be on average -0.12% on a 2030 scenario and -0.20% on a 2050 horizon.
- The unpriced carbon cost accounts for 0.59% of EBITDA under a 2030 scenario, and for 0.98% under a 2050 scenario.

Hothouse

Low mitigation scenario in which greenhouse gas emissions triple by 2075 and global average temperatures rise by 3.3-5.7°C by 2100

- **All Liquid Investments:** Across all liquid investments, only 1.36% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.64% is invested in companies that would face the same risk on a 2050 horizon.
- The reduction in EBITDA Margin would be on average -0.19% on a 2030 scenario and -0.37% on a 2050 horizon.
- The unpriced carbon cost accounts for 0.96% of EBITDA under a 2030
- **All Liquid Investments:** Across all liquid investments, only 0.95% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.56% is invested in companies that would face the same risk on a 2050 horizon.
- The reduction in EBITDA Margin would be on average -0.14% on a 2030 scenario and -0.30% on a 2050 horizon.
- The unpriced carbon cost accounts for 0.68% of EBITDA under a 2030

- scenario, and for 1.86% under a 2050 scenario.
 - **Listed Equity:** Across our all-listed equity portfolios, only 1.79% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 3.19% is invested in companies that would face the same risk on a 2050 horizon.
 - The reduction in EBITDA Margin would be on average -0.19% on a 2030 scenario and -0.41% on a 2050 horizon.
 - The unpriced carbon cost accounts for 1.34% of EBITDA under a 2030 scenario, and for 2.82% under a 2050 scenario.
 - **Corporate Credit:** Across our corporate credit portfolios, only 1.38% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.59% is invested in companies that would face the same risk on a 2050 horizon.
 - The reduction in EBITDA Margin would be on average -0.19% on a 2030 scenario and -0.37% on a 2050 horizon.
 - The unpriced carbon cost accounts for 0.97% of EBITDA under a 2030 scenario, and for 1.87% under a 2050 scenario.
- scenario, and for 1.40% under a 2050 scenario.
 - **Listed Equity:** Across our all-listed equity portfolios, only 0.96% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.79% is invested in companies that would face the same risk on a 2050 horizon.
 - The reduction in EBITDA Margin would be on average -0.16% on a 2030 scenario and -0.34% on a 2050 horizon.
 - The unpriced carbon cost accounts for 0.67% of EBITDA under a 2030 scenario, and for 1.48% under a 2050 scenario.
 - **Corporate Credit:** Across our corporate credit portfolios, only 1.01% is invested in companies that would face EBITDA at risk from unpriced carbon costs on a 2030 scenario and 1.64% is invested in companies that would face the same risk on a 2050 horizon.
 - The reduction in EBITDA Margin would be on average -0.13% on a 2030 scenario and -0.27% on a 2050 horizon.
 - The unpriced carbon cost accounts for 0.64% of EBITDA under a 2030 scenario, and for 1.29% under a 2050 scenario.

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