

Algebris Investments Responsible Investment Policy

2025



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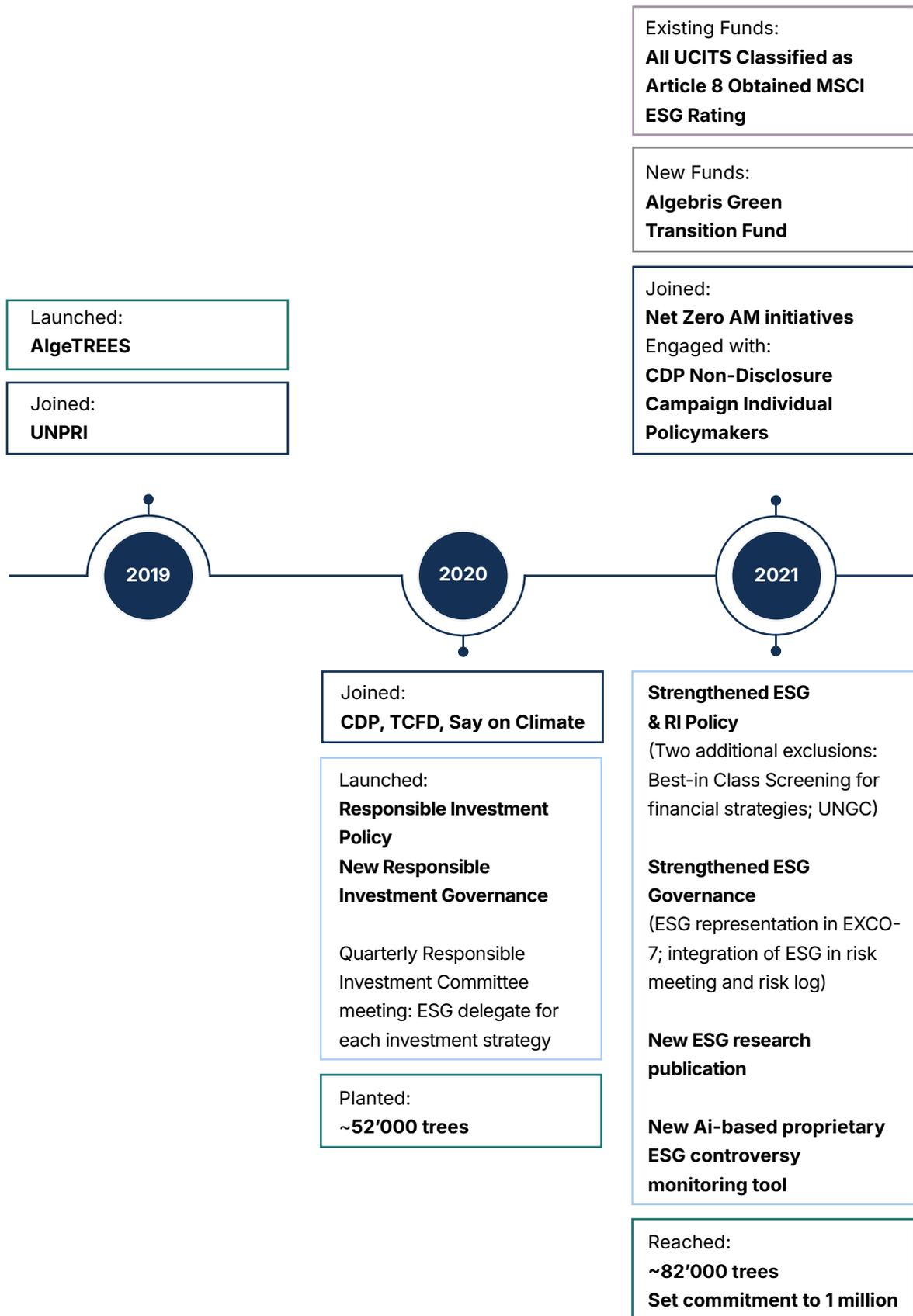
1. Purpose and Scope

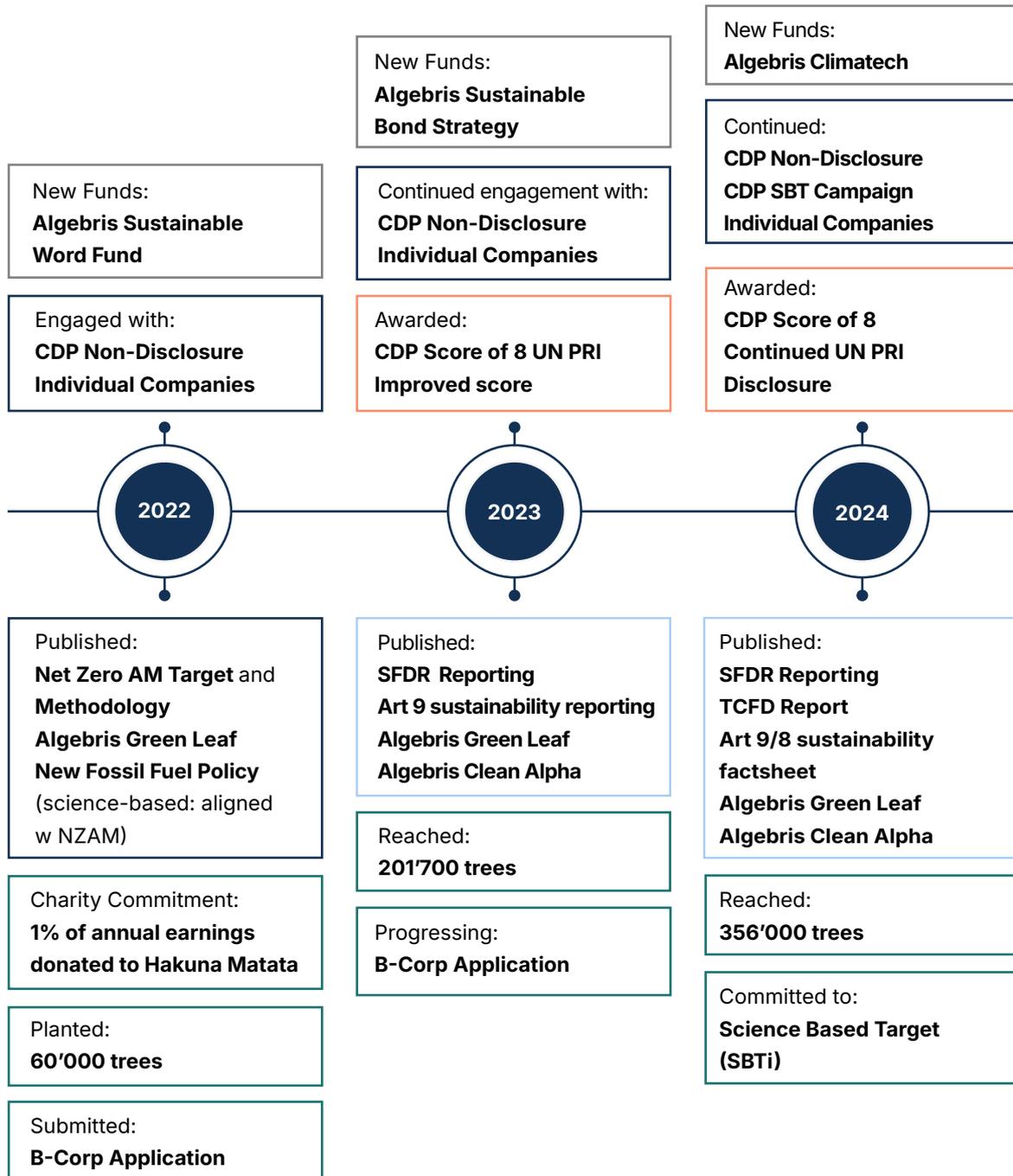
This document outlines how Algebris Investments implements its commitment to act as a responsible asset manager in both its investments and operations. It outlines key pillars of Algebris' Responsible Investment Policy as well as broader sustainability-related initiatives undertaken at Firm level. Unless otherwise indicated in the specific sections, the commitments outlined in this document apply across all Algebris funds where Algebris controls the investment policy of the fund in its capacity as sole investment manager.

2. Our Responsible Investment Journey

Algebris is guided in everything we do by a set of values that define our identity and culture. We acknowledge our responsibilities to contribute to a sustainable future and it is our aim to ensure that we can continuously reduce the environmental impact of our business while increasing the positive impact on our community and society at large. Sustainability factors have become increasingly important in the financial services industry in recent years and Algebris believes they are vital in driving resilient growth and a transition towards a greener and fairer economy. Sustainability considerations are deeply engrained into Algebris' business culture and embraced at every level of our organization.

As a responsible asset manager, Algebris 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 supporting the transition to a more sustainable and fairer economy forms an integral part of our fiduciary duty, and are committed to integrate sustainability factors across all our investment processes and operations, through research, analysis, and decision-making. Since joining the UN Principles for Responsible Investment in 2019, we have strived to reach an ever more comprehensive and thorough integration of sustainability factors in the investment process as well as across our operations (Figure 1). Over the years, we have also launched new investment strategies focused on sustainable investment.





2.1 UN PRI Commitment

Algebris has been a signatory to the United Nations Principles for Responsible Investment (“UN PRI”) since 2019. The UNPRI Six Principles are fully integrated across our business and investment processes.

Principle 1: “We will incorporate ESG issues into investment analysis and decision-making”.

Algebris has developed an internal sustainability research and analytical capacity, which works closely with the Investment team to integrate sustainability consideration in the investment process of our strategies. The Responsible Investment team has built proprietary frameworks based on a double materiality approach, to evaluate the sustainability features of issuers. This sustainability assessment aims at establishing whether the financial value of investee companies could be materially impacted by non-financial factors, but also at assessing the impact that companies’ product and operations have on the environment and society at large.

Principle 2: “We will be active owners and incorporate ESG issues into our ownership policies and practices”.

Algebris takes into account long-term sustainability considerations of issuers when deciding how to exercise our voting rights. Our Voting Policy also includes a formal commitment to vote in favour of shareholder resolutions asking companies to adopt climate transition plans. We actively participate in Carbon Disclosure Project’s Non-Disclosure Campaign (NDC) and Science Based Targets (SBTi) campaigns, and we conduct ad hoc individual engagement with investees around sustainability issues that may emerge from our analysis.

Principle 3: “We will seek appropriate disclosure on ESG issues by the entities in which we invest”.

Algebris is a member of collective engagement initiatives that advocate disclosures of sustainability and climate-related metrics. 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, calling on investee companies to respond to climate change, forests and water security questionnaires and we also participate in CDP’s SBTi campaign.

In 2020, we joined the [Say on Climate Initiative](#), supported by Children’s Investment Fund Foundation, CDP and ShareAction. As members of the initiative, we commit to engage with investee companies on the importance to submit climate transition action plans at their AGM for a shareholder vote. Where needed, we also commit to vote for resolutions requiring such votes. This commitment is embedded in our Voting Policy. In 2021 we joined the [Net Zero Asset Mangers Initiative](#) (NZAM), a formal partner of the UNFCCC’s Race to Zero Campaign.

Principle 4: “We will promote acceptance and implementation of the Principles within the investment industry”.

Algebris engages with regulators and supra-national authorities on sustainability issues by means of open letters, responses to public consultations or letters on specific topics (which available on our [website](#)). Algebris also publishes research and opinions on policy-relevant sustainable

investment topics, in our Green Leaf series as well as investment-relevant sustainable investment analyses in our *Clean Alpha* series.

Principle 5: “We will work together to enhance our effectiveness in implementing the Principles”.

Algebris is a member of several collective engagement initiatives revolving around Responsible Investment and listed above. Through those initiatives we engage with investee companies on key environmental themes.

Principle 6: “We will report on our activities and progress towards implementing the Principles”.

Algebris submitted its first UN PRI reporting in 2021, and a subsequent reporting in 2023 and 2024. In 2023 we also received our first score from the Carbon Disclosure Project (CDP) and in 2024 we published our first TCFD-aligned Climate report and introduced periodic reporting of portfolio-level sustainability metrics for all our UCITS funds. These reporting efforts continue in 2025.

2.2 Our Net Zero Asset Managers Commitment

The Net Zero Asset Managers initiative (NZAM) is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. The initiative was launched in December 2020 with an initial group of 30 signatories and is convened by six investor networks: AIGCC (Asia), Ceres (North America), IGCC (Australasia), IIGCC (Europe), UN PRI (global), CDP (global). The commitment is consistent with the UNFCCC Race to Zero criteria, and NZAM is accredited by Race to Zero.

In line with the best available science on the impacts of climate change, NZAM signatories acknowledge that there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play our part to help deliver the goals of the Paris Agreement and ensure a just transition. NZAM Signatories must comply with a ten-point commitment, encompassing accountability and due diligence requirements for both the assets they commit to manage in line with the attainment of net zero emissions by 2050 or sooner, and any other assets not initially included in the perimeter of such commitment.

Algebris Investments became a signatory to the Net Zero Asset Managers Initiative (NZAM) in 2021. As part of this commitment, we set an initial target of 57% of total AUM (79% of AUM excluding discretionary mandates) to be managed in line with attaining net zero emissions by 2050 or sooner. In 2024, Algebris also formally committed to submit a target for validation through the Science Based Targets initiative.

For setting our NZAM target, Algebris used the SBTi Portfolio Coverage approach. In line with this approach, Algebris commits to drive adoption of Science-Based Targets (SBTi) by all investee companies in our Net Zero-aligned portfolios. For investees to have enough time to implement their target and ultimately achieve an economy-wide transition to net zero by 2050, investees will need to have had their SBTs approved by 2040. For Algebris, this implies a target to reach 100% SBTi coverage of the portfolios within our Net Zero-aligned AUM by 2040. More details are available in our NZAM Target Methodology available on our [website](#).

In 2025, NZAM launched an [internal review](#) to ensure it remains fit for purpose in the new global context in light of recent developments in the US and of emerging different regulatory and clients expectations in investors' respective jurisdictions. As the initiative undergoes this review, it is suspending activities to track signatory implementation and reporting. NZAM has also removed the commitment statement and list of signatories from its website, as well as their targets and related case studies, pending the outcome of the review.

As a Firm, we remain committed to our decarbonisation objectives – including the ones we took as signatories to NZAM – and we follow closely the progress on the NZAM front.

3. Responsible Investment Governance

3.1 Responsible Investment Committee

Algebris has robust governance arrangements in place to ensure that sustainability and climate-related considerations are integrated in the Firm's culture across key investment and business functions.

Algebris CEO and Senior Management are the driving force in devising our climate strategy and investment integration framework. Senior Management's strategic vision is operationalised by Algebris Responsible Investment Committee – comprised of the Group CIO and professionals from across Algebris, Investment, Business Development, Compliance, Legal and Risk teams, based in different regional offices across the Group.

The Committee meets as a rule quarterly, but frequency can vary depending on whether more or less frequent updates are required. It is responsible for identifying Climate-related risks and opportunities, for developing the sustainability investment integration framework across all strategies, and for overseeing projects aimed at embedding sustainability considerations in the wider Firm's activities. Key examples of integration steps over the past three years include joining collective investors initiative, initiating and scaling up the AlgeTREES project (Algebris afforestation project), introducing a science-based Fossil Fuel Investment Policy across all Algebris funds, and launching new investment strategies focused on sustainable investment.

The Algebris Responsible Investment team, a key part of the Responsible Investment Committee, is responsible for all data analysis and research underpinning Algebris' responsible investment integration framework across all investment strategies. It is also in charge of drafting Algebris' periodic publication on sustainability themes (The Green Leaf) and contributes to Algebris' periodic responsible investment views (Clean Alpha).

The Responsible Investment team also includes one Investment team representative for each of Algebris strategies. These representatives play an important role in the integration of climate-related considerations and sustainability factors in the investment process of the respective strategies. The involvement of members from Algebris Risk team ensures that sustainability risks are also thoroughly integrated in investment decision-making.

3.2 Data, Resources, and Training

Algebris has set up a Research team responsible for the data analysis and the research work underpinning Algebris' responsible investment integration framework across all investment strategies. The Research team is also in charge of drafting Algebris' periodic publication on investment-relevant themes (The Green Leaf) and contributes to Algebris' periodic responsible investment views (Clean Alpha). The Research team has developed bespoke responsible investment integration frameworks for Algebris' different investment strategies, as well as proprietary methodologies to evaluate the sustainability credentials of investee companies.

In carrying out these tasks, the Responsible Investment team relies on a variety of data sourced from specialised third-party providers, as well as data from NGOs and other stakeholders, complemented with internal research and analysis (Table 1). The Responsible Investment team has also access to monitoring alerts via third-party data providers, which allow a timely identification of ESG controversies potentially affecting the portfolios.

Table 1 ESG Data used by Algebris

Provider		Service
Sustainable 1 S&P Global		ESG scores ; Questionnaire-level ESG KPIs ; S&P Global Product Involvement Controversy and Questionnaire; Environmental metrics and priced externalities; Carbon data in line with GHG protocol standards; Environmental Climate Risk Models: 2 Degree Alignment; Carbon Earnings at Risk; Physical Risk; SFDR metrics Positive Impact: SDGs
Sustainalytics		Product Involvement data and research; Controversies; Global Standard Screening
MSCI		Global Norms Screening; Controversies Alerts
Clarity AI		ESG Risk, Exposures, Climate, ESG Impact, UN SDGs, SFDR metrics, EU Taxonomy
AUTONOMOUS		Data on banks' green financing
CDP		Data from the Carbon Disclosure Project (CDP) annual questionnaire on companies targets and actions
BANKTRACK Rainforest Action		Annual RAN Report on banks' financing and exposure to fossil fuel companies
Urgewald		Global Coal Exit List and, Global Oil and Gas Exit List
Bloomberg		Various ESG analytical tools and ESG relevant datapoints

Algebris believes in the value to educate our staff on the importance of sustainability factors in the investment process and business operations. The Head of the Responsible Investment team and Chair of the Responsible Investment Committee has completed the CFA Certificate in ESG Investing, and two Responsible Investment courses offered by the UN PRI Academy. Members of the Responsible Investment and Investment team are encouraged to pursue similar training. All Investment team members are an integral part to our responsible investment strategy development and are actively consulted and informed on developments pertaining to the Firm's responsible investment integration framework and broader sustainability policies. They have received training in the services offered by our external ESG data providers and are encouraged to take any additional specific responsible investment training relevant to their work.

Sustainability considerations also form part of the annual employee performance reviews. In the context of this exercise, employees are asked to evaluate their contribution to the sustainability goals of the Firm. This element can be taken into account in the overall assessment in relation to changes in compensation or annual bonus, although there is no direct formalized link to compensation or rewards. This contributes to ensure a continued and smooth integration of sustainability policies and guidelines in the investment process and Firm's operations, creating an incentive for employees to pro-actively contribute to sustainability goals.

4. Responsible Investment Framework

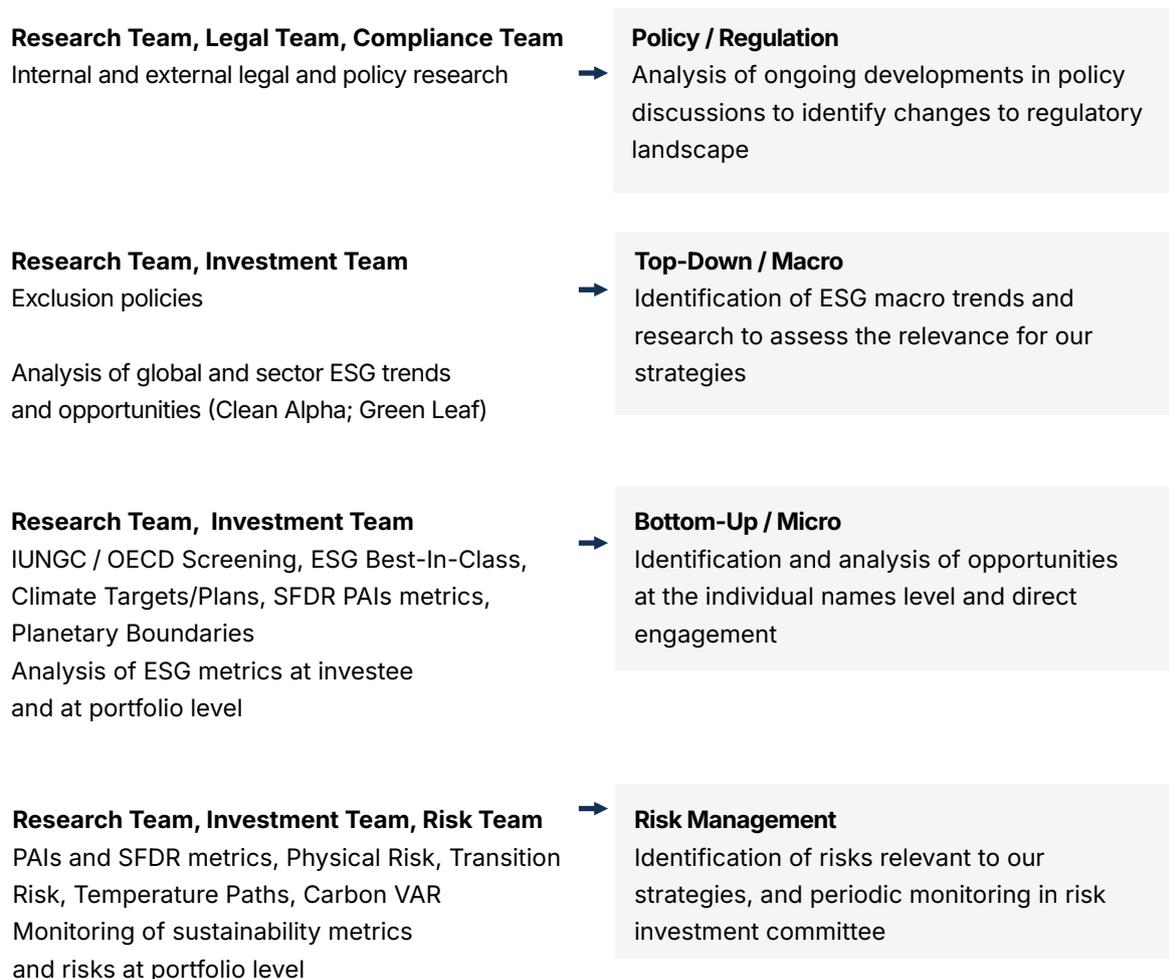
Algebris' investment integration strategy aims to ensure the Firm is aware of key sustainability risks and opportunities by incorporating additional layers of scrutiny and due diligence in investment analysis and decision-making, as well as in risk monitoring. A key element to our integration framework is double materiality. When carrying out the sustainability analysis of potential investment opportunities, we evaluate not just how ESG factors can impact the financial values and prospects of companies, but also how companies' products and operations can impact the environment and society.

4.1 Sustainability in the Investment Process

The assessment of materiality requires a top-down understanding of sustainability risks and opportunities that are relevant across countries and sectors. This is achieved by means of internal research collating information from various sources – news, ESG research providers, data and research from NGOs and public bodies. Algebris' Research team is responsible for our periodic publication on sustainability themes (Algebris Green Leaf) and contributes to our responsible investment views (Algebris Clean Alpha). This top-down assessment is supplemented by bottom-up research on the individual investees' sustainability profile and performance, underpinned by external and internal ESG research as well as direct engagement of the Investment team with the investees.

Sustainability Risks are identified and monitored in the context of broader risk management. Sustainability metrics are published for all funds periodically, and include various environmental, social and governance metrics. The Responsible Investment team also considers indicators of physical and transition risks when evaluating the sustainability credentials of investments, as well as Temperature Alignment path and Carbon Value at Risk.

Figure 3 Integration of Sustainability Considerations in the Investment Process



4.2 Integration Pillars

Our investment integration framework relies on a combination of approaches to Responsible Investment. These are applied differently across our strategies, taking into account the focus of each, as well as the geographic and sector composition of the respective investment universe. This tailored approach ensures a coherent and effective integration of responsible investment considerations across different strategies and allows identification of the sustainability factors that are most material to each line of investment.

The pillars of our Responsible Investment Framework are the following:

- **Do no Harm** – we avoid companies that significantly harm environmental or social factors, and perform a rigorous assessment to ensure investee companies maintain good governance practices. This involves the exclusion of certain names from the investable universe to ensure the Firm is not involved in financing activities or business practices we deem unethical or harmful to environment or society. Where possible, our exclusions include a financing overlay, which targets the financial actors playing a major role in financing or ownership of restricted

activities. We apply 3 kinds of exclusions: (i) Normative exclusions; (ii) Ethics exclusions; (iii) Climate Exclusions (see Section 5).

- **Do Good** - we prefer companies that contribute to environmental or social objectives and/or that exhibit stronger sustainability credentials compared to their peers. Some of our funds are subject to a best-in class screening and investment restrictions based on ESG scores, and Algebris generally aims to maintain portfolios with above average ESG scores. Yet, we believe ESG scores offer only a partial picture of corporate sustainability, and may not embed a double materiality approach. In light of this, we complement ESG scores with an assessment of corporate sustainability that uses a double materiality framework. This assessment is carried out using a proprietary responsible investment case model, which incorporates a variety of quantitative and qualitative non-financial metrics.
- **Engage** - we actively engage with investees to enhance their long-term sustainability through a focus on fostering good sustainability practices and/or remedying bad practices. This pillar is central to our Net Zero AUM commitment and to our Voting Policy, and we especially focus on engaging with investees around climate transition plans and Science Based emission reduction Targets (SBTi).

5. Exclusion Policy

Algebris applies a broad range of minimum standards and exclusion policies on sustainability grounds, to all funds where Algebris controls the investment policy in its capacity as sole investment manager. Algebris is a global investment manager with a historical focus on investing across the capital structure of banks and other financial institutions. We consider the financial sector to be the 'gatekeeper' of the transition to a more sustainable economy, due to the key role it plays in allocating funds across sectors. Whenever possible under existing data limitations, our sectoral exclusion policies add a 'financing overlay' to the exclusions based on companies' direct involvement in controversial activities. Through this overlay, we exclude companies that play a major role in the financing of the economic activities we restrict – either through significant ownership stakes in directly involved companies, or through financing.

5.1 Norm-based Exclusions

The ten UN Global Compact Principles ("UNGC") are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. They are intended to lay out a framework for assessing corporate sustainability in view of a company's value system and a principles-based approach to doing business. The UNGC principles hence serve as a compass to assess companies' behaviour against their fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption. Similarly, the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises on Responsible Business Conduct are recommendations from governments to multinational enterprises on how to do business sustainably and responsibly.

In line with the minimum exclusions required for EU Paris Aligned Benchmarks (PAB) and Climate Transition Benchmarks (CTB), Algebris exclude companies that are found to be in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises. Algebris Research team carries out a UNGC and OECD screening underpinned by data from third party ESG data providers, as well as internal research. The aim of our UNGC and OECD screening is to minimize exposure to companies with poor practices in key UNGC/OECD-relevant areas and identify potential issues on which to engage with companies in the portfolio. Investment in companies that are identified to be in breach any of UNGC principles is prohibited across all Algebris funds, and our Article 9 funds are also prevented from investing in companies violating OECD guidelines. We define a violation as the case of a company being involved in persistent UNGC-related or OECD-related controversies, where the controversy is of critical severity and the company is non-reactive.

5.2 Ethics Exclusions

Algebris applies several sector exclusions on grounds of ethical considerations. In line with the minimum exclusions applied to EU Paris Aligned Benchmarks and Climate Transition Benchmarks, investment in companies directly involved in controversial weapons and/or cultivation and production of tobacco is not allowed across all Algebris funds. Funds that are classified as Article 9 under the EU Sustainable Finance Disclosure Regulation (SFDR) are also prevented from investing in companies offering tobacco-related services, and funds that are classified as Article 8 cannot invest in companies deriving more than 5% of revenues from these services.

In view of Algebris' historical focus on financials, investment in companies deriving any revenues from predatory lending activities is also restricted across all Algebris liquid funds. Article 9 Funds are subject to a broader range of ethical investment restrictions encompassing alcohol, military contracting and arms, as well as gambling (Table 2). All these exclusions are accompanied – where possible – by a financing overlay targeting significant ownership of companies involved in the restricted activities.

More details are available in our Responsible Investment Exclusion Policy, downloadable from our [website](#).

Table 2 Ethics Exclusions

	PAB/CTB Requirement	Article 8 Non Net Zero	Article 8 Net Zero	Article 9 Net Zero GTF	Article 9 Net Zero UCITS	Article 9 Net Zero Climatech
Ethics – Controversial Weapons	0%	0%	0%	0%	0%	0%
Ethics – Nuclear Weapons	n.a.	See below**	0%	0%	0%	0%
Ethics – Tobacco – Cultivation & Production	0%	0%	0%	0%	0%	0%
Ethics – Tobacco services	n.a.	5%	5%	0%	5%	0%
Ethics – Predatory Lending	n.a.	0%	0%	0%	0%	0%
Ethics - Alcohol	n.a.			0%	5%	Prohibited*
Ethics – Military Contracting	n.a.			0%	5%	0%
Ethics – Small Arms	n.a.			0%	5%	Prohibited*
Ethics – Gambling	n.a.			0%	5%	Prohibited*

Note: Article 8 Non-Net Zero Funds include Algebris Global Credit Opportunities and Algebris Core Italy Fund; Article 8 Net Zero Funds include all Algebris financial funds (Financial Credit; Financial Credit IG; Financial Income; Financial Equity; Financial Bond); Article 9 Net Zero Funds include Algebris Green Transition Fund (GTF), Algebris Global Equity Select (GES), and Algebris Strategic Credit Fund (SCF). Note 2: for brevity and ease of presentation, Table 2 only includes exclusions that apply to all our Article 9 funds. The Algebris Climatech venture capital fund is subject to a number of additional exclusions that are not reported in this table but can be found in the fund's documents. * The Algebris Climatech venture capital fund is prohibited from investing in companies which substantially focus on these activities. ** The Algebris Core Italy Fund and Global Credit Opportunities Fund are allowed to invest if the company is domiciled, incorporated, headquartered, or maintains significant operations or presence in Europe; provided, however that such investment may not exceed 10% of the total Net Asset Value of the Fund. See Section 3.1 for details.

5.3 Climate Exclusions

Aware that our largest impact on climate occurs through choices we make in our investment process, in 2021 Algebris joined the Net Zero Asset Managers Initiative (NZAM), committing to manage a progressively larger share of our AUM in line with net zero emissions by 2050 or sooner.

As set out in the 2018 IPCC 1.5 degrees scenarios and the 2021 IEA Net Zero scenario, achieving net zero by 2050 will require a rapid reduction in emissions from fossil fuel combustion and phase out of investment in fossil fuels. The pathway laid out in the IEA report requires that no new unabated coal plants, no new oil and gas fields, and no new coal mines or mine extensions be approved from 2021 on. In its guidance for the financial sector, the Science Based Target Initiative (SBTi) also recommends that financial institutions seeking to align with the Paris Agreement transparently address the role of fossil fuels in their investment portfolio. The SBTi recommended phaseout of thermal coal investments and more thorough disclosure on financial institutions' fossil fuel investments and related activities. Algebris subscribe to these recommendations.

Our Climate Investment framework is anchored to the EU framework for Paris Aligned Benchmarks (PAB) and we have introduced a Fossil Fuel science-based Policy, which establishes strict limits to exposure of companies involved in this sector. More details are available in our Responsible Investment Exclusion Policy and Fossil Fuel policy, which can be downloaded from our [website](#).

Algebris' Net Zero Article 8 funds and Article 9 funds are prevented from investing in companies deriving any revenue from coal exploration, mining, extraction, distribution and/or coal-powered energy generation. These funds are also prevented from investing in companies pursuing significant coal power or coal mining expansion plans (regardless of the share of revenues they derive from coal). Algebris also restricts investment in companies having significant ownership in the entities excluded under this rule¹, and screens investment in banks and other financial institutions that play a significant role in global coal finance.

Algebris funds are also subject to strict limits on investment in unconventional oil and gas. Algebris Net Zero aligned funds are prevented from investing in companies deriving any revenues from exploration, extraction, distribution or refining of either Tar Sands or Arctic Oil. Under our financial overlay, investment in any company having significant ownership in the companies excluded under this rule is also not allowed.

The IEA 2050 Net Zero report recommended that no new oil and gas levels fields be approved for development starting from 2021, and the war in Ukraine made it clear that excessive and undifferentiated reliance on fossil fuels in countries' energy mix can become a source of systemic risk. Whilst conventional oil and gas are likely to remain a bridge fuel in the transition towards full decarbonization (as evidenced by their inclusion in the EU Taxonomy of sustainable economic activity), we are convinced that investment in this area carries a risk of becoming stranded in the medium term and needs to be limited.

For all Algebris' Net Zero-aligned Article 9 funds, investment is not allowed in companies that derive any (0%) revenues from the production (exploration and/or extraction) of conventional oil fuels and gaseous fuels. Investment is also not allowed in companies that derive more than 5% of revenues from the refining

¹Significant ownership data are sourced from ESG data provider Sustainalytics. Significant ownership is typically defined as an ownership stake of 10% or above.

or distribution of oil fuels nor in companies that derive more than 10% of revenues from the refining or distribution of gaseous fuels. Article 9 funds also cannot invest in companies that derive more than 40% of revenues from conventional oil and gas power generation – which we deem to fall in scope of the EU Paris Aligned Benchmarks definition of “electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh.”

Table 3 Climate Exclusions

	PAB Requirements	Article 8 Non Net Zero	Article 8 Net Zero	Article 9 Net Zero GTF	Article 9 Net Zero Climatech	Article 9 Net Zero UCITS
Coal – Exploration, Mining, Distribution, Refining	1%	5%	0%	0%	0%	0%
Coal – Power Generation	50% ²	10%	0%	0%	0%	0%
Arctic Oil - exploration, extraction, distribution, refining	10%	5%	0%	0%	0%	0%
Tar Sands - exploration, extraction, distribution, refining	10% ³	10%	0%	0%	0%	0%
Oil and Gas fuels – exploration or extraction (production)	10%		40%	0%	0%	0%
Oil fuels – refining, storage, distribution	10%			5%	0%	5%
Gas fuels – refining, storage, distribution	50%			10%	50%	10%
Oil & Gas – Power Generation	50% ⁴			40%	50%	40%

Note: Article 8 Non Net Zero Funds include Algebris Global Credit Opportunities and Algebris Core Italy Fund; Article 8 Net Zero Funds include all Algebris financial funds (Financial Credit; IG Financial Credit; Financial Income; Financial Equity; Financial Bond); Article 9 Net Zero Funds include Algebris Green Transition Fund and Algebris Global Equity Select. Note: Article 8 Non-Net Zero Funds include Algebris Global Credit Opportunities and Algebris Core Italy Fund; Article 8 Net Zero Funds include all Algebris financial funds (Financial Credit; IG Financial Credit; Financial Income; Financial Equity; Financial Bond); Article 9 Net Zero Funds include Algebris Green Transition Fund (GTF), Algebris Global Equity Select (GES) and Algebris Strategic Credit Fund (SCF).

² Based on PAB requirement to exclude companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh, which we interpret as encompassing all fossil fuel electricity generation

³ Based on PAB requirement to exclude companies deriving more than 10% of revenues from production of oil fuels – as PAB requirements do not distinguish between conventional and unconventional fuels

⁴ Based on PAB requirement to exclude companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh, which we interpret as encompassing all fossil fuel electricity generation

Complementary to this exclusion, we monitor fossil fuel policies of global banks and aim to select names exhibiting relatively stronger policies and lower fossil fuel funding for the financial portfolios. Our Article 9 Funds that can invest in financials are subject to strict best in class selection when considering investment in this sector. To be eligible as an investment in these funds, financial institutions must have at least 20% of their revenue aligned with one or more of the SDGs, and should have credible coal policy, arctic oil policy and oil sands policy. Algebris has built a proprietary screening process that combines metrics from different sources, to evaluate a financial institution's fossil fuel policies. The screening is based on data from reputable third-party data vendors and non-government organizations (NGOs), in addition to internal analysis. At present, Algebris excludes from the investable universe financial institutions with a score lower than that permitted by its internal limits. Lastly, financial institutions should either be a member of the Net Zero Banking Alliance (or equivalent sector initiative) or have a set Science Based Target reviewed by the SBTi and/or other credible science-based emission reduction targets.

5.4 Sovereign Investment

Algebris Article 9 UCITS funds are subject to screening that excludes from the investment universe all debt (or funding) instruments issued by sovereign entities that do not satisfy minimum criteria set by Algebris. This includes debt issued at the sub-national (municipal or state) level as Algebris considers these as part of the overall state structure. The policy may also apply to certain other funds where Algebris acts as investment manager should the respective management company request it. More information is available within the offering documentation of those funds.

To be eligible as an investment in these funds, firstly sovereign entities must not be subject to international sanctions or be on the High-Risk List and/or the Increased Monitoring List of jurisdictions compiled by the Financial Action Task Force ("FATF")⁵. Secondly, the sovereign entity must pass a proprietary screening process that combines metrics from different sources to evaluate sovereign entities. This screening process is based on data from reputable third-party data vendors and non-government organizations ("NGOs"), in addition to internal analysis. The screening process evaluates (1) a country level indicator of social and governance quality provided by NGOs; (2) the degree of long-term commitment from major multilateral organizations towards the country; and (3) a qualitative examination of a country's (i) adherence to international treaties and agreements, and (ii) its climate change exposure. At present, Algebris excludes from the investable universe sovereign entities with a score worse than that permitted by its internal limits.

More details on this screening is available in our Responsible Investment Exclusion Policy, downloadable from our [website](#).

5.5 Other Instruments

Our Responsible Investment Exclusion Policy also covers derivative instruments, baskets, and indices. More details on how these instruments are treated when evaluating sustainability is available in our Responsible Investment Exclusion Policy, which can be downloaded from our [website](#).

⁵ The updates to the FATF lists are regularly integrated into the sovereign screening.

5.6 Implementation and Exemptions

In limited occasions, exemptions to the rules outlined above might be considered. The process of applying an exemption requires the Investment team to initiate a request outlining the rationale, with specific reference to the part of the Exclusion Policy being contravened and including as supporting information the outcome of any engagement activity held with the issuer on the matter. All exemption requests are subject to enhanced initial and ongoing due diligence by the Algebris Research team- If they pass this due diligence, they are then evaluated by the Algebris Responsible Investment Review Group, comprised of a minimum of five individuals with appropriate skills and expertise to address regulatory, risk, legal, market, and compliance issues relating to proposed exemptions. To avoid any conflicts of interest, the membership of the Responsible Investment Review Group does not include members of the Investment team. The Responsible Investment Review Group must unanimously approve an exemption, for the exemption to be granted.

More details on the exemption process as well as on the implementation of our exclusion lists are available in the Responsible Investment Exclusion Policy, downloadable from our [website](#).

6. Sustainability Assessment and Best-in-Class Framework

On top of the negative screening performed through responsible investment exclusions, Algebris applies positive screenings. This screening is applied differently across different strategies, to account for their different focus in terms of sectors. The aim of the screening is to evaluate the sustainability credentials of investee companies, in line with the three pillars of our Responsible Investment Framework (discussed in Section 4.2).

Table 4 Application of Responsible Investment Framework provisions to different funds

	Article 8 Non Net Zero	Article 8 Net Zero	Article 9 Net Zero
Exclusions – Norms (UNGC)	●	●	●
Exclusion – Climate (basic)	●	●	●
Exclusion – Ethics (basics)	●	●	●
Exclusion – Climate (extended)		●	●
Exclusion – Ethics (extended)			●
SDG Alignment			●
Sustainable Investment Case			●
ESG Score Best in Class		●	●
PAIs consideration	●	●	●
SBTi Monitoring	●	●	●
Active Ownership	●	●	●

6.1 The Algebris Sustainable Investment Case

In line with guidance from the EU SFDR we define a sustainable investment as an investment that significantly contribute to environmental or social objectives, while not doing significant harm to other sustainability objectives and following good governance practices.

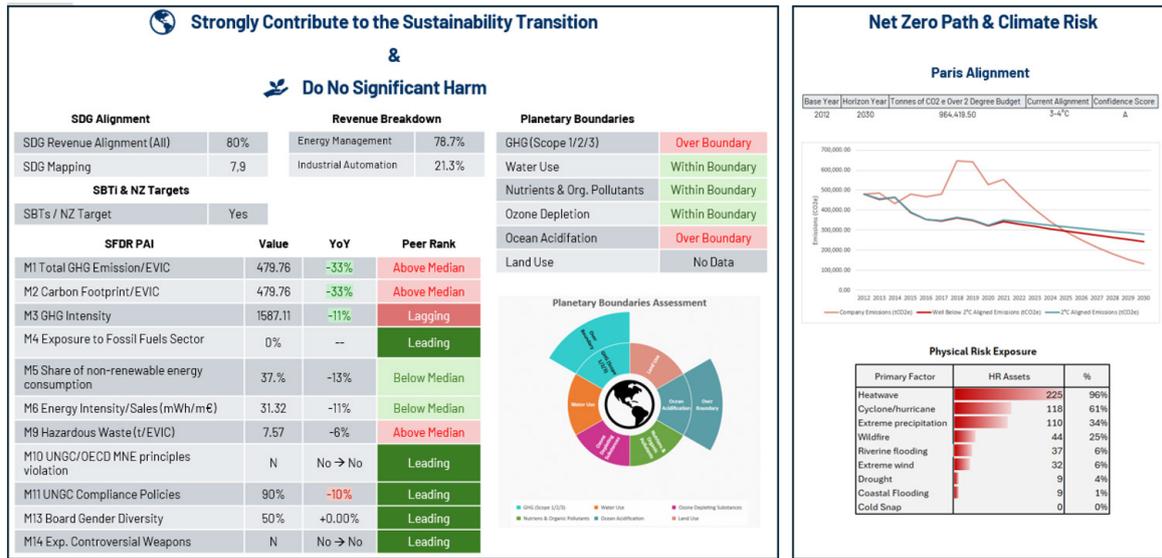
Algebris Article 8 Net Zero funds and Article 9 funds are subject to an ESG Score Best-in-Class screening, which requires a minimum ESG score performance for a company to be investable. This assessment is based on data from third-party data providers. For our Financial Equity and Financial Income funds, the ESG best-in-class screening restricts investment in companies that are identified to be in the bottom 10%, while companies falling in the 10-15% bracket are watchlisted. For our Financial Credit, Financial Credit IG, and Article 9 UCITS strategies, the thresholds for restriction and watch-listing are stricter, raised to 15% and 20% respectively. Practical implementation processes and exemptions to this rule follow those outlined above for exclusion policies. Algebris also aims at achieving an aggregate ESG score for our financial portfolios above the average for the sectors represented in the portfolios, although this is not a formal requirement in the funds' investment policies.

Article 9 funds also undergo a deeper assessment of the sustainability credentials of prospective investments in the pre-investment phase, and monitoring thereafter. The Responsible Investment team has built a proprietary tool, through which analysts can assess the sustainability credentials of perspective investments. The Algebris Sustainable Investment Case template is run at the level of individual issuers and it includes a breakdown of the company revenues to check for involvement in potentially harmful activities, environmental metrics from an internally built Planetary Boundaries screening, all the mandatory indicators from the EU Principal Adverse Impact (PAI) regime plus some of the optional ones, a mapping of company revenues to the UN Sustainable Development Goals (SDGs), data on the company's net zero path and targets, and indicators of physical risk as well biodiversity metrics.

The Sustainability Investment Case is applied to all Algebris Article 9 UCITS funds, were it used as organic part of the investment process. An example of the output is reported in Figure 4 below.

Data for the sustainability investment case is sourced from specialised third-party providers (see Section 3.2), as well as data from NGOs and other stakeholders, complemented with internal research and analysis. When third-party data is not available, the sustainability assessment is based on data published by the investee companies themselves in their sustainability reports or other public information. If no such information is available, an Responsible Investment due diligence is performed by the Investment team engaging with the investee companies.

Figure 4 Example of Algebris Sustainability Investment Case output



6.1.1 Sustainability Investment Case for investment in banks and financial institutions

In light of Algebris long-term investment focus on the banking sector, we place special attention on assessing the sustainability credentials of banks. Banks’ impact on the environment and society occurs mostly in an indirect way, via their lending to other sectors. According to independent research, banks in 2021 financed 80% as much low-carbon energy supply as they financed fossil fuel energy, but the ration will need to raise to 400% in favour of low- carbon energy for the net zero transition objectives to be met⁶.

In the framework we apply to Article 9 UCITS funds, banks qualify as sustainable investments only if at least 20% of their revenue is aligned with one or more of the UN SDGs and if they also have a credible coal policy, arctic oil policy and oil sands policy. The Responsible Investment team has built a proprietary screening tool to evaluate banks’ fossil fuel policies. The screening is based on data from third-party data vendors and NGPs, in addition to internal analysis. Lastly, financial institutions should either be a member of the Net Zero Banking Alliance (or equivalent sector initiative) or have a set Science Based Target reviewed by the SBTi and/or other credible science-based emission reduction targets, to be eligible for investment by Article 9 UCITS funds.

6.1.2 Responsible Investment due diligence for investment in Small and Medium Enterprises (SMEs)

Third-party ESG data coverage however has limits when it comes to the coverage of Small and Medium Enterprises (SMEs). For our funds investing in SMEs, the Responsible Investment team performs an responsible investment due diligence by engaging directly with the investee companies including through the use of a proprietary ESG questionnaire.

⁶ See: <https://about.bnef.com/blog/financing-the-transition-energy-supply-investment-and-bank-facilitated-financing-ratios-2022/>

The questionnaire features 54 questions encompassing environmental, social and governance factors. A Sustainability Accounting Standards Board (SASB) materiality map is used to identify the most material factors based on the sector and nature of economic activities carried out by each company, and results are then aggregated into a summary score and separate (E, S, G) constituent scores. The results from this assessment are then discussed individually with investee companies to identify areas for improvement.

Details about the responsible investment and sustainability provisions applied individually to specific funds are available in the funds' precontractual disclosures, in the SFDR Annex. Please refer to the Funds page on our website.

7. Stewardship and Engagement

Algebris uses a combination of bottom-up fundamental research informed by top-down understanding of the macro context in order to evaluate investment opportunities. In many cases, Algebris seeks to build long-term relationships with the companies we invest in and is able to maintain a dialogue with senior management that is critical within the investment process. Algebris' investment selections undergo exhaustive due diligence, communication with company executives, and a highly disciplined approach to risk control.

The Firm's portfolio managers engage in Active Ownership, with a view to reducing the risk of particular positions falling outside of risk appetite/limits – including on sustainability factors. We also aim to use our role as investors to stir positive change, and we actively engage with investee companies on sustainability.

Our Stewardship Policy is grounded on 3 pillars: individual engagement, collective engagement, and 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 investment case.

7.1 Voting

For investments where Algebris has voting rights, voting decisions are taken on case-by-case basis following an assessment of the matter and after taking into consideration its likely effect on the performance of the investments and the relevant separate account mandate or Algebris fund. Algebris also takes into account long-term sustainability considerations of each issuer when deciding to vote.

Any votes cast must be in the best interests of the relevant client, being (i) the separate account holder in the case of votes attaching to an investment made under the relevant investment management agreement; or (ii) the Algebris fund and the investors therein in the case of votes attaching to an investment made by Algebris. Proxy voting is managed via the ISS Proxy Exchange platform. The Algebris Operations team will receive meeting notifications which are sent to the Investment team. Upon instruction from the relevant portfolio manager, the vote is input into the appropriate platforms. The vote will require an approval from a manager in the Operations team. Algebris vote on a meeting-by-meeting basis.

Algebris is a supporter of the Say on Climate Initiative, which focuses on companies' submitting Climate Transition Action Plan at their AGM for a shareholder vote, and our Voting Policy includes a commitment to vote for shareholders resolutions requesting companies to introduce such plans.

Our Voting Policy can be found [here](#), and our Shareholder Engagement Policy can be found [here](#). We also publish a Voting and Engagement report and our full voting record in the sustainability section of our [website](#).

7.2 Engagement

Engagement activity is led by the Responsible Investment team, in collaboration with the Investment team. Our engagement activity seeks to drive a better integration of sustainability in the governance, operations and business models of the companies in which we invest and to stir positive change in how investees manage their impacts on sustainability topics. We perform both individual and collective engagement.

Engagements are recorded and tracked in a proprietary reporting tool, where the Responsible Investment team records the nature and themes of each engagements, and record the feedback received from and given to companies as well as any follow-ups to the original engagement.

7.2.1 Individual Engagement

The goal of our engagement is to encourage investee companies to improve the long-term sustainability of their business models. Sustainability topics form part of the regular discussion between our Investment team and investee companies, complementing the ongoing assessment of sustainability fundamentals.

Individual engagement is also a central part of both our UNGC and ESG best-in-class screenings, as well as our monitoring of ESG controversies. If an investee company is flagged by our UNGC screening or our ESG Best-in-class screening, the Responsible Investment team and the Investment team need to assess if the investment becomes unacceptable. To establish that, the teams will engage with the company to establish whether reassurance can be obtained that the identified issue or breach will be rectified or improved upon.

We typically allow for an engagement window of up to 6 months – although the window can be extended subject to close monitoring of the expected progress. If engagement appears to be unsuccessful, the end point will be divestment and exclusion until the identified issues are resolved.

Individual engagement can also take the form of engagement with regulators and other relevant bodies. For example, we addressed a letter to EU authorities sharing our concerns that the unregulated nature of the ESG ratings industry might undermine EU efforts at fostering transparency on the sustainability credentials of investment products, creating a risk of green-washing, capital mis-allocation and product mis-selling. Our policy letters are available on our [website](#). Algebris also signed the Global Investors Statement to Government on the Climate Crisis over the years, and submitted responses to public consultations called by EU authorities.

7.2.2 Collective Engagement

Algebris participates to multiple public and transnational investors initiatives, which are listed below.

Net Zero Asset Managers Initiative (NZAM): NZAM is promoted by the Institutional Investors Group on Climate Change, and it brings together Asset Managers around the goal of aligning investments with net zero emissions by 2050 or sooner. Algebris disclosed its NZAM target in March 2022, committing to initially align 57% of our total AuM (79% excluding mandates) with the net zero objective by 2050 or sooner. As part of our NZAM membership, Algebris implemented a science-based Fossil Fuel Investment Policy that sets strict exclusions on thermal coal (mining, power generation and expansion) as well as on unconventional oil and gas.

In 2025, NZAM launched an [internal review](#) to ensure it remains fit for purpose in the new global context in light of recent developments in the US and of emerging different regulatory and clients expectations in investors' respective jurisdictions. As the initiative undergoes this review, it is suspending activities to track signatory implementation and reporting. NZAM has also removed the commitment statement and list of signatories from its website, as well as their targets and related case studies, pending the outcome of the review.

As a Firm, we remain committed to our decarbonisation objectives – including the ones we took as signatories to NZAM – and we follow closely the progress on the NZAM front.

Say on Climate Initiative: An initiative supported by the Children's Investment Fund Foundation, CDP, and ShareAction aiming to encourage companies to publish climate transition action plans. Algebris joined in November 2020, and as members of the initiative we commit to encourage investee companies to submit a Climate Transition Action Plan at their AGM for a shareholder vote. This commitment translates into a requirement in our Voting Policy to support AGM resolutions requiring such votes.

Carbon Disclosure Project (CDP): A global non-profit organisation working to make environmental disclosure mainstream, CDP is the largest solicitor of direct, reported, primary environmental information worldwide and it holds the largest collection of primary carbon, water and deforestation information. Algebris became an investor signatory in late 2020, and actively participates in CDP's annual Non-disclosure Campaign requesting that investee companies respond to climate change, forests and water security questionnaires developed and managed by CDP. We have also participated in CDP's Science Based Target campaign since 2022.

Task Force on Climate-related Disclosures (TCFD): An industry-led task force promoting climate-related financial disclosures. Algebris joined in late 2020, and published its first TCFD-aligned Climate Report in 2024.

7.3 Sustainability Reporting

Algebris discloses annually to the UN PRI, Carbon Disclosure Project, and Net Zero Asset Managers Initiative. We also publish standalone sustainability reports for all our UCITS funds – at monthly frequency for Article 9 funds, and quarterly for all other funds. The reports are available on each fund's webpage on our website.

The reports encompasses a variety of environmental, social and governance indicators – including also metrics of physical scores, temperature alignment, biodiversity metrics, and carbon earnings at risk. An example of the report for one of our funds is included here below.

Figure 5 Example of a period sustainability report for Algebris funds

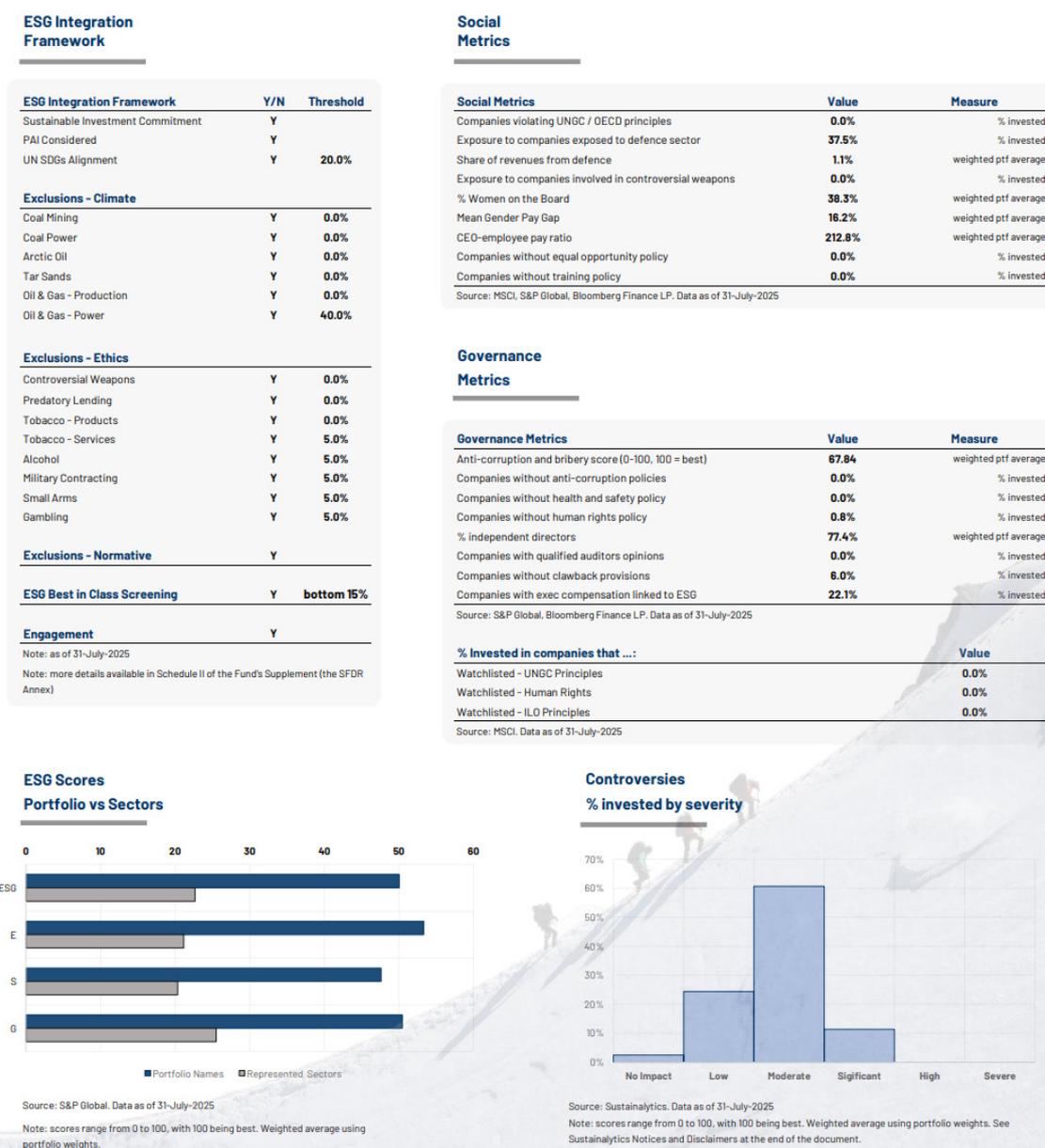
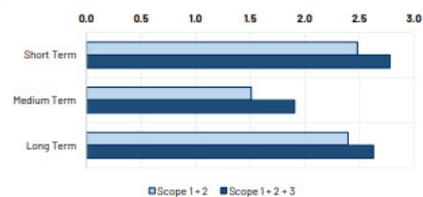


Figure 5 Example of a period sustainability report for Algebris funds

Temperature Alignment (°C)



Source: Bloomberg Finance LP. Data as of 31-July-2025

Note: Temperature Rise Metrics translate corporate GHG emission reduction forecasts into implied temperature changes expressed in degrees Celsius. The figure reported above is the weighted average (using portfolio weights) of the temperature rise implied by investee companies' targets, over 3 time horizons.

Portfolio Level Emission Reduction

GHG scope:	S1 + 2	S3
Linear Annual GHG Reduction %	2.6%	1.8%
Avg Realized Annual Reduction %	1.6%	-1.4%

Source: Bloomberg LP Global. Data as of 31-July-2025

Note: **Linear Annual GHG Reduction %** provides the linear average annual reduction percentage implied by the company's Scope 1 and 2, or Scope 3, for 2030 GHG emissions target. **Avg Realized Annual Reduction %** provides the Average Realized Annual Reduction (ARAR) percentage of the company's Scope 1 and 2, or Scope 3, GHG emissions from the base year. Portfolio-level figures are aggregated using portfolio weights. If the company has more than one emissions reduction target, the selection prioritizes targets that are Science Based Targets Initiative (SBTI) validated, most ambitious, most recent and published in publicly available company documents, respectively.

Share Invested in Climate Policy Relevant Sectors

Sector	% invested
Fossil Fuels	1.58%
Utility and Electricity	4.07%
Energy Intensive Sectors	1.09%
Buildings	0.00%
Transportation	0.00%
Agriculture	0.00%

Source: Bloomberg Finance LP. Data as of 31-July-2025

Note: The Climate Policy Relevant Sectors (CPRS) is a classification of economic activities to assess climate transition risk, first developed in the article by Battiston et al. (2017) published on Nature Climate Change.

Nature and Biodiversity

Avg. companies revenues from:	%
TNFD Exposure Sectors	27.44%
Timber	0.00%
Palm Oil	0.00%
Soy	0.00%
Cattle	0.00%
Rubber	0.00%
Cocoa / Coffee	0.00%

Source: Bloomberg Finance LP. Data as of 31-July-2025

Note: **TNFD Exposure Sectors** are business activities with material nature related dependencies and impacts

Environmental Metrics

Environmental Metrics	Value	Measure
Carbon Footprint	708.29	t CO2e / EUR mln invested
Weighted Average Carbon Intensity (WACI)	1862.33	t CO2e / EUR mln revenues
Exposure to companies with revenues from fossil fuels	4.1%	% invested
Companies with Set Near Term SBTs	64.8%	% invested
Companies with Validated Net Zero SBTs	34.9%	% invested
Share of revenues from Thermal Coal	0.0%	weighted ptf average
Share of revenues from Arctic Oil	0.0%	weighted ptf average
Share of revenues from Oil Sands	0.0%	weighted ptf average

Source: S&P Global, Bloomberg Finance LP, Sustainalytics. Data as of 31-July-2025

Note: in calculating financed emissions we use reported emissions, in line with the recommendations of the Partnership for Carbon Accounting Financials (PCAF). When reported data is not available, estimates from S&P Trucost are used.

Physical Risk Portfolio Score

Scenario	2030 Horizon	2050 Horizon
Orderly Transition	68	61
Disorderly Transition	58	64
Hothouse Scenario	59	68

Source: S&P Global. Data as of 31-July-2025 Score is 0 to 100, with 0 being best.

Note: **Orderly Transition** is an aggressive mitigation scenario in which GHG emissions reduce to net zero by 2050, resulting in global average temperatures rising by 1.3-2.4°C by 2100. **Disorderly Transition** is a scenario in which GHG 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 but mitigation is backloaded. **Hothouse** is a low/no mitigation scenario in which GHG emissions triple by 2075 and global average temperatures rise by 3.3-5.7°C by 2100. Future scenarios may not materialise.

Carbon Earnings at Risk Portfolio Scenarios

Reduction of EBITDA Margin:	2030 Horizon	2050 Horizon
Orderly Transition	-1.02%	-1.35%
Disorderly Transition	-1.40%	-2.18%
Hothouse Scenario	-1.48%	-2.80%

Share invested in companies with EBITDA at risk:	2030 Horizon	2050 Horizon
Orderly Transition	11.84%	14.32%
Disorderly Transition	14.32%	16.79%
Hothouse Scenario	14.32%	25.32%

Unpriced carbon costs / EBITDA	2030 Horizon	2050 Horizon
Orderly Transition	4.41%	5.86%
Disorderly Transition	6.08%	9.52%
Hothouse Scenario	6.47%	12.27%

Source: S&P Global. Data as of 31-July-2025. Higher reduction of EBITDA margin, Higher share invested in companies with EBITDA at risk, and/or a higher unpriced carbon costs/EBITDA signal higher risk.

Note: **Orderly Transition** is an aggressive mitigation scenario in which GHG emissions reduce to net zero by 2050, resulting in global average temperatures rising by 1.3-2.4°C by 2100. **Disorderly Transition** is a scenario in which GHG 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 but mitigation is backloaded. **Hothouse** is a low/no mitigation scenario in which GHG emissions triple by 2075 and global average temperatures rise by 3.3-5.7°C by 2100. Future scenarios may not materialise.

E/S Percentage Alignment

Environmental (E) Alignment	52.67%
Social (S) Alignment	43.64%