

Algebris (UK) Limited
Environmental, Social and Governance (ESG)
Policy

1. Introduction

This policy outlines Algebris (UK) Limited (the “Firm” and “Algebris”) commitment and approach to developing and integrating Environmental, Social and Governance (“ESG”) within the Firm’s ethos, culture and its investment risk management framework.

Algebris fully embraces the growing importance of assessing and engaging on ESG and sustainability* in its investment processes and wider activities. Algebris will, to the best of our ability, comply with the relevant regulations and appropriate best practices governing the protection of human rights, occupational and public health and safety, the environment, and the labour and business practices of the jurisdictions in which we conduct business.

** Avoidance of the depletion of natural resources in order to maintain an ecological balance for the biosphere and human civilisation to coexist.*

2. ESG Working Group

To carry out our fiduciary duties as outlined by the UNPRI, Algebris has set up a dedicated ESG Working Group, together nine members of staff at Algebris across different functions (research, investor relations, investment, risk, compliance and legal) and based in different regions. The Firm has also appointed an ESG Coordinator to oversee all its ESG efforts.

The primary objective of Algebris ESG team is to define a framework for the incorporation of ESG factors in the investment process. The Firm acknowledges that different asset classes and investment strategies require different approaches to ESG integration, so the ESG Working Group works closely with the investment team to develop an internal ESG research framework and formalize an engagement process with the entities we invest in.

The group also seeks to embed ESG and sustainability considerations in the wider firm activities. In this respect, for example, Algebris has taken steps to analyse its carbon footprint and put measures in place to neutralize it (see Section 4).

3. Responsible Investment

Algebris became a signatory to the United Nations’ Principles for Responsible Investing (UNPRI) on 23rd July 2019. As the UNPRI are steadily becoming the global standard in responsible investing, it was a natural framework for the Firm to adopt in order to further strengthen its on-going commitment to responsible investing and ESG matters generally. In its capacity as signatory to the UNPRI, Algebris will report annually on the firm’s responsible investment activities.

Our financial sector specialisation already provides an inherent sectorial exclusion for the majority of our investment funds – as it largely mitigates the risk of investing in companies engaged in controversial sectors or not violating the UN Global Compact principles in the fields of human rights, labour standards, environment, anti-corruption, etc.

Algebris has nonetheless taken further steps to integrate certain ESG factors into the research and investment decisions, starting with its core financial credit strategy.

The incorporation of ESG in the Firm's investment process will follow an inclusive and exclusive approach. Algebris has allocated Internal resources to develop a framework of ESG research that will enhance our assessment of ESG risks and opportunities in our investible universe. To complement this fundamental in-house assessment, Algebris will also seek to incorporate an ESG exclusion list that will systematically feed into the order management system to restrict investments in poorly rated ESG issuers and/or entities that do not align with the Firm's climate strategy.

The Firm will also look to empower the investment teams to utilise ESG knowledge and information and incorporate this into the investment decision-making process within in the relevant strategies – including by directly engaging on ESG issues with the entities we invest in.

4. Algebris Carbon Offsetting Project

The ESG Working Group has produced an estimate of Algebris' annual carbon dioxide (CO₂) emissions, based on building emissions of all our offices globally, flights, waste, and paper usage. The current estimate is based on 2018 data, but it is conservative and keeps into account also the significant increase in staff that occurred in 2019.

To offset this footprint, Algebris has devised a dedicated offsetting project. The Firm will aim to achieve carbon neutrality by planting 25,000 trees and committing to 20 trees per employee per year (subject to a yearly revision of the carbon footprint estimates). This project will be carried out in Tanzania in cooperation with Hakuna Matata, a registered UK charity founded in 2010 by Davide Serra (Chairman, Founder & CEO of Algebris) and his wife, for which Davide acts as Chairman and Trustee.

Hakuna Matata is primarily focused on helping orphaned children in Central Tanzania, through education, employment and healthcare programmes. Such programmes are fully aligned with a number of UN Sustainable Development Goals*, and projects include supporting the Inuka Rehabilitation Centre, Pamoja Project and Mamre Agricultural College. By rolling out the Algebris Offsetting Project with Hakuna Matata, Algebris will further contribute to the creation of economic and social value at the local level.

* <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

5. Other ESG Related Initiatives

In addition to becoming a signatory to the UNPRI, Algebris has taken a number of steps towards engaging in ESG related initiatives across its business including the below.

Modern Slavery Statement

Pursuant to section 54 of the Modern Slavery Act 2015 the Firm fully supports the Modern Slavery Act, which aims to drive out all forms of modern day slavery and human trafficking from business practices. The Firm takes a zero tolerance approach towards human rights

violations and is committed to having ethical and sustainable business practices and supply chains.

Diversity and Inclusion

We value diversity: amongst the 87 Algebris employees, we count as many as 17 nationalities and 42% of staff are female.

Eco-friendly Marketing

ESG is very important to the firm and therefore Algebris has continued to utilise a number of eco-friendly means of transport such as bike and electric car sharing schemes and trams in cities as a mechanism for its advertising and brand awareness.

6. Transparency

Algebris intends to fulfil the reporting requirements set by the UNPRI on an annual basis. This report will be made available on the UNPRI site (www.unpri.org) as of the relevant reporting date. Algebris will also publish its controversial sectors policies as well as its climate investment strategy, once finalised.

7. Contact

For ESG related matters and information regarding ESG at Algebris please contact:

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