Sustainability-related disclosures[1]

Algebris IG Financial Credit Fund (the "Fund")

1. Summary

This document provides information about the Fund in relation to the sustainability related characteristics and/or objectives pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector ("**SFDR**").

No sustainable investment objective

This Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund are: prevention of predatory lending practices; pollution prevention and control; emissions reduction; human rights; and labour relations

Investment strategy

In the context of its promotion of environmental and social characteristics, the Manager relies on a combination of the following binding elements for the Fund: key ESG concerns; exclusion policies; voting policy and engagement; United Nations Global Compact screening; and ESG screening.

The Manager assesses the governance practices of investee companies through a variety of scores covering various aspects of firm-level governance, sourced form external Data Providers in order to satisfy itself that the relevant investee companies follow good governance practices.

Proportion of investments

The minimum proportion of the Fund's investments that will be aligned with the environmental and social characteristics promoted by the Fund will be 70%.

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[1] Please note that where the capitalised terms in this document have not been defined, they can be found in the relevant Fund supplement.

Monitoring of environmental or social characteristics

The Manager monitors compliance with the environmental and social characteristics and more generally assesses performance on sustainability metrics at portfolio level on an ongoing basis, using a variety of ESG data from different providers.

Methodologies

The Manager will use a number of sustainability indicators to measure the attainment of the environmental and social characteristics promoted by the Fund. Where relevant, the data for assessing the below indicators is sourced from third-party ESG data providers (the Data Providers) and internal research.

Data sources and processing

The Manager shall use data sourced from internal research and, where relevant from reputable third-party ESG data providers (which are noted below).

Limitations to methodologies and data

The methodology and data used may be incomplete, inaccurate, stale, or unavailable. Where limitations are identified, mitigations and remediation activities shall be put in place and be constantly monitored. Where mitigation and remediation actions are not sufficient to integrate and/or remediate to the limitations identified in the data or methodology the investment shall be kept on hold or avoided until reasonable assurance and further information is obtained through additional research.

Due diligence

The Manager considers the principal adverse impacts of the Fund's investments on sustainability factors: (i) prior to and at the point of investment; and (ii) on an ongoing basis by monitoring the investments against any applicable mandatory and additional PAI indicators.

Engagement policies

Where the Manager is given the opportunity to exercise voting rights in relation to the positions held by the Fund, these are made in the best interests of the investors in the Fund after considering the long-term sustainability of the respective issuer.

Designated reference benchmark

No specific index has been designated for the purpose of attaining the environmental characteristics promoted by the Fund.

2. No sustainable investment objective

This Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

3. Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund are:

a. Prevention of predatory lending practices
b. Pollution prevention and control
4. Emissions reduction
5. Human rights
6. Labour relations

4. Investment Strategy

The investment objective, investment policy and investment strategy of the Fund is detailed in the Supplement for this Fund and should be read in conjunction with and in the context of this disclosure.

Due to the key role that the banking and broader financial sector play in providing funding across sectors and economic activities, the Fund is presented with an opportunity to contribute to a fairer and more sustainable economy through its investment in institutions that themselves contribute to this transition. In addition, in the context of its promotion of environmental and social characteristics, the Manager relies on a combination of the following binding elements for the Fund:

1. **Key ESG concerns:** the Fund aims to facilitate and accelerate the transition towards a greener and more sustainable economy by investing in companies in the financial services sector that are considered acceptable by reference to the environmental and social characteristics the Fund promotes.

2. **Exclusion polices**: the Fund applies exclusion policies to provide reasonable comfort that the Fund does not make or hold investments in industries, market segments and companies considered to have particularly harmful or controversial practices from an environmental or social perspective.

As regards coal in particular, the Fund also applies the following approach: a list of banks that comprise the core universe of the Fund has been identified. The Manager's ESG committee examines each relevant institution's exposure and policies surrounding coal extraction and consumption and, on a case-by-case basis, where relevant public disclosures fall below industry standard or where exposure is thought to be high, a tailored questionnaire assesses the institution's position on coal and any planned action to reduce its coal-related exposure. The Manager's ESG committee engages directly with the same universe of banks, seeking assurance about their controversial weapons involvement and policies.

The Manager will not invest in the banks providing the largest share of lending to coal mining.

Voting Policy and engagement: Where the Manager is given the opportunity to exercise voting rights in relation to the positions held by the Fund, these are made in the best interests of the investors in the Fund after considering the long-term sustainability of the respective issuer.

3. **United Nations Global Compact ("UNGC") screening**: the Manager applies screening that evaluates the alignment of investee companies with the 10 Principles of the UNGC. This will exclude investments in companies that are identified as exhibiting a poor performance in business areas relevant to the UNGC principles. In addition, companies whose performance is significantly below average (but above the threshold for immediate exclusion) will be placed on a watchlist.

4. **ESG screening**: The Fund is subject to ESG screening, which prevents an investment being made in companies that are identified as being in the bottom 15% of its sector's overall ESG score as measured by way of an ESG scoring assessment. This assessment is based on data from third-party ESG data providers (the "Data Providers)" and internal research.

These principles are integrated, on a best-efforts basis, into the investment controls where possible and reviewed on a quarterly basis by the Manager. Where any of the requirements are not met, the Manager will determine how best to liquidate the position(s), if appropriate, or take action to remediate the situation through active engagement with the issuer. The Manager will abstain from investing in similar investments until the identified issue is resolved and the relevant position is no longer considered in breach of the Fund's sustainability criteria detailed above.

Good Governance

The Manager also assesses the governance practices of investee companies through a variety of scores covering various aspects of firm-level governance, sourced form external Data Providers in order to satisfy itself that the relevant investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. The investment team of the Manager may also engage with investee

companies about specific governance-related issues. The dedicated AI/ Data team of the Algebris group has also developed a proprietary artificial intelligence (AI) driven controversy monitoring tool to monitor the increase of potential ESG-related controversies relating to investee companies.

To satisfy itself that the relevant investee companies follow good governance practices (in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance) the Manager monitors a number of governance related key performance indicators (KPIs) for the investee companies. These include:

- Sound management structures:
  o an aggregate performance index reflecting anti-crime policies and processes; business ethics; and corporate governance structure and effectiveness.

- Employee relations:
  o an aggregate performance index reflecting occupational health and safety; human capital development; and talent retention.

- Remuneration of staff:
  o an aggregate performance index reflecting gender pay gap; and CEO to employee pay ratio.

- Tax compliance:
  o an aggregate performance index reflecting tax strategy and governance; effective tax rate; and tax reporting.

Data for assessing the elements above is sourced from Data Providers and internal research. The investment team of the Manager may also engage with investee companies about specific governance-related issues – such as news items and/or the emergence of governance-related controversies.

5. Proportion of investments

The minimum proportion of the Fund's investments that will be aligned with the environmental and social characteristics promoted by the Fund will be 70% (taking into account only the binding elements referred to above).

The remaining proportion of up to 30% of the Fund's investments will be used for hedging, liquidity, diversification and/or efficient portfolio management purposes and will not incorporate any of the environmental and or social characteristics promoted by the Fund.

The Fund doesn't invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2].

6. Monitoring of environmental or social characteristics

The Manager monitors compliance with the environmental and social characteristics and more generally assesses performance on sustainability metrics at portfolio level on an ongoing basis, using a variety of ESG data from different providers.

ESG exclusion lists are reviewed at least twice a year, and are implemented through automated pre- and post-trade controls coded into the Algebris Order Management System.

Other ESG and sustainability metrics are monitored at portfolio level on a regular basis, and no less than every calendar quarter. Algebris dedicated AI/ Data team has also developed a proprietary artificial intelligence (AI) driven controversy monitoring tool to monitor the increase of potential ESG-related controversies relating to investee companies – which is monitored by the ESG team on a weekly basis as a complement to controversy data sourced from external third-party data providers.

Sustainability indicators used to measure the portfolio compliance with the environmental and social characteristics

EU Principal Adverse Indicators			Source
PAI 1	**GHG EMISSION**	Scope 1	S&P Trucost, Clarity AI
		Scope 2	S&P Trucost, Clarity AI
		Scope 3	S&P Trucost, Clarity AI
		Scope 1 + 2 + 3	S&P Trucost, Clarity AI
PAI 2	**CARBON FOOTPRINT**	Scope 1 + 2 + 3	S&P Trucost, Clarity AI
PAI 3	**GHG INTENSITY of investee companies**	Scope 1 + 2 + 3	S&P Trucost, Clarity AI

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[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

PAI 4	**Exposure to companies active in the fossil fuel sector**	% of investments	S&P, Clarity AI, Sustainalytcs
PAI 5.a	**Share of non-renewable energy consumption**	portfolio weighted average	S&P, Clarity AI
PAI 5.b	**Share of non-renewable energy production**	portfolio weighted average	S&P, Clarity AI
PAI 6	**Energy consumption intensity per high impact climate sectors**	GWh per million EUR of revenue	S&P, Clarity AI
PAI 7	**Activities negatively affecting biodiversity-sensitive areas**	% of investments (with ESA sites ops)	Clarity AI,
PAI 8	**Emission to Water**	Tonnes per mn EUR invested, weighted avg	S&P, Clarity AI
PAI 9	**Hazardous Waste**	Tonnes per mn EUR invested, weighted avg	S&P, Clarity AI,
PAI 10	**UNGC / OECD MNE Principles violations**	% of investments	MSCI, Sustainalytics, Clarity AI
PAI 11	**UNGC / OECD MNE lack of monitoring policies**	% of investments	Clarity AI
PAI 12	**Unadjusted gender pay gap**	weighted average	S&P, Clarity AI
PAI 13	**Board Gender Diversity**	weighted avg % of women on board	S&P, Clarity AI
PAI 14	**Controversial Weapons**	% investments in companies involved	S&P, Clarity AI, Sustainalytics
PAI 1 (O)	**Companies with no emission reduction initiatives**	% investments in companies without	S&P, Clarity AI
PAI 2 (O)	**Companies lacking anti-corruption and anti-bribery policies**	% investments in companies without	S&P, Clarity AI
E & S Characteristics			**Source**
	Prevention of Predatory Lending Practices		
E & S 1	Share of investees' revenues derived from predatory lending activities	weighted average	Sustainalytics
	Share invested in companies with predatory lending activities	% invested	Sustainalytics
	Pollution Prevention and Control		
E & S 2	Air pollutants (tonnes) per million of investees' revenues	weighted average	S&P, Clarity AI
	Inorganic pollutants (tonnes) per million of investees' revenues	weighted average	S&P, Clarity AI
E & S 3	**Emissions Reduction**		

	Share invested in companies stating they have set or have committed to set a Science Based Target (SBT) for emission reduction	% invested	SBTi
	Share invested in companies with public commitments to set targets confirmed or validated by SBTi	% invested	SBTi
Human Rights			
E & S 4	Share invested in companies involved in very serious violations of human rights under UNGC	% invested	MSCI
	Share invested in companies lacking human rights policies	% invested	S&P, Clarity AI
Labour Rights			
E & S 5	Share invested in companies involved in very serious violations of labour rights under UNGC	% invested	MSCI
	Portfolio level labour practice score (0-100)	weighted average	S&P, Clarity AI
Exclusion Policies			
E & S 6	Share invested in companies on Algebris' exclusion lists	% invested	Sustainalytics, MSCI, Algebris
Voting and Engagement			
E & S 7	Share of meetings voted	%	ISS, Algebris
	Share of shareholder resolutions voted against	%	ISS, Algebris
	Share of shareholder resolutions voted in favour	%	ISS, Algebris
	Number of ESG-related engagements with investees	n	Algebris
ESG Screening			
E & S 7	Share invested in companies scoring in the bottom 15% of the sector's ESG score distribution	% invested	S&P, Algebris
	Portfolio average ESG score	weighted average	S&P, Clarity AI, Bloomberg LP
	Portfolio average E score	weighted average	S&P, Clarity AI, Bloomberg LP
	Portfolio average S score	weighted average	S&P, Clarity AI, Bloomberg LP

	Portfolio average G score	weighted average	S&P, Clarity AI, Bloomberg LP

7. Methodologies

The Manager will use the following sustainability indicators to measure the attainment of the environmental and social characteristics promoted by the Fund. Where relevant, the data for assessing the below indicators is sourced from reputable third-party ESG data providers and internal research.

Key ESG concerns

Characteristic 1: Predatory lending practices

- Indicator: the share of revenues derived from predatory lending activities.

Characteristic 2: Pollution prevention and control

- Indicator: amount of air pollutants in proportion to company revenue and/or the amount of inorganic pollutants in proportion to company revenues.

Characteristic 3: Emission reduction

- Indicator: the share of investments in companies that explicitly disclose that they have either committed to setting or have set science-based targets (SBTs) in relation to decarbonisation.

Characteristic 4: Human rights

- Indicator: the share of investments in companies involved in very serious violations of human rights under the United Nations Global Compact (UNGC).
- Indicator: the existence of Human Rights commitments, policies and procedures at the individual investee level.

Characteristic 5: Labour relations

- Indicator: the share of investments in companies involved in very serious violations of labour rights under the UNGC. For the purpose of this indicator, the Manager defines a very serious violation as the case of a company being: (a) involved in persistent UNGC-related controversies; (b) where the controversy is of critical severity; and (c) where the company is non-reactive. The existence of Human Rights Policies and Commitments at the individual investee level is also monitored in the context of measuring the attainment of targets monitored.
- Indicator: the evolution at portfolio level of an aggregate labour practice score. The score reflects the investees' gender balance; gender pay ratio; performance in terms of preventing discrimination and harassment; freedom of association; ethnic diversity.

Exclusion policies

Indicator: any holdings (0%) of the Fund comprising issuers on the exclusion lists.

Voting policy and engagement

Indicator: the % of meetings voted; the % of shareholders' resolutions voted against; the % of shareholders' resolutions voted in favour; the number of ESG-related engagements with investees.

ESG screening

Indicator: any share of investments (0%) in companies that are identified to be in the bottom 15% of the distribution of the relevant sector's ESG score.

Indicator: the evolution at portfolio level of a global ESG score, as well as of individual E, S, and G scores.

8. Data sources and processing

The Manager shall use data sourced from internal research and, where relevant from reputable third-party ESG data providers).

Where third-party ESG data providers are utilised, the Manager selects the strongest data providers for ESG data for each category of information, rather than going for a simple 'one-stop-shop' solution. This ensures a diversified package of ESG data from multiple providers where coverage and quality is best in relation to the investment universe of the Fund is available. The Manager performs an annual review of the ESG data suite and of alternative/new available products on the market to ensure that the Manager continues to have the best available quality of ESG data.

The third-party ESG data providers used are indicated above in the 'Monitoring of environmental or social characteristics' section.

9. Limitations to methodologies and data

The methodology and data used may be incomplete, inaccurate, stale, or unavailable (i.e., due to the data lag and/or coverage), which can result in the incorrect asset evaluation or in an unnecessary limitation to the investment strategy. Risk linked to third party providers shall be mitigated through additional internal research and assessments. Where limitations are identified, mitigations and remediation activities shall be put in place and be constantly monitored. Where mitigation and remediation actions are not sufficient to integrate and/or remediate to the limitations identified in the data or methodology the investment shall be kept on hold or avoided until reasonable assurance and further information is obtained through additional research.

10. Due diligence

The Manager considers the principal adverse impacts (PAI) of the Fund's investments on sustainability factors: (i) prior to and at the point of investment, by conducting (to the extent possible) due diligence on any proposed investments, with at a minimum the application of ESG exclusion polices; and (ii) on an ongoing basis by monitoring the investments against any applicable mandatory and additional PAI indicators. More information is available in the periodic reporting pursuant to Article 11(2) of the SFDR.

The climate and other environmental related PAI indicators considered by the Manager in respect to all investee companies are:

- GHG emissions;
- carbon footprint;
- GHG intensity of investee companies;
- exposure to companies active in the fossil fuel sector;
- share of non-renewable energy consumption and production;
- energy consumption intensity per high impact climate sector;
- activities negatively affecting biodiversity-sensitive areas;
- emissions to water;
- hazardous waste ratio; and
- investments in companies without carbon emission reduction initiatives.

The social and employee, respect for human rights, anti-corruption and anti-bribery related PAI indicators considered by the Manager in respect to all investee companies are:

- violations of UNGC principles and OECD guidelines for multinational enterprise;
- lack of processes and companies mechanisms to monitor companies with UNGC principles and OECD guidelines for multinational enterprise;
- unadjusted gender pay gap;
- board gender diversity;
- exposure to controversial weapons; and
- lack of anti-corruption and anti-bribery policies.

11. Engagement policies

Where the Manager is given the opportunity to exercise voting rights in relation to the positions held by the Fund, these are made in the best interests of the investors in the Fund after considering the long-term sustainability of the respective issuer. While abstaining can be the best option in a limited number of cases, the voting policy applicable to the Manager commits it to take an active role, with sustainability being a prime consideration.

When deciding how to exercise voting rights attached to the investments made by the Fund, the Manager will consider voting decisions on a case-by-case basis taking into account: (i) the likely

effect on the performance of the Fund's investments; and also (ii) the long-term sustainability considerations of the issuer.

The Manager is a supporter of the Say on Climate Initiative – Shareholder Voting on Climate Transition Action Plans (a shareholder voting initiative to encourage companies to publish annual disclosures of emissions and to adopt a plan to manage these emissions) ("Say on Climate"). Where companies will not do so voluntarily, the Manager has formally stated in its voting policy that it will vote for and/or file annual general meeting (AGM) resolutions (whenever it has voting rights, and sufficient votes) requiring such a vote that furthers the aims of Say on Climate.

On engagement more broadly, the Manager also holds an ongoing dialogue with investee companies. This is typically done in the form of calls and meetings with management, following publication of banks' periodic results or upon presentation of their industrial plans. This direct engagement also spans ESG-relevant themes (e.g. ESG disclosures; climate transition plans; net zero targets). The Manager also actively participates in several investor collective engagement initiatives (such as the Non-Disclosure Campaign led by the Carbon Disclosure Project (CDP)) and may engage with investee companies as part of these initiatives.

12. Designated reference benchmark

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

Dated: September 2024