



Algebris Investments

Sustainability Risk Policy

Summary

March 2021

SUMMARY OF SUSTAINABILITY RISK POLICY

This document sets out the policies of Algebris (UK) Limited and Algebris Investments (Ireland) Limited (together, “Algebris”, the “Firm”), on the integration of sustainability in our investment decision-making process.

1. Introduction

The Firm has implemented a Sustainability Risks Policy (the “Policy”), which sets out the Firm’s policies in respect of the integration of sustainability risks in its investment decision-making process, as required by the Sustainable Finance Disclosure Regulation (“SFDR”). This document provides a summary description of the key features of the Policy, for the purposes of disclosure on the Firm’s website and in the pre-contractual disclosures for financial products including the following Algebris managed funds:

Algebris UCITS Funds Plc and all of its sub-funds:

1. Algebris Financial Credit Fund
2. Algebris IG Financial Credit Fund
3. Algebris Global Credit Opportunities Fund
4. Algebris Financial Income Fund
5. Algebris Financial Equity Fund
6. Algebris Core Italy Fund
7. Algebris Allocation Fund

Algebris Alternative Investment Funds

1. Algebris Financial Bond Fund
2. Algebris Long Only Global Financials Fund

Under SFDR, “sustainability risk” means an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. The Policy therefore approaches sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the value of its clients’ investments.

The Firm maintains other policies relating to ESG and sustainability, including:

- Environmental, Social and Governance Policy (“ESG Policy”)
- Controversial Weapons Policy
- Coal Sector Investment Policy
- Predatory Lending Exclusion Policy
- Tobacco Exclusion Policy

2. Sustainability Risk Management

As part of its broader risk management processes when investing, the Firm has implemented procedures to (i) **identify**, (ii) **measure**, (iii) **manage** and (iv) **monitor** sustainability risks

2.1. Identify

The Firm has separately reviewed the sustainability risks which are potentially likely to cause a material negative impact on the value of its clients' investments, should those risks occur.

2.1.1. Environmental

Environmental sustainability risks may include:

- 1) Climate change
- 2) Carbon emissions
- 3) Air pollution
- 4) Water pollution
- 5) Harm to biodiversity
- 6) Deforestation
- 7) Energy inefficiency
- 8) Poor waste management practices
- 9) Increased water scarcity
- 10) Rising sea levels / coastal flooding
- 11) Wildfires / bushfires

2.1.2. Social

Social sustainability risks may include:

- 1) Human rights violations
- 2) Human trafficking
- 3) Modern slavery / forced labour
- 4) Breaches of employee rights / labour rights
- 5) Child labour
- 6) Discrimination
- 7) Restrictions on or abuse of the rights of consumers
- 8) Restricted access to clean water, to a reliable food supply, and/or to a sanitary living environment
- 9) Infringements of rights of local communities / indigenous populations
- 10) Predatory lending
- 11) Tobacco

2.1.3. Governance

Governance sustainability risks may include:

- 1) Lack of diversity at Board or governing body level
- 2) Inadequate external or internal audit
- 3) Infringement or curtailment of rights of (minority) shareholders
- 4) Bribery and corruption
- 5) Lack of scrutiny of executive pay
- 6) Poor safeguards on personal data / IT security (of employees and/or customers)
- 7) Discriminatory employment practices
- 8) Health and safety concerns for the workforce
- 9) Poor sustainability practices in the supply chain
- 10) Workplace harassment, discrimination and bullying
- 11) Restrictions on rights of collective bargaining or trade unions
- 12) Inadequate protection for whistleblowers
- 13) Non-compliance with minimum wage or (where appropriate) living wage requirements

2.2. Measure

The Firm has a low appetite for sustainability risk and has implemented a number of ESG related procedures to ensure the current level of risk remains within this appetite. The risk appetite of the firm relates to the limits in place within these procedures. The Firm measures risk by monitoring the outcome of these procedures on an ongoing basis.

2.3. Management

Algebris manages sustainability risk through the following activities and procedures:

- ESG screening on a pre- and post-trade basis against set limits to identify investee companies outside of risk appetite.
- ESG exclusion lists relating to tobacco, predatory lending, coal and weapons production and financing.
- ESG UNPRI screening to issuers with restrictions to invest only in those which meet the set criteria.
- Active ownership through proxy voting.
- Active engagement with investee companies in relation to ESG matters.

2.4. Monitoring

The Algebris ESG Committee and Portfolio Managers conduct periodic monitoring of the existing client portfolios to check that positions remain within sustainability risk limits and takes corrective action if those limits are breached. The Risk team monitor exclusion lists on an ongoing basis.

3. Status of this document

This document is published for information purposes only. In the event of any inconsistency between this document and either (i) the Policy, or (ii) the terms of any agreement between the Firm and any of its clients, such other document shall prevail.

No person should take (or refrain from taking) any action as a result of this document. To the maximum extent permitted by law, no liability is accepted by the Firm in respect of this document.