

Algebris Investments

Explanation of non-compliance with SFDR's principal adverse impacts regime

This document sets out disclosures by Algebris Investments and all entities within its corporate group which are subject to the EU Sustainable Finance Disclosure Regulation (“SFDR”), including Algebris Investments (Ireland) Limited and Algebris (UK) Limited, (the “Firm”), in respect of the principal adverse impacts of our investment decisions on sustainability factors.

SFDR requires the Firm to make a “comply or explain” decision whether to consider the principal adverse impacts (“PAIs”) of our investment decisions on sustainability factors, in accordance with a specific regime as outlined in SFDR. The Firm has decided not to comply with that SFDR regime. The Firm is therefore required to publish and maintain on our website a statement to explain our reasons for not complying with the PAI regime in SFDR, and information as to whether and when we intend to comply with such regime.

1. Non-compliance with the PAI regime in SFDR

The Firm has evaluated the requirements of the PAI regime in Article 4 SFDR, and in the draft Regulatory Technical Standards which were published in April 2020 (the “PAI regime”).

The Firm is supportive of the policy aims of the PAI regime, to improve transparency to clients, investors and the market, as to how financial market participants integrate consideration of the principal adverse impacts of their investment decisions on sustainability factors. However, taking account of the Firm’s size, the nature and scale of our activities and the types of products we make available, we consider that it would be disproportionate to comply with the specific regime in the SFDR.

In addition, the Firm notes that certain of our products involve portfolio management strategies where it is not possible to conduct detailed diligence on the principal adverse impact of our investments on sustainability factors.

Finally, the Firm is also concerned about the lack of readily available reliable data that is needed to comply with many of the technical reporting requirements of the PAI regime. Many issuers and market data providers are currently unable to make available all the necessary data that the Firm requires in order to comply with the PAI regime.

The Firm will keep its decision not to comply with the PAI regime under regular review, and will formally re-evaluate the decision at least annually.

Notwithstanding our decision not to comply with the PAI regime, the Firm is categorically committed to ESG matters. We summarise in the remainder of this document the positive ESG-related initiatives and policies adopted by the Firm. For the avoidance of doubt, none of the following information is intended to suggest that the Firm complies with the PAI regime.

2. ESG Policy

The Firm has implemented an environmental, social and governance policy (the “ESG Policy”). The ESG Policy is available on the website of the Firm at: <https://www.algebris.com/esg/policies-and-disclosures/>. Under this policy, the Firm has integrated consideration of ESG issues into our investment processes, with a view to ensuring that our investments promote positive environmental, social and governance outcomes and seek to mitigate the negative impact of those investments on environmental, social and governance factors.

3. **Shareholder engagement policy**

The Firm has implemented a shareholder engagement policy, for the purposes of the revised Shareholder Rights Directive (“SRD II”). Our engagement policy sets out how we integrate shareholder engagement in our investment strategy. This includes how we: monitor investee companies on relevant matters (including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance), conduct dialogue with investee companies, exercise voting rights and other rights attached to shares, cooperate with other shareholders, communicate with relevant stakeholders of the investee companies, manage actual and potential conflicts of interests in relation to our engagement.

Our engagement policy is available on our website at: <https://www.algebris.com/esg/policies-and-disclosures/>.

4. **Support for wider ESG initiatives**

In connection with ESG, the Firm supports a number of international initiatives promoting environmental, social and governance characteristics including:

- United Nations’ Principles for Responsible Investment;
- Say on Climate Initiative;
- The Task Force on Climate Related Financial Disclosures;
- Carbon Disclosure Project; and
- Disclosure Insight Action.