

Other Additional Disclosures (Unaudited)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **Algebris Financial Income Fund (the “Fund”)**

Legal entity identifier: **5493003UK3FNOWPM2I75**

All data presented in the annex which follows has been calculated based on the portfolio holdings of the Fund for the year ended 31 December 2022 and constitutes unaudited information which has not been subject to any assurance provided by the Auditors or any third party. All data and other information contained in the annex has been compiled in accordance with the proprietary sustainable finance framework implemented by the Manager and the Investment Manager for the Fund.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
●● <input type="checkbox"/> Yes	● ● <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics which were promoted by the Fund are:

1. Prevention of predatory lending practices ("**Characteristic 1**")
2. Pollution prevention and control ("**Characteristic 2**")
3. Emissions reduction ("**Characteristic 3**")
4. Human rights ("**Characteristic 4**")
5. Labour relations ("**Characteristic 5**")

(Each a "**Characteristic**" and Characteristics 1 to 5 together referred to as the "**Core ESG Concerns**")

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

For the reference period 1 January 2022 to 31 December 2022 (the "**Reference Period**") the overall percentage of Portfolio of the Fund (i.e., the total NAV of the Fund) (the "**Portfolio**") that promoted one or more Core ESG Concerns was **86.75%**. The remaining **13.25%** of the Portfolio that did not promote the Fund's environmental and social characteristics (the "**ES Characteristics**") were in assets that are considered "other" assets for the purpose of this annex.

To measure the attainment of Characteristics 1 to 5 above the following sustainability indicators were used:

(i) **Characteristic 1:**

- **Indicator:** the share of revenues derived from predatory lending activities ("**Indicator 1**").

(ii) **Characteristic 2:**

- **Indicator:** amount of air pollutants in proportion to company revenue and/or the amount of inorganic pollutants in proportion to company revenues ("**Indicator 2**").

(iii) **Characteristic 3:**

- **Indicator:** the share of investments in companies that explicitly disclose they have either committed to setting or have set science-based targets ("**SBTs**") in relation to decarbonisation ("**Indicator 3**").

(iv) **Characteristic 4:**

- **Indicator:** the share of investments in companies involved in very serious violations of human rights under the United Nations Global Compact ("**UNGC**") ("**Indicator 4.a**").
- **Indicator:** the existence of human rights commitments, policies and procedures at the individual investee level ("**Indicator 4.b**").

(v) **Characteristics 5:**

- **Indicator:** the share of investments in companies involved in very serious violations of labour rights under the UNGC ("**Indicator 5.a**").

Other Additional Disclosures (Unaudited)

- **Indicator:** the evolution at portfolio level of an aggregate labour practice score (“**Indicator 5.b**”). The score reflects the investees’ gender balance; gender pay ratio; performance in terms of preventing discrimination and harassment; freedom of association; ethnic diversity.

In addition to indicators 1 to 5.b listed above (the “**Core Indicators**”), the following indicators are also considered by the Fund to measure the attainment of its overall ESG policy (the “**Additional Indicators**”):

(vi) **Exclusion Policies:**

- **Indicator:** any Portfolio (0%) of the Fund comprising of issuers on the exclusion list disclosed in the Fund’s supplement (“**Indicator 6**”).

(vii) **Voting policy and engagement**

- **Indicator:** the % of meetings voted (“**Indicator 7.a**”); the % of proposals voted (“**Indicator 7.b**”); the % of shareholders’ resolutions voted against (“**Indicator 7.c**”); the % of shareholders’ resolutions voted in favour (“**Indicator 7.d**”); the number of ESG-related engagements with investees (“**Indicator 7.e**”).

(viii) **ESG screening**

- **Indicator:** any share of investment (0%) in companies that are identified to be in the bottom 10% of the distribution of the relevant sector’s ESG score (“**Indicator 8.a**”).
- **Indicator:** the evolution at portfolio level of a global ESG score (“**Indicator 8.b**”), as well as of individual Environmental (“**Indicator 8.c**”), Social (“**Indicator 8.d**”), and Governance (“**Indicator 8.e**”) scores.

The Core Indicators and Additional Indicators together referred to as the “**Indicators**”.

● **How did the sustainability indicators perform?**

The Investment Manager assessed the performance of the sustainability indicators using the following methodologies to calculate the value of Indicators for the Reference Period as applicable:

- (i) a percentage of Portfolio calculated as the average of the Fund’s quarter-end calculations invested in the applicable issuers over the Reference Period (the “**Average Portfolio Methodology**”);
- (ii) a percentage of revenues of the applicable issuer attributable to the applicable activity calculated as the average revenues of the Fund’s quarter-end calculations over the Reference Period (the “**Average Revenues Methodology**”);
- (iii) the tonnes of air pollutants of the investee companies in the Portfolio for the Reference Period (the “**Air Pollutants Methodology**”) and/or the tonnes of inorganic pollutants of the investee companies in the Portfolio for the Reference Period (the “**Inorganic Pollutants Methodology**”) per million EUR invested.
- (iv) the tonnes of CO₂ emissions of the investee companies in the Portfolio for the Reference Period (the “**CO₂e Calculation**”), the tonnes of CO₂ emissions of the Portfolio per €1,000,000.00 of AuM for the Reference Period (the “**Carbon Footprint Calculation**”), and the tonnes of CO₂ emissions of the Portfolio per €1,000,000.00 of revenue generated by the investee companies in the Portfolio for the Reference Period (the “**GHG Intensity Methodology**”);

Other Additional Disclosures (Unaudited)

- (v) the tonnes¹ of hazardous waste and radioactive waste generated by the Portfolio per €1,000,000.00 of revenue generated by the investee companies in the Portfolio for the Reference Period (the “**Hazardous Waste Calculation**”);
- (vi) the GWh consumed by the Portfolio per €1,000,000.00 of revenue generated by the investee companies in the Portfolio for the Reference Period (the “**Energy Consumption Calculation**”);
- (vii) the share of the investee companies in the Portfolio’ consumption of non-renewable energy and energy production from non-renewable sources compared to renewable energy sources for the Reference Period (the “**Non-Renewable Energy Consumption**” and “**Non-Renewable Energy Production**”)
- (viii) the average unadjusted gender pay-gap of investee companies (“**Gender Pay Gap Calculation**”). Unadjusted gender pay gap means the difference between average gross hourly earnings of male paid employees and of female paid employees as a % of average gross hourly earnings of male paid employees.
- (ix) the average percentage of female board members in investee companies (“**Board Gender Diversity Calculation**”)
- (x) a percentage of meetings, proposals, and shareholder resolutions voted for or against calculated as a simple percentage of out of the total number of the applicable meetings, proposals, and shareholder resolutions during the Reference Period (the “**Voting Methodology**”);
- (xi) the number of engagements made during the Reference Period (the “**Total Engagements Calculation**”);
- (xii) the portfolio average (weighted using investment weights) of an issuer-level score from third party ESG data providers covering labour relations and labour practices; the portfolio average (weighted using investment weights) of an issuer-level governance score from third party ESG data providers; the portfolio average (weighted using investment weights) of an issuer-level environmental score from third party ESG data providers; the portfolio average (weighted using investment weights) of an issuer-level social score from third party ESG data providers; and the portfolio average (weighted using investment weights) of an issuer-level ESG score from third party ESG data providers. These are all computed according to the same methodology being the average scores of quarter-end portfolios for the four quarters of the year (the “**Average Score Methodology**”)

((i) to (xii) above together referred to as the “**Reporting Methodologies**”).

The Reporting Methodologies used by the Investment Manager in consultation with the Manager were chosen for the applicable Indicators in compliance with the Fund, Manager and Investment Managers’ obligation to ensure that information disclosed is fair, clear and not misleading. Unless expressed otherwise, all methodologies are based on the average of the Fund’s four quarter-ends.

¹ All references to “tonnes” in this report are to metric tonnes unless expressed otherwise.

Other Additional Disclosures (Unaudited)

(A) Core ESG Concerns:

For the Reference Period the Core Indicators reported as follows:

INDICATOR	DEFINITION	METHODOLOGY	VALUE	SOURCE
Indicator 1	Share of investees' revenues from predatory lending activities (%)	Average Revenues	0.00 % ²	Sustainalytics
Indicator 2	Emissions of air pollutants (tonnes per EUR million invested)	Air Pollutants	0.001 ³	Clarity AI
Indicator 3	Share of investments in companies that disclose a commitment to setting or have set science-based targets ("SBTs") in relation to decarbonization (%)	Average Portfolio	14 % ⁴	Bloomberg Finance LP SBTi
Indicator 4.a	Share of investments in companies involved in very serious violations of human rights under the UN Global Compact (UNGC), (%)	Average Holding	0.00% ⁵	MSCI
Indicator 4.b	Share of investments in companies lacking human rights commitments, policies, and procedures at the individual investee level (%)	Average Holding	17.56 % ⁶	Clarity AI
Indicator 5.a	Share of investments in companies involved in very serious violations of labour rights under UNGC (%)	Average Holding	0.00% ⁷	MSCI
Indicator 5.b	Portfolio level annual average Labour Practice score (0-100, 100 = best)	Average Score	58 / 100 ⁸	Clarity AI S&P RobecoSAM

² Reported as a % of any applicable revenue for the Reference Period, such % calculated using the Average Revenues Methodology. All companies screened prior to investment against the Algebris Predatory Lending Exclusions List – which flags companies deriving any revenues from this activity. Investment in such companies is not allowed at Firm level.

³ Reported as a tonnes of CO2 emissions per € 1 million of revenue using the Air Pollutants Methodology. Annual average coverage for this indicator is 22%.

⁴ Reported as % of Holdings invested in applicable companies over the Reference Period, such % calculated using the Average Holdings Methodology. Accounts for investment in companies that have either committed to or had Net Zero targets approved directly by Science Based Targets initiative (SBTi). 'Committed' indicates the company has made a public commitment to adopting SBTi's Net Zero standard. 'Validated' indicates that SBTi has reviewed and validated the company's Net Zero commitment.

⁵ Reported as a % of Holdings invested in applicable companies over the Reference Period, such % calculated using the Average Holdings Methodology. All companies are screened prior to the investment against the Algebris UNGC Exclusion List – which flags companies involved in very serious violations of the UNGC principles. Investment in such companies is not allowed at Firm level.

⁶ Reported as % of Holdings invested in applicable companies over the Reference Period, such % calculated using the Average Holdings Methodology. Annual average coverage for this indicator is 93%

⁷ Reported as a % in accordance with the Average Holdings Methodology. All companies are screened prior to the investment against the Algebris UNGC Exclusion List – which flags companies involved in very serious violations of the UNGC principles. Investment in such companies is not allowed at Firm level.

⁸ Reported as the average of quarter-end portfolios for the four quarters of the year in accordance with the Average Score Methodology. Algebris sources labor practice scores from several third party ESG data providers, to ensure better coverage. The

Other Additional Disclosures (Unaudited)

(B) Exclusion Policies

For the Reference Period Indicator 6 reported as follows:

- **Indicator 6⁹: 0.00%**

Over the Reference Period, the Fund held **no** positions in companies that were listed on the Manager's ESG exclusion lists.

(C) Voting Policy and Engagement

For the Reference Period Indicator 7 reported as follows:

INDICATOR	DEFINITION	METHODOLOGY	VALUE	SOURCE
Indicator 7.a	The share of meeting voted (% of total)	Voting & Engagement	88% ¹⁰	ISS Algebris
Indicator 7.b	The share of proposals voted (% of total)	Voting & Engagement	74% ¹¹	ISS Algebris
Indicator 7.c	The % of shareholders' resolutions voted against (% of all shareholders resolutions)	Voting & Engagement	21% ¹²	ISS Algebris
Indicator 7.d	The share of shareholders' resolutions voted in favour (% of all shareholders resolution)	Voting & Engagement	64% ¹³	ISS Algebris
Indicator 7.e	The number of ESG-related engagements with investees (N)	Voting & Engagement	15 ¹⁴	Algebris

The Investment Manager holds meetings with investee companies and the broader sector regularly throughout the year. Where relevant, ESG-related matters are discussed within the context of the broader engagement. In 2022, the Investment Manager engaged on ESG issues with around 15-20 of investee companies. Some examples of ESG engagements conducted by the Investment Manager were **Barclays Plc, UBS AG, Nationwide Building Society, BPER Banca, Banca Monte dei Paschi di Siena**. The engagement topics included ESG targets and financed emission methodologies, timeline for reporting of Scope 3 emissions, options to improve asset quality in this respect (e.g. renewable energy lending). ESG issues more specific to the banks' specific business cycle were also discussed,

number reported in the table (58 / 100) is the average of the scores sourced from two different providers (Clarity AI and S&P RobecoSAM). The original score from Clarity AI is 61/100 (with annual average coverage of 97%) and the original score from S&P RobecoSAM is 55/100 (with annual average coverage of 96%)

⁹ Reported as a % in accordance with the Average Holdings Methodology. All companies are screened prior to investment against the Algebris ESG exclusion list applicable to the Fund. Investments in such companies are not permitted at Firm level.

¹⁰ The Fund invests in credit and does not hold any equity investment, on which it can exercise voting rights.

¹¹ The Fund invests in credit and does not hold any equity investment, on which it can exercise voting rights.

¹² The Fund invests in credit and does not hold any equity investment, on which it can exercise voting rights.

¹³ The Fund invests in credit and does not hold any equity investment, on which it can exercise voting rights.

¹⁴ Reported as absolute number of engagements on ESG matters held with investee companies.

Other Additional Disclosures (Unaudited)

e.g. the social impact of potential future layoffs in one case, and potential ESG issues connecting to specific business geographies in another case.

(D) ESG screening

For the Reference Period Indicators 8.a – 8.e performed as follows:

INDICATOR	DEFINITION	METHODOLOGY	VALUE	SOURCE
Indicator 8.a	Share of investment in companies identified to be in the bottom 10% of the distribution of the relevant sector's ESG score	Average Portfolio	0.00% ¹⁵	S&P RobecoSAM
Indicator 8.b	Portfolio level annual average Global ESG score	Average Score	64 / 100 ¹⁶	Clarity AI S&P RobecoSAM
Indicator 8.c	Portfolio level annual average Environmental Score	Average Score	69 / 100 ¹⁷	Clarity AI S&P RobecoSAM
Indicator 8.d	Portfolio level annual average Social Scores	Average Score	60 / 100 ¹⁸	Clarity AI S&P RobecoSAM
Indicator8.e	Portfolio level annual average Governance Scores	Average Score	66 / 100 ¹⁹	Clarity AI S&P RobecoSAM

● **...and compared to previous periods?**

N/A

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

¹⁵ A restricted list of firms scoring in the bottom 10% of the relevant sector's ESG score distribution is maintained at Firm level and used to screen pre-investment. The list is based on ESG scores from third party providers.

¹⁶ Algebris sources ESG scores from several third party ESG data providers, to ensure better coverage. The number reported in the table (64 / 100) is the average of the scores sourced from two different providers (Clarity AI and S&P RobecoSAM). The original score from Clarity AI is 72/100 (with annual average coverage of 97%) and the original score from S&P RobecoSAM is 56/100 (with annual average coverage of 96%)

¹⁷ Algebris sources E scores from several third party ESG data providers, to ensure better coverage. The number reported in the table (69 / 100) is the average of the scores sourced from two different providers (Clarity AI and S&P RobecoSAM). The original score from Clarity AI is 86/100 (with annual average coverage of 97%) and the original score from S&P RobecoSAM is 53/100 (with annual average coverage of 96%)

¹⁸ Algebris sources S scores from several third party ESG data providers, to ensure better coverage. The number reported in the table (60 / 100) is the average of the scores sourced from two different providers (Clarity AI and S&P RobecoSAM). The original score from Clarity AI is 65/100 (with annual average coverage of 97%) and the original score from S&P RobecoSAM is 56/100 (with annual average coverage of 96%)

¹⁹ Algebris sources G scores from several third party ESG data providers, to ensure better coverage. The number reported in the table (66 / 100) is the average of the scores sourced from two different providers (Clarity AI and S&P RobecoSAM). The original score from Clarity AI is 75/100 (with annual average coverage of 97%) and the original score from S&P RobecoSAM is 57/100 (with annual average coverage of 96%)

N/A

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

N/A

How were the indicators for adverse impacts on sustainability factors taken into account?

N/A

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A

How did this financial product consider principal adverse impacts on sustainability factors?

Adverse Indicators Considered by the Investment Manager

During the Reference Period, the Investment Manager considered the principal adverse impacts (“PAI”) of the Fund’s investments prior to investment, and on an ongoing basis, by considering the following PAI adverse sustainability indicators (the “Adverse Indicators”) in respect of all investee companies:

(1) Climate and other Environmental Indicators:

GHG Emissions

- **GHG Emissions:** the total greenhouse gases (“GHG”) emissions of the investee company (“PAI 1”).
- **Carbon Footprint:** the carbon footprint of the investment company (“PAI 2”).
- **GHG Intensity:** the measure of the GHG intensity of the investee company (“PAI 3”).
- **Exposure to Fossil Fuel:** the share of investments the Fund made in companies active in the fossil fuel sectors (“PAI 4”).

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



Other Additional Disclosures (Unaudited)

- **Non-Renewable Energy Consumption:** the investee companies' share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources ("PAI 5").
- **Energy Consumption Intensity:** the investee companies' energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector ("PAI 6").

PAIs 1 to 6 together referred to as the "GHG Indicators".

Biodiversity

- **Adverse Biodiversity Activities:** the share of investments by the Fund in investee companies with sites and/or operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas ("PAI 7" or the "Biodiversity Indicator").

Water

- **Emissions to Water:** the tonnes of emissions to water generated by investee companies per million EUR invested ("PAI 8" or the "Water Indicator").

Waste

- **Hazardous Waste Ratio:** the tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested ("PAI 9" or the "Waste Indicator").

Emissions

- **Absence of Carbon Emission Reduction Initiatives:** the share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement adopted under the UN Framework Convention on Climate Change ("PAI 10" or the "Emissions Reduction Indicator").

(2) Social Adverse Indicators:

Social and Employee Matters

- **Violations of UNGC principles and OECD Guidelines:** the share of investments the Fund makes in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for multinational enterprises ("PAI 11").
- **Lack of process to monitor compliance with UNGC:** the share of investments of the Fund in companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises ("PAI 12").
- **Unadjusted Gender Pay Gap:** the average unadjusted gender pay gap of investee companies of the Fund ("PAI 13").
- **Board Gender Diversity:** the ratio of female to male board members in the investee companies of the Fund ("PAI 14").
- **Exposure to Controversial Weapons:** the share of investments the Fund makes in investee companies involved in the manufacturing or selling of controversial weapons ("PAI 15").

Other Additional Disclosures (Unaudited)

- **Absence of Anti-Corruption and Anti-Bribery Policies:** the share of investments in investee companies that do not have policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption (“**PAI 16**”).

PAIs 11 to 16 referred to together as the **Social Indicators**.

Adverse Indicators Reporting:

During the Reference Period, the impact applicable to the PAIs applied to the investee companies in the Fund’s portfolio can be reported as:

Adverse sustainability indicator	Metric	Impact 2022	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions	PAI 1. GHG emissions²⁰	Scope 1 GHG emissions	56.18 tonnes CO2e
		Scope 2 GHG emissions	211.04 tonnes CO2e
		Scope 3 GHG emissions	10052.32 tonnes CO2e
		Total GHG emissions	10287.94 tonnes CO2e
	PAI 2. Carbon footprint	Carbon footprint	24.96tonnes CO2e / EUR M invested²¹
	PAI 3. GHG intensity of investee companies	GHG intensity of investee companies	144.08 tonnes CO2e / EUR M revenue²²
	PAI 4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0.94 %²³
PAI 5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	Consumption: 41.64 %²⁴ Production: n/a	
PAI 6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Total: 0.0002 ²⁵ Sectors A, B C, D, E, F, G, H: n/a Sectors: L = 0.0002	

²⁰ Calculated in accordance with the CO2e Calculation. Annual average coverage for this indicator is 99%

²¹ Calculated in accordance with the Carbon Footprint Calculation. Annual average coverage for this indicator is 99%

²² calculated in accordance with the GHG Intensity Methodology. Annual average coverage for this indicator is 99%

²³ calculated using the Average Holdings Methodology. Annual average coverage for this indicator is 94%

²⁴ calculated in accordance with the Non-Renewable Energy Consumption Calculation. Annual average coverage for this is 81%

²⁵ calculated in accordance with the Energy Consumption Calculation. Annual average coverage for this indicator is 100%

Other Additional Disclosures (Unaudited)

Biodiversity	PAI 7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity- sensitive areas where activities of those investee companies negatively affect those areas	0.00 %²⁶
Water	PAI 8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.00 tonnes / EUR M invested²⁷
Waste	PAI 9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0.001 tonnes / EUR M invested²⁸
Emission Reduction	PAI 10: Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement. Only validated Science Based Targets are considered for this indicator.	99.86 %²⁹
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
Social and employee matters	PAI 11. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.53 %³⁰ (of which UNGC violations: 0.00%)
	PAI 12. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	1.30 %³¹

²⁶ calculated using the Average Holdings Methodology. Annual average coverage for this indicator is 95%

²⁷ Calculated in accordance with the GHG Intensity Methodology. Annual average coverage for this indicator is 65%

²⁸ Calculated in accordance with the Hazardous Waste Intensity Methodology. Annual average coverage for this indicator is 33%

²⁹ Calculated in accordance with the Average Holdings Methodology. Annual average coverage for this indicator is 96%

³⁰ calculated in accordance with the Average Holdings Methodology. Annual average coverage for this indicator is 95%

³¹ Calculated in accordance with the Average Holdings Methodology. Annual average coverage for this indicator is 99%

Other Additional Disclosures (Unaudited)

	PAI 13. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	24.17 % ³²
	PAI 14. Board gender diversity	Average ratio of female to male board members in investee companies	36.23 % ³³
	15. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00 % ³⁴
	PAI 16: Lack of anti-corruption and anti-bribery policies	Share of investments in investee companies without policies on anti-corruption and anti-bribery consistent with the UN Convention against Corruption	0.04% ³⁵

Actions Taken

Please see the section entitled '*What actions have been taken to meet the environmental and/ or social characteristics during the reference period*'.

³² Calculated using the Gender Pay Gap Methodology. Annual average coverage for this indicator is 59%

³³ calculated using the Board Gender Diversity Methodology. Annual average coverage for this indicator is 74%

³⁴ Calculated using the Average Holdings Methodology.

³⁵ calculated using the Average Holdings Methodology. Annual average coverage for this indicator is 98%

Other Additional Disclosures (Unaudited)



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

1 January 2022 to 31 December 2022

Issuer	Sector	Sub Sector	Country	%of NAV	Cum % NAV
BANCO SANTANDER SA	Financial	Diversified Banks	Spain	5.6%	5.6%
Wells Fargo & Co	Financial	Banks	United States	4.7%	10.3%
DEUTSCHE BANK AG	Financial	Diversified Banks	Germany	3.7%	14.0%
INTESA SANPAOLO SPA	Financial	Banks	Italy	3.7%	17.7%
UNICREDIT SPA	Financial	Banks	Italy	3.5%	21.3%
Bank of America Corp	Financial	Diversified Banks	United States	3.5%	24.8%
NATWEST GROUP PLC	Financial	Diversified Banks	United Kingdom	3.3%	28.0%
CAIXABANK SA	Financial	Banks	Spain	3.1%	31.2%
BARCLAYS PLC	Financial	Diversified Banks	United Kingdom	3.0%	34.2%
UBS AG	Financial	Wealth Management	Switzerland	2.6%	36.8%
SOCIETE GENERALE	Financial	Diversified Banks	France	2.6%	39.4%
JPMORGAN CHASE & CO	Financial	Diversified Banks	United States	2.4%	41.8%
BNP PARIBAS	Financial	Diversified Banks	France	2.3%	44.1%
Commerzbank AG	Financial	Banks	Germany	2.1%	46.2%
ING Groep NV	Financial	Banks	Netherlands	2.0%	48.2%



Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

Information on the proportion of the Fund which promoted environmental/social characteristics during the reference period is provided below.

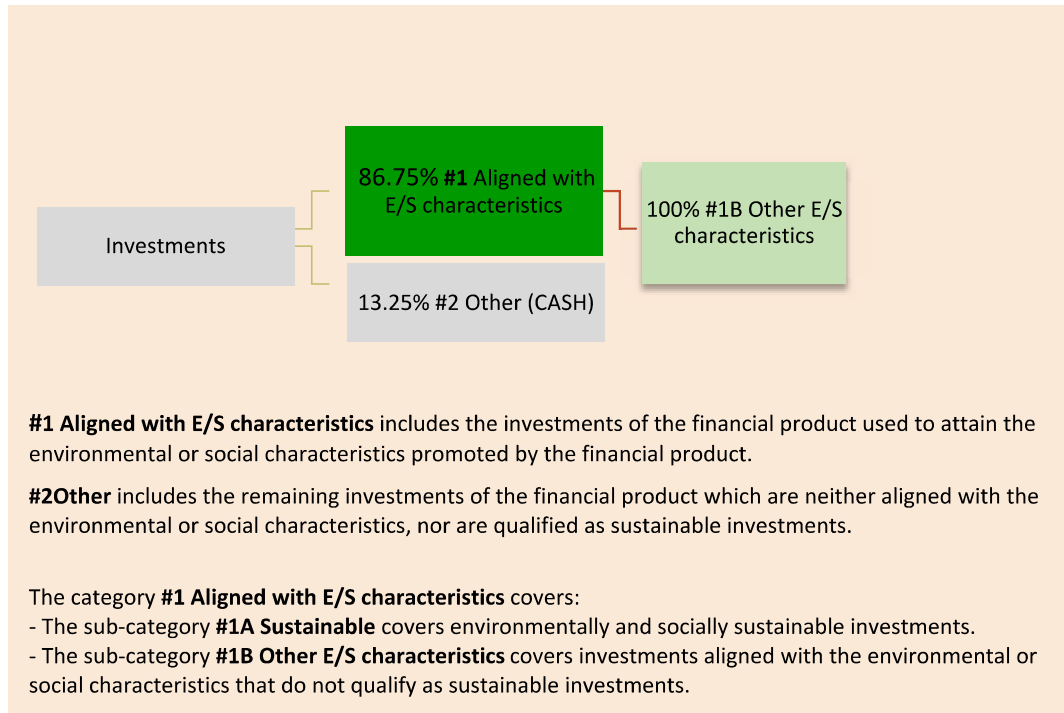
What was the asset allocation?

The proportion of the Fund’s investments that were aligned with the E/S Characteristics was **86.75%**. Please note that voting was not taken into account in determining this percentage. Please refer to the section ‘*What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?*’ below for a description of the purpose of the investments during the Reference Period within #2 Other.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



In which economic sectors were the investments made?

SECTOR	2022
Financials	
<i>Banks</i>	43.41%
<i>Consumer Finance</i>	0.99%
<i>Diversified Banks</i>	37.11%
<i>Institutional Brokerage</i>	5.15%

Other Additional Disclosures (Unaudited)

<i>Instl Trust, Fiduciary & Custody</i>	0.35%
<i>Investment Management</i>	0.32%
<i>Life Insurance</i>	2.43%
<i>Mortgage Finance</i>	0.99%
<i>Other Financial Services</i>	0.23%
<i>P&C Insurance</i>	2.08%
<i>Private Equity</i>	1.65%
<i>Wealth Management</i>	5.13%
Technology	
<i>Application Software</i>	0.15%

The above table uses the Average Portfolio Methodology in calculating holdings across each sector



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics, during the Reference Period investments of the Fund in environmentally sustainable economic activities aligned with the “EU Taxonomy” (being Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments) (including in transitional and enabling activities) were **0.00%** of the investments of the Fund.

Did the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy³⁶¹?



Yes:



In fossil gas



In nuclear energy



No

³⁶ 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 objectives – 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 Delegate Regulation (EU) 2022/12141

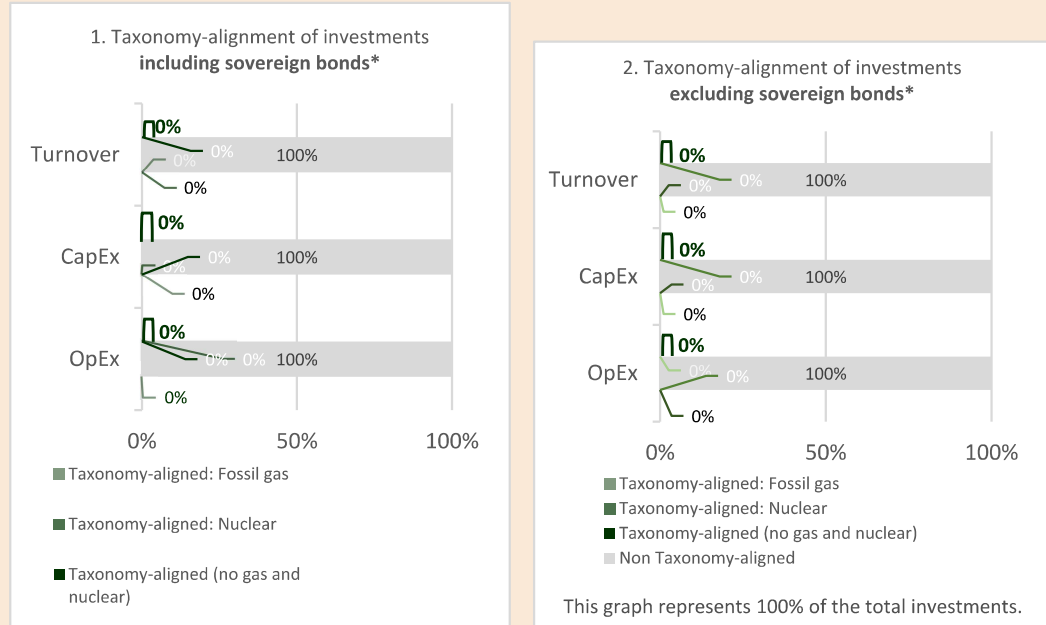
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Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

● **What was the share of investments made in transitional and enabling activities?**

0%

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

N/A



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0%



What was the share of socially sustainable investments?

0%



What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The "#2 Other" investments made by the Fund during the Reference Period include instruments which are used for the purpose of hedging (including currency risk management), liquidity,

diversification, and efficient portfolio management. These investments include, but are not limited to, ancillary liquid assets and financial derivative instruments. Whilst these investments may not be aligned with the environmental or social characteristics promoted by the Fund, they will, to the extent possible, still be subject to the exclusion policies detailed above, in addition to the UNGC Screening. These provide the minimum safeguards.

The remaining assets of the Fund during the Reference Period comprised of cash and cash equivalents held from time to time on an ancillary basis, as well as instruments for hedging purposes. No minimum environmental or social safeguards applied in respect of these.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The following actions taken during the reference period to meet the environmental and/or social characteristics promoted by the Fund:

- **Characteristic 1 (Prevention and Contrast of Predatory Lending Practices):**

All companies are screened prior to investment against the Investment Manager's Predatory Lending Exclusion List – which flags companies deriving any (>0%) revenues from this activity. Investment in such companies is not allowed at Firm level. All ESG exclusion lists are coded into the Algebris' internal automated controls system. These have fully integrated pre- and post-trade controls which include the relevant investment guidelines for a particular fund. Any attempts at trading a security that is restricted on ESG grounds would trigger a pre-trade alert.

- **Characteristic 2 (Pollution Prevention and Control):**

Where available, the Investment Manager monitors GHG emission, air pollutants emissions, and inorganic pollutants emission data from third party providers. Since data coverage from third party providers on air pollutants and inorganic pollutants emissions is still limited, for the time being no hard threshold has been set on this indicator for the purpose of investment eligibility.

- **Characteristic 3 (Emission Reduction):**

The Investment Manager monitors the share of investments in companies that explicitly disclose they have either committed to setting or have set science-based targets ("SBTs") in relation to decarbonisation.

The Investment Manager also monitor transition from those commitments into validated targets. Throughout 2022, the share of investments in companies that had an official SBT commitment (published by the Science Based Target Initiative) was 14%. One of the companies in which the Fund held long positions of approximately 3% on average had a SBT validated during the year 2022.

- **Characteristic 4 (Human Rights):**

All companies are screened prior to investment against the Investment Manager's UNGC Exclusion List – which uses MSCI data to identify companies involved in breaches of the UNGC Principles. Investment in such companies is not allowed at Firm level. All ESG exclusion lists are coded into the Algebris' internal automated controls system. These have fully integrated pre- and post-trade controls which include the relevant investment guidelines for a particular fund. Any attempts at trading a security that is restricted on ESG

Other Additional Disclosures (Unaudited)

grounds would trigger a pre-trade alert. During 2022, the Fund held no positions in names listed on the Investment Manager's UNGC exclusion list.

The Investment Manager will also monitor the existence of human rights policies and commitments at investee level. The share of investments in marked by one of our ESG data providers as lacking such policies was 17.56% on average over the year under review, but at the same time the share of investment in companies marked as lacking processes and compliance mechanisms to monitor compliance with UNGC and OECD-GME (which also include human rights) was only 1.3%.

(ix) Characteristics 5 (Labour Relations):

All companies are screened prior to investment against the Investment Manager's UNGC Exclusion List – which uses MSCI data to identify companies involved in very serious violations of the UNGC principles, including labour rights. The screening includes an assessment of compliance with labour standards (broad and narrow measures). Investment in such companies is not allowed at Firm level. All ESG exclusion lists are coded into the Algebris' internal automated controls system. These have fully integrated pre- and post-trade controls which include the relevant investment guidelines for a particular fund. Any attempts at trading a security that is restricted on ESG grounds would trigger a pre-trade alert. During 2022, the Fund held no positions in names listed on the Investment Manager's UNGC exclusion list.

The Investment Manager monitors the evolution of third-party Labour Practice scores – aggregating a variety of indicators pertaining to labour conditions, health and safety, discrimination, and other relevant labour practices. The Investment Manager sources ESG scores from several third party ESG data providers, to increase coverage as much as possible. Where available (as is the case in the previous section), the Investment Manager compares scores from different providers to ensure they provide an as consistent picture as possible. In this disclosure, an average of scores from two providers has been reported together with the raw underlying scores by each of the providers – for full transparency.

(x) Characteristic 6 (Exclusion Policies):

All companies are screened prior to investment against the Investment Manager's ESG Exclusion Lists applicable to the Fund – which flags companies deriving any (>0%) revenues from this activity. Investment in such companies is not allowed at Firm level. All ESG exclusion lists are coded into the Algebris' internal automated controls system. These have fully integrated pre- and post-trade controls which include the relevant investment guidelines for a particular fund. Any attempts at trading a security that is restricted on ESG grounds would trigger a pre-trade alert. During 2022, the Fund held no positions in names listed on the Investment Manager's ESG exclusion lists.

(xi) Characteristic 7 (Voting policy and engagement)

The Fund actively exercised its voting rights during the Reference Period under review. Votes were casted on 88% of all meetings and 74% of all proposals. 86% of votable shareholders' resolutions were voted, and 75% of the shareholders' resolutions voted were voted in favour – leading to a 64% support rate out of total votable shareholders' resolutions. Shareholders resolution supported included resolutions requesting investee companies to adopt a Financing Policy Consistent with IEA's Net Zero Emissions by 2050 Scenario.

The Investment Manager has been participating in collective ESG investment initiatives – in particular the Carbon Disclosure Project's (CDP) Non-disclosure Campaign (NDC) – since 2021. In the context of this initiative, the Investment Manager has been requesting investee companies to respond to climate change, forests and water security questionnaires developed and managed by CDP. In 2022, the Investment Manager served

Other Additional Disclosures (Unaudited)

as the Lead Investors for engagements with two of the investee companies in its Funds focused on financials, within the CDP NDC campaign.

The Fund's team also performs *ad hoc* ESG engagement with investee companies in the portfolio, where warranted. Typically, if an investee company is flagged by the Investment Manager's UNGC screening or ESG screening, or if significant ESG controversies arise, the ESG team and the investment team would engage with the company to establish whether the investment becomes unacceptable. This did not occur for the companies on the Fund's portfolio for the year under review.

The Fund's investment team also engage with portfolio companies and issuers in general on a wide array of topics to assess the investment opportunity within the context of the broader analysis aimed at understanding the attractiveness of the investment based on its fundamentals, technical, financial and non-financial. Within these, ESG topics are discussed when relevant. The financial investment team also engages specifically on the disclosure of financed emissions and banks' fossil fuel financing policies.

(xii) Characteristic 8 (ESG screening):

Where available, an Environmental Score, a Social Score, a Governance Score and an aggregate ESG Score from third-party ESG data providers is considered as part of the investment process. The average ESG score of companies in the Fund's portfolio was significantly above the average ESG score of companies in the broader reference universe (financials). The Fund is also restricted from investing in companies that are identified to be in the bottom 10% of the distribution of the relevant sector's ESG score. No breach of this restriction occurred during the Reference Period.

The following actions taken during the reference period to meet the environmental and/or social characteristics promoted by the Fund:

Climate and Other Environmental Indicators:

- **GHG Emissions / Carbon Footprint / GHG Intensity:** the Investment Manager monitors investee companies' GHG emissions and GHG intensity, as well as the carbon footprint at portfolio level. The Fund invests only in financials, which have a very low direct carbon footprint. To cater for the fact that banks' biggest impact on the environment stems from their own financed emissions (Scope 3 Category 15), the Investment Manager applies a financing angle to its climate exclusion policies. Investment is not permitted in: (1) financial companies having a significant ownership stake in entities excluded under the Investment Manager's Climate-related exclusion policies³⁷; (2) Debt or equity issued by the top-5 global coal shareholders and bondholders, nor in debt or equity issued by major coal financiers – as described in the Investment Manager's [ESG Exclusion policy](#). Complementary to this exclusion, the Investment Manager monitors fossil fuel policies of global banks and aims to select names exhibiting stronger policies and lower fossil fuel funding exposure.
- **Exposure to companies active in the fossil fuel sector:** the Investment Manager joined the Net Zero Asset Managers Initiative (NZAM) in 2021, [committing](#) to manage a progressively larger share of our AUM in line with net zero emissions by 2050 or sooner and committing to implement a science-based [Fossil Fuel Investment Policy](#). 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

³⁷ Significant ownership data are sourced from data provider Sustainalytics. Significant ownership is typically defined as an ownership stake of 10% or above.

Other Additional Disclosures (Unaudited)

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. The Fund is prevented from investing in any companies deriving any (0%) revenues from: (i) coal mining; (ii) coal power generation; (iii) Arctic Oil; (iv) Tar sands. The Fund is also prevented from investing in any companies deriving more than 40% of revenues from Oil and Gas production. In line with the recommendations put forward in the IEA 2050 Net Zero report, the Fund is also subject to an exclusion list of the companies listed on the Global Coal Exit List (GCEL) as having coal power or coal mining expansion plans – regardless of the share of revenues they derive from thermal coal.

The Fund invests in debt and equity issued by financial companies. The 0.94% exposure to companies active in the fossil fuel sector was obtained indirectly and attributable to one investment investee company held during the Reference Period. The investee company in question is an investment firm, engaged in global private equity, global credit, and global investment solutions. Through its global private equity segment, the company invests in assets in the real estate, energy, and infrastructure sectors. Based on Sustainalytics data, the company had an estimated 2.5% of its revenues connected to oil and gas through its subsidiaries. This percentage was within the Oil and Gas exclusion threshold applied to this Fund as per the Investment Manager's ESG policy.

- **Share of non-renewable energy consumption and production:** the Investment Manager monitors the average share of non-renewable energy consumption by investee companies, where available.
- **Biodiversity:** the Investment Manager monitors the exposure of investee companies to biodiversity risk and the existence of biodiversity policies. Where warranted, this may be part of ESG engagement with investee companies.
- **Water:** the Investment Manager monitors emission to water of investee companies, where available. Where warranted, this may be part of ESG engagement with investee companies.
- **Waste:** the Investment Manager monitors the hazardous waste ratio of investee companies, where available. Where warranted, this may be part of ESG engagement with investee companies.
- **Emission Reduction:** the Investment Manager monitors investee companies' commitment to set Science Based Targets for emission reduction (SBTs) and also monitors transition from these commitments into targets validated by the Science Based Target Initiative (SBTi). See details for **Characteristic 3** under the section *What actions have been taken to meet the environmental and/or social characteristics during the reference period?*

Social Indicators:

- **UNGC / OECD Violations (PAI 10):** the Investment Manager applies an exclusion policy restricting investment in companies that are found to be in breach of the UN Global Compact principles. See details for **Characteristic 4** under the section *What actions have been taken to meet the environmental and/or social characteristics during the reference period?*
- **UNGC / OECD Policies (PAI 11):** the Investment Manager monitors the existence of policies to monitor compliance with UNGC Principles and OECD guidelines. See details for **Characteristic 4** under the section *What actions have been taken to meet the environmental and/or social characteristics during the reference period?*
- **Unadjusted Gender Pay Gap:** the Investment Manager monitors the unadjusted gender pay gap of investee companies, where available. Where warranted, this may be part of ESG engagement with investee companies.