



RI TRANSPARENCY REPORT

2020

Pentalpha Global

About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
⚠	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	✓	Public
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	✓	Public
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	🔒	n/a
SG 05	Outsourcing of services	✓	Private
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	🔒	n/a
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Confidence building measures			
Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	✓	Private
CM1 02	Assurance of responses	✓	Private
CM1 End	Module confirmation page	✓	-

Pentalpha Global

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01

Mandatory

Public

Descriptive

OO 01.1 Select the location of your organisation's headquarters.

United States

OO 01.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

OO 01.3 Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

OO 01.4 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

22

OO 01.5 Additional information.[OPTIONAL]

22 is inclusive of James Callahan, PentAlpha's Executive Director as well as part-time approximations.

Reporting Year

OO 02	Mandatory	Public	Descriptive
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OO 02.1 Indicate the year end date for your reporting year.

31/12/2019

Signatory category and services

OO 03	Mandatory	Public	Gateway
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OO 03.1 Indicate which of the following categories reflect your core offering or main business activity:

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)

Services are focused on governance services for assets contained in, or being contributed to, securitizations, whole loan pools, and other diligence and advisory services.

- Other, specify(2)

OO 03.2 Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.

- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data provision
- Other, specify (3)
- Other, specify (4)
- None of the above

OO 04	Mandatory	Public	Descriptive
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OO 04.1 Please describe your core offering or main business activity.

For decades, we have been advising the US government on matters related to financial system stability. As such, this role often cause us to respond to new 'sparks' as they arise. In general, we provide bespoke auditing of distressed institutions and the financial instruments they make. The fact that those enterprises are stressed and the government is involved is a possible sign of poor governance processes prior to the sparking-event. As a firm that focuses on repairing governance flaws, we have a front seat on the governance flaws of the day.

Our offerings are always evolving and being customized from assignment to assignment. It is highly likely that future assignments will have iterations of governance functions yet to be described herein. We have also provided advisory roles on behalf of numerous financial institutions and government services entities where we have served in audit-related roles to focus upon specific compliance matters of mortgage loan servicers and originators.

Pentalpha staff are active speakers on governance issues within the fixed income conference circuit. We actively promote good governance. Additionally, the rating agencies often seek our input.

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Strategy and Governance

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Policy on ESG beliefs

SG 01

Mandatory

Public

Gateway

SG 01.1

Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

Pentalpha has positioned itself in the capital markets industry as a third party oversight firm performing governance services for the ultimate benefit of investors and operating parties within the industry. By providing oversight services, the end result of our actions include; (i) participating in the creation and structuring of transactions where PentAlpha's governance protocols benefit the capital markets industry (ii) providing positive reinforcement through confirmation of adherence to prescribed standards of securitization parties and (iii) observing, reporting, and identifying the root cause of non-compliance to prescribed standards.

We have deliberately positioned our firm to provide this governance in such a manner as to ensure we are viewed as a neutral party with no allegiance to any specific deal party including those who have selected us to be a party to each securitization. In order to do this, we have painstakingly created very clear guidelines and documentation within deal infrastructures to leave as little room for interpretation as possible. Our responsibilities and deliverables are clearly articulated to minimize and interpretational issues that could arise from us performing our contracted governance services.

Over our long history, we have deliberately avoided potential engagements that could tarnish our reputation as being independent. Although this has resulted in having to pass upon, or not being considered for some opportunities, we believe that, in the long run, this has bolstered our reputation among industry participants as a go-to firm for objective governance oversight.

Supporting this philosophy are extensive documents used to internally address non-disclosures, code of ethical conduct, and IT security matters. Internal training and weekly team meetings are also tools used to routinely communicate the organization's philosophy on a routine basis.

SG 01.2

Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

Yes

SG 01.3

Indicate the components/types of your internal policy and provide the URL and/or an attachment of the document/s if they are publicly available.

Policy components/types

- Policy setting out your overall ESG/RI approach
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors

Public availability

- URL
- Attachment
- Not publicly available
- Formalised guidelines on engagement approach
- Formalised guidelines on (proxy) voting approach
- Other, specify (1)
- Other, specify (2)
- None of the above

SG 01.4

Indicate how these are put into practice internally across the organisation.

- Regular employee training on RI/ESG
 - Regular RI/ESG policy awareness building for employees
 - Establishment of policy review committee/team
 - Remuneration linked to achieving ESG objectives
 - Annual performance incentives
 - Other, specify (1)
Annual charitable contribution awards to staff, community service activities, and routine professional skills training classes.
 - Other, specify (2)
 - Other, specify (3)
- No

SG 02

Mandatory

Public

Descriptive

SG 02.1

Indicate what frameworks and guidelines you have used to develop your organisation's policies. Tick all that apply.

- UN Principles for Responsible Investment
- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- UN Sustainable Development Goals
- International Bill of Human Rights
- International Labour Organisation Conventions
- IFC Performance Standards
- United Nations Convention Against Corruption
- OECD Principles of Corporate Governance
- OECD Guidelines for Multinational Enterprises
- GRI standards
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 03**Mandatory****Public****Descriptive****SG 03.1**

Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sector-specific RI guidelines	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Screening/exclusions policy	<input type="checkbox"/>	<input type="checkbox"/>
Engagement policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input type="checkbox"/>	<input type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 03.2

Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

Very often, our engagements are tailored to specific client needs and then repeated as distinct assignments thereafter. While some of those repeat assignments may have modest changes, in other cases the changes required stem from changing guidelines, asset types, or other factors that contribute to more significant customization. In most cases, we are instrumental in helping to design the transactions at their inception and our involvement and changes become required for future engagements becomes less intensive. As additional clients come to markets, however, we are often following similar practices in helping them establish proper protocols at the inception of their securitizations.

SG 06

Mandatory

Public

Descriptive

SG 06.1 Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)

We provide internal guidance/training by way of weekly team meetings, distribution of requisite documentation, and compliance-related reviews of staff activities.

- Other, specify (2)
- Other, specify (3)
- Other, specify (4)
- None of the above

SG 06.2 Describe the main components of your training/educational services on ESG/RI and any variations depending on the group you provide training/education to.

By way of routine weekly staff meetings as well as other ad-hoc sessions Sr. Mgnt routinely communicates undertakings of the company and the ESG impact of those initiatives. This is also reinforced as we engage in new transactions with new and existing clients and continually focus upon our perceptions of what we believe the greater investment community would accept as acceptable operating procedures for the oversight we perform.

SG 06.3 Describe whether these training/educational services include any commercial elements.

These services are tailored for internal purposes and not for commercial reasons.

SG 07	Mandatory	Public	Descriptive
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SG 07.1 Describe how your organisation applies, advances and promotes the PRI Principles.

Our institutional and regulatory constituents are constantly updating their ethical demands of us. In many respects, they act as our "Board". They demand high ethical operating practices that act as supervision of operating management. We benefit from the ethical best practices of government agencies who audit our staff privately and us corporately, clients who audit us, rating agency assessments and outside accountants making SEC level attestations on our own compliance to internal practices.

SG 07.2 Highlight whether there are any ways that your organisation would like to engage further with the PRI. [OPTIONAL]

We believe there is significant opportunity for the structured finance capital markets arena to formally recognize the services we provide in performing governance oversight. Ratings agencies, issuers, investors, and other parties need to understand that our presence in providing these governance services adds a level of protection that is not necessarily being fully recognized today in terms of deal ratings or by bond trading prices. Pentalpha looks forward to being an instrumental part in furthering this cause so that all parties can benefit from participating in and investing in these transactions where added governance exists.

SG 08	Mandatory	Public	
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SG 08.1	Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
 - Met with regulators and others who are instrumental in helping to drive PRI within the capital markets industry.
- None of the above

SG 08.2	Additional information. [OPTIONAL]
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We have been represented as speakers/moderators at Structured Finance Industry Group conferences as well as at other industry-related events and forums. Meetings have taken place with participants from the SEC, representatives of Congress and Senate, FDIC, and other key investors who can materially influence the direction of future governance in the capital markets industry.

SG 09	Mandatory	Public	Descriptive
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SG 09.1	Indicate which of the following long-term trends are addressed in your product outputs.
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- Changing demographics
- Climate change
- Resource scarcity
- Technology developments
- Other, specify (1)
 - Our product outputs focus upon trends related to governance related matters in the capital markets sectors.

SG 09.2

Explain how this long-term trend affects your product outputs.

Our involvement in performing governance-related services affords us the ability to provide both feedback and influence upon future directional changes in the structured finance arena. One example of this is the fact that we were performing services similar to what later became mandated by the Securities and Exchange Commission as part of Regulation AB oversight. In developing our processes and procedures, much of them and the overall construct, were ultimately deemed necessary in publically issued securitizations.

 Other, specify (2) None of the above**SG 11****Mandatory****Public****Descriptive****SG 11.1**

Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.

 Describe This is not relevant for my organisation**SG 12****Mandatory****Public****Descriptive****SG 12.1**

Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.

 Describe This is not relevant for my organisation**SG 13****Mandatory****Public****Descriptive****SG 13.1**

Indicate whether you seek feedback from clients on your RI/ESG services and product offerings

 Yes**SG 13.2**

Describe how you use this feedback in your RI/ESG services and product offerings.

Our clients and the investor community who participate in the transactions where we are awarded an assignment are actually the recipient of output of our efforts on governance oversight roles that we have been awarded. That feedback helps them ascertain where potential fine-tuning should be performed in their future capital markets endeavours.

 No**SG 14****Mandatory****Public****Descriptive****SG 14.1**

Indicate whether your organisation has a policy for managing potential conflicts of interest.

 Yes

SG 14.2

Describe how you manage potential conflicts of interest.

Before engaging in any assignments, or even considering them, the subject of conflicts of interest is part of our upfront analysis. When we believe that, even the perception of such conflicts could exist, we go to great lengths with our clients to address how to mitigate them. When in doubt, we have and always will err on the side of passing on such opportunities. We take great pride in our "neutrality" in providing our governance services and are very aware of the importance of retaining that status.

In many cases, our engagement agreements actually require statements addressing potential conflicts and other parties to those engagements as well as potential investors can assess them for themselves.

SG 14.3

Describe how you ensure that company employees do not derive any personal gain from the use of information collected during your work process.

We have numerous internal controls as well as third party oversight tools in place for our staff. Those include our Code of Professional Conduct, non-disclosure agreements that are effective at the time of hire, IT Security manual, and many online training tools we deploy. Furthermore, all email activity is memorialized using Smarsh archiving technology and our online systems logs include detail on user activity including accessing, printing, and saving any network files.

We are also subject to regular scrutiny that is performed by a number of third parties including our clients and third party rating agencies. Also, our audit firm performs a platform-level audit of our operations for publically issued securitizations where Regulation AB attestations are required which was in excess of 143 assignments in 2019. Finally, we are examined by our clients, FINRA, and the CT State Banking Commission because of our broker dealer affiliate. We manage all Pentalpha entities to the highest standard of the collective whole.

No

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