

Principal Adverse Sustainability Impacts Statement

In accordance with: Article 4 of Regulation (EU) 2019/2088

Summary

This policy is published by SocialAlpha Investment Fund (SAIF) SICAV-SIF, a company organised as a société anonyme, société d'investissement à capital variable – fonds d'investissement spécialisé (the "Fund"), together with AlphaMundi Group AG, the appointed investment advisor (the "Investment Advisor") of the Fund, in accordance with Article 4 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 (the "SFDR"). The purpose of this statement is to provide transparency on how the Fund takes into account the principal adverse impacts of its investment decisions on sustainability factors.

Description of principal adverse sustainability impacts

The Sub-Fund follows the draft regulatory technical standards ("RTS") of the SFDR in defining principal adverse sustainability impacts as "*the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and anti-bribery matters.*" A more precise list of sustainability factors implied by the SFDR can be gleaned from the indicators laid out in Table I of the Annex I of the RTS. The latter defines a list of mandatory indicators to be reported on at the portfolio level once the SFDR fully enters into force. These indicators cover sustainability factors such as greenhouse gas emissions, energy, biodiversity, water pollution, waste generation, human rights and labour conditions, corporate behaviour, and gender equality.

Description of policies to identify and prioritise principal adverse impacts

The identification and prioritization of potential principal adverse impacts on sustainability factors forms a part of the pipeline screening and due diligence methodologies followed by The Sub-Fund. Firstly, an environmental standards policy aligned with the IFC Exclusion List for environmentally and socially harmful industries and activities is applied in the screening phase to exclude investees with potentially high adverse impacts. Secondly, during the due diligence process, an evaluation of potential negative effects on environmental and social factors is performed as part of the clarification of the investee's overall business model and impact. Results of the due diligence analysis form an integral part of each investment proposal presented to the Investment Committee of the Fund. Where the risk for high adverse impacts cannot be mitigated to a satisfactory extent, the investment will not proceed. Thirdly, the responsible investment officers monitor the aforementioned potential negative effects throughout the investment life cycle, for example when changes to the business model, target customers, contextual circumstances, etc. arise. When incidents occur that may lead to principal adverse impacts, investees are required to inform the Investment Advisor, which then considers possible remedial measures to be implemented.


Engagement policies

The Sub-Fund mainly focuses on debt transactions and has only very limited exposure to publicly traded securities or listed companies and as such does not undertake investor engagement within the meaning and context provided by Article 3(g) of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Nevertheless, engagement with impact ventures forms an integral component of the Fund's investment process both to enhance the positive impact created and to minimize any adverse impacts. For example, where appropriate, when an impact venture does not meet the required standards of ESG management, technical assistance or capacity building is provided by the Investment Advisor, either by itself or in collaboration with its sister organization, the AlphaMundi Foundation.

References to international standards

The Sub-Fund adheres to the following international standards in its management of potential principal adverse sustainability impacts:

- IFC Exclusion List¹
- IFC Operating Principles for Impact Management²

DocuSigned by:

37551C600D89485...

Tim Radjy
Managing Partner, AlphaMundi Group
Chairman of the Board, SocialAlpha Investment Fund

¹ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist

² The Investment Advisor's compliance statement with the Principles can be found at https://www.alphamundi.ch/_files/ugd/25ea0b_96b88354eb504f48904c92d23400b605.pdf