SocialAlpha alphamundi

Sustainability Risk Policy

In accordance with: Article 3 of Regulation (EU) 2019/2088

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 3 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 policy follows the Regulation (EU) 2019/2088 in defining a 'sustainability risk' to an investment as "*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment*".

The Fund invests in impact ventures in emerging markets, which implies a particular sustainability risk profile. Investments in such emerging countries face, among others, sustainability risks related to labour and working conditions, human health, safety and security, indigenous peoples' rights and cultural heritage, land acquisition and (involuntary) resettlement, pollution, and loss of biodiversity and natural resources. These risks may be amplified by the potentially weaker degree of regulation, including environmental and social laws, and lack of enforcement thereof in the countries in which the impact ventures operate.

If not adequately managed, these risks can have a negative effect on the impact ventures' financial viability, regulatory compliance and reputation. Such negative effects can in turn negatively affect the financial value and returns, risk profile, and reputation of the Fund.

To manage the risks, the Fund and the Investment Advisor integrate sustainability considerations into decision-making and investee engagement throughout the investment process. This includes:

- Companies with high exposure to sustainability risks are screened out at the pipelining phase by applying an exclusion list aligned with the IFC Exclusion List for environmentally and socially harmful industries and activities. The exclusion covers, for example, weapons, tobacco and alcohol, fossil fuel-based energy, hazardous chemicals and materials, pesticides, and activities involving forced or child labor.
- During the due diligence process, the sustainability risks related to a potential investee are assessed with a dedicated checklist, resulting in a company-specific ESG risk profile. Results of this assessment are presented to the corresponding investment committee of the relevant Sub-Fund for approval. Where sustainability risks cannot be mitigated to a satisfactory extent, the investment will not proceed.
- After an investment has been made, the Investment Advisor monitors the identified sustainability risks throughout the investment life cycle, particularly when changes to the investee's business model, target customers, contextual circumstances, etc. arise. In cases of heightened or realized sustainability risks, the Investment Advisor, in consultation with the corresponding investment committee when deemed necessary, plans and executes appropriate measures to mitigate any negative outcomes.

At the portfolio level, sustainability risks are also mitigated by the Fund's investment strategy on providing financing to impact ventures under strict diversification rules described under section "Investment Restrictions" of the Private Place Memorandum. Furthermore, remuneration of the

Directors or the Investment Advisor shall not favor excessive risk taking, not limited to but explicitly with respect to sustainability risks.

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Tim Radjy

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Tim Radjy

Managing Partner, AlphaMundi Group

Chairman of the Board, SocialAlpha Investment Fund