

**Statement on principal adverse impacts of investment decisions on sustainability factors****Financial market participant**

Financial market participant and product name: SocialAlpha Investment Fund (SAIF) SICAV-SIF

Legal entity identifier: 391200R2CI15RFZVNE25

**Summary**

**(Résumé français ci-dessous - Deutsche Zusammenfassung unten - Resumen en español a continuación)**

*English*

SocialAlpha Investment Fund (SAIF) SICAV-SIF (the “Fund”), LEI 391200R2CI15RFZVNE25, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the Fund.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

The consolidated results of the Fund’s overall performance on the principle adverse impact indicators outlined in Table 1/Annex I of the SFDR Regulatory technical Standards (RTS) during the reference period are summarized in the table below. As this represents the first reporting period for the Fund on these indicators, the data disclosed within this statement will set the baseline for future analyses. From the data, the following observations can be summarized:

- The Fund has no exposure to companies active in the fossil fuel sector, with activities negatively affecting biodiversity-sensitive areas, with violations of the UNGC principles or OECD Guidelines for Multinational Enterprises, or involved in the manufacture or selling of controversial weapons.
- The Fund’s portfolio companies do not produce emissions to water nor hazardous/radioactive waste.
- In terms of GHG emissions, carbon footprint, and GHG intensity, the data remains without a benchmark, so comparative analysis will have to be performed at a later stage.
- Two thirds of the Fund’s investments are in companies that have some carbon emission reduction initiatives in place, while a little over half of the Fund’s investments are in companies that have policies in place addressing the themes of the UNGC principles or OECD Guidelines for Multinational Enterprises.

- In terms of gender equity, the average gender pay gap of portfolio companies stands at 29%, and an average 7% of portfolio board members are female.
- On average over the portfolio companies, the highest-paid individual earns 10 times the median salary.

The Fund takes an active approach in managing and, when necessary, improving on the adverse impacts associated with its investments. Firstly, an exclusion list for environmentally and socially harmful industries and activities is applied to screen out investments with potential adverse impacts. Secondly, the due diligence process for all potential investees of the Fund includes an evaluation of potential adverse effects. If the due diligence analysis identifies that the actual or potential adverse impacts are too high and cannot be mitigated to a satisfactory extent, the investment will not proceed. Thirdly, periodical analysis of the indicators for adverse impacts forms a part of the ongoing monitoring of the investees during the investment. When the indicators point to high actual or potential adverse impacts, the Fund considers appropriate measures to mitigate any negative outcomes in collaboration with the investee in question.

#### *Français*

SocialAlpha Investment Fund (SAIF) SICAV-SIF (le "Fonds"), LEI 391200R2CI15RFZVNE25, considère les principales incidences négatives de ses décisions d'investissement sur les facteurs de durabilité. La présente déclaration est la déclaration consolidée sur les principales incidences négatives des facteurs de durabilité du Fonds.

Cette déclaration sur les principales incidences négatives des facteurs de durabilité couvre la période de référence allant du 1er janvier au 31 décembre 2022.

Les résultats consolidés de la performance globale du Fonds sur les principaux indicateurs des incidences négatives décrits dans le Tableau 1/Annexe I des Normes techniques réglementaires (RTS) de la SFDR au cours de la période de référence sont résumés dans le tableau ci-dessous. Comme il s'agit de la première période de rapport du Fonds sur ces indicateurs, les données présentées dans cette déclaration serviront de référence pour les analyses futures. Les observations suivantes peuvent être résumées à partir des données:

- Le Fonds n'est pas exposé à des entreprises actives dans le secteur des combustibles fossiles, dont les activités ont un impact négatif sur les zones sensibles du point de vue de la biodiversité, qui violent les principes de l'UNGC ou les principes directeurs de l'OCDE à l'intention des entreprises multinationales, ou qui sont impliquées dans la fabrication ou la vente d'armes controversées.
- Les entreprises du portefeuille du Fonds ne produisent pas d'émissions dans l'eau ni de déchets dangereux/radioactifs.
- En ce qui concerne les émissions de gaz à effet de serre, l'empreinte carbone et l'intensité des émissions de gaz à effet de serre, les données n'ont pas encore servi de référence, de sorte qu'une analyse comparative devra être effectuée à un stade ultérieur.
- Deux tiers des investissements du Fonds sont réalisés dans des entreprises qui ont mis en place des initiatives de réduction des émissions de carbone, tandis qu'un peu plus de la moitié des investissements du Fonds sont réalisés dans des entreprises qui ont mis en place des

politiques répondant aux thèmes des principes de la CGNU ou des principes directeurs de l'OCDE à l'intention des entreprises multinationales.

- En ce qui concerne l'égalité des sexes, l'écart moyen de rémunération entre les hommes et les femmes dans les entreprises du portefeuille s'élève à 29 %, et 7 % en moyenne des membres des conseils d'administration des entreprises du portefeuille sont des femmes.
- En moyenne, dans les entreprises du portefeuille, la personne la mieux rémunérée gagne 10 fois le salaire médian.

Le Fonds adopte une approche active de la gestion et, le cas échéant, de l'amélioration des impacts négatifs associés à ses investissements. Tout d'abord, une liste d'exclusion des industries et activités nuisibles à l'environnement et à la société est appliquée afin d'écartier les investissements susceptibles d'avoir des effets négatifs. Deuxièmement, le processus de diligence raisonnable pour toutes les entreprises susceptibles d'être investies par le Fonds comprend une évaluation des effets négatifs potentiels. Si l'analyse de diligence raisonnable révèle que les effets négatifs réels ou potentiels sont trop importants et ne peuvent être atténués de manière satisfaisante, l'investissement n'est pas réalisé. Troisièmement, l'analyse périodique des indicateurs d'effets négatifs fait partie de la surveillance continue des entreprises investies pendant l'investissement. Lorsque les indicateurs révèlent des impacts négatifs réels ou potentiels élevés, le Fonds envisage des mesures appropriées pour atténuer tout résultat négatif en collaboration avec la société bénéficiaire en question.

#### *Deutsch*

SocialAlpha Investment Fund (SAIF) SICAV-SIF (der "Fonds"), LEI 391200R2CI15RFZVNE25, berücksichtigt die wichtigsten negativen Auswirkungen seiner Anlageentscheidungen auf Nachhaltigkeitsfaktoren. Die vorliegende Erklärung ist die konsolidierte Erklärung zu den wichtigsten negativen Auswirkungen auf die Nachhaltigkeitsfaktoren des Fonds.

Diese Erklärung zu den wichtigsten negativen Auswirkungen auf die Nachhaltigkeitsfaktoren bezieht sich auf den Bezugszeitraum vom 1. Januar bis zum 31. Dezember 2022.

Die konsolidierten Ergebnisse der Gesamtleistung des Fonds bei den wichtigsten Indikatoren für negative Auswirkungen, die in Tabelle 1/Anhang I der technischen Regulierungsstandards (RTS) des SFDR aufgeführt sind, werden in der nachstehenden Tabelle zusammengefasst. Da dies der erste Berichtszeitraum für den Fonds zu diesen Indikatoren ist, bilden die in dieser Erklärung offengelegten Daten die Grundlage für künftige Analysen. Aus den Daten lassen sich die folgenden Beobachtungen zusammenfassen:

- Der Fonds ist nicht in Unternehmen engagiert, die im Bereich der fossilen Brennstoffe tätig sind, deren Aktivitäten sich negativ auf biodiversitätssensible Gebiete auswirken, die gegen die UNGC-Prinzipien oder die OECD-Leitsätze für multinationale Unternehmen verstoßen oder die an der Herstellung oder dem Verkauf umstrittener Waffen beteiligt sind.
- Die Portfoliounternehmen des Fonds verursachen weder Emissionen in Gewässer noch gefährliche/radioaktive Abfälle.

- Was die Treibhausgasemissionen, den CO<sub>2</sub>-Fußabdruck und die Treibhausgasintensität betrifft, so liegen noch keine Vergleichsdaten vor, so dass eine vergleichende Analyse zu einem späteren Zeitpunkt durchgeführt werden muss.
- Zwei Drittel der Investitionen des Fonds entfallen auf Unternehmen, die Initiativen zur Verringerung der Kohlendioxidemissionen ergriffen haben, während etwas mehr als die Hälfte der Investitionen des Fonds in Unternehmen fließen, die über eine Politik verfügen, die die Themen der UNGC-Prinzipien oder der OECD-Leitsätze für multinationale Unternehmen berücksichtigt.
- Was die Gleichstellung der Geschlechter betrifft, so liegt das durchschnittliche Lohngefälle zwischen den Geschlechtern in den Portfoliounternehmen bei 29 %, und durchschnittlich 7 % der Vorstandsmitglieder in den Portfoliounternehmen sind Frauen.
- Im Durchschnitt der Portfoliogesellschaften verdient die bestbezahlte Person das 10-fache des Mediangehalts.

Der Fonds verfolgt einen aktiven Ansatz, um die mit seinen Investitionen verbundenen negativen Auswirkungen zu bewältigen und, wenn nötig, zu verbessern. Erstens wird eine Ausschlussliste für umwelt- und sozialschädliche Industrien und Aktivitäten verwendet, um Investitionen mit potenziell negativen Auswirkungen auszusondern. Zweitens umfasst die Due-Diligence-Prüfung aller potenziellen Investitionsempfänger des Fonds eine Bewertung der potenziellen negativen Auswirkungen. Wenn die Due-Diligence-Analyse ergibt, dass die tatsächlichen oder potenziellen negativen Auswirkungen zu hoch sind und nicht in zufriedenstellendem Maße gemindert werden können, wird die Investition nicht durchgeführt. Drittens ist die regelmäßige Analyse der Indikatoren für nachteilige Auswirkungen Teil der laufenden Überwachung der Beteiligungsunternehmen während der Investition. Wenn die Indikatoren auf hohe tatsächliche oder potenzielle negative Auswirkungen hindeuten, erwägt der Fonds in Zusammenarbeit mit dem betreffenden Unternehmen geeignete Maßnahmen zur Abmilderung der negativen Folgen.

#### *Español*

SocialAlpha Investment Fund (SAIF) SICAV-SIF (el "Fondo"), LEI 391200R2CI15RFZVNE25, considera los principales impactos adversos de sus decisiones de inversión sobre los factores de sostenibilidad. La presente declaración es la declaración consolidada sobre los principales efectos adversos en los factores de sostenibilidad del Fondo.

Esta declaración sobre los principales efectos adversos en los factores de sostenibilidad abarca el período de referencia comprendido entre el 1 de enero y el 31 de diciembre de 2022.

En el cuadro siguiente se resumen los resultados consolidados de la actuación global del Fondo en relación con los principales indicadores de impacto adverso que figuran en el cuadro 1/anexo I de las normas técnicas reglamentarias (NTR) del SFDR durante el período de referencia. Dado que se trata del primer periodo de referencia para el Fondo en relación con estos indicadores, los datos presentados en esta declaración servirán de base para futuros análisis. A partir de los datos pueden resumirse las siguientes observaciones:

- El Fondo no tiene exposición a empresas activas en el sector de los combustibles fósiles, con actividades que afecten negativamente a zonas sensibles desde el punto de vista de la biodiversidad, con violaciones de los principios del UNGC o de las Directrices de la OCDE para Empresas Multinacionales, o implicadas en la fabricación o venta de armas controvertidas.
- Las empresas de la cartera del Fondo no producen emisiones al agua ni residuos peligrosos/radioactivos.
- En cuanto a las emisiones de GEI, la huella de carbono y la intensidad de GEI, los datos siguen sin tener un punto de referencia, por lo que habrá que realizar un análisis comparativo más adelante.
- Dos tercios de las inversiones del Fondo se destinan a empresas que cuentan con algunas iniciativas de reducción de las emisiones de carbono, mientras que algo más de la mitad de las inversiones del Fondo se destinan a empresas que cuentan con políticas que abordan los temas de los principios del PMNU o de las Directrices de la OCDE para Empresas Multinacionales.
- En términos de igualdad de género, la diferencia salarial media entre hombres y mujeres en las empresas de la cartera se sitúa en el 29%, y una media del 7% de los miembros de los consejos de administración de la cartera son mujeres.
- Por término medio en las empresas de la cartera, la persona mejor pagada gana 10 veces el salario medio.

El Fondo adopta un enfoque activo para gestionar y, en caso necesario, mejorar los impactos adversos asociados a sus inversiones. En primer lugar, se aplica una lista de exclusión de industrias y actividades perjudiciales desde el punto de vista medioambiental y social para descartar inversiones con posibles impactos adversos. En segundo lugar, el proceso de diligencia debida para todas las inversiones potenciales del Fondo incluye una evaluación de los posibles efectos adversos. Si el análisis de diligencia debida identifica que los impactos adversos reales o potenciales son demasiado elevados y no pueden mitigarse de manera satisfactoria, la inversión no seguirá adelante. En tercer lugar, el análisis periódico de los indicadores de impactos adversos forma parte del seguimiento continuo de las empresas participadas durante la inversión. Cuando los indicadores apuntan a impactos adversos reales o potenciales elevados, el Fondo estudia las medidas apropiadas para mitigar cualquier resultado negativo en colaboración con la empresa en cuestión.

Description of the principal adverse impacts on sustainability factors						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1] <sup>1</sup>	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	455 tCO <sub>2</sub> eq	N/A	The reported values for Indicator 1 are 100% based on estimates obtained using the methodology of the <a href="#">Joint Impact Model (JIM)</a> .	The Fund is planning a program for supporting the emissions measurement and management capabilities of its portfolio companies. This will improve the accuracy of data for Indicator 1, and also help reducing these adverse impacts of the portfolio.
		Scope 2 GHG emissions	89 tCO <sub>2</sub> eq	N/A		
		Scope 3 GHG emissions	4486 tCO <sub>2</sub> eq	N/A		
		Total GHG emissions	5030 tCO <sub>2</sub> eq	N/A		

<sup>1</sup> The Fund has only started measuring the PAIs performance as of 1 January 2022 and therefore, reported values for impact year n-1 (i.e., 2021) are not available. As the first results presented in this statement are published in 2023, the first year reflecting a comparison to the previous year will be 2024.

	2. Carbon footprint	Carbon footprint	290.65 tCO2eq/€M	N/A	The reported value for Indicator 2 is 100% based on estimates obtained using the methodology of the <a href="#">Joint Impact Model (JIM)</a> .	The Fund is planning a program for supporting the emissions measurement and management capabilities of its portfolio companies. This will improve the accuracy of data for Indicator 2, and also help reducing these adverse impacts of the portfolio.
	3. GHG intensity of investee companies	GHG intensity of investee companies	953.39 tCO2eq/€M	N/A	The reported value for Indicator 3 is 100% based on estimates obtained using the methodology of the <a href="#">Joint Impact Model (JIM)</a> .	The Fund is planning a program for supporting the emissions measurement and management capabilities of its portfolio companies. This will improve the accuracy of data for Indicator 3, and also help reducing these adverse impacts of the portfolio
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	The reported value for Indicator 4 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.	The Fund aims to maintain the exposure at 0% through the application of an exclusion list defined in the Fund's Investment Management Policy, which prohibits the use of the Fund's financing to any project or company active in the fossil fuel sector.  The Fund will also strive for a data coverage of 100% in the next reporting period.

	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 of total energy sources	No data	N/A	No accurate data was available for Indicator 5.	The Fund will identify a methodology for estimating data for Indicator 5, as best practices in the industry emerge.
	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	No data	N/A	No accurate data was available for Indicator 6.	The Fund will identify a methodology for estimating data for Indicator 6, as best practices in the industry emerge.
Biodiversity	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%	N/A	The reported value for Indicator 7 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.	The Fund aims to maintain the exposure at 0% through the application of an exclusion list defined in the Fund's Investment Management Policy, which prohibits the use of the Fund's financing to any project or company whose activities negatively affect biodiversity-sensitive areas.  The Fund will also strive for a data coverage of 100% in the next reporting period.



Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tons	N/A	<p>The reported value for Indicator 8 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 79%.</p> <p>However, this data point carries an amount of uncertainty given the difficulty of measurement and the lack of accuracy in definition in the regulation.</p>	<p>The Fund will update its methodology for greater accuracy in estimating data for Indicator 8, as best practices in the industry emerge.</p> <p>The Fund will also strive for a data coverage of 100% in the next reporting period.</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0 tons	N/A	<p>The reported value for Indicator 9 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.</p>	<p>The Fund aims to maintain the impact minimal through the application of an exclusion list defined in the Fund's Investment Management Policy, which prohibits the use of the Fund's financing to any project or company that produces significant volumes of hazardous waste.</p>

						The Fund will also strive for a data coverage of 100% in the next reporting period.
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
Social and employee matters	10. 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%	N/A	The reported value for Indicator 10 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.	The Fund aims to maintain the exposure at 0% through the application of an Investment Management Policy, which defines both an exclusion list and a due diligence analysis procedure that cover the themes addressed by the UNGC principles and the OECD Guidelines for Multinational Enterprises.  The Fund will also strive for a data coverage of 100% in the next reporting period.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and	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	46%	N/A	The reported value for Indicator 11 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the	A risk mitigation and engagement plan will be created for those companies deemed to be at high risk of generating adverse impacts related to the topic measured by this indicator. This pertains to both existing portfolio and new investees.

	OECD Guidelines for Multinational Enterprises	address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			calculation was made for this indicator, is 84%.	The Fund will also strive for a data coverage of 100% in the next reporting period.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	29.3%	N/A	The reported value for Indicator 12 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 76%.	A risk mitigation and engagement plan will be created for those companies deemed to be at high risk of generating adverse impacts related to the topic measured by this indicator. This pertains to both existing portfolio and new investees.  The Fund will also strive for a data coverage of 100% in the next reporting period.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	7.2%	N/A	The value given (7.2%) is calculated as the average share of female board members in the portfolio companies.  The reported value for Indicator 13 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the	A risk mitigation and engagement plan will be created for those companies deemed to be at high risk of generating adverse impacts related to the topic measured by this indicator. This pertains to both existing portfolio and new investees.  The Fund will also strive for a data coverage of 100% in the next reporting period.

					calculation was made for this indicator, is 91%.	
	14. 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%	N/A	The reported value for Indicator 14 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.	The Fund aims to maintain the exposure at 0% through the application of an exclusion list defined in the Fund's Investment Management Policy, which prohibits the use of the Fund's financing to any project or company involved in the production of weapons or munitions.  The Fund will also strive for a data coverage of 100% in the next reporting period.
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
<i>Environmental</i>	<i>GHG intensity</i>	<i>GHG intensity of investee countries</i>		<i>N/A</i>	<i>Not applicable to the Fund.</i>	<i>N/A</i>
<i>Social</i>	<i>Investee countries subject to social violations</i>	<i>Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and,</i>		<i>N/A</i>	<i>Not applicable to the Fund.</i>	<i>N/A</i>

		where applicable, national law				
<b>Indicators applicable to investments in real estate assets</b>						
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels		N/A	Not applicable to the Fund.	N/A
Energy efficiency	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets		N/A	Not applicable to the Fund.	N/A
<b>Other indicators for principal adverse impacts on sustainability factors</b>						
Emissions	15. 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	34%	N/A	The reported value for Indicator 15 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 84%.	The Fund is planning a program for supporting the emissions measurement and management capabilities of its portfolio companies.  The Fund will also strive for a data coverage of 100% in the next reporting period.

Social and employee matters	16. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	9.7	N/A	The reported value for Indicator 16 is fully based on information obtained directly from the investee companies. The share of investments in companies from whom data was successfully collected, and based on which the calculation was made for this indicator, is 62%.	A risk mitigation and engagement plan will be created for those companies deemed to be at high risk of generating adverse impacts related to the topic measured by this indicator. This pertains to both existing portfolio and new investees.  The Fund will also strive for a data coverage of 100% in the next reporting period.
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**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

AlphaMundi Group Ltd, the appointed investment advisor (the “Advisor”) of the Fund, applies the Fund’s Investment Management Policy in the management of the Fund. The board of the Advisor reviews the policy annually based on lessons learned and presents any required changes to the board of directors of the Fund, which decides on the adoption of such changes. The latest version of the policy was approved in January 2023.

The policy defines that the management of the Fund’s adverse impacts is based on the analysis of the ESG risk profile of each company. The list of ESG issues included in the analysis contains issues that are common to all companies, such as those referred to by indicators 1-16 of the above table, and issues that are specific for the company in question. The latter type of issues are identified based on industry-specific materiality maps and on an analysis of the company’s business model and operational context. Indicators 1-14 of the table are defined as mandatory for disclosure by Commission Delegated Regulation (EU) 2022/1288. The additional indicators reported in this statement (‘Investments in companies without carbon emission reduction initiatives’ and ‘Excessive CEO pay ratio’) are selected based on their pertinence for all the portfolio companies of the Fund, considering that the Fund invests in a multitude of sectors.

Once the list of ESG issues is identified for a company, a prioritization of the issues is performed according to the potential or actual adverse impacts of the company. Data for this analysis is collected using various means, including questionnaires, interviews, and field visits. The methodology for the indicators reported in this statement is to collect data directly from the portfolio companies of the Fund. However, at this point the companies lack the capacity to measure and report data on their GHG emissions and energy consumption, which are required for calculating indicators 1-6. To compensate for the lack of data for GHG emissions, the Advisor has used the methodology of the [Joint Impact Model \(JIM\)](#) to obtain estimations. At this point, despite best efforts, the Advisor has not yet found a reliable and accurate methodology for estimating the energy consumption data

required for indicators 5-6. Both manual and automatic checks are performed on the collected data, and when necessary, the company is requested to provide clarifications on the data they have provided.

At this point the Fund does not have information on the margins of error related to the data collected. The Fund will identify a methodology for estimating margins of error as best practices in the industry emerge.

The final prioritization of a particular ESG issue for a company depends on:

- An estimate of the *probability* that adverse impacts related to the issues are realized, as assessed by:
  - The company's strategic focus and organizational capacity for managing the issue
  - The presence of policies or initiatives addressing the issue
  - The company's past involvement in controversies related to the issue
  - The company's performance on indicators related to the issue, based on comparisons with the Fund's portfolio averages, with relevant peers operating in the same sector, or with external benchmarks
- An estimate of the *severity* of adverse impacts if risks related to the issue are realized

For the prioritized ESG issues, i.e., those issues for which the company demonstrates high actual or potential adverse impacts, a risk management plan is created together with the company in question. Overall, the ESG risk analysis feeds into the investment decision-making of the Fund's Investment Committee.

### **Engagement policies**

The Fund 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 portfolio companies on their adverse impacts forms part of the risk management process, as defined in the Fund's Investment Management Policy. In particular, after the company-specific prioritization of ESG issues described in the previous section above, a risk management plan is created for those issues for which the company demonstrates high actual or potential adverse impacts. This may include, where appropriate, technical assistance or capacity building provided by the Advisor, either by itself or in collaboration with its sister organization, the AlphaMundi Foundation.

### **References to international standards**

The Fund's Investment Management Policy adheres to the following international standards for the management of adverse sustainability impacts:

- The OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
  - These standards directly inform the analysis of the ESG risk profile of companies, first performed as part of the due diligence of potential investee companies, and then periodically updated on existing portfolio companies.
  - The adherence to this standard shall be measured by the above Indicators 10-11.
- The Operating Principles for Impact Management
  - This standard informs the framework of the Investment Management Policy, and thereby aligns it with industry best practices for impact management and impact reporting<sup>2</sup>.
  - This standard informs the Fund's overall approach to impact management. Therefore, the adherence to this standard is measured by no indicator in particular.

The Fund does not adhere to any standards in alignment with the objectives of the Paris Agreement.

#### **Historical comparison**

The Fund does not have data from previous periods for comparison. The first comparative analysis will be performed at the end of the next reporting period.

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<sup>2</sup> The Advisor's disclosure statement of compliance with the Operating Principles for Impact Management, together with a verification statement prepared by third party verifier, can be found at: <https://www.alphamundigroup.com/impact-alphamundi/>