Statement pursuant to Regulation (EU) 2019/2088 of the European Parliament regarding disclosure on sustainability for financial services ("SFDR")

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The Sustainable Finance Disclosure Regulation (SFDR), i.e. the European Regulation on sustainable finance disclosure 2019/2088 of the European Parliament and of the Council of 27 November 2019, which entered into force as of 10 March 2021, regarding sustainability disclosures in the financial services sector - SFDR, establishes harmonised transparency rules on the integration of sustainability risks and the consideration of negative sustainability impacts, as well as the provision of sustainability-related information in relation to financial products.

The information below is intended to illustrate how Alto Partners SGR applies the requirements of the SFDR as part of its investment process.

Article 3 - Transparency of sustainability risk policies

Sustainability risk is defined as an environmental, social or governance event or condition that, if it were to occur, could cause an actual or potential material adverse impact on the value of the investments made by Alto Partners. In the context of the company, sustainability risks are risks that could cause any significant negative impact on the value of Alto Partners' fund portfolios.

Alto Partners integrates sustainability risks within its responsible investment process through the implementation of processes aimed at their identification and monitoring, in order to avoid minimising risks and maximise the environmental, social and governance (ESG) opportunities associated with the investment. Furthermore, the SGR firmly believes that ESG criteria are fundamental for the creation of corporate value and adopts an approach that inspires all stakeholders involved in its business through its processes.

In order to define a structured approach to managing ESG risks and opportunities related to investments, Alto Partners has committed to drafting a Responsible Investment Policy, which outlines the investment process adopted by Alto Partners with respect to sustainability risks and opportunities. The following is a summary of the approach taken by Alto Partners throughout the investment phases:

- Pre-investment: during the pre-investment phase, Alto Partners conducts an in-depth assessment through an ESG Due Diligence, with the support of external consultants, of the potential ESG risks and opportunities related to the investment, which will subsequently be the starting point in drafting a specific ESG Action Plan.

- Monitoring and management: during the ownership phase, Alto Partners defines, based on the results of the ESG Due Diligence, an ESG Action Plan tailored to the portfolio company, with the aim of improving performance of the invested company with respect to the sustainability issues considered material, minimising any risks emerging from the first screening through the implementation of corrective actions. Furthermore, during the monitoring and management phase, Alto Partners engages in constant observation of the ESG performance of its investments through periodic monitoring of ESG KPIs, using its proprietary data collection tool (ESG Data Collection & Monitoring Tool).

Furthermore, Alto Partners is inspired in the integration of sustainability factors by the guidelines promoted by the United Nations, namely the Principles for Responsible Investment (PRI).

Moreover, the SGR has adopted the guidelines proposed by AIFI and Invest Europe on good practices to be implemented in the identification and management of ESG risks and opportunities throughout the investment process.

For further details, please refer to Alto Partners' Responsible Investment Policy, available at the following link https://www.altopartners.it/wpcontent/uploads/2022/11/Politica-di-Investimento-Responsabile.pdf

Article 4 - Transparency of negative sustainability effects at subject level

The SGR has currently decided to adopt the "explain" approach to considering the negative effects of investment decisions on sustainability factors. Although the ESG framework developed by Alto Partners takes into account the main negative impacts on sustainability, the SGR does not have sufficient data to adequately communicate the negative sustainability impact of the investment choices made.

This is due to the time required to apply the ESG framework itself to all investments made by Alto Partners. In particular, the proprietary data collection and monitoring tool was implemented by means of a step-by-step process in order to raise the awareness of invested companies in the collection of sustainability data. Alto Partners intends to adopt the "comply" approach and consider the negative effects of investment decisions on ESG factors from 2023 onwards, following extensive data collection on all its investments.

Article 5 - Transparency of remuneration policies with regard to sustainability risk integration

Alto Partners does not currently include sustainability risks in its remuneration policies. As part of its responsible investment strategy, Alto Partners is evaluating the possible integration of sustainability risks within its remuneration policies.

Article 10 - Transparency of the promotion of environmental or social characteristics and sustainable investments on websites

Alto Partners currently manages a financial product classified according to Art. 8 of the EU Sustainable Finance Disclosure Regulation 2019/2088, the Alto Capital V Fund.

In line with the Regulation, Alto Capital V has identified the environmental and social characteristics it intends to promote through its investment activity, identifying appropriate quantitative indicators to measure improvements in the performance of invested companies.
The following are reported:

Topic	Characteristic	Sustainability Indicators
Climate change	• *Promoting the monitoring of Scope 1 and 2 carbon emissions and relevant Scope emissions and*	• *% of PCs monitoring Scope 1 and 2 carbon emissions* • *% of PCs monitoring Scope 3 carbon emissions*

	promoting the reduction of the relative Scope 1 and 2 emissions	• *% of PCs with a Scope 1 and 2 emissions reduction plan* • *Portfolio carbon emissions intensity (weighted average)*
Energy management	• *Promoting the transition to renewable energy sources (self-generated or purchased)*	• *% of electricity consumed/produced from renewable sources by PCs*
Staff involvement	• *Promoting voluntary training (not related to health and safety issues and additional compulsory training)* • *Offering welfare initiatives*	• *# Hours of voluntary training per employee* • *Budget used for employee welfare initiatives (excluding meal vouchers, health care and other benefits under the national collective labour agreement)*
Diversity and inclusion	• *Promoting diversity and inclusion and supporting the reduction of the Unadjusted Gender Pay Gap*	• *Unadjusted gender pay gap of invested companies* • *Ratio of women on average on the boards of invested companies*
Health and safety	• *Reducing the accident frequency index*	• *Accident frequency index [No. of accidents / No. of employees * 1,000];*

Furthermore, Alto Capital V has defined objectives in terms of good governance to be promoted throughout the investment portfolio, listed below.

Topic	Characteristic	Sustainability Indicators
Supply chain management	• *Promoting the adoption by all PCs of ESG risk and opportunity screening methods related to their supply chain*	• *% of PCs adopting ESG risk and opportunity screening methods related to their supply chain (questionnaires, checklists, audits)*
Sustainability management	• *Promoting the structuring of ESG governance*	• *% of PCs with sustainability governance/task force (at least a contact person for ESG issues in the ID governance structure)* • *% of PCs with an ESG Action Plan*
Business ethics	• *Promoting the adoption of Organisation and Management Model 231 by all PCs*	• *% of PCs that adopt a Code of Ethics and have implemented an Organisation and Management Model 231 (pursuant to Legislative Decree 231/2001)*

The full disclosure on Art. 10 of the EU Sustainable Finance Disclosure Regulation is available at the following link https://www.altopartners.it/wp-content/uploads/2022/11/Dichiarazione-ai-sensi-delRegolamento-UE-2019-2088-del-Parlamento-europeo-relativo-a-informativa-sullasostenibilita-peri-i-servizi-finanziari-Art-10.pdf