



Statement pursuant to Regulation (EU) 2019/2088 of the European Parliament regarding
disclosure on sustainability for financial services (“SFDR”)
Article 10

Last updated: October 2022

Alto Capital V Fund

The following document sets out the information required by EU Regulation 2088/2019 (“SFDR”) pursuant to Article 10, relative to the transparency of promotion of environmental or social characteristics and sustainable investments on websites for the fund Alto Capital V (“the Fund”), managed by Alto Partners SGR and classified as a financial product aligned to Article 8 under the same regulation. A financial product aligned to Article 8 is defined by the European Regulation as *“a financial product that promotes, amongst its other characteristics, environmental or social characteristics, or a combination of these, provided that the companies in which the investments are made comply with good governance practices”*.

Product name: Alto Capital V

Legal entity identifier: Alto Partners SGR S.p.A.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="checkbox"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

a) Summary

Alto Capital V (hereinafter the “Fund”), managed by Alto Partners SGR (hereinafter the “SGR”) is classified under Art. 8 of the Sustainable Finance Regulation (SFDR).

The Fund has developed a responsible investment approach and adopted specific processes and tools to identify, monitor and promote environmental and social investment characteristics, in accordance with the requirements of the SFDR, the United Nations Principles for Responsible Investment (UN PRI) and international best practices.

Through the use of proprietary tools, the Fund integrates ESG factors into its investment process and considers the environmental and social characteristics promoted at all stages of the investment process, from preliminary screening to conclusion of the investment itself.

b) Sustainable investment objective

Although the Alto Capital V fund pursues environmental and social characteristics, no sustainable investment objective has been defined.

c) Environmental and social characteristics promoted by the Fund

Alto Capital V, in line with the requirements of Article 8 of European Regulation 2019/2088, has identified the environmental and social characteristics it intends to promote through its investment activity. In this context, appropriate quantitative indicators were defined in order to measure the performance of the invested companies and their contribution to the promotion of the above-mentioned characteristics. In particular, the following were identified as features to be promoted:

Topic	Characteristic	Indicators
Climate change	<ul style="list-style-type: none"> Promoting the monitoring of Scope 1 and 2 carbon emissions and relevant Scope emissions and promoting the reduction of the relative Scope 1 and 2 emissions 	<ul style="list-style-type: none"> % of PCs monitoring Scope 1 and 2 carbon emissions % of PCs monitoring Scope 3 carbon emissions % of PCs with a Scope 1 and 2 emissions reduction plan Portfolio carbon emissions intensity (weighted average)
Energy management	<ul style="list-style-type: none"> Promoting the transition to renewable energy sources (self-generated or purchased) 	<ul style="list-style-type: none"> % of electricity consumed/produced from renewable sources by PCs
Staff involvement	<ul style="list-style-type: none"> Promoting voluntary training (not related to health and safety issues and additional compulsory training) Offering welfare initiatives 	<ul style="list-style-type: none"> # 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	<ul style="list-style-type: none"> Promoting diversity and inclusion and supporting the reduction of the Unadjusted Gender Pay Gap 	<ul style="list-style-type: none"> Unadjusted gender pay gap of invested companies Ratio of women on average on the boards of invested companies
Health and safety	<ul style="list-style-type: none"> Reducing the accident frequency index 	<ul style="list-style-type: none"> 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	Indicators
Supply chain management	<ul style="list-style-type: none"> Promoting the adoption by all PCs of ESG risk and opportunity screening methods related to their supply chain 	<ul style="list-style-type: none"> % of PCs adopting ESG risk and opportunity screening methods related to their supply chain (questionnaires, checklists, audits)
Sustainability management	<ul style="list-style-type: none"> Promoting the structuring of ESG governance 	<ul style="list-style-type: none"> % of PCs with sustainability governance/task force (at least a contact person for ESG issues in the governance structure) % of PCs with an ESG Action Plan
Business ethics	<ul style="list-style-type: none"> Promoting the adoption of Organisation and Management Model 231 by all PCs 	<ul style="list-style-type: none"> % of PCs that adopt a Code of Ethics and have implemented an Organisation and Management Model 231 (pursuant to Legislative Decree 231/2001)

d) Investment strategy

Alto Capital V has defined a responsible investment strategy that integrates ESG criteria through all stages of the investment process. Starting with the screening phase of potential investments, the Fund verifies that the target under analysis is eligible with respect to the Exclusion List defined by Alto Partners, available in section “4. Exclusion Sectors” of the Responsible Investment Policy.

Subsequently, during the pre-investment phase, Alto Capital V relies on the support of an external expert consultant in conducting the ESG Due Diligence analysis. ESG Due Diligence allows the identification, through a sector-based materiality approach, of potential relevant issues from which investment-related ESG risks and opportunities may arise. The results of the ESG Due Diligence will serve as a starting point in defining a specific ESG Action Plan for the investee, which will aim to maximise the opportunities and minimise the sustainability risks associated with the investment.

During the portfolio management phase, Alto Capital V actively monitors the invested companies, implementing engagement activities to support the investees in improving their ESG performance. In order to monitor the contribution of the investees in the promotion of environmental and social characteristics supported by the Fund, Alto Capital V has developed a proprietary monitoring tool, i.e. the ESG Data Collection & Monitoring Tool. This tool allows the Fund to regularly monitor ESG performance of the investees in order to highlight potential improvements necessary and any gaps that require technical support.

For more information on the investment strategy implemented by the Fund, please refer to section “7. Investment Strategy” of the Private Placement Memorandum.

For more information on the investment process implemented by the Fund, please refer to section “5. Integration of ESG criteria into the investment process” of the Responsible Investment Policy.

e) Proportion of investments

Alto Capital V undertakes to apply its investment strategy and to promote the environmental and social characteristics described above on 100% of the investments in its portfolio, but does not exclude exceptions for minority investments, for which a margin of flexibility may be applied.

f) Indicators established to monitor the environmental and social characteristics promoted by the Fund

To verify the sustainability performance of individual investments, the Fund has provided for periodic data collection using proprietary tools based on at least one quantitative indicator per topic. The indicators identified by Alto Capital V to promote the environmental and social characteristics supported by the Fund are listed in the “Indicators” column of the table under point c) *“Environmental and social characteristics promoted by the Fund”*.

g) Methodology used to assess, measure and monitor environmental or social characteristics

As stated in the Responsible Investment Policy, monitoring of environmental and social characteristics is done through the proprietary tool, i.e. the ESG Data Collection & Monitoring Tool. This Tool enables the collection of data on qualitative and quantitative indicators of the investees, monitoring their contribution to the promotion of the environmental and social characteristics supported by the Fund on an annual basis.

h) Data sources and processing

The primary sources of the data analysed by the fund come from the companies invested in during the preliminary assessment phase and during monitoring conducted in the portfolio management phase. Additional data may be obtained from external data providers whose high level of expertise is recognised by the Fund. If precise data are not available, an estimate may be provided. All data are processed by the Fund Manager, Alto Partners SGR, with the support of external consultants.

h) Limitations on methodology and data

At present, no limitations to the methodologies and data used have been identified. If any such limitations should arise, a notification will be issued promptly.

j) Due diligence

During the pre-investment phase, Alto Capital V relies on the support of an external consultant to perform the ESG Due Diligence on potential investments under analysis.

In the initial screening phase, the Partners Fund undertakes to verify compliance with the exclusion criteria defined by the Funds’ Regulations and the Responsible Investment Policy and to identify the material issues to be covered by the Due Diligence activities, based on a sector-driven approach defined by the SASB¹. In this phase, potential significant risks to be mitigated are identified and any opportunities related to the investment emerge, which will serve as the basis for drafting the dedicated ESG Action Plan. Furthermore, with regard to investments within the Alto Capital V Fund, identified as a product in Art. 8 according to EU Regulation 2019/2088 (SFDR), in the pre-investment phase, the maturity of the target company with respect to the environmental and social characteristics promoted by the Fund is identified, integrating the results in the ESG Action Plan.

k) Engagement policies

To ensure the promotion of Alto Capital V’s environmental and social characteristics and, more generally, the attainment of high ESG standards, the Fund interacts directly with its portfolio

¹ [SASB: Sustainability Accounting Standards Board](#), the benchmark standard that identifies the subset of sustainability issues most relevant to financial performance in 77 industries.

companies, creating a direct commitment to achieve improvements in performance and create value for the companies.

As specified in the Responsible Investment Policy, Alto Partners is committed to adopting a consistent approach to sustainability and business ethics, enabling both value creation and strengthening of the reputation of its portfolio companies, and to establishing an ESG Governance structure within its investee companies to support them in monitoring ESG issues. For this reason, Alto Partners appoints a person responsible for ESG issues in each portfolio company who will act as a point of contact for engagement activities.

Furthermore, Alto Partners contributes to the management of investment-related ESG risks and opportunities through the definition of an ESG Action Plan specific to the portfolio company. Through this Action Plan, the Fund establishes a set of objectives to be achieved within a defined time frame, through the implementation of actions to mitigate risks and exploit opportunities. The actions identified are the result of the ESG Due Diligence, in which the Investment Team, supported by external consultants, thoroughly investigates the critical and key aspects of the company in question, for a complete screening in order to define a precise development path that will enable it to achieve good results and positive performance. During the Asset Manager's Board meetings, the Board of Directors periodically (on a quarterly basis) reviews the progress of the ESG Action Plan and whether the company needs support in implementing the measures. The Fund's Investment Team provides support, including through external consultants.

In order to ensure an active engagement process with its investees, Alto Partners periodically monitors the ESG performance of its investee companies through the use of its proprietary ESG Data Collection and Monitoring tool. Through this tool, Alto Partners collects specific ESG KPIs related to the investee, verifying its maturity with respect to ESG issues. Should unsatisfactory data or difficulties emerge in the implementation of processes, Alto Partners is committed to supporting the investee through a review of the data and possible revision of the ESG Action Plan in order to close existing gaps.

l) Designated reference benchmark

Performance of its investments with respect to environmental and social characteristics is not monitored through a benchmark, but through quantitative indicators collected on a regular basis, through the proprietary ESG monitoring tool.

Within said monitoring tool, Alto Partners has included a specific ESG Maturity Tracker, an internal tool used to assess the level of progress of ESG practices for each Portfolio Company.

In fact, following the Due Diligence and finalisation of the investment, a general assessment is made on the company's maturity with respect to the central themes of the environmental and social characteristics promoted. The maturity level can be "Limited", "Proactive", "Advanced" or "Leader", according to internal classification standards and milestones.

Each year, after the investment is completed, the portfolio company performs a self-assessment on the improvement in maturity for each environmental and social characteristic promoted by the Fund, describing all actions implemented during the year. The Fund will assess the portfolio companies' self-assessment and KPI performance to check their alignment with the current ESG Action Plan and highlight their progress.