

**MORGAN STANLEY SGR S.P.A. – DISCLOSURES UNDER REGULATION (EU)
2019/2088” (SFDR)**

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We inform that, following the entry into force of the Delegated Regulation (EU) 2022/1288 ("RTS") on the regulatory technical standards governing, *inter alia*, the content and presentation of sustainability-related information on websites, Morgan Stanley SGR S.p.A. has updated the sustainability disclosures on its website and, in particular, the disclosures made pursuant to Articles 3 and 4 of Regulation (EU) 2019/2088 ("SFDR"). The changes are intended to align the disclosures with the new features introduced by the RTS and, on this occasion, also to provide greater detail with respect to the SGR's approach to the other sustainability issues considered by the SFDR.

No consideration of adverse impacts of investment decisions on sustainability factors

In accordance with the discretion granted pursuant to Article 4(1)(b) of SFDR, the Company does not currently consider the adverse impacts (so called "PAI") of investment decisions on sustainability factors.

The Company's decision is consistent with its investment strategy. Indeed, the Company envisages an integration of sustainability risks in the investment decision process, while it does not currently manage funds under Article 9 of the SFDR, the only ones for which the competent authorities have currently raised the expectation of a consideration of the PAI.

The Company will keep its decision on the PAI regime under regular review and, if it determines to consider the PAI in future, it will accordingly update the present statement on the website.

Art. 3 SFDR - Transparency of sustainability risk policies

The Company recognizes that various sustainability factors might pose actual or potential material risks to our investments at the individual asset and portfolio levels. These risks include, but are not limited to, climate change transition and physical risks; natural resources depletion; waste intensity; labour retention, turnover and unrest; supply chain disruption; corruption and fraud; and human rights violations. The Company also recognizes that the universe of relevant risks

may grow and evolve over time as the universe of sustainability factors considered relevant to the investment community also grows. The materiality of such risks on an individual asset and on a portfolio as a whole depends on industry, country, asset class, and investment style. Sustainability risks can materialize for assets and investments in a range of ways, for example: impaired or stranded asset values, increased operational costs, unforeseen liabilities and penalties, loss of access to markets/customers, and reputational damage. Investment management teams are the first line of defence for identifying, understanding, and mitigating potential sustainability risk in portfolios.

The Company considers sustainability risks as part of the ongoing risk monitoring oversight. Risk monitoring may be conducted using specialised third-party consultants supporting Investment Managers and Property and Facility Managers.

The Company has developed and implements specific policies and procedures for assessing and managing certain risks, including sustainability risks, in their investment decision-making process. Specifically, the Risk Management Function intervenes in these processes with reference also to sustainability risks and verifies, in particular, and monitors the sustainability risks of each investment and fund, through a proper Asset Risk Assessment and Fund Risk Assessment, in line with the provisions of the SFDR and the Delegated Regulation (EU) 1255/2021 amending the Delegated Regulation (EU) 231/2013.

The Company may collect and monitor additional information which may include energy sources and consumption, waste production and water use, and develops practices aimed at setting and achieving energy and sustainability targets, including the development of energy and sustainability guidelines and policies related to real estate assets.

Art. 5 SFDR - Transparency of remuneration policies with regard to the integration of sustainability risks

The Company is required to operate sound and prudent remuneration policies, practices and organisational structures that are consistent with and promote sound and effective risk management and do not encourage risk taking that is inconsistent with the risk profiles and the governing rules of the funds managed by it. As part of this, the Company's remuneration policies do not encourage excessive risk taking with respect to sustainability risks. Sustainability risks (as defined in Regulation 2019/2088 of 27 November 2019 on sustainability related disclosures in the financial services sector) are factored in, to the extent relevant, when making risk-adjusted performance assessments impacting variable remuneration.