

### **Green Arrow Infrastructure of the Future – GAIF**

The Fund will invest in renewable energy plants, late-stage Greenfield, storage solutions, energy delivery infrastructure servicing and digital infrastructure. As such, GAIF promotes environmental stewardship, energy and technology transition addressing climate-related and digital infrastructure development issues. GAIF investment objective directly concurs to the achievement of seven UN SDGs:

- 3. “Good health”
- 7. “Affordable and clean energy”
- 9. “Innovation and infrastructure”
- 11. “Sustainable cities”
- 12. “Responsible Consumption and production”
- 13. “Climate action”
- 15. “Life on Land”

Environmental and social characteristics promoted by the Fund include:

- Renewable energy production
- Carbon emissions avoidance and reduction
- Biodiversity and ecosystems
- Technological innovation
- Digital development
- Human right and labor standards

According to GAC Responsible Investment Policy, ESG factors are integrated across the whole investment life cycle ensuring that sustainability risks are promptly defined in pre-investment phase and managed during the ownership. During the former, the *exclusion list* from GAC Responsible Investment Policy is applied alongside fund’s investment objective (negative screening) to identify investable universe, the Fund actively looks for projects that provides significant contributions to goals and characteristics above mentioned (positive screening).

To complete the assessment of sustainability risks and opportunities the investment team will identify and evaluate material ESG factors (including sector-specific ones) for the investment by means of an internal ESG pre-screening tool; in addition, a third-party could be appointed to carry out an ESG due diligence. Risks and opportunities so identified are included into monitoring process together with relevant ESG performance

metrics (KPIs) selected based on investment characteristics and impacts (e.g. GWH of renewable energy produced, CO2 emissions avoided, household equivalents).

During the ownership, the Fund will ensure compliance with human rights and labor standards of invest companies, vehicles, and infrastructure contractors. Moreover, best practice on workplace health and safety is shared and promoted towards these subjects. For further details on the investment process and ESG integration please refer to GAC SGR Responsible Investment Policy.

Impacts and outcomes of fund management on sustainability objectives will be promptly measured with both general and asset-specific sustainability KPIs and reported in periodic disclosure.

In addition to relevant ESG risks arising from the investment pre-screening phase, the Fund constantly monitors climate-related transition and physical risks. GAIF investment objective directly addresses climate-related issues and concurs to the transition to a low-carbon economy by considering it as an opportunity to create sustainable financial and non-financial value. Therefore, climate risk assessment focuses on physical risks such as droughts, floods, extreme precipitation and wildfires where those risks are mitigated with adequate insurance policies. Indeed, the fund applies mitigation measures such as ESG integration on material climate issues, fossil fuel exclusions and engagement in *stewardship* activities with high GHG emitters on climate strategy.

The guidelines underlying the integration of ESG criteria in the process of Fund investment are in accordance with the provisions of the internal procedure adopted by the AIFM ("GAC SGR Responsible Investment Policy"). Concerning the Infrastructure sector, in which the Fund mainly invests, the Portfolio Manager shall consider the following climate risk indicators greenhouse gas emissions: GHG emissions, Carbon footprint, Exposure to companies active in the fossil fuel sector, Share of non-renewable energy consumption and production, Energy consumption intensity per high impact climate sector. Moreover, considering the biodiversity and the waste of water issues as climate risk factors, also indicators such as Activities negatively affecting biodiversity-sensitive areas, Emissions to water, Wastewater management and Hazardous waste ratio are considered in the climate risk assessment.