

## **Green Arrow Private Debt Fund II**

The Fund aims to promote sustainable value creation and growth by means of ESG factor integration into the investment processes and procedures, translating into a thorough ESG screening in the preliminary phase of the potential investment (or company) and a close monitoring activity during the ownership phase. The purpose is to drive our investment/financing activities towards a thorough ESG performance with our invested companies engaging in robust plans to mitigate ESG risks and resolve potential sustainability criticism. The Fund during the pre-investment phase will assess the ESG rating of the investment which will be validated by the ESG Committee. The Fund aims to have an ESG Rating of B in a scale from A to D over the life of the investment on a portfolio level.

The assessment of ESG risks and opportunities, as well as the management of ESG factors during the ownership phase of the investment are carried out according to GAC's Responsible Investment Policy. Thus, the investment universe is primarily skimmed following GAC SGR exclusion list (e.g. oil&gas, carbon-related and controversial sectors).

Subsequently, the valuation of the investment project will take into account a preliminary assessment of material ESG factors by using a proprietary tool and appointing third parties to carry out a complete ESG due diligence. These results will drive the decision-making process alongside other financial factors. Where the final decision leads to an investment decision, an ESG score based on a preliminary assessment is assigned to the company. During the ownership phase, the Fund will carry out monitoring activities regarding ESG scores and factors. In addition, where possible it will engage in stewardship activities.

With the evolution of the investment activities, the Fund is fully committed on a case by case investment to identify more fit & proper actions to promote environmental and social characteristics.