Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Green Arrow Capital SGR

Summary

Green Arrow Capital SGR ("GAC") takes into consideration the principal adverse impacts (PAIs) of its investment decisions on sustainability factors. This document constitutes the consolidated statement on principal adverse impacts for the reference period from 1 January to 31 December 2024.

GAC operates as a responsible investment platform through multiple business units, strategically focusing on clean energy & infrastructure, private equity, and private credit. As of the end of 2024, the platform includes the following "vintage" funds:

- Green Arrow Private Debt Fund I (GAPDF I) – Private Debt – Vintage 2016
- Green Arrow Energy Fund (GAEF) – Clean Energy – Vintage 2015
- Green Arrow Private Equity Fund 3 (GAPEF 3) – Private Equity – Vintage 2015
- Fondamenta Due – Fund of Funds – Vintage 2011
- Microfinanza I (MF I) – Impact Microfinance (Debt) – Vintage 2010

In addition, GAC manages funds that promote environmental and social characteristics or have sustainable investment as their objective, in line with the SFDR framework:

- Green Arrow Infrastructure of the Future Fund (GAIF) – Clean Energy & Infrastructure (Art. 9 SFDR)
- Green Arrow Private Debt Fund II (GAPDF II) – Private Debt (Art. 8 SFDR)
- Green Arrow Mi.To Fund (Mito) – Real Estate (Art. 8 SFDR)

Among these, GAIF, GAPDF II, GAPEF 3 and Mito were the only funds with active investments during the reporting period.

The portfolio of "in-scope investments" – i.e., those considered in the calculation of PAIs – represented 54% of GAC's Net Asset Value (excluding cash, cash equivalents, derivatives, and non-operational assets under development within GAIF), down from 56% in 2023.

The "Explanation" column in the table below specifies, for each indicator, the proportion of in-scope investments for which data is available and used in the respective calculation.

Finally, future investments from GAPEF 4 are expected to be integrated into GAC's ESG data management system, further enhancing the scope and quality of PAI reporting going forward.

Sintesi

Green Arrow Capital SGR ("GAC") considera gli effetti negativi principali (Principal Adverse Impacts – PAI) delle proprie decisioni di investimento sui fattori di sostenibilità. Il presente documento rappresenta la dichiarazione consolidata sugli effetti negativi principali riferita al periodo compreso tra il 1° gennaio e il 31 dicembre 2024.

GAC opera come piattaforma di investimento responsabile attraverso diverse business unit, con un focus strategico su clean energy & infrastructure, private equity e private credit. Alla data di fine 2024, la piattaforma include i seguenti fondi "vintage":

- Green Arrow Private Debt Fund I (GAPDF I) – Private Debt – Vintage 2016
- Green Arrow Energy Fund (GAEF) – Clean Energy – Vintage 2015
- Green Arrow Private Equity Fund 3 (GAPEF 3) – Private Equity – Vintage 2015
- Fondamenta Due – Fondo di fondi – Vintage 2011
- Microfinanza I (MF I) – Microfinanza a impatto (debito) – Vintage 2010

In aggiunta, GAC gestisce fondi che promuovono caratteristiche ambientali e sociali o che perseguono un obiettivo di investimento sostenibile, in conformità con il Regolamento SFDR:

- Green Arrow Infrastructure of the Future Fund (GAIF) – Clean Energy & Infrastructure (Art. 9 SFDR)
- Green Arrow Private Debt Fund II (GAPDF II) – Private Debt (Art. 8 SFDR)
- Green Arrow Mi.To Fund (Mito) – Real Estate (Art. 8 SFDR)

Tra questi, GAIF, GAPDF II, GAPEF 3 e Mito sono stati gli unici fondi con investimenti attivi nel periodo di rendicontazione.

Il portafoglio degli "investimenti in-scope" – ossia quelli inclusi nel calcolo dei PAI – rappresenta il 54% del Net Asset Value di GAC, al netto della liquidità, degli equivalenti di cassa, dei derivati e degli asset in sviluppo (non operativi) di GAIF, in calo rispetto al 56% del 2023.La colonna "Explanation" della tabella sottostante indica, per ciascun indicatore, la quota di investimenti rilevanti per cui sono disponibili i dati utilizzati nei rispettivi calcoli.

Infine, si prevede che i futuri investimenti del fondo GAPEF 4 saranno integrati nel sistema di gestione dei dati ESG di GAC, contribuendo ad ampliare ulteriormente la portata e la qualità della rendicontazione sugli impatti negativi principali.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	5,344.2 tCO2	4,360.6 tCO2	Coverage: 80% (Scope 1 and 2); 37% (Scope 3)	The reported figures exclude the contribution of vintage funds, except for GAPEF III, which represents approximately 13% of Green Arrow Capital SGR's NAV. The Mito fund is also excluded from these PAI indicators, as it is considered only within specific Real Estate metrics. Compared to 2023, emissions from GAPEF III remained stable on a like-for-like basis, while those from GAIF (Article 9 SFDR) decreased significantly. The overall
		Scope 2 GHG emissions	5,500.2 tCO2	3,452.6 tCO2		
		Scope 3 GHG emissions	2,748.5 tCO2	5,223.1 tCO2		
		Total GHG emissions	13,592.9 tCO2	13,036.3 tCO2		

						increase in indicator values is mainly driven by the broader investment scope of GAPDF II (Article 8 SFDR private debt). GAPDF II continues to define ESG targets in agreement with its investee companies. In line with its Responsible Investment Policy, Green Arrow Capital SGR excludes investments in the fossil fuel sector.
	2. Carbon footprint	Carbon footprint	25.7 tCO2 per million EUR invested	35.5 tCO2 per million EUR invested	Coverage: 76% (vs 87% 2023)	The improvement in the carbon footprint is primarily driven by the progress achieved by the GAIFF fund. The other two funds within the perimeter, GAPEF III and GAPDF II, recorded a stable carbon footprint compared to 2023.
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,084.4 tCO2 per million EUR of revenue	537.0 tCO2 per million EUR of revenue	Coverage: 76% (vs 87% 2023)	The increase in GHG intensity at the SGR level is mainly driven by the GAIFF fund, specifically due to its exposure to the energy storage sector, as detailed in GAIFF's PAI disclosure. In contrast,

						GAPEF III and GAPDF II reported no significant variations in their carbon footprint relative to 2023.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	Coverage: 100% (-)	In general, the ESG Responsible Investment policy of Green Arrow Capital SGR leads to excluding activities with high climate impact and excluding investments in the fossil fuel sector.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	34%	41%	Coverage: 87% (vs 97% 2023)	The improvement in this indicator is primarily driven by an increase in renewable energy production by the GAIFF fund compared to 2023, as well as by the inclusion of new portfolio companies that, on average, consume a higher share of renewable energy than those in the previous year.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	2.77 GWh per million EUR of revenue	1.28 GWh per million EUR of revenue	Coverage: 87% (vs 97% 2023)	The increase in energy consumption intensity at the SGR level is mainly driven by the GAIFF fund, specifically due to its exposure to the energy storage sector, as detailed

						in GAIFF's PAI disclosure. In contrast, GAPEF III and GAPDF II reported no significant variations in their carbon footprint relative to 2023.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	Coverage: 100%	GAC did not recognize any investee companies located in or near biodiversity-sensitive areas whose activities negatively impact such areas.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	Coverage: 73% (vs 65% 2023)	The production process of companies included in the 2024 coverage does not generate emissions to water.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed	4.2 tonnes per million EUR invested	1.8 tonnes per million EUR invested	Coverage: 90% (vs 97% 2023)	The increase in this ratio is due to the increase in the scope of data collection to 2023. The hazardous waste generated by the company is properly managed

		as a weighted average				according to local legislation.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	Coverage: 90% (vs 100% 2023)	Private equity and debt investments, as well as any other activities in which GAC is invested, have not been involved in any violations of such principles. In addition, Green Arrow Capital SGR participates to the UN Global Compact and is committed to transferring these principles to investee companies, as well as into the formation and management of SPVs underlying infrastructure funds.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational	52%	43%	Coverage: 90% (vs 100% 2023)	The increase in this indicator is primarily attributable to the broader data collection scope applied in 2024, which now includes portfolio companies equipped with

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	Compact principles and OECD Guidelines for Multinational Enterprises	Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				ESG policies and procedures.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	4%	12%	Coverage: 64% (vs 68% 2023)	GAIF investments are excluded from the calculation, as this indicator is not applicable to infrastructure assets managed through SPVs with no employees and overseen solely by a manager from the fund. The improvement compared to the previous year is mainly driven by a reduction in the gender pay gap within the companies held under GAPDF II
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	10%	12%	Coverage: 84% (vs 100% 2023)	GAIF investments are excluded from the computation since this indicator is not applicable to green infrastructure investments managed by SPVs consisting of a single manager from the managing fund.

	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	Coverage: 100% (-)	Such products/activities are avoided by the ESG Responsible Investment Policy of Green Arrow Capital SGR and no portfolio is invested in defense securities or companies involved in such practices.
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries	0%	0%	The investment strategy of Green Arrow Capital SGR does not encompass investments in sovereign and supranational securities.	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions,	0%	0%		

		United Nations principles and, where applicable, national law				
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact 2024**	**Impact 2023**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	-	The Via Gluck project does not use fossil fuels. The plant system is entirely electric and based on heat pumps fed by groundwater wells and 52 kW photovoltaic panels.	The first investment was made in 2024; therefore, no improvement initiatives have been implemented year over year.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%	-	The building is being developed with energy class A targets. nZEB requirements will be met and more than 60% of energy consumption will	The first investment was made in 2024; therefore, no improvement initiatives have been implemented year over year.

					come from renewable sources according to preliminary APE (Attestato di Prestazione Energetica) estimates.	
Other indicators for principal adverse impacts on sustainability factors						
Other indicators for principal adverse impacts on sustainability factors						
Emissions	1. Investing in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	27%	22%	Coverage: 100%	With regards to this indicator, vintage funds did not include engagement on sustainability and climate topics in their bylaws, despite that some of the investee companies already had initiatives in place.
Human Rights	2. Lack of a human rights policy	Share of investments in entities without a human rights policy	56%	60%	Coverage: 100%	The improvement in this indicator is primarily attributable to GAPDF II's financing of new companies in 2024 that already had human rights policies in place.

Energy consumption	3. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	To be estimated	-	Limited to Mito as the only fund invested in real estate, representing 1% of total investments.	The value will be available following the issuance of the post-op APE. The project envisages exclusively electrical consumption and the adoption of efficient systems such as VMC with heat recovery, LED lighting, smart metering and automatic demand optimisation.
Waste	4. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract	0%	-	Limited to Mito as the only fund invested in real estate, representing 1% of total investments.	The project includes dedicated waste collection areas for the occupants. The management of construction waste is still in progress but it is estimated that at least 70% of the materials during demolition and construction will be recovered, in line with the EU Taxonomy criteria.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors The identification of material sustainability issues is a process that involves multiple Green Arrow Capital governance levels, each for its functions and responsibilities, and so the principal adverse impacts of investment decisions. It means that interaction with stakeholders, market and regulatory context analysis inform such process on an ongoing basis. The following ESG governance functions carry out the process as follows: ▪ The ESG Committee[1] is in charge of supervising and reviewing the ESG policy and strategy. It may also define the degree of materiality of the ESG factors that may impact the business, its investment portfolio and its stakeholders, taking into account the reports from the ESG Manager. ▪ The ESG Manager reports to the ESG Committee and his responsibilities include monitoring market trends, evolving regulations and standards. In addition, he cooperates in the identification of materiality and impacts with the ESG Champions of the various funds. ▪ ESG Champion: The ESG Specialist appointed within the investment team of each single fund, shall be responsible for the assessment and monitoring of sustainability risks and opportunities during pre-investment, ownership and exit. The prioritization of principal adverse impacts on sustainability factors is mainly driven by: ▪ GAC's ambition for climate change as reflected by the sustainable investments of GAIF. ▪ The identification of sector and company-specific material ESG issues in the pre-investment phase of newly launched funds (GAPEF 4 – in fundraising, GAPDF II, GAIF, Mito).
Engagement policies Vintage funds do not adopt engagement policies (GAPDF I and GAPEF 3), whereas such policies are included in the investment strategies of recently launched private equity,private debt and real estate funds: GAPEF 4, GAPDF II and Mito. The former did not make any investments during the reference period of this document, whereas investments conducted by the GAPDF II fund included the incorporation of ESG goals in financing plans. For this activity, the companies were assisted by the investment team and ESG advisors of Green Arrow Capital to identify goals consistent

[1] Chief Financial Officer, Chief Risk Officer, ESG Manager

with the nature of the company (and the sector) and to structure roadmaps aligned with the business strategy. This approach is not applicable to infrastructure investments, as GAC operates through Special Purpose Vehicles that manage specific infrastructure projects/investments.

References to international standards

Green Arrow Capital SGR is a signatory of the UN Principles for Responsible Investment since 2020 and a participant in the UN Global Compact since 2021, and is therefore committed to implementing these principles in all its practices.

As such, the following regulations and frameworks are taken into account where applicable and meaningful:

- OECD Principles of Corporate Governance and Guidelines for Multinational Enterprises
- UN Convention on Corruption
- UN Guiding Principles on Business and Human Rights
- ILO conventions on labour standards
- Universal Declaration of Human Rights
- Children's Rights and Business Principles.

Historical comparison

In 2024, Green Arrow Capital SGR slightly expanded its data collection perimeter, contributing to an overall increase in reported greenhouse gas emissions and energy consumption. This variation is largely due to the inclusion of additional private equity and private debt investments—most notably those held by GAPDF II (Article 8 SFDR)—that were not part of the 2023 reporting scope. However, the increase in absolute values should not be interpreted as a deterioration in environmental performance. On a like-for-like basis, emissions from GAPEF III remained stable, while GAIF (Article 9 SFDR) recorded a significant decrease, mainly due to increased renewable energy generation and greater energy efficiency within its portfolio companies.

Despite the rise in reported emissions, Green Arrow Capital SGR maintains a strong ESG orientation and continues to exclude investments in the fossil fuel sector, in line with its Responsible Investment Policy. This commitment extends beyond environmental aspects: no portfolio companies have been involved in violations of UN Global Compact principles or in the production or distribution of controversial weapons. Social indicators remain more challenging to manage for vintage funds, where GAC has limited leverage and engagement capacity.

It is also worth noting that data collection for newly acquired portfolio companies proved challenging during the year, as acquisition timing often prevents the immediate implementation of robust ESG data systems. Consequently, the average data coverage across indicators declined slightly compared to 2023. Green Arrow Capital SGR is actively working to improve these processes to align ESG data coverage with the pace of investment growth.

GAC continues to pursue a responsible investment strategy, particularly through its recently launched Article 8 and 9 SFDR funds—GAPDF II, GAIF, and the fundraising-stage GAPEF IV. These strategies enable structured ESG target setting with investee companies, facilitate active engagement, and support alignment with EU Taxonomy objectives. The positive outcomes of this approach are reflected in the current sustainability metrics and are further detailed in the ESG documentation available on the website greenarrow-capital.com/esg.