

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Green Arrow Infrastructure of the Future Fund S.C.A. SICAV-RAIF

Summary

Green Arrow Infrastructure of the Future Fund S.C.A. SICAV-RAIF (“GAIF” or the “Fund”) considers the principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of the following companies:

- GAIF Bio Holding S.R.L.
- GAIF Hydro Holding S.R.L.
- GAIF Tower Italy S.R.L.
- GAIF Wind Holding Italy S.R.L.
- Green Arrow Solar Holding S.R.L.
- Green Solar Innovation S.R.L.
- Radiant Solar Italy S.R.L.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

The Fund's investment objective is to develop renewable energy production and distribution projects as well as telecommunication infrastructures. As expected, the Fund's investment universe concerning sustainability factors showed non-negative impacts. Following the assessment results to EU Taxonomy criteria, the Fund verified that no asset negatively affects biodiversity (PAI 7), however, given that the Fund is still in its investment period, potential risks that may arise in the future.

For EU Taxonomy criteria: 95.8% of the investments are eligible, 99% Turnover, 99% CapEx, and 99% OpEx from environmentally sustainable investments are aligned. 5G infrastructure is not eligible for the EU Taxonomy, but it generates a positive impact in terms of GHG emissions avoided in comparison with outdated (e.g., 4G) telecommunication technologies and the acceleration of digital transition. Furthermore, the Fund does not detect a negative impact on biodiversity and the GHG emissions are negligible and mostly under Scope 3 since the energy consumption is limited and mainly from renewable sources.

Green Arrow Infrastructure of the Future Fund S.C.A. SICAV-RAIF (“GAIF” o il “Fondo”) prende in considerazione i principali effetti negativi delle proprie decisioni di investimento sui fattori di sostenibilità. La presente dichiarazione è la dichiarazione consolidata sui principali effetti negativi sui fattori di sostenibilità di

- GAIF Bio Holding S.R.L.
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- GAIF Tower Italy S.R.L.
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- Green Solar Innovation S.R.L.
- Radiant Solar Italy S.R.L.

La presente dichiarazione sui principali effetti negativi sui fattori di sostenibilità riguarda il periodo di riferimento dal 1 Gennaio al 31 Dicembre 2024.

L'obiettivo d'investimento del Fondo è sviluppare progetti di produzione e distribuzione di energia rinnovabile, e di infrastrutture per le telecomunicazioni. Come previsto, l'universo di investimento del Fondo non ha mostrato impatto negativo sui fattori di sostenibilità. In base ai risultati della valutazione rispetto ai criteri della Tassonomia UE, il Fondo ha verificato che non vi sono attività che incidono negativamente sulla biodiversità (PAI 7), tuttavia, dato che il Fondo è ancora nel suo periodo di investimento, in futuro potrebbero sorgere potenziali rischi di un impatto negativo sulla biodiversità.

Rispetto ai criteri della tassonomia UE: il 95,8% degli investimenti è eleggibile, mentre l'99% di fatturato, l'99% di CapEx, il 99% di OpEx di questi investimenti (sostenibili dal punto di vista ambientale) sono allineati. L'infrastruttura 5G non è eleggibile ai sensi della Tassonomia UE, ma genera un impatto positivo in termini di emissioni di gas serra evitate rispetto alle tecnologie di telecomunicazione più datate (ad es. 4G), e accelerando la transizione digitale. Inoltre, il Fondo non rileva un impatto negativo sulla biodiversità e le emissioni di gas serra sono trascurabili e per lo più rientrano in Scope 3, poiché il consumo di energia è limitato e proviene principalmente da fonti rinnovabili.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric		Impact [year n]	Impact [year n-1]	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	0 tCO2	0 tCO2	Scope 2 and Scope 3 GHG emissions decreased by 33% between 2023 and 2024, mainly due to the lower emissions from the Next Charge project, which delivered 33% less energy (MWh/y) compared to 2023. This decline is primarily attributable to the consolidation of several distributed units into a single	No specific actions have been implemented during the reference period. GHG emissions are limited to suppliers' operations and thus unavoidable; in any case, GAIF monitors its suppliers to make them adopt responsible measures to mitigate their environmental impact. Currently, the Fund is in its investment period, thus, total assets will	
		Scope 2 GHG emissions	358.4 tCO2	480.2 tCO2			
		Scope 3 GHG emissions	2,748.5 tCO2	4,190.4 tCO2			
		Total GHG emissions	3,106.9 tCO2	4,671.1 tCO2			

					centralized hub in Milan.	increase and the balance between “in development” and “operational” projects will change as well.
	2. Carbon footprint	Carbon footprint	8.5 tCO ₂ per €M invested	14.5 tCO ₂ per €M invested	The carbon footprint decreased by 41% from 2023 to 2024, driven by lower total GHG emissions and a 14% increase in investments in fully or partially operational assets.	
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,175.1 tCO ₂ per €M revenue	567.9 tCO ₂ per €M revenue	The increase in GHG intensity was primarily driven by the drop in revenues from the Next Charge project due to the consolidation of several distributed units into a single centralized hub in Milan.	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%		As per the investment strategy, the Fund will not invest in the fossil fuel sector in any case.
	5. Share of non-renewable energy	Share of non-renewable energy consumption and non-	0%	0%	Almost 100% of the electricity consumed is sourced from	All energy consumption derives from autoproduction or

	consumption and production	renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources			renewable sources or is produced on-site. Since all the energy produced is renewable, the ratio of non-renewable to renewable energy (both incoming and outgoing) is zero.	certified renewable sources. The goal of the Fund is to maintain this trend for upcoming expansions and new assets.
	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	1.92 GWh per €M revenue	0.33 GWh per €M revenue	The increase in energy intensity was primarily influenced by a reduction in revenues from the Next Charge project, following the strategic consolidation of several distributed units into a single centralized hub in Milan. While this integration improved operational efficiency, it also led to a decrease in overall output and, consequently, in related revenues.	All activities in high-impact climate sectors refer to renewable energy production/distribution or biofuels.
Biodiversity	7. Activities negatively	Share of investments in investee companies	0%	0%		As per the EU Taxonomy assessment

	affecting biodiversity-sensitive areas	with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas				results, investments located in or near biodiversity-sensitive areas do not negatively affect those areas. GAIF screens potential investments, evaluating, among several factors, the possible negative effects on biodiversity; EU Taxonomy assessment is also conducted for all assets on a periodic basis.
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%	The investment activities of GAIF do not lead to emissions into 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 as a weighted average	0%	0%	The investment activities of GAIF do not generate any hazardous or radioactive waste.	

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%	GAIF and its SPVs have not been involved in any violations of such principles.	The responsible investment policy of the managing entity (Green Arrow Capital SGR or “GAC”) and the Fund documentation set out proper measures to identify applicability and observations of such principles. In addition, the managing entity participates in the UN Global Compact.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles	N/A	N/A	Since each investment is managed by SPVs established by GAIF itself, these indicators would be misleading or meaningless.	

		or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0%	0%		
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A		
	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%	As per GAC ESG Responsible Investment Policy and GAIF investment policy and strategy, such activities are excluded ex-ante in the investment universe definition.	
Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	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 Fund's investment strategy 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, United Nations principles and, where applicable, national law	0	0		
Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	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	0	The investment strategy of the Fund does not encompass investments in real estate.	

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0	0	
Other indicators for principal adverse impacts on sustainability factors					
<p>Share of investments in investee companies with sites located in areas of high water stress without a water management policy: 56% (2024) vs. 56% (2023).</p> <p>This indicator also includes assets under development. While these assets do not yet generate emissions that affect mandatory PAIs, their defined geographical location contributes to the overall calculation of water risk exposure.</p> <p>Italy and Spain (geographical focus of the Fund) are among european locations with the highest water stress, however water usage is limited (e.g., for solar and biomethane) or zero (5G towers) and hydroelectric plants follow all applicable standards and regulations.</p>					
<p>Human Rights – Number of identified cases of severe human rights issues and incidents (Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis) : 0 (2024) vs 0 (2023).</p> <p>No cases of severe human rights issues and incidents have been detected. The Fund is committed to minimizing such risk by supervising suppliers' business conduct, health & safety measures and standards.</p>					
<p>Description of policies to identify and prioritise principal adverse impacts on sustainability factors</p> <p>The identification and prioritisation of principal adverse impacts on sustainability factors of GAIF investments follows three main drivers:</p> <ul style="list-style-type: none"> ▪ The Principal Adverse Sustainability Impact Statement of the managing entity (approved by the Board of Managers of the General Partner on July 14, 2023) and its ESG Responsible Investment Policy (last update by GAC Board of Directors in December 2023); ▪ The ESG Pre-screening tool, which allows the Fund Manager to consider potential risks and opportunities of target investments. This tool differentiates materiality and scope accordingly to the nature of the asset/sector (e.g., wind, biomethane, etc.); 					

- Expertise from the engineering team that supports GAIF investment team activities.

This approach allows GAIF to tailor the monitoring of ESG data and the development roadmaps based on asset-specific factors. Furthermore, each asset is evaluated against EU Taxonomy criteria and the results of such assessments integrate the Fund's decision-making process for future operations and valuation of principal adverse impacts. The investment universe and management approach lead to limited or no negative impacts, however, the pre-screening tool is aimed at identifying any potential risk of negative impact. During the ownership and development phase of projects, ESG data is collected directly at the SPV level and centralized at the Fund level to ensure effective and appropriate data management. For the EU Taxonomy assessment, the Fund relies on an independent third-party expert to evaluate eligibility and alignment metrics together with potential room for improvements in the context of DNSH, minimum safeguards and PAI. The effectiveness of such an approach is further underlined by the high level of asset eligibility (95.8%) and alignment (99% Turnover, 99% CapEx, 99% OpEx) to the EU Taxonomy.

Engagement policies

Engagement activities/programs are not applicable in GAIF context as the Fund operates through SPVs that manage specific infrastructure projects/investments.

References to international standards

The managing entity is signatory of UN Principles for Responsible Investment since 2020 and participant to the UN Global Compact since 2021, thus the Fund is managed and operates accordingly to those principles.

As per GAC Principal Adverse Sustainability Impact Statement, the following principles are taken into account where meaningful and applicable:

- 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.

Due to Fund investment strategy and assets nature, these principles and guidelines are often not applicable except for suppliers to a lesser extent. Anti-corruption measures, labour standards and human rights protection are safeguarded through the due diligence process for the selection and the development of projects, as well as by the ESG Responsible Investment Policy of GAC.

Historical comparison

Both total investments and revenues increased over the year, while total GHG emissions declined by 33%. The decrease was mainly driven by the lower energy output of the Next Charge project, which remains one of the Fund's main sources of emissions. The reduction is primarily due to the consolidation of several distributed units into a single centralized hub in Milan. This strategic integration improved operational efficiency but temporarily reduced overall distributed output. As a result, both GHG emissions intensity and energy intensity for high climate impact sectors showed a temporary increase.

It is also worth highlighting that, despite the increase in energy intensity, nearly 100% of the energy used continues to be sourced from renewable energy, reinforcing the company's long-term commitment to sustainable operations.