

Summary

Green Arrow Infrastructure of the Future Fund S.C.A. SICAV-RAIF (“the Fund” or “GAIF”) aims at building a diversified portfolio of infrastructures with a focus on green energy generation and related services such as storage and distribution. The investment universe includes waste-to-energy and telecommunication solutions as well. The Fund is managed by Green Arrow Capital SGR S.p.A. (“GAC” or “Investment Manager”) in adherence with the ESG Responsible Investment Policy (“the Policy”) and it has a sustainable investment as its objective.

The overall sustainable objective is to accelerate energy and digital transition investing in several technologies and so delivering multiple positive impacts. The asset allocation is entirely aimed at investments that can be qualified as sustainable under the EU Taxonomy and the general responsible investment process is defined such that:

- compliance with the Policy and suitability for sustainable objective attainment are preliminarily assessed for every project (investment decision phase), and
- relevant ESG data are identified for disclosure and monitoring purposes (holding period).

The Fund adopts internal ESG tools developed by the Investment Manager in order to carry out assessment and monitoring activities throughout the investment life-cycle. As such, sustainability factors and principal adverse impact (“PAI”) indicators are taken into account in both pre-investment and ownership phases. In addition, further indicators are identified case-by-case to measure investments' ESG performance and contribution to sustainable investment attainment. The Fund have direct exposure and control over all investments, this ensures data availability and minimize the risk of methodology limitations allowing direct monitoring of sustainable investment objective.

No index has been designated to measure objective attainment.

No significant harm to the sustainable investment objective

During the due diligence, the Fund will assess whether the potential investment may cause significant harm any of the objectives to which a sustainable investment contributes. In addition, it is verified that potential investments are aligned with the UN Global Compact and the Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organisation (“ILO”), and the OECD Guidelines for Multinational Enterprises, where applicable.

In addition, the Fund will take into account PAI indicators in every stage of the investment process: the Fund will adopt ESG tools in both the pre-investment and ownership phases to ensure that (i) the investment project is aligned with the Policy and GAIF investment objectives, and (ii) PAI indicators and other relevant ESG KPIs are properly monitored. Finally, the implementation of the Policy ensures investment alignment to the highest principles and frameworks among which OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights are included.

Sustainable investment objective of the financial product

The Fund will invest in renewable energy plants, late-stage Greenfield, storage solutions, energy delivery infrastructure servicing especially the electric vehicle market (thus potentially including parking premises) and digital infrastructure mainly in Italy, Spain, Portugal and France (the Primary Markets). Thus, the sustainable investment objectives of the Fund are:

- Produce and distribute renewable energy;
- Implement circular economy solutions in the context of energy generation;
- Accelerate the digital transition with innovative telecommunication systems.

As such, the entire portfolio would be reasonably focused on the following UN SDGs:

- 7 – Affordable and Clean Energy;
- 9 – Industry, Innovation and Infrastructure;
- 11 – Sustainable Cities and Communities;
- 12 – Responsible Consumption and Production;
- 13 – Climate Action.

The Fund is committed to performing an assessment of eligibility and alignment to the EU Taxonomy for all of its assets.

Due to the difference in the nature of the assets and in the focus on the UN SDGs, the most effective approach is to identify the most appropriate indicator for each asset type. The following list contains possible indicators that may be selected to measure the attainment of the sustainable investment objectives:

- Renewable energy generated and related GHG emissions avoided;
- Renewable energy capacity installed;
- Tons of biofuel produced by bio-LNG plants;
- Amount of data transferred through the 5G infrastructure.

Additional and more specific indicators will be selected also with the support of external expertise.

No Benchmarks have been designated as a reference benchmark for this Fund.

Investment strategy

The objective of the Fund is to align the positive impact of sustainable investments to financial returns by building a diversified portfolio of activities related to renewable energy not limited to solely production: storage solutions, energy delivery infrastructure servicing especially the electric vehicle market (thus potentially including parking premises) are included in the range of investable activities. The technology portfolio will include solar, wind, hydroelectric and biomethane plants. In addition, a small proportion of the portfolio is dedicated to 5G infrastructures.

During the pre-investment phase, the Exclusion List of GAC ESG Responsible Investment Policy is applied and the investable universe is shaped such that the selection of suitable projects is aligned with GAIF sustainable investment objectives. In addition, the Fund conducts a preliminary assessment of sustainability risks considering PAI indicators and asset-specific checklists defined with ESG advisors. The suitability of potential investments is also assessed with respect of the “do not significantly harm” principle. Where meaningful, the Fund verifies the adoption of good governance practices by the target companies.

The holding period is mainly characterized by:

- the assessment of eligibility and alignment of assets to the EU Taxonomy criteria planned accordingly to the evolution of the Fund portfolio;
- monitoring of PAI and other useful indicators to measure the attainment of sustainable investment objectives;
- reporting to investors.

In case of exit, the Fund will include information on the sustainability performance of the asset in the divestment documentation.

In most cases, investment projects are multi-annual projects involving several assets, which means that they might not be operational yet in the early stage of the Fund’s life cycle. As such, meaningful ESG data (PAI and

performance indicators, EU Taxonomy ratios) are available as soon as investment projects are in full function. Information and data relating to these metrics will be easily available since the Fund will have majority or total control of every asset.

Proportion of investments

The entire asset allocation will be composed of sustainable investments with environmental objectives that are Taxonomy-aligned or with a social objective. The Fund has direct exposure to investments that will exclusively regard renewable energy generation, storing and distribution, as well as telecommunication solutions (5G infrastructures). Among several green energy technologies, the Fund will also consider assets generating electricity from biogas and other circular systems. Activities with an environmental objective can be classified as “transitional” (green energy infrastructures). The residual part refers to “enabling” activities, such as telecommunications. Thus, these investments will contribute substantially to climate change mitigation objective, they will not significantly harm any of the other objectives set out in art. 9 of Taxonomy Regulation and they will comply with technical screening criteria. In addition, minimum safeguards principles stated in art. 18 are taken into account in both pre-investment and ownership phases in order to guarantee their adoption by invested activities.

However, due to the Fund’s strategy and the nature of investment operations, cash and cash equivalents may be held on an ancillary basis for liquidity and hedging purposes and not to attain the sustainable investment objectives of the Fund.

Monitoring of sustainable investment objective

As described in “Investment Strategy” section, the Fund monitors relevant ESG data for performance indicators with an internal ESG tool the results of which are shared with Green Arrow Capital in order to be overviewed by the ESG Manager and the ESG Committee. The data governance system links information from ESG monitoring tool and from the dedicated data management office (“control room”) that supervises all infrastructures such that data are properly and effectively gathered for both measurement of objectives attainment and disclosure purposes.

Methodologies

The investment universe is defined such that projects concur to accelerate energy and digital transition, as well as circular economy expansion. Identification of performance indicators measuring the attainment of sustainable objectives must take into account differences in technology adopted and the nature of positive impact. External ESG advisors will support the Fund in this activity as well as in ESG tools adoption. The overall sustainable objective is attained ensuring that all portfolio infrastructures are fully operational and so their positive impact is measurable.

Data sources and processing

Information and data relating to performance indicators derive directly from the Fund control room which gathers data from all portfolio infrastructures. Internal management and control systems ensure data quality and availability for the ESG monitoring tool. Total control of every asset guarantees data availability and minimizes the need to estimate.

Limitations to methodologies and data

The Fund will have total control of every asset, thus data availability is guaranteed and no limitations to the methodology are foreseeable.

Due diligence

For every investment project, the Fund analyzes relevant ESG matters to assess:

- Adherence to GAC ESG Responsible Investment Policy;

- Suitability for sustainable objective;
- Potential risks due to exogenous factors (e.g. location);
- Adoption of good governance practices.

Third parties may be appointed to carry out technical due diligence. Results of the preliminary assessment are shared with Green Arrow Capital ESG Manager and Committee which are in charge of supervising the overall due diligence process and approving the investment project.

Engagement policies

Engagement is not relevant due to the nature of the investment strategy and the direct control that the Fund has on every portfolio investment. However, the general approach towards external providers, partners and contractors is that of sharing sustainability principles and objectives of the Fund.

Attainment of the sustainable investment objective

This section is not relevant since:

- no index has been designated as a reference benchmark to attain the sustainable investment objective, and
- the Fund does not have a reduction in carbon emissions as its sustainable objective.