

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 2025.

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 2025, 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) – of which GAC SGR is delegated portfolio manager
- 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 50% of GAC’s Net Asset Value (excluding cash, cash equivalents, derivatives, and non-operational assets under development within GAIF), down from 54% in 2024.

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.

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 2025.

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 2025, 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) – di cui GAC SGR è gestore delegato del portafoglio
- 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 50% 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 54% del 2024. 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.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2025	Impact 2024	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	6,193.4 tCO2	5,344.2 tCO2	Coverage: 79% Scope 1 and 2 (vs 80% 2024); 60% Scope 3 (vs 37% 2024)	The reported figures exclude the contribution of vintage funds, except GAPEF III, which accounts for approximately 15% of Green Arrow Capital SGR’s NAV. Portfolio companies, some of which have measured Scope 3 emissions for the first time this year, account for over 70% of the SGR’s total emissions and largely explain the increase compared to the previous year. This also translates into a significant improvement in data coverage compared to 2024
		Scope 2 GHG emissions	9,224.8 tCO2	5,500.2 tCO2		
		Scope 3 GHG emissions	9,795.7 tCO2	2,748.5 tCO2		
		Total GHG emissions	25,119.9 tCO2	13,592.9 tCO2		

						<p>with respect to Scope 3 GHG emissions.</p> <p>The Mi.To fund, according to the Regulation, is assessed exclusively under dedicated Real Estate metrics, in line with its asset class-specific characteristics.</p> <p>Year-on-year, emissions related to GAPD II show a moderate increase, primarily attributable to a broader investment perimeter, with a more pronounced effect observed for GAPD II. With respect to GAIF, Scope 2 GHG emissions fell by 56% between 2024 and 2025, mainly due to the divestment of the BIO CH4 Project in 2025, which accounted for approximately 57% of the Scope 2 emissions reported in the previous year.</p> <p>Scope 3 emissions increased by 67%, mainly due to the Rome TPL Project and the 5G Towers Project, which account for over 90% of emissions GHG Scope 3 totali.</p>
	2. Carbon footprint	Carbon footprint	71.5 tCO2 per million EUR invested	25.7 tCO2 per million EUR invested	Coverage: 79% (vs 76% 2024)	<p>The increase in the carbon footprint is primarily attributable to the expansion of the investment perimeter, particularly in relation to</p>

						GAPD II. The main contributor remains GAPEF III, which accounts for approximately the 70% of the total carbon footprint, broadly in line with the previous year.
	3. GHG intensity of investee companies	GHG intensity of investee companies	238.0 tCO2 per million EUR of revenue	1,084.4 tCO2 per million EUR of revenue	Coverage: 90% (vs 76% 2024)	The 78% decrease in GHG intensity is primarily driven by the exclusion of NextCharge from the GAIF Fund ESG reporting perimeter in 2025. In 2024, NextCharge accounted for the vast majority of the fund's GHG intensity. Its exclusion follows a targeted strategic repositioning aimed at developing operational and industrial synergies with Project Roma TPL.
	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,	33% o.w. 24.1% refers to non-renewable energy production and 69.3% to	34% o.w. 22.9% refers to non-renewable energy production and	Coverage: 94% (vs 87% 2024)	The share of non-renewable energy consumption and production remained broadly stable year-on-year, despite the expansion of the investment perimeter.

		expressed as a percentage of total energy sources	energy consumption.	43.3% to energy consumption.		In both periods, the main driver of non-renewable energy consumption and production is represented by a portfolio company within GAPD II operating in the environmental services sector, whose activities are inherently energy-intensive and partially reliant on non-renewable sources.
	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	0.2 GWh per million EUR of revenue	0.0 GWh per million EUR of revenue	Coverage: 94% (vs 87% 2024)	The energy consumption intensity remained almost stable year on year at 0.2 GWh per million EUR of revenue, with no significant increase in the number of high climate impact companies within the portfolio.
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 73% 2024)	The production process of companies included in the 2025 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 as a weighted average	2.7 tonnes per million EUR invested	4.2 tonnes per million EUR invested	Coverage: 83% (vs 90% 2024)	The increase in this ratio is due to the increase in the scope of data collection to 2025, especially for GAPD II. The hazardous waste generated by the company is properly managed 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: 100% (vs 90% 2024)	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 Compact principles and OECD Guidelines	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	69%	52%	Coverage: 100% (vs 90% 2024)	The increase in this indicator is primarily attributable to the broader data collection scope applied in 2025, which now includes portfolio companies equipped with ESG policies and procedures.

	for Multinational Enterprises	address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	7%	4%	Coverage: 69% (vs 64% 2024)	GAIF investments are excluded from the calculation, as this indicator does not apply to infrastructure assets managed through SPVs with no employees and overseen solely by a manager from the fund. The increase in this indicator is primarily attributable to the expansion of the investment perimeter, particularly in relation to GAPD II.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	14%	10%	Coverage: 83% (vs 84% 2024)	GAIF investments are excluded from the computation since this indicator does not apply to green infrastructure investments managed by SPVs consisting of a single manager from the managing fund. The improvement observed in this indicator is driven by the inclusion, within the GAPD II portfolio, of companies with a higher level of female representation at board level compared to the previous year's average.

	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 2025	Impact 2024	Explanation	Actions taken, and actions planned and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	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, United Nations principles and, where applicable, national law	N/A	N/A		

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		Metric	Impact 2025	Impact 2024	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%	Fund investments are exposed to fossil fuels.	Fund investments are exposed to fossil fuels.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%	0%	All buildings are being developed with energy class A targets. nZEB requirements will be met and more than 60% of energy consumption will come from renewable sources, according to preliminary APE (Attestato di Prestazione Energetica) estimates.	The first investment was made in 2024; therefore, no improvement initiatives have been implemented year over year.
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	18%	27%	Coverage: 77% (vs 100% 2024)	Regarding this indicator, the limited coverage is primarily driven by the expansion of the reporting perimeter, particularly with respect to GAPD II. As a result, complete data is not yet available for all underlying portfolio companies, leading to a reduction in coverage compared to the previous year.
Human Rights	2. Lack of a human rights policy	Share of investments in entities without a human rights policy	42%	56%		
Energy consumption	3. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter	To be estimated	N/A	Limited to Mito as the only fund invested in real estate, representing 3% 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%	0%	Limited to Mito as the only fund invested in real estate, representing 3% 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 Board of Directors defines ESG strategy, approves KPIs and risk appetite and oversees ESG performance and risk policies at both corporate and fund level.
- The ESG Board Lead ensures alignment of the SGR Sustainability Plan with Group strategy, overseeing engagement and stakeholder communication. Role held by the Group CFO, who also chairs the ESG Committee.
- The ESG Committee¹ 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 (GAPDF II, GAIF, Mito).

¹ Chief Financial Officer, Chief Risk Officer, ESG Manager

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: GAPDF II and Mito. 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 with the nature of the company (and the sector) and to structure roadmaps aligned with the business strategy. This approach does not apply 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 2025, Green Arrow Capital SGR 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 2024 reporting scope. However, the increase in absolute values should not necessarily be interpreted as a deterioration in environmental performance, as it may also reflect changes in the perimeter of consolidation and the progressive expansion of the portfolio. At the same time, the more recently structured Article 9 strategy continued to show encouraging progress, supported by the integration of renewable energy solutions and improved operational efficiency across 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 2024. 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.