# DISCLOSURE
# PURSUANT TO ART. 3 of Regulation 2088/19

# Sustainable Finance Disclosure Regulation
# (SFDR)

**Premise and Definitions**

Green Arrow Capital Alternative Funds SGR (hereinafter also referred to simply as GAC) intends to align itself with the global framework for sustainable development defined on 25 September 2015 by the United Nations General Assembly, by directing its investment choices towards sustainable development goals.

This disclosure aims to illustrate the choices made by the SGR, as expressly required by Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019 (hereinafter SFDR), regarding sustainability-related disclosures in the financial services sector with reference to:

- Information concerning the policies on the integration of sustainability risks adopted by the SGR in its investment decision-making processes and in the provision of advisory services and/or portfolio management services (Art. 3 SFDR).

Below are some definitions useful for understanding the aforementioned disclosure:

- **Sustainability Risk**: An environmental, social, or governance event or condition that, if it occurs, could cause a significant actual or potential negative impact on the value of the investment;
- **Sustainable Investment**: An investment in an economic activity that contributes to an environmental objective, measured, for example, through key resource efficiency indicators relating to the use of energy, the use of renewable energy, the use of raw materials and water resources and land use, waste production, greenhouse gas emissions, as well as the impact on biodiversity and the circular economy; or an investment in an economic activity that contributes to a social objective, particularly an investment that contributes to the fight against inequality, or that promotes social cohesion, social integration, and industrial relations; or an investment in human capital or in economically or socially disadvantaged communities, provided that such investments do not significantly harm any of these objectives and that the companies benefiting from such investments follow good governance practices, particularly regarding sound management structures, employee relations, staff remuneration, and compliance with tax obligations.
- **ESG**: Environmental, Social, Governance

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**Art. 3 – Transparency of Policies on Sustainability Risk**

GAC Capital Alternative Funds, through its adherence to the principles of responsible finance and the definition of a sustainability strategy, has integrated ESG aspects into all its activities.

In line with its 2019 membership in the UN PRI, the company has implemented an ESG policy, adapted its investment procedures, and established a dedicated cross-functional ESG team. With regard to the investments of the managed funds, a proprietary tool has been developed for monitoring ESG parameters in portfolio companies, while simultaneously promoting strong awareness of ESG issues, also through the implementation of specific governance measures. Since the first half of 2024, data collection has been carried out using an online platform developed by an external service provider. ESG data and first-level controls will therefore be integrated into this online platform, creating a single database for data collection activities.

With particular reference to investment activities, ESG factor analysis is integrated throughout the entire process and takes into account the specific characteristics of the investments for each category of managed funds.

During the investment phase, eligible opportunities (compatible with the selection criteria established by the company) are analyzed through an ESG due diligence process to assess any ESG issues and identify mitigation measures for potential risks. In this context, governance and reputational aspects are also considered, as well as, where possible, positioning relative to best practices in the specific sector of the target company.

The monitoring of portfolio investments is based on strong interaction with the ESG contacts of the portfolio companies and is carried out on a recurring basis.

During the divestment phase, GAC conducts an assessment of the ESG initiatives undertaken during the management phase. In particular, GAC evaluates the improvement of the ESG profile of the investment and the level of residual ESG risk, identifying among the possible exit options the one that can best ensure, in the medium to long term, the correlation between financial value and social value of its investments.

All the processes described also apply to advisory mandates and the management of individual portfolios.

Further information on Green Arrow Capital Alternative Funds SGR's investment policy is available on the company's website: https://www.greenarrow-capital.com/.