



Equita Green Impact Fund

Article 10

Sustainability-related product
disclosure

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A. Summary

Equita Green Impact Fund (hereafter “the Fund” or “EGIF”) is a product that – in addition to (i) integrating sustainability risks into investment decisions and (ii) considering principal adverse impacts on sustainability factors – has sustainable investment as its objective and it therefore falls within the scope of Article 9 SFDR Regulation. Pursuant to Article 4.5 of the Rules, the Fund shall invest, directly or indirectly, in transactions pertaining to solar, onshore wind and biogas plants, with a specific focus on privately held companies, in a variety of EU jurisdictions with a primary focus on Italy. All potential investments undergo a screening process to ensure they do not significantly harm any social or environmental objectives. Moreover, to measure the attainment of its sustainable investment objective, the Fund utilizes specific sustainability indicators, primarily relying on data provided by its portfolio companies, according to the methodologies described below. In pursuing its sustainable objective, the Fund engages in various activities with investee companies aiming to improve their overall ESG performance and, where relevant, bring investees into alignment with the EU-Taxonomy standards over the Fund term.

B. No significant harm to the sustainable investment objective

The Fund ensures compliance with the “Do No Significant Harm” criteria (DNSH) set out in the European Taxonomy, by including the DNSH test in the ESG Due Diligence Questionnaire used in the pre-investment phase. Moreover, the Fund invests exclusively in taxonomy-eligible projects, except for investments in activities related to biogas using animal manure as a feedstock which is not explicitly included in the European Taxonomy and for which the Fund has aligned its framework to the requirements of national laws and regulation, and with the aim of bringing assets into taxonomy-alignment over the term of the Fund. Specifically:

- a) The Fund monitors the development of all the Principal Adverse Impacts (PAIs) outlined in the Table 1 of Annex I. Furthermore, the Fund incorporates provisions for monitoring and assessing PAIs outlined in Tables 2 and 3 of EU Delegated Regulation 2022/1288 and specifically i) natural species and protected areas ii) investments in companies without workplace accident prevention policies, (iii) lack of supplier code of conduct. PAI indicators of each portfolio company will be annually monitored and assessed using EGIF’s ESG Due Diligence Questionnaire.
- b) The Fund considers whether the sustainable investments are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights by investing only in portfolio companies with eligible activities according to the Minimum Safeguards and the Do No Significant Harm technical criteria of the EU climate taxonomy. Alignment is considered, for brownfield investments, by using checklists and Due Diligences, and for greenfield investments, by establishing compliance with MSS.

C. Sustainable investment objective of the financial product

The Fund has the sustainable investment objective of substantial contribution to climate change mitigation by actively participating in efforts to neutralize and stabilize climate change concentrations of greenhouse gases in the atmosphere in line with the Paris Agreement of 2015 which provides for the containment of the increase from the temperature to 1.5 °C in respect to the pre-industrial levels. The Fund will make 100% of sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy, except for investments in activities related to biogas using animal manure as a feedstock which is not explicitly included in the European Taxonomy. For those investments, the Fund has aligned its framework to the requirements of national laws and regulation.

D. Investment strategy

In pursuing its sustainable investment objective, the Fund shall invest, directly or indirectly, in transactions pertaining to solar, onshore wind and biogas plants, with a specific focus on privately held companies, in a variety of EU jurisdictions with a primary focus on entities incorporated in the Republic of Italy (at least 70% of investments).

In accordance with the Asset Manager’s Responsible Investment Policy, during the whole investment process the Fund is committed to integrate environment, climate, and social criteria with the goal of creating returns for investors, while creating value for all the stakeholders. Specifically, seeking to attain the sustainable investment objective, the Fund’s outlines the following binding elements in its ESG Policy:

- **Negative screening:** The Fund will exclude from the investable universe assets that operate in unethical sectors or involved in extractive activities and/or production of electricity connected with thermal coal as defined in the Fund’s Rules.
- **Negative norm-based screening:** The Fund will exclude assets operating in businesses that do not comply with both

national and international norms.

- **Climate Taxonomy eligibility:** The Fund will invest only in assets whose activities are eligible with respect to the European Taxonomy criteria for the respective renewable energy technology, except for Biogas investments. Biogas using animal manure as a feedstock is not explicitly included in the European Taxonomy. For those investments, the Fund has aligned its framework to the requirements of national laws and regulation.

The alignment of the target assets' business practices with the sustainable investments standards the Fund is committed to, including an assessment of the target's good governance practices, is assessed in the pre-investment phase through a proprietary ESG Due Diligence Questionnaire, and, during ownership, through the engagement with the management of the companies, as is outlined in the Fund's ESG Policy.

E. Proportion of investments

100% of the Fund's investments is allocated to environmentally sustainable investments, of which at least 50% are aligned to the European Taxonomy. More specifically, 100% of the investment will be in Renewable Energy Infrastructure, where the energy infrastructure must have the potential to make a substantial contribution to the Climate Change Mitigation objective (art 3 EU Taxonomy Regulation) during the term of the Fund, generating electricity or biogas from renewable sources identified as eligible activities in accordance with the EU Taxonomy Regulation.

F. Monitoring of sustainable investment objective

To assess progress towards the attainment of the sustainable investment objective, the Fund monitors relevant sustainability indicators through a proprietary ESG monitoring tool. More specifically, the Fund monitors relevant sustainability indicators, including all the Principal Adverse Impacts (PAIs) outlined in the Table 1 of Annex I and additional indicators outlined in Tables 2 and 3 of EU Delegated Regulation 2022/1288 and specifically i) natural species and protected areas ii) investments in companies without workplace accident prevention policies, (iii) lack of supplier code of conduct.

In addition to measuring the percentage of investments aligned with the EU Taxonomy and its Environmental and Social Management System Manual (ESMS), the Fund monitors for each investment indicators (KPIs) related to the EU decarbonization goal, specifically:

- Additional renewable energy capacity resulting from fund investment (MW)
- Total renewable energy produced (MWh)

Monitoring results are assessed on a semi-annual basis and, in the event of any negative ESG incidents, the Fund's management team engages with the respective portfolio company to enhance the overall ESG performance, developing an ESG Action Plan, when applicable. Monitoring results are disclosed to external stakeholders on an annual basis in accordance with Article 9 of the Regulation 2019/2088. In the exit phase, evidence on taxonomy-alignment may be included in relevant asset's documentation.

G. Methodologies

The Fund has established a comprehensive approach to measure its sustainable investment objectives. The methodology integrates ESG as well as climate-related considerations throughout the entire investment cycle. The process is detailed in the Fund's ESG Policy and its Environmental and Social Management System. To ensure effective ESG integration, the Fund employs its proprietary ESG pre-screening and monitoring tools, which have been developed in alignment with various international frameworks, such as the Global Real Estate Sustainability Benchmark (GRESB), International Finance Corporation (IFC), Principal Adverse Impact (PAI) indicators, and the EU Taxonomy regulation. These tools help assess the performance of companies in the portfolio.

Based on the evaluation results, the Fund derives an ESG score that allows for the monitoring of progress towards sustainability objectives. Additionally, the Fund uses this information to develop ad-hoc ESG improvement plans (i.e. ESG Action Plans) which are designed to enhance the Company's, and hence the Fund's, sustainable practices and drive continuous improvement in ESG performance.

H. Data sources and processing

- a) The Fund relies on data and information provided by the portfolio companies during the pre-investment (through the ESG Due Diligence Questionnaire) and the ownership phase (through the proprietary ESG Monitoring tool). The Fund may rely on information provided by relevant third-party data providers and by the portfolio company itself through direct engagement.
- b) To ensure data quality, the Fund implements multiple measures, including cross-referencing data from multiple sources and validating company-reported data against third-party sources.
- c) Data is processed to perform qualitative and quantitative assessments to elaborate ESG Scores for each portfolio company and if deemed necessary, corrective actions to enhance ESG performance may be defined in an ad-hoc ESG Action Plan. Data is aggregated by the Fund to derive ESG results (including for PAI reporting) at Fund level.
- d) At present time it is not possible to calculate the proportion of estimated data since no monitoring has been performed yet.

I. Limitations to methodologies and data

The Fund's methodology to measure the attainment of its sustainable investment objective is mainly based on direct data shared from portfolio companies. This approach may encounter challenges due to possible data scarcity. The Fund addresses this issue by continuously assessing the quality of both internal and external data sources. This ongoing evaluation helps ensure that reliable and relevant data are used to overcome limitations and enhance the accuracy and effectiveness of the Fund's sustainable investment evaluation process.

J. Due diligence

In the pre-investment phase, the Fund carries out an ESG Due Diligence on the underlying assets with the support, if deemed necessary, of third-party specialists, on ESG risks that emerge from the pre-screening assessment. Negative ESG performance or low level of engagement may also be addressed in the context of site visits.

K. Engagement policies

As described within the Fund's Environmental and Social Management System, on an ongoing basis the Fund engages with management of the investee companies to seek to ensure good governance is a priority, the effective implementation of the ESG Action Plan, including potential corrective actions to address any risks that emerge from the ESG monitoring, and that the investees maintain appropriate policies and procedures with reference to EU and UN standards. Moreover, should any negative ESG incident occur, the Fund's management team will promptly engage with the relevant portfolio company to address the event in a timely manner.

L. Attainment of the sustainable investment objective

The Fund pursues a sustainable investment objective, ensuring that all the investments align with environmental sustainability criteria and meet the eligibility requirements for the European Taxonomy, except for investments in biogas using animal manure as a feedstock which are currently not explicitly included in the European Taxonomy. For those investments, the Fund has aligned its framework to the requirements of national laws and regulation.

In addition, the Fund is committed to implement continued efforts towards stabilizing climate change concentrations of greenhouse gases in the atmosphere in line with the Paris Agreement of 2015 which provides for the containment of the increase from the temperature to 1.5 °C respect to the pre-industrial levels.

While the Fund has not designated a specific index as a reference benchmark to meet the sustainable investment objective, it has established indicators (described in section F) to monitor the contribution towards EU decarbonization goals.