

'ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Low Emission Methanol Shipping Company S.C.A. SICAV-RAIF-LEMSCO Fund 1

Legal entity identifier: 894500JSL8WUCLM8P832

Defined terms used in the LEMSCO Private Placement Memorandum shall have the same meaning when used herein.

Please see **Appendix II** below for a detailed overview of the Low Emission Methanol Shipping Company S.C.A. SICAV-RAIF fund structure.

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ ☒ ☒ **Yes**

☒ It made **sustainable investments with an environmental objective: 96%**

- ☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective: ____%**

☐ ☐ ☐ **No**

☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective

☐ It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



To what extent was the sustainable investment objective of this financial product met?

The Fund has a sustainable investment objective within the meaning of Article 9 of the SFDR and intends to invest in sustainable investments contributing to climate change mitigation, and pollution prevention. 96% of the investments carried an environmental objective and qualify as environmentally sustainable under the EU Taxonomy.

The Fund has contributed to the reduction of greenhouse gas emissions and air pollution by acquiring low-emission vessels, which run on methanol instead of conventional oil-based fuels. By switching to this cleaner-burning fuel, the Fund helps solve the emissions problem of the global marine industry, which is collectively responsible for c. 3% of the world's greenhouse gas emissions.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

All the Fund’s investments are assessed and measured against the objectives of the IMO emissions reduction targets for 2030 and 2050. Fully re-engineered for low resistance and efficient propulsion, the Fund’s IMOII MeMAX vessels are among the most energy efficient and eco-friendly designs in the world, with methanol power providing a pathway to eliminating nearly all greenhouse gases. The first five vessels which constitute the Fund’s initial portfolio as of 31 December 2023 have all been awarded Energy Efficiency Design Index (EEDI) ratings which are substantially below the IMO’s current efficiency requirements for new-build vessels.

In 2023, the vessels had a combined travel distance of 279,262 nautical miles, with the first of the five vessels delivered in June 2022.

Methanol is an immediate solution which virtually eliminates SOx emissions (>99%) and particulate matter (>95%) and reduces NOx emissions by c.60%. Monitoring of progress against the sustainable investment objectives is primarily based on calculation of the GHG and air pollutant emissions and oil-derived fossil fuel volume avoided by utilisation of methanol as a cleaner-burning fuel.

- **How did the sustainability indicators perform?** The sustainability indicators measure the greenhouse gas (GHG) emissions and pollutants avoided, as well as the conventional oil-derived fossil fuel consumption avoided by the use of methanol as a marine fuel. All indicators assessed for the year 2023 achieved expected avoidance and support the sustainable investments contribution to the sustainable investment objective.

Metric (Against VLFSO)	Units	FY 2023	% Savings
GHG Avoided	tonnes CO ₂ equivalent	2,599.31	11.63
NOx Avoided	tonnes	371.36	82.50
SOx Avoided	tonnes	97.06	100
Particulate Matter 2.5/10 Avoided	tonnes	22.34	94.86
VLFSO Avoided	tonnes	6,861.9	Not applicable
VLFSO Avoided	Kilotonnes of oil equivalent	6,719.32	Not applicable

Metric (Against MGO)	Units	FY 2023	% Savings
GHG Avoided	tonnes CO ₂ eq	2,045.87	9.52
NOx Avoided	tonnes	281.35	78.13
SOx Avoided	tonnes	19.42	100
Particulate Matter 2.5/10 Avoided	tonnes	18.40	93.83
MGO Avoided	tonnes	6,615.7	Not applicable
MGO Avoided	Kilotonnes of oil equivalent	6,746.84	Not applicable

● **...and compared to previous periods?** Not Applicable. 2023 marks the first year of the Fund's operations and therefore comparative data is not available.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?** The LEMSCO Fund considered and, where possible, mitigated adverse impacts of its investments on society and the environment through a combination of active ownership activities and exclusion of investments with controversial conduct or activities.

The LEMSCO Fund adopts an investment policy which specifically excludes investments that are subject to severe controversies in areas such as human rights, labor standards, environmental protection and anti-corruption. Please refer to Appendix I, where details on LEMSCO's exclusion policy provides specific exclusions.

The LEMSCO Fund considers an investment sustainable if it does no significant harm to any Environmental and Social objective, which the AIFM, Investment Advisor and General Partner determines by using a combination of quantitative and qualitative assessments. The assessments include both general and industry-relevant indicators and include exposure to material sustainability risks. Periodic reviews and risk controls are in place to monitor implementation.

The investment decision-making process of the Investment Committee of the Fund was designed to ensure that investments in the methanol fuelled marine sector contribute to environmental objectives, and also do no significant harm to other environmental objectives and are conducted in accordance with minimum safeguards on matters such as human rights and labor conventions. A due diligence process was undertaken to review all aspects of the vessels and the associated principal adverse impacts (PAI) which were determined at the time including inter alia environmental, social and employee, human rights and anti-corruption during the pre-investment stage. Prior to acquisition of the vessels, ad hoc due diligence was conducted to capture and identify any potential risks. Ongoing risk monitoring is conducted by the AIFM in conjunction with the Investment Advisor, which through its affiliates, is able to directly assess and monitor the operation of the vessels.

— — **How were the indicators for adverse impacts on sustainability factors taken into account?** All of the mandatory adverse impact indicators of Table 1 of Annex I of Commission Delegated Regulation (EU) 2022/1288 (the "SFDR RTS") are taken into account and any relevant ones in Tables 2 and 3 of the SFDR RTS.

Specific KPIs were defined to track performance and impacts of the vessels under management and they are tracked by ProMarine (and its affiliates) and reported to the Fund. These indicators provide an ongoing narrative of any positive or negative impacts the vessels may have.

KPIs include GHG emissions, Pollutants (SOx, NOx, Particulate Matter) and MGO/VLFSO avoided by using methanol as a marine fuel.

All the PAI indicators are subject to data availability and may also change with improving data quality and availability. More information on how the adverse impact indicators are taken into account is available on <https://www.lemSCO.com/wp-content/uploads/2023/05/Annex-III-Article-9-RTS-Low-Emission-Shipping-Company-S.C.A.-SICAV-RAIF.pdf>

— — **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:** ProMarine as the Fund's investment adviser has a strong sustainable investment thesis and human rights position, with a goal to align with the

requirements of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles. ProMarine ensures that both it and the investments made by the Sub-Fund align with these requirements.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal Adverse Impacts (PAI), as stated above, were considered throughout the investment process. ProMarine's sustainability approach is based on a multistage approach – including identifying, managing, reporting and engaging with PAIs. If a PAI is identified, it is managed and reported internally to the Investment Committee for further consideration. Where possible, mitigating actions will be implemented and monitored throughout ownership.



What were the top investments of this financial product?

Largest investments **Sector** **% Assets** **Country**

Proman Stena Bulk Pro Mare Limited	Energy/Shipping Industry	20.00%	Cyprus
Proman Stena Bulk Pro Patria Limited	Energy/Shipping Industry	20.00%	Cyprus
Proman Stena Bulk Pro Prosperous	Energy/Shipping Industry	20.00%	Cyprus
Promise Maritime Limited	Energy/Shipping Industry	20.00%	Cyprus
Proman Provident Maritime Limited	Energy/Shipping Industry	20.00%	Cyprus

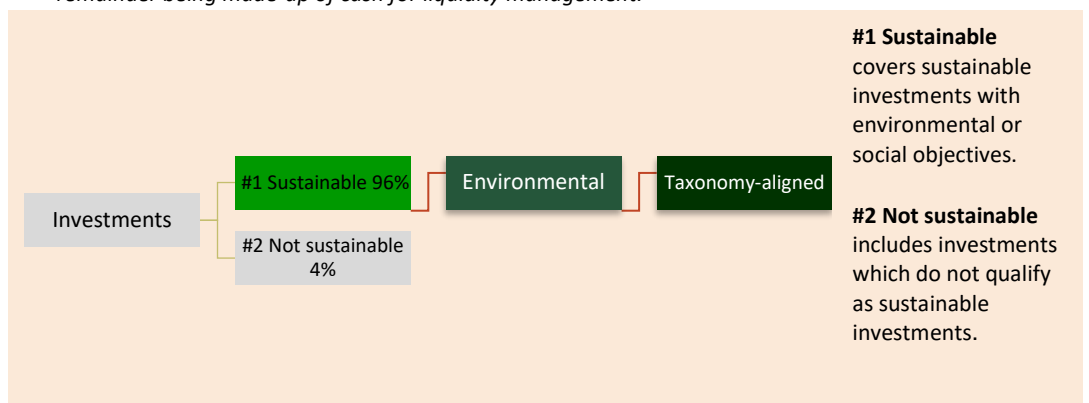
The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: **2023**



What was the proportion of sustainability-related investments?

- **What was the asset allocation?** Asset allocation is 96% sustainable investments with the remainder being made-up of cash for liquidity management.

Asset allocation describes the share of investments in specific assets.



- During the financial year 2023, 96% of the Fund's asset value was sustainability related. All of this investment is aligned with the EU Taxonomy;

- 4% of the Fund's net asset value is held in cash for liquidity purposes and is hence classified as "not sustainable". Cash is accumulated through bareboat charter hire from the vessels and income is received as a result of the methanol fuel consumed onboard the vessels. Cash cannot be immediately reinvested or paid out by dividend, and is therefore held on account. The investments of the Fund that were classified as "not sustainable" are composed of cash and cash-equivalents, which are for liquidity purposes and held at a regulated financial institution. In 2023, all cash was held with regulated European banks on deposit and will be reinvested or paid out as dividends.

● **In which economic sectors were the investments made?** Energy/Shipping Industry



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The LEMSCO Fund is 96% aligned with the EU Taxonomy. Specifically, 96% of the LEMSCO investment is designated for the acquisition of low-emission vessels which run on methanol as a cleaner-burning fuel compared to conventional oil-derived fossil fuels, while the other 4% is retained for liquidity purposes. Of the 96% of investment into low emission vessels and associated methanol fuel supply, 100% are aligned with the EU Taxonomy because i) they substantially contribute to climate mitigation through avoidance of GHG emissions and fossil fuel; ii) they do not do significant harm to other environmental objective of the taxonomy and iii) they meet minimum social safeguard.

- The investment objective of climate mitigation was attained through the use of methanol as a fuel and resultant avoidance of GHG emissions and pollutant emissions, which have been accounted for and reported on an annual basis. The objective of climate change mitigation remains the core business of the Fund's investments and 100% of asset allocation remains investing in low emission vessels which run on methanol wherever possible.
- Each investment has to undertake a due diligence process pre-and post-investment which ensures that No Significant Harm is done to any other environmental objective considered material to the activity of the Fund. These other objectives are pollution prevention and climate change adaptation.
- The due diligence also considers additional safeguard such as human rights, community engagement, and labour conditions, amongst others. It is our goal to align all our due diligence processes with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and other international conventions on human rights, as per the Fund's Sustainable Exclusions Policy.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

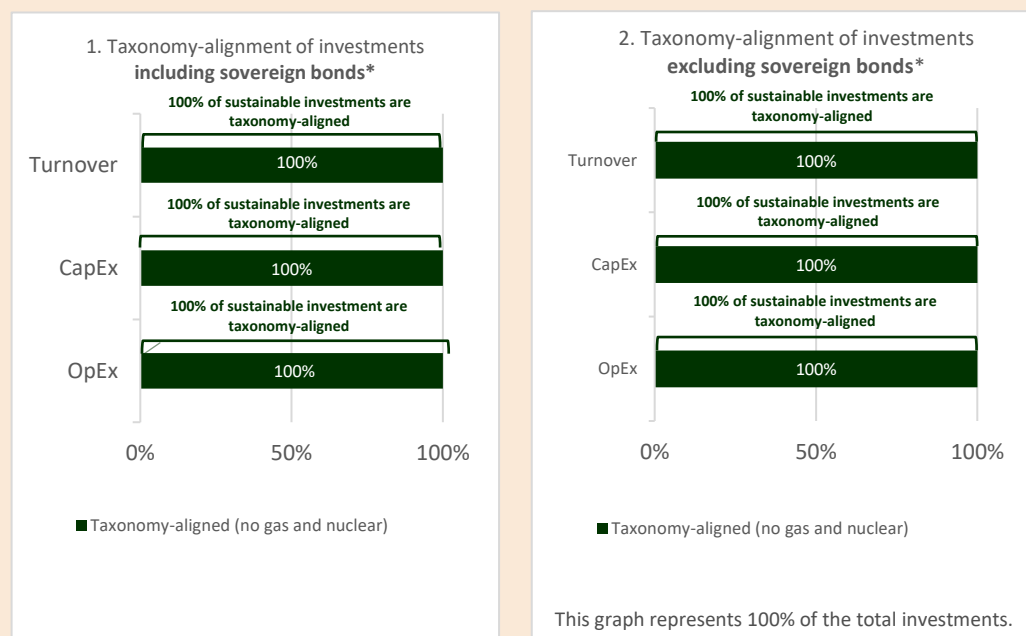
No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

- **What was the share of investments made in transitional and enabling activities?** Please see the breakdown of investments in "The top investments of this financial product" section above. Across the 5 vessels and Fuel SPV, investments transitional and enabling activities comprise of 96% of the total asset base.
- **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?** Not applicable.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy? 0%. The Fund solely invests in low emission vessels as assets and commits to Taxonomy-aligned investments. The share of sustainable investments with an environmental objective that are not aligned with EU Taxonomy is 0%.



What was the share of socially sustainable investments? 0%

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

The investments of the Fund that were classified as “not sustainable” are composed of cash and cash-equivalents, which are for liquidity purposes. Cash is accumulated through bareboat charter hire from the vessels and income is received as a result of the methanol fuel consumed onboard the vessels. Cash cannot be immediately reinvested or paid out by dividend, and is therefore held on account. The investments of the Fund that were classified as “not sustainable” are composed of cash and cash-equivalents, which are for liquidity purposes and held at a regulated financial institution. In 2023, all cash was held with regulated European banks on deposit and will be reinvested or paid out as dividends. Given the nature of the “not sustainable” investments being cash and cash equivalents, minimum environmental and social safeguards are not applicable.



What actions have been taken to attain the sustainable investment objective during the reference period?

LEMSCO’s objective to substantially contribute to climate change mitigation is met by using methanol as a cleaner-burning fuel compared to conventional marine fuels and therefore reducing the amount of fossil fuel used to meet energy demand, along with avoiding emissions to air that would arise as a result. The commitment of the Fund to continually invest and increase the amount of green methanol used as fuel ensures contribution to climate mitigation. This is done, as explained above, in line with the principles of Do No Significant Harm and in respect of minimum safeguard.

Key indicators, such as GHG emissions avoided and fossil fuel avoided, are used to track and ensure continued progress against the climate mitigation objective. These indicators, along with annual performance against them, are released to the Investment Committee and are detailed in the annual report, with further information on the Fund’s website.



How did this financial product perform compared to the reference sustainable benchmark?

LEMSCO has not designated a specific index as a reference sustainable benchmark

● How did the reference benchmark differ from a broad market index?

n/a

● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

n/a

● How did this financial product perform compared with the reference benchmark?

n/a

● How did this financial product perform compared with the broad market index?

n/a

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

APPENDIX I

Sustainable Investment Policies

The LEMSCO Fund adopts sustainable investment practices and aim to lead impact investing within the maritime sector. LEMSCO is committed to the following policy related to constructing a sustainable portfolio. For certain policies, the LEMSCO Fund prohibits investment in securities or assets that it believes does not meet a minimum sustainability criteria as explained below. In the event that an asset or security held within the LEMSCO Fund becomes non-compliant with the policies below following its acquisition by the LEMSCO Fund, the LEMSCO Fund will divest of it within 60 days of becoming aware of the non-compliance.

Controversial Weapons Policy

The LEMSCO Fund is committed to supporting and upholding conventions that seek to ban the production of controversial weapons and prohibit a number of investments by the LEMSCO Fund. As a result, the LEMSCO Fund shall not invest in securities or assets that have been identified by the LEMSCO Fund through the utilisation of third-party data, as having corporate involvement in the end manufacture or manufacture of intended use components of controversial weapons. The manufacture of controversial weapons is defined as either being responsible for end manufacture and assembly of controversial weapons, or being responsible for the manufacture of intended use components for controversial weapons. The controversial weapons policy does not include dual-use component manufacturers or delivery platform manufacturers.

Controversial weapons are defined as:

- **Biological and chemical weapons.** Weapons outlawed by the Biological and Toxin Weapons Convention of 1972, and the Chemical Weapons Convention of 1993.
- **Anti-personnel mines.** Weapons that signatories agreed to prohibit the use, stockpiling, production or transfer of under the 1997 Anti-personnel Landmines Convention. The convention was concluded in Oslo on September 18, 1997 and entered into force on March 1, 1999, six months after it was ratified by 40 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before March 1999. The Convention does not address the issue of financial support for companies that manufacture such weapons.
- **Cluster munitions.** Weapons that signatories agreed to restrict the manufacture, use and stockpiling of, as well as components of these weapons, under the 2008 Convention on Cluster Munitions. The Convention was agreed in Dublin, Ireland on May 30, 2008 and entered into force on August 1, 2010, six months after it was ratified by 30 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before August 2000. The implications for financial support of companies that manufacture cluster munitions is left unclear in the Convention. As a result, signatory states and the institutions based on them have taken a range of approaches to the question of prohibiting or allowing investments in cluster munitions producers: some prohibit all investments, some prohibit only direct investments and some have not yet banned investments.
- **Depleted uranium weapons.** Companies involved in the production of depleted uranium weapons, ammunition and armour.

Sustainable Exclusions Policy

The LEMSCO Fund adopts exclusion criteria which it will utilise to prohibit investments in securities that the LEMSCO Fund does not believe meet a minimum sustainability criteria on behalf of the LEMSCO Fund. As noted above, where the sustainable exclusion policy applies to the Sub-Fund, this will be indicated in the relevant Appendix.

The sustainable exclusion policy includes the following:

- **Human rights.** Corporations are expected to uphold fundamental responsibilities as defined by the United Nations Global Compact ("UNGC") with regard to human rights, labour, the environment and anti-corruption. The LEMSCO Fund will not invest in the securities of issuers that violate the principles of

the UNGC and compliance with the UNGC will continually be monitored. Where an existing holding is deemed to violate the UNGC through change or evolution, LEMSCO Fund will establish a dialogue with the issuer to understand what led to the violation and what remediation is taking place. If, however, LEMSCO Fund is not satisfied about the speed and satisfactory extent of the remediation after three years, the assets or securities will be disposed of.

- **Tobacco.** The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets that are involved in tobacco production, such as cigars, cigarettes, ecigarettes, smokeless tobacco, dissolvable and chewing tobacco. This also includes issuers that grow or process raw tobacco leaves.
- **Civilian firearms.** The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets that are involved in the manufacture of civilian firearms.
- **Private Prisons.** The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets that own, operate or primarily provide integral services to private prisons, given significant social controversy, reputational risks, dependency on their local government policies and facilities which are not easily reconfigurable for alternate uses.
- **Fossil fuels.** The LEMSCO Fund will seek to minimise or neutralise its exposure to certain defined pieces of the fossil fuel value chain, owing to the varied contribution to climate and environmental risk. However, this exposure minimization specifically excludes methanol produced from natural gas. There are numerous environmental benefits stemming from the use of methanol in the vessels owned by the LEMSCO Fund, including reducing SOx and NOx emissions by approximately 98% and c.60%, respectively, while also cutting CO2 emissions and eliminating harmful particulate emissions that cause numerous health issues in humans and animals.
- **Coal and unconventional oil and gas supply.** The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets which derive substantial revenue from the extraction of coal or the use of unconventional methods to extract oil and gas. Substantial revenue is defined for this purpose as follows:
 - Thermal coal. Issuers and assets should not derive more than 10% of revenue from the mining of thermal coal.
 - Unconventional oil supply (oil sands). Issuers and assets should not derive more than 10% of revenue from oil sands extraction.
- **Electricity generation.** The LEMSCO Fund will only purchase the securities of issuers or assets for which power generation makes up more than 10% of revenue, where they are aligned with a lower greenhouse gas emissions economy. The LEMSCO Fund is therefore prohibited from investing in generators where:
 - Thermal coal. More than 30% of MWh generation is derived from thermal coal.
 - Liquid fuels (oil). More than 30% of MWh generation is derived from liquid fuels (oil).
 - Natural gas electricity generation. More than 90% of MWh generation is derived from natural gas. This threshold may decline over time to align with a glide path to greater renewables penetration.
- **Conventional oil and gas supply.** The LEMSCO Fund is prohibited from investing in the securities of oil and gas producers or assets for whom natural gas makes up less than 20% of their reserves

Enhanced Sustainable Exclusions Policy

- **Global Standards and Norms.** The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets whose activities breach the principles of the UNGC, the OECD Guidelines on Multinational Enterprises, the International Labor Organization's declaration on Fundamental Rights and Principles at Work and the UN Guiding Principles on Business and Human Rights.
- **Controversial Weapons.** The LEMSCO Fund is committed to supporting and upholding conventions that seek to ban the production of controversial weapons. As a result, the LEMSCO Fund is prohibited from investing in securities issued by companies or assets that LEMSCO Fund believes are involved in the

manufacture of controversial weapons. LEMSCO Fund defines involvement in the manufacture of controversial weapons as either being responsible for end manufacture and assembly of controversial weapons, or being responsible for the manufacture of intended use components for controversial weapons. Dual-use component manufacturers or delivery platform manufacturers are not included.

LEMSCO Fund defines controversial weapons as follows:

- *Biological and chemical weapons. Weapons outlawed by the Biological and Toxin Weapons Convention of 1972 and the Chemical Weapons Convention of 1993.*
- *Anti-personnel mines. Weapons that signatories agreed to prohibit the use, stockpiling, production or transfer of, under the 1997 Anti-personnel Landmines Convention. The Convention does not address the issue of financial support for companies that manufacture such weapons.*
- *Cluster munitions. Weapons that signatories agreed to restrict the manufacture, use and stockpiling of, as well as components of these weapons, under the 2008 Convention on Cluster Munitions. The implications for financial support of companies that manufacture cluster munitions is left unclear in the Convention. As a result, signatory states and the institutions based on them have taken a range of approaches to the question of prohibiting or allowing investments in cluster munitions producers: some prohibit all investments, some prohibit only direct investments and some have not yet banned investments.*
- *Depleted uranium weapons. Companies involved in the production of depleted uranium (DU) weapons, ammunition and armor.*
- **Weapons.** *The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets that derive more than 5% of their revenues from the production of weapons or tailor-made components thereof. The LEMSCO Fund is also prohibited from purchasing the securities of issuers that manufacture nuclear weapons or key nuclear weapons components.*
- **Fossil Fuels.** *The LEMSCO Fund will seek to minimise or neutralise its exposure to certain defined pieces of the fossil fuel value chain, owing to the varied contribution to climate and environmental risk. However, this exposure minimization specifically excludes methanol produced from natural gas. There are numerous environmental benefits stemming from the use of methanol in the vessels owned by the LEMSCO Fund, including reducing SOx and NOx emissions by approximately 98% and c.60%, respectively, while also cutting CO2 emissions and eliminating harmful particulate emissions that cause numerous health issues in humans and animals. Specifically, restrictions relate to:*
 - **Thermal Coal.** *The LEMSCO Fund is prohibited from purchasing the securities of issuers with expansion plans for coal extraction. Additionally, 5% of revenue is the maximum acceptable percentage of revenue derived from thermal coal related activities unless the company has one of either: a Science Based Target (“SBTi”) set or in the process of being set, less than 10% capex is related to thermal coal activities or greater than 50% of capex is dedicated to Contributing Activities.*
 - **Unconventional oil and gas supply.** *The LEMSCO Fund is prohibited from purchasing the securities of issuers or assets with expansion plans for unconventional oil and gas. Additionally, 5% of revenue is the maximum acceptable percentage of revenue derived from unconventional oil and gas related activities, unless the company has one of either: a SBTi set, a SBTi is in the process of being set or greater than 50% of capex is dedicated to contributing activities.*
 - **Electricity generation.** *The LEMSCO Fund is prohibited from investing in electricity utilities with a carbon intensity greater than 374g CO2/kWh, and decreasing over time consistent with a 2-degree scenario. If this data is unavailable or cannot be accurately quantified then the following exclusions apply:*
 - A. *Thermal Coal. More than 5% of MWh generation is derived from thermal coal.*

- B. *Liquid Fuels (Oil).* More than 30% of MWh generation is derived from liquid fuels (oil).
- C. *Natural Gas Electricity Generation.* More than 30% of MWh generation is derived from natural gas.
- D. *Nuclear.* More than 30% of MWh generation is derived from nuclear sources.

Additionally, the LEMSCO Fund:

- A. *is prohibited from holding electricity utilities with expansion plans that would increase their negative environmental impact or go contrary to the two degrees scenario alignment.*
 - B. *is prohibited from holding electricity utilities constructing additional coal- or nuclear-power production installations.*
 - C. *is prohibited from holding electricity utilities whose contributing activities are not increasing.*
 - D. *may buy or hold electric utilities where at least one of the following criteria are met: i) the company has a SBTi set or is in the process of being set, and ii) derive more than 50% of revenue from a contributing activity or iii) more than 50% of capex dedicated to a contributing activity.*
- **Countries.** *The LEMSCO Fund is prohibited from investing via government debt or indirectly via state-owned i.e. quasi-government debt which are subject to international sanctions, or that violate the basic principles like those mentioned in the UNGC."*
 - **Death Penalty.** *The LEMSCO Fund is prohibited from investing via government debt or indirectly via state owned i.e. quasi-government debt in countries with the death penalty which score in the bottom quintile the universe in the Rule of Law ranking from the World Bank's Worldwide Governance Indicators.*
 - **Taxation.** *The LEMSCO Fund is prohibited from investing in securities issued by foreign governments or quasi-sovereign entities that are deemed non-compliant by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes. The LEMSCO Fund is also prohibited from investing in securities of corporates which are domiciled or listed in countries which are deemed non-compliant by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes.*
 - **Agricultural Commodities.** *The LEMSCO Fund is prohibited from investing in forward contracts on agricultural commodities. This does not apply to agricultural commodities which could be used as bio-feedstock in the production of bio-methanol, which would contribute to a reduction in global maritime emissions*

Appendix II: Low Emission Methanol Shipping Company S.C.A. SICAV-RAIF Fund Structure Diagram

