

SFDR ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

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.

Product name: GREEN MELON ENERGIES FUND

Legal entity identifier: 254900W7B1JIP4BSXS83

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Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** ____%



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 will make a minimum of **sustainable investments with a social objective:** ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum 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 promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

This financial product, the Green Melon Energies Fund an investment compartment of Green Melon RAIF F.C.I.C. Plc, promotes environmental characteristics. It does not promote social characteristics and does not have a sustainable investment objectives.

The environmental characteristics promoted are:

- Climate-change mitigation, by supporting activities that reduce or remove greenhouse-gas (“GHG”) emissions, including biomass pyrolysis, biochar production, projects that contribute to lower GHG emissions compared with conventional fossil-based alternatives;
- Circular use of waste and residue biomass, by investing in projects and companies that utilise agricultural, forestry and other residual biomass and waste streams which would otherwise be landfilled, openly burned or left to decompose, thereby reducing uncontrolled emissions and improving resource efficiency;
- Long-term carbon storage, by producing and using biochar and similar carbon-rich materials in applications such as soil enhancement and cement or construction materials, enabling the long-term sequestration of biogenic carbon;
- Resource efficiency and waste valorization, by supporting recycling, waste-to-energy and other circular-economy solutions that convert low-value or discarded materials into useful products or energy, thereby reducing pressure on natural resources.

These environmental characteristics are embedded in the investment policy and strategy of the product and are supported by binding investment criteria.

No reference benchmark has been designated for the purpose of attaining these characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

To measure the attainment of its environmental or social characteristics, the External Manager uses a set of quantitative and qualitative sustainability indicators, as appropriate to each investment. These indicators are monitored at least annually based on data reported by the investee companies and, where relevant, by independent third parties.

Key indicators include:

- Volume of waste and residue biomass utilised - Tonnes of agricultural, forestry or other eligible waste and residue biomass processed per year.

This indicator measures the contribution to the environmental characteristics of circular use of waste and residue biomass by showing the extent to which residual feedstocks are diverted from landfill, open burning or uncontrolled decomposition.

- Production of biochar and other low-carbon outputs:
 - Tonnes of biochar produced per year
 - Where applicable, volumes of renewable fuels or renewable energy generated

These indicators measure the extent to which the product contributes to long-term carbon storage and resource efficiency, by quantifying the outputs that embody sequestered carbon or displace higher-emission alternatives.

- Estimated GHG emission reductions and/or CO₂ removals
 - Estimated tonnes of CO₂-equivalent (“tCO₂e”) removed through carbon sequestration (e.g. stable carbon stored in biochar over its expected lifetime)
 - Estimated (“tCO₂e”) of avoided emissions, for example through substitution of fossil fuels or avoidance of methane and other emissions from alternative disposal pathways for biomass or waste.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

These indicators measure the contribution of the product to climate-change mitigation by estimating the reduction or removal GHG emissions attributable to the product's investments, based on appropriate methodologies to the extent available.

- Environmental compliance and HSE performance:
 - Status of environmental permits and licences (e.g. valid permits; any suspensions or material non-compliances).
 - Number and nature of reported environmental or health and safety incidents, and follow-up actions taken

The specific metrics used for given investment may vary depending on the nature of the activity and information availability. The overall objective is to ensure that the portfolio's Aligned Investments can demonstrate, through measurable indicators, their contribution to the environmental characteristics the product promotes.

Where direct measurement is not possible, estimates and modeling are used, based on recognized or conservative assumptions.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A – This financial product does not make any “sustainable investments” within the meaning of Article 2(17) SFDR and does not commit to any minimum proportion of sustainable investments.

The only objective of the product are:

- a financial objective of achieving long-term capital appreciation and attractive risk-adjusted returns; and
- the promotion of environmental characteristics as described above, which are pursued through the product's investment strategy and binding criteria, but without constituting a “sustainable investment objective” under SFDR.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A – As noted above, this financial product does not intend to make any sustainable investments within the meaning of Article 2(17) SFDR and does not commit to a minimum share of such investments. The requirement to assess “do no significant harm” (“DNSH”) at the level of sustainable investment, as described in the SFDR and associated regulatory technical standards, is therefore not applicable to this product.

— ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

N/A – Because this financial product does not make sustainable investments within the meaning of Article 2(17) SFDR, and because the External Manager has chosen not to consider principal adverse impacts of investment decisions on sustainability factors at product level in accordance with Article 4(1) SFDR, the requirements in the SFDR and its regulatory technical standards relating specifically to the use of indicators for

principal adverse impacts of investment decisions on sustainability factors in the context of sustainable investments are not applicable to this product.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

N/A – this question is not applicable, as noted above the financial product does not intend to make any sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or



Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes,

☒ No

This financial product does not consider principal adverse impacts (“PAIs”) of investment decisions on sustainability factors within the meaning of Article 7 of Regulation (EU) 2019/2088 (“SFDR”). The reasons for not considering PAIs at product level are:

- Insufficient availability of reliable, consistent and comparable data from underlying investments, particularly for private-market and real-asset strategies in which the financial product invests;
- Absence of adequate and standardized methodologies for measuring principal adverse impacts across sectors and jurisdictions relevant to this financial product;
- Proportionality considerations, given that the financial product promotes environmental characteristics but does not commit to making any “sustainable investments” as defined in Article 2(17) SFDR and does not pursue a sustainable investment objective.

Because PAIs are not considered, the detailed PAI indicators and disclosures referred to in Article 11(2) SFDR and in Table 1, Table 2 and Table 3 of ANNEX I of SFDR are not applicable to this financial product and are not included in its periodic reporting.

What investment strategy does this financial product follow?

This financial product (Green Melon Energies Fund) pursues a multi-strategy private equity and private-markets investment strategy with a primary objective of achieving long-term capital appreciation and attractive risk-adjusted returns. The financial product will be managed on a total

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.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

return basis and it will be actively managed without reference to any specific benchmark, from an asset allocation and returns perspective.

To attain the environmental characteristics it promotes, the product invests mainly in:

- Companies and project vehicles that develop, construct, own and/or operate biomass pyrolysis and biochar production facilities and other carbon-removal projects which process waste and residue biomass into biochar and renewable energy or fuels;
- Businesses and projects in the fields of renewable energy, renewable fuels (e.g. biodiesel, sustainable aviation fuel, sustainable marine fuels), recycling, sustainable mobility/transportation and waste-to-energy, where there is a clear environmental rationale such as reduced GHG emissions, circular use of resources, and support for the low-carbon transition.

Investments may be made directly or indirectly (e.g. through special purpose vehicles, holding companies or co-investment structures) and may span different stages of development (venture, growth, expansion, project finance, buy-out or restructuring), provided they are consistent with the fund's financial objective and with the environmental characteristics and binding criteria described in this document.

The product does not have a sustainable investment objective and does not make any "sustainable investments" within the meaning of Article 2(17) SFDR. Its strategy is therefore to invest in assets that are financially attractive and that promote environmental characteristics, not to achieve a specific sustainable investment outcome.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following elements of the investment strategy are binding and are systematically applied when selecting, managing and monitoring investments in order to attain the environmental characteristics promoted by the product:

- Minimum allocation to Aligned Investments – The product is required to invest at least 80% of its NAV in "Aligned Investments", defined as investments that support one or more of the environmental characteristics promoted by the product (climate-change mitigation, circular use of waste and residue biomass, long-term carbon storage and resource efficiency), and that are consistent with the investment strategy set out in the pre-contractual documentation.
- Binding portfolio construction limits – The product maintains a distinction between Aligned Investments and Other Investments. Other Investments, may include cash, cash equivalents, liquid instruments and hedging positions held for treasury or risk-management purposes, are limited to a maximum of 20% of the product's NAV and are not permitted to undermine the attainment of the environmental characteristics.
- The product invests primarily in carbon-removal/sequestration projects such as biochar and biomass pyrolysis, renewable energy and renewable fuels, recycling and waste-to-energy, and sustainable mobility/decarbonisation solutions. Investments outside these sectors are only permitted if they fall within the limited "Other Investments" bucket described below and do not undermine the environmental characteristics promoted by the product.

- Environmental and regulatory compliance requirements – Investee companies must obtain and maintain all material environmental, health and safety and operational permits and licences required under the applicable law. Severe or repeated non-compliance with environmental or HSE legislation is incompatible with the Fund’s binding criteria and may preclude investment or trigger remedial action or divestment.
- Exclusion of certain activities – The product will not intentionally invest in activities that are fundamentally misaligned with its environmental characteristics, such as:
 - Fossil-fuel extraction, refining or coal-based power generation as core business;
 - Projects that are primarily based on the extraction and combustion of coal, crude oil or unconventional fossil fuels;
 - Activities that clearly cause significant and irreversible environmental damage or are otherwise incompatible with the product’s environmental characteristics.
- Monitoring of environmental indicators – For each Aligned Investment, the External Manager will apply, to the extent each investment’s stage permits, regular monitoring on relevant environmental indicators, such as:
 - Annual volumes of waste or residue feedstock processed;
 - Volumes of biochar or renewable fuels produced;
 - To the extent possible estimates of CO₂ removed and/or emissions avoided;
 - Status of environmental permits and any material HSE incidents, along with corrective actions taken.

These indicators to the extent applicable and subject to the availability of relevant measurements on a case by case basis will be reviewed as part of the ongoing monitoring process and will be used to verify whether and to what extent the environmental characteristics are being attained.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

- The product does not commit to a specific numerical minimum rate of reduction of the initial investment universe, expressed as a percentage, prior to the application of its investment strategy.
- Instead, the product applies the binding environmental and exclusion criteria described above as qualitative filters that define which investments may be treated as Aligned Investments and counted towards the minimum 80% allocation.

In practice, this means that:

- The Fund’s investment universe is effectively limited to sectors and activities that can contribute to the environmental characteristics promoted by the product and that meet the mandatory environmental and governance criteria;
- Investments that do not satisfy these binding criteria are not considered as Aligned Investments and may either be excluded entirely or, where appropriate, only be held within the limited “Other Investments” bucket which is capped at 20% of the NAV and cannot undermine the environmental characteristics.

Because the Fund’s investment strategy is already inherently focused on activities with an environmental rationale (carbon removal, renewable energy/fuels, recycling, etc.), the application of these binding criteria primarily serves to ensure that all core investments

remain aligned with the promoted characteristics, rather than to reduce a broad generic universe by a measurable percentage. For this reason, the fund does not state a numerical minimum “reduction rate” but instead commits to the 80% minimum allocation to Aligned Investments and to the qualitative exclusion and sustainability criteria described above.

● **What is the policy to assess good governance practices of the investee companies?**

Although the promotion of environmental characteristics is the focus of the product, the financial product may invest only in investee companies that follow good governance practices, including with respect to sound management structures, employee relations, remuneration and tax compliance.

The External Manager applies the following policy to assess good governance practices:

- Pre-investment governance due diligence – Before making an investment in a company or project, the External Manager undertakes a due diligence review that includes an assessment of governance practices.
- Ongoing monitoring of governance – After an investment is made, the External Manager monitors the investees’s governance practices on an ongoing basis by:
 - Reviewing periodic financial statements, audit reports where applicable by the local requirements;
 - Engaging with management and, where applicable, representatives on boards;
 - Monitoring any material legal, regulatory, compliance or ESG-related incidents, including those related to business ethics, corruption, labour disputes or environmental violations;
 - Requesting remedial actions or enhancements to governance frameworks where weaknesses or concerns are identified.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product?

This financial product (Green Melon Energies Fund) pursues a multi-strategy private equity and private-markets strategy focused on environmental themes. Although many Aligned Investments are expected to contribute positively to environmental outcomes, the financial product does not commit to making any “sustainable investments”. To ensure that the promoted environmental characteristics are effectively attained, its portfolio will consist of:

- At least 80% of the financial product’s NAV will be invested in Aligned Investments – these will typically consist of equity investments linked to private companies and project vehicles that:
 - develop, construct, own and/or operate biomass pyrolysis and biochar facilities, carbon-removal projects, renewable energy and renewable fuel projects, and recycling and waste-to-energy assets;
 - and/or engage in activities that demonstrably support the product’s environmental characteristics, such as decarbonisation of industrial processes, circular use of waste and residue materials, long-term carbon storage and improved resource efficiency.

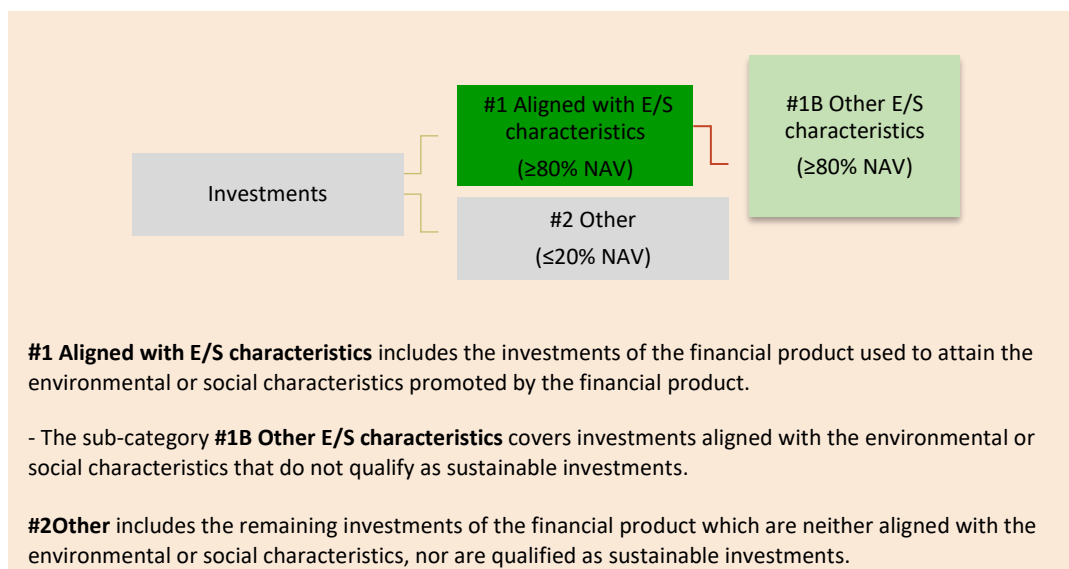
Aligned Investments are selected and monitored in accordance with the binding elements of the investment strategy, including sector and activity focus, exclusion of incompatible sectors (such as fossil-fuel extraction and coal-based energy generation as a core business) and mandatory environmental compliance and monitoring requirements.

- Up to 20% of the financial product’s NAV may be invested in Other Investments – these may include cash and cash equivalents, bank deposits and short-term money-market instruments, hedging instruments and other derivatives used for efficient portfolio management or risk-mitigation purposes (for example, to hedge interest-rate, currency or other financial risks), that

Asset allocation describes the share of investments in specific assets.

do not themselves promote the environmental characteristics of the product but are held to support its operation and liquidity.

Other Investments are not counted towards the 80% minimum allocation to Aligned Investments and are not used to pursue the environmental characteristics. However, they are managed in a way that ensures they do not significantly undermine the environmental characteristics promoted by the product.



● ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The financial product does not use derivatives to directly attain or increase exposure to the environmental characteristics it promotes and are not counted as Aligned Investments for the purposes of the minimum 80% allocation to Aligned Investments.

The financial product may use derivatives (within the meaning of Article 2(1), point (29), of Regulation (EU) No 600/2014) solely for hedging and efficient portfolio management purposes, for example to hedge interest-rate, currency or market exposures or to manage liquidity during capital deployment. Such derivative positions are classified as “#2 Other” investments and as shown in the diagram below are not counted towards the minimum share of investments used to promote the environmental characteristics of the financial product.



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

N/A –

This financial product does not make any “sustainable investments” within the meaning of Article 2(17) SFDR and does not commit to making investments in economic activities that qualify as environmentally sustainable under Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”).

The investee companies are not designated as “Taxonomy-aligned sustainable investments” for the purposes of SFDR and the Taxonomy Regulation. They are treated as Aligned Investments to promote environmental characteristics under Article 8 SFDR, but they are not counted towards any minimum share of Taxonomy-aligned or other sustainable investments.


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.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

Because the financial product does not make sustainable investments within the meaning of Article 2(17) SFDR and does not commit to any minimum proportion of investments in environmentally sustainable economic activities under the EU Taxonomy Regulation:

- the detailed information referred to in Article 15(1)(b)–(d) of the EU Taxonomy Regulation (including a description of the environmental objectives pursued by Taxonomy-aligned investments and how those investments are assessed against the Taxonomy criteria) is not applicable; and
- the additional information referred to in Article 15(2) and (3) of the EU Taxonomy Regulation (including any breakdown between climate change mitigation and climate change adaptation, transitional activities and enabling activities) is also not applicable.

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

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No

● ***What is the minimum share of investments in transitional and enabling activities?***

This financial product does not commit to making sustainable investments within the meaning of Article 2(17) SFDR and does not commit to investing in economic activities that qualify as environmentally sustainable under Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”).

Accordingly:

- the minimum share of investments in Taxonomy-aligned transitional activities is **0%** of the financial product’s Net Asset Value; and
- the minimum share of investments in Taxonomy-aligned enabling activities is **0%** of the financial product’s NAV.

Any investments that may, on an incidental or non-intentional basis, fall within the scope of transitional or enabling activities under the EU Taxonomy are not counted towards any binding minimum share, and the financial product does not use the EU Taxonomy as a binding investment constraint.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

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 not significantly harm 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.

This financial product does not make any sustainable investments within the meaning of Article 2(17) SFDR. Accordingly, the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 0% of the financial product's NAV.



What is the minimum share of socially sustainable investments?

Not applicable to this financial product. This financial product does not make any sustainable investments within the meaning of Article 2(17) of SFDR and does not promote social characteristics. Accordingly, the minimum share of socially sustainable investments is 0% of the financial product's NAV.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

The category “#2 Other”, comprises the portion of the financial product's investments that do not promote the environmental characteristics of the financial product and do not qualify as sustainable investments under Article 2(17) SFDR. For this financial product, “#2 Other” investments may include:

- Cash and cash equivalents, including cash held for liquidity management and operational needs;
- Bank deposits and short-term money-market instruments;
- Units or shares of money-market funds used for liquidity and treasury purposes;
- Hedging instruments, including derivatives used solely for currency, interest-rate or market-risk hedging;
- Receivables, payables or settlement balances arising from portfolio operations;

These category “#2 Other” investments serve primarily to:

- Ensure sufficient liquidity for capital calls, expenses and commitments;
- Support efficient portfolio management and risk mitigation;
- Manage temporary cash balances during investment deployment;
- Facilitate the orderly operation of the financial product.

These investments do not contribute to the attainment of the environmental characteristics promoted by the financial product and are not counted toward the minimum 80% allocation to Aligned Investments.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The product is an actively managed private markets fund that invests primarily in private companies and project vehicles such as biomass pyrolysis and biochar projects, recycling and waste-to-energy assets for which no suitable, representative and commonly accepted environmental benchmark exists. The environmental characteristics promoted by the product are therefore assessed and monitored directly at the level of the underlying investment, using the sustainability indicators and binding investment criteria described in this pre-contractual disclosure, rather than by reference to an external index.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

- *How does the designated index differ from a relevant broad market index?*

N/A

- *Where can the methodology used for the calculation of the designated index be found?*

N/A



Where can I find more product specific information online?

More product-specific information can be found on the External Manager's website at: www.forticap.eu under *DISCLOSURE* tab.