

INVESTMENT OBJECTIVE AND INVESTMENT POLICY

Investment Objective

The Company's investment objective is to deliver an attractive level of capital growth by investing, directly or indirectly, in a diversified portfolio of hydrogen and complementary hydrogen focussed assets whilst integrating core ESG principles into its decision making and ownership process.

Investment Policy

The Company will seek to achieve its investment objective through investment in a diversified portfolio of hydrogen and complementary hydrogen focussed assets, with an expected focus in developed markets in Europe, North America, the GCC and Asia Pacific, comprising: (i) assets that supply clean hydrogen; (ii) large scale energy storage assets, (iii) carbon capture, use and storage assets; (iv) hydrogen distribution infrastructure assets; (v) assets involved in hydrogen supply chains, such as electrolyzers and fuel cells; and (vi) businesses that utilise hydrogen applications such as transport, power generation, feedstock and heat (together "**Hydrogen Assets**").

The Company intends to implement its investment policy through the acquisition of Private Hydrogen Assets and Listed Hydrogen Assets.

Private Hydrogen Assets

The Company invests in unquoted Hydrogen Assets, which may be operational companies or hydrogen projects (completed or under construction) ("**Private Hydrogen Assets**"). Investments are expected to be mainly in the form of equity, although investments may be made by way of debt and/or convertible securities. The Company may acquire a mix of controlling and non-controlling interests in Private Hydrogen Assets, however the Company intends to invest principally in non-controlling positions (with suitable minority protection rights to, *inter alia*, ensure that the Private Hydrogen Assets are operated and managed in a manner that is consistent with the Company's investment policy).

Given the time frame required to fully maximise the value of an investment, the Company expects that investments in Private Hydrogen Assets will be held for the medium to long term, although short term disposals of assets cannot be ruled out in exceptional or opportunistic circumstances. The Company intends to re-invest the proceeds of disposals in accordance with the Company's investment policy.

The Company observes the following investment restrictions, assessed at the time of an investment, when making investments in Private Hydrogen Assets:

- no single Private Hydrogen Asset will account for more than 20 per cent. of Gross Asset Value;

- Private Hydrogen Assets located outside developed markets in Europe, North America, the GCC and Asia Pacific will account for no more than 20 per cent. of Gross Asset Value; and
- at the time of an investment, the aggregate value of the Company's investments in Private Hydrogen Assets under contract to any single Offtaker will not exceed 40 per cent. of Gross Asset Value.

The Company will initially acquire Private Hydrogen Assets via the HydrogenOne Partnership, a wholly owned subsidiary undertaking of the Company structured as an English limited partnership which is controlled by the Company and advised by the Investment Adviser. The HydrogenOne Partnership's investment policy and restrictions are the same as the Company's investment policy and restrictions for Private Hydrogen Assets and cannot be changed without the Company's consent. In due course, the Company may acquire Private Hydrogen Assets directly or by way of holdings in special purpose vehicles or intermediate holding entities (including successor limited partnerships established on substantially the same terms as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser and, in such circumstances, the investment policy and restrictions will also be applied on a look-through basis and such undertaking(s) will also be managed in accordance with the Company's investment policy.

Listed Hydrogen Assets

The Company also invests in quoted or traded Hydrogen Assets, which will predominantly be equity securities but may also be corporate debt and/or other financial instruments ("**Listed Hydrogen Assets**"). The Company is free to invest in Listed Hydrogen Assets in any market or country with a market capitalisation (at the time of investment) of at least US\$100 million. The Company's approach is to be a long-term investor and will not ordinarily adopt short-term trading strategies. As the allocation to Private Hydrogen Assets grows the Listed Hydrogen Assets are expected to include strategic equity holdings derived from the listing of operational companies within the Private Hydrogen Assets portfolio over time.

The Company observes the following investment restrictions, assessed at the time of an investment, when making investments in Listed Hydrogen Assets:

- no single Listed Hydrogen Asset will account for more than 3 per cent. of the Gross Asset Value;
- the portfolio of Listed Hydrogen Assets will typically comprise no fewer than 10 Listed Hydrogen Assets at times when the Company is substantially invested;
- each Listed Hydrogen Asset must derive at least 50 per cent. of revenues from hydrogen and/or related technologies; and
- once fully invested, the target allocation to Listed Hydrogen Assets will be approximately 10 per cent. or less of Gross Asset Value, subject to a maximum allocation of 30 per cent. of Gross Asset Value.

Liquidity Reserve

During the initial Private Hydrogen Asset investment period after a capital raise and/or a realisation of a Private Hydrogen Asset, the Company intends to allocated the relevant net proceeds of such capital raise/realisation to cash (in accordance with the Company's cash management policy set out below) pending subsequent investment in Private Hydrogen Assets.

Investment Restrictions

The Company, in addition to the investment restrictions set out above, complies with the following investment restrictions when investing in Hydrogen Assets:

- the Company will not conduct any trading activity which is significant in the context of the Company as a whole;
- the Company will, at all times, invest and manage its assets (i) in a way which is consistent with its object of spreading investment risk; and (ii) in accordance with its published investment policy;
- the Company will not invest in other UK listed closed-ended investment companies; and
- no investments will be made in companies or projects that generate revenues from the extraction or production of fossil fuels (mining, drilling or other such extraction of thermal coal, oil or gas deposits). Compliance with the above restrictions is measured at the time of investment and non-compliance resulting from changes in the price or value of Hydrogen Assets following investment will not be considered as a breach of the investment policy or restrictions.

Borrowing Policy

The Company may take on debt for general working capital purposes or to finance investments and/or acquisitions, provided that at the time of drawing down (or acquiring) any debt (including limited recourse debt), total debt will not exceed 25 per cent. of the prevailing Gross Asset Value at the time of drawing down (or acquiring) such debt. For the avoidance of doubt, in calculating gearing, no account will be taken of any investments in Hydrogen Assets that are made by the Company by way of a debt investment.

Gearing may be employed at the level of an SPV or any intermediate subsidiary undertaking of the Company (such as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser in which the Company has invested or the Company itself. The limits on debt shall apply on a consolidated and look-through basis across the Company, the SPV or any such intermediate holding entities (such as the HydrogenOne Partnership) or, if the Company is considered a 'feeder fund' under the Listing Rules, other undertakings advised by the Investment Adviser in which the Company has invested but intra- group debt will not be counted.

Gearing of one or more Hydrogen Assets in which the Company has a non-controlling interest will not count towards these borrowing restrictions. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Currency and Hedging Policy

The Company has the ability to enter into hedging transactions for the purpose of efficient portfolio management. In particular, the Company may engage in currency, inflation, interest rates, energy prices and commodity prices hedging. Any such hedging transactions will not be undertaken for speculative purposes.

Cash management

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds (“**Cash and Cash Equivalents**”).

There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. In particular, the Company anticipates holding cash to cover the near-term capital requirements of the Pipeline of Private Hydrogen Assets and in periods of high market volatility. For the avoidance of doubt, the restrictions set out above in relation to investing in UK listed closed-ended investment companies do not apply to money market type funds.

Changes to and compliance with the Investment Policy

The Company will not make any material change to its published investment policy without the approval of the FCA and Shareholders by way of an ordinary resolution at a general meeting. Such an alteration would be announced by the Company through a Regulatory Information Service.

In the event of a breach of the investment policy and/or the investment restrictions applicable to the Company, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.