HydrogenOne Capital Growth PLC
6th Floor, 125 London Wall,
London EC2Y 5AS

Chapter IV

No significant harm to the sustainable investment objective

- The investments of HydrogenOne Capital Growth PLC (the "Company") have been reviewed and do not significantly harm the sustainable investment objective. In making this assessment the material adverse indicators in Annex I of the Regulatory Technical Standards to the Sustainable Finance Disclosures Regulation have been assessed.
- Investments are also assessed for alignment with the EU Taxonomy, including the minimum safeguards requirements which reference the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In making this assessment the EU Commission's Sustainable Finance Platform guidance on minimum standards[1] was utilised.

Sustainable investment objective of the financial product

- 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 focused assets whilst contributing to climate change mitigation by integrating core ESG principles into its decision making and ownership process.

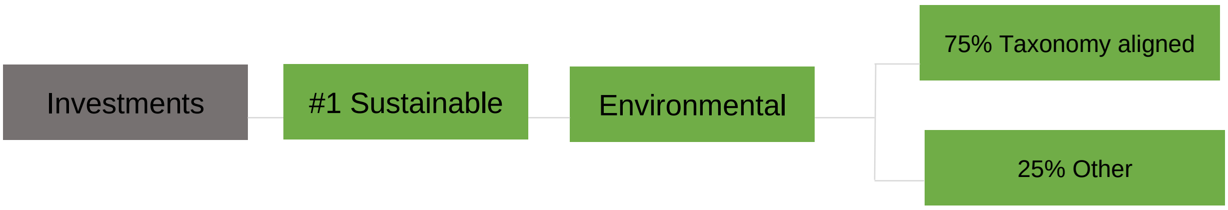
Investment strategy

- The Company will seek to achieve its sustainable 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. The Company intends to implement its investment policy through the acquisition of Private Hydrogen Assets and Listed Hydrogen Assets.

- Governance of investee companies is reviewed as part of the minimum safeguards compliance requirements with the EU Taxonomy.

Proportion of investments

- Investments are all in hydrogen and complementary hydrogen focussed assets (e.g. electrolyser & fuel cell manufacturers or hydrogen production, storage and distribution). Some investments may be transitioning from other activities to focus on hydrogen which can result in some economic activity not being taxonomy aligned. The chart below sets out the allocation.



[1] Final Report on Minimum Safeguards (europa.eu)

Monitoring of sustainable investment objective

- Key indicators are greenhouse gas emissions and avoided greenhouse gas emissions. Further indicators are considered in line with the requirements of the principle adverse indicators to the extent they are material.
- An external service provider has been engaged to collect underlying data from portfolio companies on a quarterly basis and process/report on this to the Company and its investment adviser.

Methodologies

- Greenhouse gas emissions are calculated in line with the greenhouse gas protocol. The Scope 1, 2 and 3 emissions of the portfolio company are adjusted for the equity share held by the Company.
- Avoided greenhouse gas emissions are calculated in line the International Financial Institutions ("IFI") Technical Working Group on Greenhouse Gas Accounting. This follows a principle of displacement, where the renewable energy produced via the hydrogen investments would otherwise have been supplied by the local grid. The avoided emissions calculation utilises the IFI dataset on grid emissions.

Data sources and processing

- Raw data from portfolio companies is collected to calculate the metrics. For greenhouse gas emissions, this can take many different forms but is often core financial data (e.g. invoices from utility providers). For avoided greenhouse gas emissions certain key inputs (asset life, efficiency, and output) are taken from the portfolio company and applied to the IFI grid emissions data set.
- Data quality is ensured by going direct to source, underlying evidence is obtained for the calculation inputs (e.g. invoices and other supporting information). If a portfolio company calculates their own emissions this is reviewed and supported with evidence.
- Data is processed through automated routines and validation checks are performed.
- Estimates are primarily used in the calculation of avoided greenhouse gas emissions. Data in the calculation of Scope 1, 2 and 3 emissions are actual to the extent possible, but Scope 3 emissions require some degree of estimation.

Limitations to methodologies and data

- Inherent in estimations are limitations to accuracy. However, these do not inhibit the attainment of the sustainable investment objective because the portfolio is measured on a consistent basis using generally accepted methodologies so is both internally and externally comparable.

Due diligence

- Assets go through an initial screening process to ensure they are consistent with the sustainable investment objective. Following this a more detailed assessment is undertaken to ensure the asset aligns with the EU Taxonomy – this includes mapping the economic activity to the sustainable objectives and consideration of do no significant harm and principle adverse indicator criteria.

Engagement policies

- Engagement is a significant part of the Company strategy as the equity holdings typically provide significant influence over portfolio companies, with the investment adviser often being represented on the Board of the portfolio company. This facilitates alignment with the sustainable investment objective and monitoring of sustainability performance.

Attainment of the sustainable investment objective

- A reference benchmark has not been set. Instead, the portfolio aligns with the Paris Agreement target using the 1.5-degree scenario as set out in the EU Delegated Regulation 2020/1818. Fundamentally the avoided emissions from the portfolio will make a significant contribution to this target by displacing fossil fuel alternative, well in excess of the 7% reduction required to the scope 1, 2 and 3 emissions.