

## Sustainable Investment Objective

### Did this financial product have a sustainable investment objective?

**Yes**

It made **sustainable investments with an environmental objective: 100 %**

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**

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

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.

During 2022, the Company has required its material investees to measure their avoided emissions and scope 1, 2 and 3 greenhouse gas emissions. This is the first step towards reducing emissions. The Company continues to engage with portfolio companies to develop and implement carbon reduction plans. Many of the Company's investments either directly or indirectly displace fossil fuels, avoiding greenhouse gas emissions and making a clear contribution to achieving the Paris Accords target.

- ***How did the sustainability indicators perform?***

Greenhouse gas emissions (tCO<sub>2</sub>e) | January 1<sup>st</sup> 2022 – December 31<sup>st</sup> 2022:

Scope 1	48
Scope 2	28
Scope 3	134

The indicators set out above have been calculated in line with the requirements of EU SFDR. Scopes 1, 2 and 3 are sums of all investee companies' emissions and are adjusted for the Company's equity holding. The greenhouse gas emissions have been calculated in accordance with the Greenhouse Gas Protocol.

- ***And compared to previous periods?***

The 2022 indicators will serve as baselines with respect to the Company's investment schedule. There are no previous indicators to compare the current ones with. Therefore, comparing indicators to prior periods will be available and disclosed in future years.

No projects directly producing hydrogen were operational in 2022; avoided emissions from such projects will be disclosed in future years.

- ***How did the sustainability investments not cause significant harm to any sustainable investment objective?***

With the help of external consultants, the economic activity of each investment is mapped to the EU Taxonomy, assessed against the relevant do no significant harm criteria and minimum safeguards criteria. Part of this assessment includes alignment and significant harm to the sustainable investment objective.

- ***How were the indicators for adverse impacts on sustainability factors taken into account?***

The portfolio has been assessed for adverse impacts, and new acquisitions are subject to a screening and due diligence process to assess adverse impacts.

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

Investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on business and Human Rights. Investments were assessed in accordance with final guidance issued by the EU Commission's Platform of Sustainable Finance. A significant part of this review covers social considerations, with a focus on human rights. All portfolio companies provide affirmation that they have no convictions for any human rights offences, and all operate in developed jurisdictions with labour law compliance obligations. During the review, a focus was placed on the policies and procedures each company had in place to detect human rights abuses in the supply chain. This led to recommendations for improvement in some companies; an example would be the introduction of enhanced supplier due diligence.

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

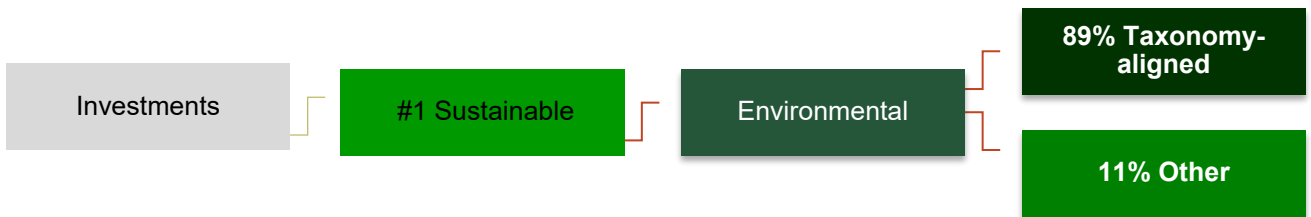
The principal adverse indicators set out in tables 1, 2 and 3 of Annex I to the SFDR regulatory technical standards are considered for relevance to each investee company. Investee companies' scopes 1, 2 and 3 emissions were measured and disclosed for 2022. Additional mandatory and material indicators will be measured and disclosed for the year ending 31 December 2023, which will be the first reporting period that these are required for.

**What were the top investments of this financial product?**

<b>Largest investments</b>	<b>Sector</b>	<b>% Assets</b>	<b>Country</b>
<b><i>Sunfire GMBH</i></b>	<b><i>Renewable Energy Equipment Manufacturing</i></b>	<b><i>20.1%</i></b>	<b><i>Germany</i></b>
<b><i>Elcogen plc</i></b>	<b><i>Renewable Energy Semiconductor Manufacturing</i></b>	<b><i>18.9%</i></b>	<b><i>Estonia</i></b>
<b><i>HiiROC Limited</i></b>	<b><i>Industrial Machinery Manufacturing</i></b>	<b><i>11.9%</i></b>	<b><i>United Kingdom</i></b>
<b><i>Strohm Holding B.V.</i></b>	<b><i>Pipe Manufacturing</i></b>	<b><i>10.7%</i></b>	<b><i>Netherlands</i></b>
<b><i>NanoSUN Limited</i></b>	<b><i>Hydrogen Storage Manufacturing</i></b>	<b><i>10.6%</i></b>	<b><i>United Kingdom</i></b>
<b><i>Bramble Energy Limited</i></b>	<b><i>Renewable Energy Semiconductor Manufacturing</i></b>	<b><i>9.3%</i></b>	<b><i>United Kingdom</i></b>
<b><i>Cranfield Aerospace Solutions Ltd</i></b>	<b><i>Airlines and Aviation</i></b>	<b><i>7.1%</i></b>	<b><i>United Kingdom</i></b>
<b><i>HH2E AG</i></b>	<b><i>Renewable Energy Semiconductor Manufacturing</i></b>	<b><i>4.7%</i></b>	<b><i>Germany</i></b>
<b><i>Gen2 Energy</i></b>	<b><i>Renewable Energy Semiconductor Manufacturing</i></b>	<b><i>3.2%</i></b>	<b><i>Norway</i></b>

## What was the proportion of sustainability-related investments?

- What was the asset allocation?



- In which economic sectors were the investments made?

Investments are all in hydrogen and complementary hydrogen-focused economic activities (eg 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.

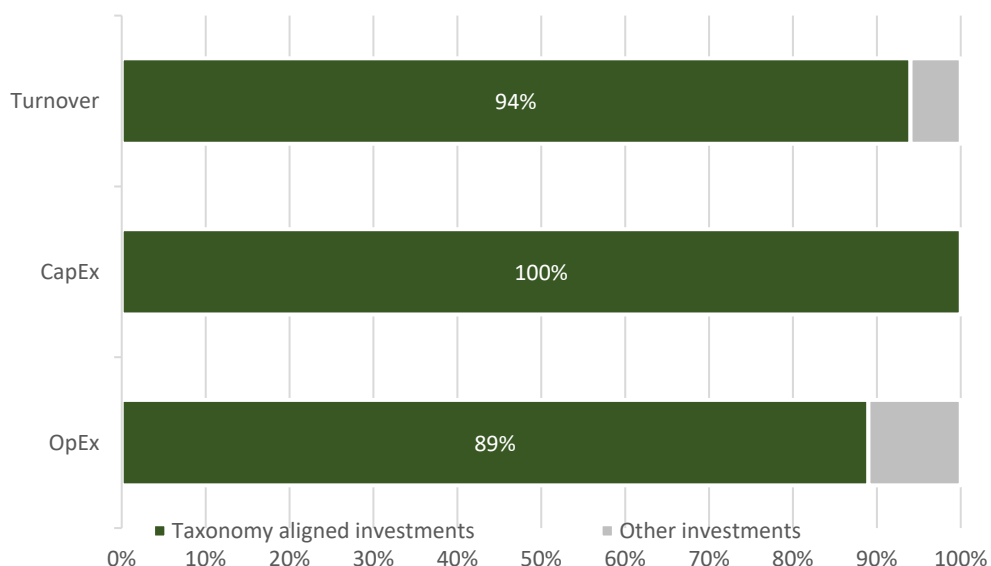
## To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

Overall alignment is 89%, the 11% represents other economic activity in portfolio companies which may not align but has been assessed as doing no significant harm.

Non-aligning activity within portfolio companies occurs in operational expenses and turnover. The operational expenses that do not align are typically indirect corporate services which cannot be tied to a specific aligned activity (eg professional services). Turnover that does not align is typically pre-existing products/services in portfolio companies prior to developing their hydrogen offering. All non-aligned activity has been assessed and does no significant harm to the objectives of the EU Taxonomy and the sustainable investment objective.

The graph below represents the taxonomy alignment of investments excluding sovereign bonds, as the Company does not invest in sovereign bonds.

Taxonomy-alignment of investments **excluding sovereign bonds\***



▪ **What was the share of investments made in transitional and enabling activities?**

Enabling Activities - 58.8% | (Sunfire GMBH 20.1%; Elcogen PLC 18.9%; HiiROC Limited 11.9%; HH2E AG 4.7%; Gen2 Energy 3.2%)

Transitional Activities – Nil

Enabling and transitional activities align with the EU Taxonomy. The enabling activities are typically in the supply chain to the production of Hydrogen, for example fuel cell or electrolyzer manufacturers. There are currently no transitional activities, but they may be included in the portfolio in the future (an example would be sustainable aviation fuel). The balance in the aligned share of investments directly align with the EU Taxonomy environmental objectives.

▪ **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

There are no previous reference periods to compare the percentage of alignment with. The EU Taxonomy Assessment was held for the first time in 2022. Moving forward, investments will undergo a periodic EU Taxonomy assessment where percentage of alignment will be updated based on economic activities changes. The percentage of alignment is expected to improve in future years.

**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

11% - these are economic activities at investee companies that don't align to the EU Taxonomy but do no significant harm. This relates to small proportions of turnover and operating expenses in otherwise aligned investments.

**What was the share of socially sustainable investments?**

Nil – there is no social objective to the fund

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

All investments made align with the Company's sustainable investment objective. Hence none of the investments made classify as “not sustainable”.

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

Sustainability risk and opportunity processes were incorporated in pre-investment stages where screening and due diligence processes were considered, as well as regulatory compliance, in particular with the EU SFDR. The Company followed an engagement and monitoring process to ensure sustainability investment objectives were achieved. This was through getting portfolio companies engaged in reporting on key metrics such as scope 1, 2 and 3 greenhouse gas emissions and avoided emissions. Relevant PAIs were also considered and will be reported on and tracked in future years in line with regulatory requirements.

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

NA - No specific index has been designated

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

NA

- **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?**

NA

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

NA

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

NA

- **More product-specific information can be found on the website:**

[Home - HydrogenOne Capital Growth plc](#)