

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: HydrogenOne CAPITAL GROWTH PLC , 213800PMTT98U879SF45

Summary

HydrogenOne CAPITAL GROWTH PLC (the "Company"), 213800PMTT98U879SF45, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of HydrogenOne CAPITAL GROWTH PLC.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January 2023 to 31 December 2023, in line with the financial reporting year.

The tables below contain the principal adverse impacts required by regulation and considered material to the Company. The results show limited adverse impacts in line with the sustainable investment objective. The most significant adverse impact is scope 2 greenhouse gas emissions. This reflects electricity that is consumed by PCs that the Company have invested in, imported from the grid. Much of this energy across the portfolio is sourced as renewable but the emissions reflect the proportion of imported energy that is non-renewable. Work is ongoing to assess whether additional renewable energy can be sourced as an alternative.

Overall the principal adverse indicators reflect the positive nature of the sustainable investment objective and provide targeted areas for improvement in the future which the Company is actively engaged in addressing. The nature of the PAI are designed to be negative in isolation. However, to review the company's positive attributions please refer to the ESG policy <https://hydrogenonecapitalgrowthplc.com/wp-content/uploads/2023/02/ESG-policy-2023-02-08.pdf>

Description of the principal adverse impacts on sustainability factors

See descriptions below table:

Table 1

Indicators applicable to investments in investee companies							
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	17.63	NA	tCO2e	Scope 1 emissions related to land transport by vehicles owned by the Company and heating activities	NA
		Scope 2 GHG emissions	80.66	NA	tCO2e	Scope 2 emissions related to purchased import electricity. These emissions reflect non-renewable electricity imported, a significant portion of the portfolio imports renewable energy and does not incur emissions.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	179.77	NA	tCO2e	Most of the data provided from suppliers was complete. Some estimations were carried out in terms of land and air transport. Transparency regarding the data used to form estimates improved compared to the previous cycle this year and the level of transparency is good.	The company is actively engaged in improving data quality from suppliers.
		Total GHG emissions	278.06	NA	tCO2e	GHG emissions are calculated in accordance with the GHG Protocol using DEFRA emission factors.	NA
2. Carbon footprint	Carbon Footprint	1.92	NA	tCO2e per €M	NA	NA	
3. GHG intensity of investee companies	GHG intensity of investee companies	60.12	NA	tCO2e per €M	NA	NA	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	NA		The investment strategy is focused on assets that contribute to the sector of clean hydrogen production.	NA	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	54.87%	NA	%	No energy generation. This factor is based on renewable and non-renewable energy consumption from electricity usage and heating of facilities.	The strategy will continue, options for sourcing renewable import electricity are being explored.	
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.11	NA	GWh per €M	NA	NA	

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	NA	%	None of the activities affect biodiversity sensitive areas.	Biodiversity improvements will continue as part of the overall ESG strategy.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	NA	tonne per €M	No nitrates, phosphates and pesticides are emitted in operations.	NA
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.07	NA	tonne per €M	No hazardous waste was produced.	NA

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	NA	%	NA	NA
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	77%	NA	%	The Company applies these policies and the portfolio companies are working on developing and formalizing policies and monitor compliance with the UNGC principles.	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	47%	NA		NA	NA
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	10%	NA	%	NA	NA
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	NA	%	NA	NA

Other indicators for principal adverse impacts on sustainability factors

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Water, waste and material emissions	6. Water usage and recycling	2. Weighted average percentage of water recycled and reused by investee companies	0	NA	%	NA	Minimal water quantities are used on-site by the PCs. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the PCs.
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	NA	NA	%	NA	Minimal water quantities are used on-site by the PCs. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the PCs.
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	NA	NA	%	NA	Minimal water quantities are used on-site by the PCs. Water is consumed for daily operational activities and water usage and recycling are not considered as major activities for the PCs.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2023	Impact 2022	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Adverse sustainability impact	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	11%	NA	%	NA
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.03	NA		NA
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	1.26	NA		NA
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	NA	NA	%	NA

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

The following policies have been adopted by the Board:

- The Board approved the Sustainable Investing Policy in 2019
- The Board of Directors is responsible for the Company's ESG policy and its implementation. The Investment Adviser, HydrogenOne Capital LLP, is responsible for integrating ESG considerations into the investment process and ongoing portfolio management.
- The indicators in Table 2 and 3 have been assessed based on their materiality. That is the likelihood and severity of occurrence.
- The assessment is inherently judgmental in nature which incorporates a margin of error. Feedback from stakeholders will be taken into account when reviewing this selection and amendments made in future reporting cycles if required.
- Data was almost complete and covered all relevant activities. Data was received from the company and the PCs.

Data received from PCs was assessed for quality. Estimates were used on data gaps using the data that was available as a proxy.

Engagement Policies

The Investment Adviser, HydrogenOne Capital LLP, engages with portfolio companies to gather ESG data, monitor their performance against the ESG KPIs, and drive improvements in ESG practices. The engagement process includes:

- Regular meetings with portfolio company management teams
- Monitoring of ESG KPIs and progress against targets
- Encouraging portfolio companies to adopt best practices in ESG management and reporting
- Providing guidance and support to portfolio companies to help them improve their ESG performance

the Company has developed an ESG framework with a set of ESG KPIs to assess and monitor investments. The KPIs cover various ESG factors, such as:

- Greenhouse gas emissions
- Waste management
- Health and safety
- Diversity and inclusion
- Corporate governance

Reference to international standards

As an Article 9 fund with a sustainable investment objective the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises are adhered to.

- The Company has developed an ESG framework with a set of ESG KPIs to assess and monitor investments, which cover various ESG factors such as greenhouse gas emissions, waste management, health and safety, diversity and inclusion, and corporate governance.
- The Investment Adviser engages with portfolio companies to gather ESG data and monitors their performance against the ESG KPIs.
- Climate scenarios are not used in the indicators but they are considered as part of the TCFD reporting, publically available
- Climate scenarios are used as part of TCFD reporting

Historical comparison

Not Applicable (N/A), this is the first reference period during which the SFDR RTS are in effect. Historical comparisons will be published in the next PAI statement