

Statement on principal adverse impacts of investment decisions on sustainability factor

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 1 January 2024 to 31 December 2024.

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 3 greenhouse gas emissions.

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 2024	Impact 2023	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	25.83	17.63	tCO2e	The observed increase in Scope 1 emissions during the reporting period 2024 was primarily driven by increased direct fuel consumption of one of the Company's portfolio companies	NA
		Scope 2 GHG emissions	59.00	80.66	tCO2e	Most of the Company's portfolio companies use renewable energy, demonstrating commitment to low-carbon energy sources. The reporting period 2024 witnessed data quality improvements, particularly in emissions boundary determination. This enhancement resulted in the reclassification of some emissions from Scope 3 (under leased assets category) to Scope 2 for certain portfolio companies.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	145.59	179.77	tCO2e	Most of the data provided by suppliers was complete. Some estimations were carried out regarding land and air transport. The observed decrease in Scope 3 emissions is mainly attributed to the exit of NanoSun from the Company's portfolio.	The company is actively engaged in improving data quality from suppliers.
		Total GHG emissions	230.41	278.06	tCO2e	GHG emissions are calculated in accordance with the GHG Protocol using DEFRA emission factors.	NA
2. Carbon footprint	Carbon Footprint	1.50	1.92	tCO2e per €M	NA	NA	
3. GHG intensity of investee companies	GHG intensity of investee companies	35.94	60.12	tCO2e per €M	The significant decrease in GHG intensity is primarily attributed to substantial revenue growth across the portfolio companies. Given that revenue functions as the denominator in the GHG intensity calculation, this revenue expansion has driven the material decrease in the Company's overall GHG intensity metric.	NA	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		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	38.61%	54.87%	%	No energy generation. This factor is based on renewable and non-renewable energy consumption from electricity usage and heating of facilities. The observed decrease is attributed to refined data received from one of the Company's portfolio companies, which provided a breakdown of renewable energy portion within total energy consumption, resulting in more accurate reporting of this indicator for 2024.	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	0.08	0.11	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%	0%	%	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	0	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	2.70	0.07	tonne per €M	Hazardous waste generated is safely collected and disposed of.	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%	0%	%	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	48%	77%	%	The Company applies these policies and the portfolio companies are working on developing and formalizing policies to monitor compliance with the UNGC principles.	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	42%	47%		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	8%	10%	%	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%	0%	%	NA	NA

Other indicators for principal adverse impacts on sustainability factors

Table 2

Additional climate and other environment-related indicator

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
-------------------------------	--	--------	-------------	-------------	------	-------------	---

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	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.
	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 2024	Impact 2023	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	19%	11%	%	The increase in the percentage of portfolio companies without workplace accident prevention policies is attributable to a portfolio composition change in 2024.	NA
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.10	0.03		Four portfolio companies provided data about reported number of accidents during 2024, which contributed to the increase in this metric.	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	4.34	1.26		The increase in the weighted average of workdays lost to injuries, accidents, fatalities or illness is attributable to one portfolio company, which provided data about their lost workdays in 2024.	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	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 Investment Policy in 2021. The ESG policy is published on the website
- The Board of Directors is responsible for the Company's ESG policy and its implementation. The Investment Adviser, Cordiant HydrogenOne, 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 portfolio companies.

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, Cordiant HydrogenOne, 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/ISSB reporting, publically available
- Climate scenarios are used as part of TCFD/ISSB reporting

Historical comparison

GHG emissions decreased by 17% from 2023 to 2024. This reduction was mainly driven by the exit of one portfolio company from the Company's portfolio and the refined emissions data provided by another portfolio company