



## **Sustainability-related Disclosures**

—

### **Clean H2 Infra Fund**

*Version of 24.07.2024*

# Table of contents

- Summary ..... 3
- Résumé ..... 3
- No significant harm to the sustainable investment objective ..... 5
- Sustainable investment objective of the financial product ..... 6
- Investment strategy ..... 6
- Proportion of investments ..... 7
- Monitoring of the sustainable investment objective..... 7
- Methodologies ..... 8
- Data source and processing ..... 8
- Limitation to methodologies and data..... 9
- Due diligence..... 9
- Engagement Policies ..... 10
- Attainment of the sustainable investment objective ..... 10

## Summary

The Clean H2 Infra Fund has a **sustainable investment objective** in the meaning of Article 9 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector (“SFDR”). This sustainable investment objective is to **contribute to climate change mitigation, through the funding of low-carbon hydrogen projects.**

Hy24 has set a clear sectoral boundary to its investments, with a goal to target opportunities in the hydrogen sector with a focus on three main pillars: **power to hydrogen and hydrogen derivatives, midstream and other usages** and **hydrogen mobility and its associated supply chain**, while keeping the flexibility to support other hydrogen activities.

Hy24 Portfolio		
 <b>Power to hydrogen and hydrogen derivatives*</b>	 <b>Midstream and other usages</b>	 <b>H2mobility and its associated supply chain</b>
<p>Renewable Hydrogen Production (incl. associated renewable energy generation) Power-to-X</p> <p><i>*Hydrogen derivatives including but not limited to ammonia, methanol, e-fuels)</i></p>	<p>Transportation and storage of hydrogen and hydrogen derivatives Other non-mobility applications (including but not limited to power and steel)</p>	<p>Hydrogen infrastructure and vehicles covering all forms of mobility (ground, rail, air and marine including fueled with hydrogen derivatives) and associated supply chain investments</p>

To achieve its sustainable investment objective and avoid significant harm to any sustainable objective, Hy24 integrates sustainability risks and opportunities into all phases of the investment process. To that end, Hy24 has developed a specific approach and resources to ensure ESG objectives are successfully met. This approach is outlined in Hy24’s [Responsible Investment Policy](#)

Hy24 measures the attainment of the Fund’s sustainable investment objective, through portfolio companies’ reporting of several key performance indicators, such as the quantities of CO2 avoided, renewable energy produced and/or consumed, **Taxonomy alignment** and other **sustainability indicators**.

Hy24 ensures that the sustainable investments do not significantly harm any of the sustainable investment objectives thanks to portfolio companies’ reporting of PAI indicators, the review of their application of EU Taxonomy’s Do No Significant Harm (DNSH) criteria, as well as ensuring alignment of sustainable investments with the OECD guidelines for Multinational Enterprises (MNEs) and the UN Guiding Principles on Business and Human Rights.

## Résumé

Le fond “Clean H2 Infra Fund” a pour objectif d’investissement durable de contribuer à l’atténuation du changement climatique par le financement de projets d’hydrogène bas carbone.

Hy24 a fixé une limite sectorielle claire à ses investissements, dans le but de cibler les opportunités dans le secteur de l’hydrogène en se concentrant sur trois piliers principaux : la transformation de l’énergie en hydrogène et ses dérivés, les usages intermédiaires et autres, ainsi que la mobilité hydrogène et la chaîne d’approvisionnement associée, tout en gardant la flexibilité nécessaire pour soutenir d’autres activités liées à l’hydrogène.

Pour atteindre son objectif d’investissement durable et éviter de nuire de manière significative à tout autre objectif de durabilité, Hy24 intègre les risques et les opportunités liés au développement durable dans toutes les phases du processus d’investissement. À cette fin, Hy24 a développé une approche et des ressources spécifiques pour s’assurer que les objectifs ESG sont bien atteints. Cette approche est décrite dans la [Politique d’Investissement Responsable de Hy24](#).

Hy24 mesure la réalisation de l'objectif d'investissement durable du fonds par le biais du reporting des sociétés du portefeuille sur leur alignement taxonomie envers cet objectif et sur leurs indicateurs de durabilité.

Hy24 s'assure que les investissements durables ne nuisent pas de manière significative à l'un des objectifs d'investissement durable grâce au reporting des indicateurs PAI des entreprises du portefeuille, à l'examen de leur application des critères DNSH de la Taxonomie européenne, ainsi qu'à l'alignement des investissements durables sur les principes directeurs de l'OCDE à l'intention des entreprises multinationales et sur les Principes directeurs des Nations unies relatifs aux entreprises et aux droits de l'homme.

## No significant harm to the sustainable investment objective

The Clean H2 Infra Fund **does not cause significant harm** to the other sustainable investment objectives. This is ensured by Hy24 through:

- The application of its investment strategy and the focus on ESG risks throughout the investment lifecycle as described in its [Responsible Investment Policy](#);
- The consideration of the indicators for principal adverse impact (PAI) as defined by Regulation (EU) 2019/2088;
- The alignment of the sustainable investments with the OECD guidelines for MNEs and the UNGP on Business and Human Rights

### a. Consideration of PAI indicators

The Clean H2 Infra fund considers principal adverse impacts (PAIs) on sustainability factors from pre-investment and throughout the holding period. To track these indicators, **Hy24 undertakes an engagement campaign** with its portfolio companies, through which an **important emphasis is given to ESG data monitoring**. This engagement campaign is formalised through Hy24's ESG Monitoring & Reporting Framework, which allows the monitoring of portfolio companies' Action Plans defined together with Hy24 to lay down a pathway for ESG compliance and improvement, as well as the collection and monitoring of ESG indicators, including the PAI indicators.

Hy24 tracks all the indicators for principle adverse impacts ("mandatory" PAI indicators) as well as other relevant indicators ("optional" PAI indicators). Among the other relevant indicators, Hy24 has selected the following optional indicators:

- Existence of a workplace accident prevention policy
- Share of investments in investee companies whose operations affect threatened species
- Rate of accidents
- Number of days lost to injuries, accidents, fatalities, or illness

These additional PAI indicators were selected for the Fund because of their **materiality to the infrastructure development sector**, as well as based on **reporting requirements from Limited Partners of the Fund**, to ensure that the management company can answer its own reporting obligations.

**Hy24 makes sure** based on data reported through PAI reporting and additional documentation consulted by Hy24 throughout the engagement campaign, **that no significant harm is done to any of the sustainable investment objectives** by portfolio companies.

### b. Alignment of sustainable investments with the OECD guidelines for MNEs and the UNGP on Business and Human Rights

The alignment of the **investments of the Fund with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights** is examined by Hy24 at several steps of the investment process, including as early as the due diligence phase, and throughout the engagement campaign.

An **initial assessment** of the alignment of portfolio companies with the OECD guidelines for MNEs and the UNGP on Business and Human Rights is **performed during the sustainability due diligence**. This includes an appraisal of the **materiality of social and governance risks**, as well as the **maturity of potential portfolio companies on these topics**. Hy24 also requests all necessary information to confirm that the portfolio companies' governance practices are sufficiently robust. In any cases **where Hy24 identifies a lack of procedures or documentation, corrective measures are included in portfolio companies' individual Action Plans**. Such measures include for instance the formalisation of codes of

conducts, the expansion of alert systems to different stakeholder groups, or the update of internal policies regarding human rights protection or anti-corruption.

During its engagement campaign, Hy24 then looks specifically at the way portfolio companies manage four key topics: **human rights (including labour and consumer rights), corruption and bribery, taxation, and fair competition**. Hy24's ESG Monitoring & Reporting Framework allows not only to **identify and improve procedures in place on these topics** through the individual Action Plans, but also to **track the outcomes of these procedures** thanks to the ESG Data Monitoring Sheet.

## Sustainable investment objective of the financial product

The Fund has a **sustainable investment objective** in the meaning of Article 9 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector ("SFDR"). This sustainable investment objective is to **contribute to climate change mitigation, through the funding of low-carbon hydrogen projects**.

Hydrogen has a key role to play in the energy transition, in particular as an enabler of renewable and low-carbon energy in the industrial, transport and energy sectors. Most energy transition scenarios account for a **large increase in hydrogen production and a rapid shift in the sources of energy for its generation**. According to different energy transition scenarios<sup>1</sup>, electrolyser capacity should increase from 0.3 GW in 2021 to between 3000 and 5000 GW in 2050 and low-carbon hydrogen should contribute between 4% and 20% of total carbon emission abatements necessary to meet the Paris agreement goals.

Hence, by investing in low-carbon hydrogen production, storage and distribution, the **Fund is directly contributing to reducing and/or avoiding carbon emissions** with a view to **support the long-term global warming objectives of the Paris agreements**. Moreover, the manufacture, transmission, storage, and use of hydrogen for transportation and energy production is **already embedded in the EU Taxonomy framework, as well as in the path towards net zero emissions in the European Union**.

Furthermore, by investing in companies along the clean hydrogen value chain, Hy24 will accelerate and scale-up the commercialization of technologies, products and services which will enable the integration of renewable and low-carbon energy, clean transportation and the decarbonization of energy systems through the production, transport, storage, distribution, and use of hydrogen. In the latter case, the impact of Hy24's investments towards climate change mitigation will be an indirect rather than a direct one.

## Investment strategy

Hy24 has set a clear sectoral boundary to its investments, with a goal to target opportunities in the hydrogen sector with a focus on three main pillars: **(i) power to hydrogen and hydrogen derivatives, (ii) midstream and other usages** and **(iii) Hydrogen mobility and its associated supply chain**, while keeping the flexibility to support other hydrogen activities.

Hy24 seeks to integrate sustainability risks and opportunities into all phases of the investment process. In this context, Hy24 has developed a specific approach and resources to ensure that the sustainable

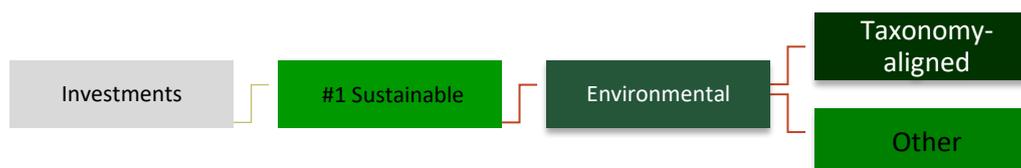
---

<sup>1</sup> Three energy transition scenarios considered: IEA Net-Zero (electrolyser capacity in 2050: 3585 GW, contribution to carbon abatement: 4%), IRENA 1.5°C Scenario (electrolyser capacity in 2050: 5000 GW, contribution to carbon abatement: 10%), Hydrogen Council, Hydrogen for Net-Zero (electrolyser capacity in 2050: 3000-4000 GW, contribution to carbon abatement: 20%)

objectives are successfully met. This process is described in detail in [Hy24's Responsible Investment Policy](#).

## Proportion of investments

Illustrated below is the asset allocation for the investments of the Clean H2 Infra Fund:



The Clean H2 Infra funds aim at investing only in sustainable investments in the meaning of Article 2(17) of the SFDR. This is ensured by:

- **Sectoral boundaries and a clear sustainable objective** set for the fund, which means that Hy24 only targets investments contributing to the development of the clean hydrogen supply chain with the purpose of reducing and/or avoiding GHG emissions and mitigating climate change. As the climate change mitigation objective is embedded in the EU Taxonomy framework, Hy24 aims to align its assets, when possible, with the EU Taxonomy criteria for contributing to this objective.
- A close **monitoring of principal adverse impacts on sustainability factors** throughout the engagement campaign with portfolio companies to ensure that investments do not cause significant harm to other sustainable objectives.
- Supporting portfolio companies in respecting good governance practices by helping them in **further integrating and monitoring topics of human rights, labour rights and consumer rights, anti-corruption, taxation and fair competition** in their management structures and internal processes.

## Monitoring of the sustainable investment objective

The attainment of the sustainable investment objective of climate change mitigation is monitored throughout the lifecycle of the financial product through the reporting by portfolio companies of several key performance indicators, such as the quantities of CO2 avoided, renewable energy produced and/or consumed, **Taxonomy alignment** and other **sustainability indicators**.

The following sustainability indicators are used to measure the attainment of the abovementioned objective:

- GhG emissions intensity for the manufacture of hydrogen (tCO2e/tH2)
- Avoided CO2 emissions (tCO2e)
- GhG intensity of energy production (tCO2e/GWh)

- Share of renewable energy consumed (%)
- Share of renewable energy produced (%)

As mentioned above, Hy24's ESG team developed, with the support of external consultants, an **ESG Monitoring & Reporting Framework**, which compiled an **Action Plan**, made up of concrete measures and actions to be implemented by portfolio companies for them to align with the criteria of the EU Taxonomy, and a **Data Monitoring Sheet** to collect and track the **sustainability KPIs and PAI indicators**, as well as to follow progress on the alignment with the requirements of the EU Taxonomy. These ESG Monitoring Frameworks act as road maps for the portfolio companies, defining their priorities for ESG implementation, and guiding them in understanding the regulatory context by translating regulatory requirements into actionable measures. These allow the monitoring of the attainment of the sustainable objective of the Fund on a yearly basis.

## Methodologies

### Calculation of taxonomy alignment

The Fund consolidates **Taxonomy KPIs following a proportional approach**. Through this approach, the scope of reporting for Taxonomy alignment includes all portfolio companies' projects that have passed Final Investment Decision (FID), whether the portfolio companies hold operational control of these projects or not. Additionally, indicators have been weighted according to the level of ownership of portfolio companies within their projects and of Hy24 in the portfolio companies.

Hy24 believes that this approach is the **most representative of the Clean H2 Infra Fund's impact and of the Fund's contribution to the green economy**.

However, this calculation approach does not follow requirements of the Commission Delegated Regulation (EU) 2021/2178 supplementing Article 8 of Regulation 2020/852. According to the Delegated Regulation (EU) 2021/2178, non-financial undertakings should exclude non-controlled financial investments that are accounted for by using the equity method. For some portfolio companies, this approach leads to exclude their investments in SPVs whose activities are Taxonomy-aligned. The Fund thus also calculates Taxonomy KPIs following this approach.

### Calculation of sustainability indicators

Hy24 consolidates sustainability indicators following a proportional approach, which means that indicators are weighted according to the level of ownership of portfolio companies within their projects and of Hy24 in the portfolio companies.

Hy24 relies as much as possible on national, European or internationally recognised standards for the reporting of climate-related indicators. As such, it mainly relies on the European Sustainability Reporting Standards, and on the recommendations of the GHG Protocol.

## Data source and processing

There are two types of **data used to monitor the contribution of the Fund** to climate change mitigation:

- Data **reported directly by portfolio companies** during the engagement campaign. This data is collected and tracked by Hy24 through the ESG Monitoring Framework. It concerns all data related to the sustainability indicators, PAI indicators, and all information related to the taxonomy criteria.

- Data from **internal research of Hy24 or external advisors** to **complement and cross-check** data reported by portfolio companies, a range of different data sources from trustworthy organisations can be used (e.g. EIA, European Commission, etc).

Hy24 strives to respect several principles and key steps to **ensure the quality of data and therefore the accuracy of its reporting**. These include for instance:

- Providing portfolio companies with a clear data reporting protocol based on regulatory definitions (e.g., PAI indicators) and reference organisations and standards (e.g. GHG protocol), along with an online Technical Training to support them in answering the reporting requirements.
- Agreeing with portfolio companies on the completion of the Action Plan resulting from the due diligence within a reasonable timeframe following the investment (e.g., 18 months). This Action Plan supports the investee companies in the definition of a robust reporting methodology.
- Reviewing the methodologies and calculation details of complex indicators (avoided emissions, carbon footprint, lifecycle emissions of generated energy) and providing support to portfolio companies if needed.
- Verifying the completeness and accuracy of reported data and organising follow-ups with portfolio companies on every data point that need further explanations.
- Being transparent with portfolio companies and stakeholder, including LPs, on the limitations of the methodologies and data reported.

Hy24 prioritises the direct reporting of data from portfolio companies, however they can still rely on documented estimations when reported data is unavailable or cannot be trusted.

## Limitation to methodologies and data

There are limitations to the methodologies and data sources due to the **limited resources of portfolio companies** for reporting and the potential use of estimated data.

Regarding the calculation of Taxonomy alignment, companies included in the Clean H2 Infra fund's portfolio are non-listed companies. Therefore, the degree to which the investments are in environmentally sustainable economic activities is not readily available from public disclosures by portfolio companies. **Hy24's assessment is based on "equivalent information"** as referred to in the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022. This "equivalent information" was obtained directly from investee companies. For a limited number of portfolio company, the financial accounts are finalised after the completion of Hy24's reporting. Consequently, the Taxonomy alignment calculation for this portfolio company is an estimation based on available data at the time of reporting. This information was not audited by a third party.

These limitations do not affect the attainment of the sustainable investment objective thanks to **rigorous data quality evaluation performed by Hy24 and continuous improvement of available data** through the engagement campaign.

## Due diligence

A sustainability due diligence is carried out by Hy24 before any investment decisions. Hy24 **developed its own approach** to sustainability due diligence, with the goal of **integrating sustainability and policy**

**aspects in its analysis of investment opportunities.** The approach of the sustainability due diligences selected by Hy24 is one that **merges sustainable finance requirements**, specifically those of the SFDR and EU Taxonomy, with **ESG materiality analysis**.

When the analysis of the DNSH and minimum social safeguards criteria reveals gaps with the regulatory requirements, in particular those of the EU Taxonomy (e.g., gaps associated with lack of sufficient documentation and/or formalisation of adequate corporate practices), Hy24 makes sure that the **management of the potential portfolio company is committed to take the necessary steps to fully comply with the criteria**. To support them and follow-up on progress achieved, **individual Action Plans are drawn up for each asset based on the conclusions of the sustainability due diligence**.

The due diligence process is further detailed in Hy24 in Hy24's [Responsible Investment Policy](#) as well as in the Shareholder Engagement Policy.

## Engagement Policies

Hy24 undertakes engagement campaigns with its portfolio companies throughout the holding period, **with the goal of improving their maturity on ESG priorities, building internal capacity within each asset** and, if necessary, **assisting them to comply with the regulatory requirements of the SFDR and the EU Taxonomy**. In doing so, Hy24 ensures that portfolio companies are **committed to maximising their positive impact and minimising their potential negative impact on their stakeholders and the environment**. This engagement campaign is also key for Hy24 to meet its ambitions of fostering the hydrogen infrastructure in a sustainable way. Some of the most important actions taken during the engagement campaign relate to the monitoring framework for ESG performance, the ESG management within portfolio companies and the regular dialogue on ESG matters with portfolio companies and co-investors.

More specifically, the verification of the absence of controversies is done through the due diligence process and during the holding period through the monitoring of the Action Plan.

## Attainment of the sustainable investment objective

No index has been defined for the Fund.

All Hy24's investments contribute significantly to climate change mitigation either through projects which have a **direct impact on CO<sub>2</sub> avoidance/reduction** or, **indirectly, as enablers** of (i) generation, transmission, storage, distribution, or use of renewable energy (ii) clean or climate-neutral mobility, (iii) the decarbonization of energy systems (iv) the production of clean and efficient fuels from renewable or carbon-neutral sources or other activities with significant potential for CO<sub>2</sub> avoidance.