

*Disclosure at company level in accordance with
Articles 3, 4 and 5 of Regulation (EU) 2019/2088*

Article 3: Transparency in the strategies for dealing with sustainability risks

SENCO's key investment principles are based on the economic objectives to be achieved and a balanced risk/reward profile for the funds launched by SENCO. Sustainability risks are analysed and assessed throughout the investment process as part of the risk-opportunity profile. In the selection phase of a potential investment, SENCO identifies the contribution that a company makes to the hydrogen value chain or energy transition and checks whether predefined exclusion criteria are met in order to avoid serious sustainability risks from the outset. In a second step, relevant sustainability risks are assessed as key components of environmental, social and governance ("ESG") due diligence. If sustainability risks classified as relevant are identified, SENCO will endeavour to mitigate these risks through targeted management approaches as part of the investment initiation process if the investment decision is positive. This process is maintained during the holding phase and the results are continuously monitored by supervisory bodies. If SENCO does not consider the sustainability risks identified in the ESG due diligence to be sufficiently reducible, SENCO will not make the investment.

Article 4: Transparency of adverse sustainability impacts at company level

SENCO considers the Principal Adverse Impacts (PAI) of investment decisions on sustainability factors in accordance with Article 4 of Regulation (EU) 2019/2088 (SFDR) at company level, where possible. However, due to the current limited availability of consistent and robust ESG data, we are currently unable to publish a complete and standardised PAI statement at company level in accordance with the Regulatory Technical Standards (RTS).

We monitor developments in the area of ESG data availability in the portfolio and regularly evaluate the extent to which comprehensive consideration and disclosure of PAI indicators is possible. As soon as a sufficient database is available, we will adjust our disclosures accordingly.

Article 5: Transparency of the remuneration policy in connection with the consideration of sustainability risks

SENCO's remuneration policy provides for a fixed and a variable salary component. The amount of variable remuneration is calculated on the basis of SENCO's financial performance, taking individual indicators into account. It is SENCO's understanding that significant sustainability risks can also be reflected in the selected variable remuneration indicators.

*Disclosure at product level in accordance with Article 8 of
Regulation (EU) 2019/2088*

Summary

This financial product promotes environmental or social characteristics, but does not aim to make sustainable investments. The product will make equity investments along the entire hydrogen value chain and energy transition. The aim is to be a driver of the expansion and transformation to green or emission-free hydrogen in order to work towards mitigating climate change in particular. Where relevant, other key environmental and social characteristics are also taken into account in the investment process. SENCO will initiate a binding review process for each potential investment to verify the characteristics. This includes identifying the contribution of the potential investment to the development of the hydrogen value chain or energy transition, the application of exclusion criteria and a two-stage ESG due diligence process. In an initial due diligence, material ESG issues, particularly those relevant to compliance, are analysed. If SENCO proceeds within the investment process, a confirmatory ESG due diligence is carried out. Within this confirmatory due diligence, the investment is assessed holistically on ESG issues that are material to the investment. This includes an in-depth review of the Do No Significant Harm (DNSH) criteria and a categorisation of the investment in relation to the SDGs 7, 9, 11 and 12 pursued by SENCO. The due diligence also includes an analysis of the most important adverse effects of the intended investment, in particular taking into account the PAI indicators. If adverse impacts are considered relevant, SENCO will work towards mitigating the adverse impacts through targeted management approaches in the event of a positive investment decision. If SENCO considers the adverse effects to be irreducible, SENCO will not make the investment. SENCO focuses all investments on environmental and social characteristics and uses quantitative and/or qualitative sustainability indicators to measure them. If necessary, SENCO works with external ESG data providers and consultants for the ESG assessment. If data availability and quality are insufficient, the SENCO will endeavour to influence companies via the supervisory bodies to provide increased capacity for data reporting. The implementation of the necessary audit and control measures in connection with the structured audit process and the two-stage ESG due diligence is documented in internal guidelines. No index was determined as a reference value to determine whether the financial product is aligned with the advertised environmental characteristics. The following sections discuss the relevant information about the financial product that is used to advertise environmental or social characteristics.

No sustainable investment goal

The financial product (Private Equity Fund SENCO Hydrogen Equity Fund GmbH & Co. KG - "SENCO HEF") advertises ecological or social characteristics, but does not aim to make sustainable investments.

Environmental or social characteristics of the financial product

SENCO HEF will make equity investments along the entire hydrogen value chain and energy transition. The aim is to be a driver of the expansion and transformation to green or emission-free hydrogen in order to work towards mitigating climate change in particular. In addition, where relevant, other key environmental and social characteristics are taken into account in the investment process, such as

Environment

- Climate change-resistant business models
- Responsible handling of hazardous substances or their avoidance
- Avoidance and reduction of environmental pollution
- Protection of healthy ecosystems

- Sustainable resource management

Social

- Occupational health and safety
- Appropriate remuneration and fair working conditions
- Equal opportunities, diversity, training and development opportunities
- Compliance with labour standards (no forced or child labour, no negative or positive discrimination)
- Adequate product safety
- Sustainable development of rural and remote areas for green energy production

By taking these social and environmental characteristics into account, the financial product contributes to the United Nations Sustainable Development Goals (UN SDGs). SESCO takes all 17 goals into account, but given the investment focus, SESCO considers the following four goals - especially due to their sub-goals - to be particularly relevant:

Goal	Sub-goal
7: Sustainable and modern energy for all	7.1 Ensure universal access to affordable, reliable and modern energy services by 2030
	7.a By 2030, strengthen international cooperation to facilitate access to clean energy research and technology, namely renewable energy, energy efficiency and advanced and clean fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies
9. Resilient infrastructure and sustainable industrialisation	9.1 Build high-quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, prioritising affordable and equitable access for all
	9.4 By 2030, modernise infrastructure and upgrade industries to make them sustainable, with more efficient use of resources and increased use of clean and environmentally sound technologies and industrial processes, with all countries taking action according to their respective capacities
11: Sustainable cities and settlements	11.6 Reduce the per capita environmental impact of cities by 2030, with a particular focus on air quality and municipal and other waste treatment, among other things
12. Sustainable consumption and production methods	12.2 Achieve sustainable management and efficient utilisation of natural resources by 2030

Investment strategy

The SESCO team has defined key investment principles for the planned investments, irrespective of the specific framework data for each individual decision. These are based on the economic objectives

to be achieved and a balanced risk/reward profile envisaged for the SENCO funds. SENCO will consciously differentiate itself from traditional venture structures.

The primary investment focus of SENCO HEF will be on investments in companies within the hydrogen and energy transition value chains. In doing so, SENCO will specifically identify those companies that are of great importance for the ramp-up of the industry and will also benefit greatly from this in the long term. The ramp-up of the hydrogen industry and energy transition will generate growth in demand for hydrogen-related products and services and energy transition technologies. Building up the capacities required to meet demand will require significant investments from both plant manufacturers and suppliers and service providers. These mostly medium-sized companies are often not in a position to make such investments without partners. In addition, this new industry requires expertise and networks that are not yet sufficiently available at the majority of companies. SENCO can provide this combination of capital for investments, hydrogen and energy transition-specific expertise and a close-knit network in this industry, thereby positioning itself as a predestined partner for these companies.

SENCO will consider environmental and/or social characteristics in its investments in accordance with Article 8 of the Disclosure Regulation. In this context, SENCO has defined mandatory elements as integral parts of the investment strategy for the selection of investments.

Breakdown of investments

All of the fund's investments will be geared towards environmental and social characteristics.

Monitoring of environmental or social characteristics and participation policy

During the pre-selection of a potential investment, SENCO identifies the contribution that the company makes to the hydrogen value chain and/or energy transition. Potential investments are categorised in terms of their position within the value chain and evaluated based on their product portfolio and their significance within the value chain. Only companies that make an actual contribution to the hydrogen value chain or energy transition, or where this can be achieved through a transformation of the existing business, are considered further. Furthermore, SENCO will not directly or indirectly invest in, guarantee or financially or otherwise support companies or other entities that, according to internal research and investigations, violate the exclusion criteria defined by SENCO.

Furthermore, SENCO will initiate a binding, two-stage ESG due diligence process for every potential investment.

In an initial due diligence, material ESG issues, in particular compliance-relevant ESG issues, are assessed for the potential investment using a checklist. If violations of compliance regulations are identified during this initial due diligence that SENCO believes cannot be remedied in the short term, SENCO will terminate the investment process.

If SENCO proceeds within the investment process, a confirmatory ESG due diligence is carried out. During the due diligence process, the investment is assessed holistically with regard to ESG issues that are material to the investment. It includes an in-depth analysis of relevant sustainability risks with regard to the defined environmental and social characteristics, an in-depth examination of the Do No Significant Harm (DNSH) criteria and a categorisation of the investment in relation to SDGs 7, 9, 11 and 12 pursued by SENCO. The due diligence also includes an analysis of the main adverse impacts of the intended investment, taking into account the PAI indicators in particular.

If adverse impacts are considered relevant, SENCO will – after a positive investment decision – work towards mitigating the adverse impacts through targeted management approaches during the investment process. If SENCO considers the adverse effects to be irreducible, SENCO will not make the investment.

During the holding phase, SENCO will continuously monitor each investment with regard to ESG development and work through the supervisory bodies to integrate ESG criteria into the business plan in consultation with the management. Any significant deterioration leads to an in-depth review. This makes it possible to determine whether and what measures should be taken to improve the situation of the company in question. SENCO pays particular attention to the main adverse impacts identified in the due diligence and the development of the PAI indicators. We will report these regularly at product and company level in accordance with the requirements of the EU Disclosure Regulation (in particular Article 4).

Methods

SENCO develops quantitative and/or qualitative sustainability indicators to measure the achievement of environmental and social characteristics. The sustainability indicators are derived from SENCO's mandatory approach to considering environmental and social characteristics, which uses a structured process to assess the contribution to the hydrogen value chain and energy transition, defines exclusion criteria, and provides for a two-stage ESG due diligence.

Data sources and processing

If required, SENCO works with external ESG data providers and consultants for the ESG assessment. The data pool provided by these service providers, supplemented by surveys conducted through contact with the potential investment, forms the basis for the ESG due diligence.

Limitations with regard to methods and data

The fund makes investments along the entire hydrogen value chain and the energy transition, where standardised ESG reporting structures and ESG initiatives are only gradually being established. Although SENCO makes reasonable efforts to ensure data quality, data reliability and data availability, some potential investments and portfolio companies may still be in the development phase of collecting relevant ESG-related data. Whilst the lack of data availability and quality will in no way affect the ability to gain a robust ESG understanding of these companies, in these cases SENCO will endeavour to engage with the companies through the supervisory bodies to provide increased capacity for data reporting.

Duty of care

The implementation of the necessary audit and control measures in connection with the structured audit process and the two-stage ESG due diligence is documented in internal guidelines. Classification and investment decisions for individual investments are recorded as part of the respective processes. Where relevant, SENCO will commission external consultants for these analyses.

Determined reference value

No index was determined as a reference value to determine whether the financial product is aligned with the advertised environmental characteristics.