



HYDROGEN REFUELING SOLUTIONS

2023 EXTRA-FINANCIAL REPORT





HRS

FOREWORD

EXECUTIVE SUMMARY

HRS is a pure-player in the innovative hydrogen mobility sector, the growth of which is encouraged by the public authorities and their objective to develop a value-chain to decarbonize heavy and light mobility in the short, medium and long term on a global scale.

The hydrogen sector has been identified as a key link in the energy transition. Its development, combined with carbon-free hydrogen (H₂) production, should make it possible to contribute to drastically reducing CO₂ emissions associated with certain uses (particularly in mobility, heavy transport or intensive mobility).

HRS develops reliable and efficient hydrogen refueling solutions. To this end, the Company designs stations that meet the highest safety standards and is constantly innovating in order to meet all the needs of the current and future market. Currently present mainly in Europe, HRS has the ambition to become a global leader and expand in North America, Asia, and the Middle-East by 2030.

As a responsible company, HRS attaches great importance to Corporate Social Responsibility (CSR) issues. This first non-financial report is published voluntarily before the company is subject to the European CSRD (Corporate Sustainability Reporting Directive).

Although the Company does not yet have the obligation to meet all the expectations of this directive, it is preparing for its future obligations with sincerity.

HRS has also built, through this exercise, its first CSR roadmap with deadlines in 2024 and 2025 as summarized below and developed in detail in this first extra-financial report:

ESG PILLARS	OBJECTIVES	DEADLINES
ENVIRONMENT	Installation of solar panels in order to achieve self-sufficiency for self-consumption	2024 - 2025
	Mobility plan: Promoting green mobility solutions for home/work commute	2024
	Partnerships with green hydrogen producers to promote a carbon-free H ₂ sector	2023 - 2024
	Replacing diesel vehicles with hybrid, electric or hydrogen vehicles for HRS own fleet	2024 - 2025
	Business travel policy to promote the use of responsible mobility	2024
SOCIAL	Setting up an annual interview for each employee	2024
	Creation of a training course specifically dedicated to management	2023 - 2024
	Implementation of an annual survey addressed to all employees	2024 - 2025
GOVERNANCE	Strengthening the risk management system	2023 - 2024
	Whistleblower procedure	2023 - 2024
	Crisis management procedure in the event of a station incident	2023 - 2024
	Increased from 90% compliance with MiddleNext Code recommendations to 100%	2024 - 2025
	Strengthening CSR governance and data collection to comply with CSRD ¹	2024 - 2025

General basis for preparation of sustainability statements

This first sustainability report of HRS has been prepared in accordance with the requirements of the CSRD, according to the texts of the ESRS of July 2023.

All information in this report relates to HRS's French production sites in Champs-sur-Drac and Champagnier (as of the second quarter of 2023) as well as commercial activities in Germany and Spain and projects in Italy.

The scope of this report is in line with the scope of the financial report and is based on data relating to the financial year from 01/07/2022 to 30/06/2023.

The value chain information included in this report is limited to Scope 3 GHG emissions only.

As a company with 135 employees, HRS is considered an SME¹ and does not fall under the CSRD and SME-specific ESRS until 2026. This report is therefore a first step towards this future obligation. It helped to define a roadmap to align with the regulations, as well as benchmarks for future CSR reports.

The information contained in this report is a true and accurate representation as of the date of writing of this report.

Disclosures in relation to specific circumstances

Through this first CSR report, HRS wished to initiate the analysis of its dual materiality in order to identify its significant impacts, risks and opportunities and to prepare for the non-financial communication requirements for its future non-financial reporting needs.

The Company also aimed to test its readiness for CSRD and begin creating the appropriate data collection procedures.

HRS is an SME governed by EU SME. The requirements for non-financial performance reporting for this category of business are not yet available.

During the reporting period, HRS gradually moved into the new facilities in Champagnier. As a result, several extra-financial measures were not available or were only partially relevant to the organization.

The rapid growth of HRS (51% relative growth in headcount year-on-year) also makes it difficult to compare data year-on-year. In order to provide the most objective view possible, relative values will be added to the standard reporting parameters to create a relevant basis for future reporting.

During the reporting period, only data from July 2022 to June 2023 were collected. No extra-financial targets or trajectory have been set to date.

As a private company based in France, HRS is subject to local GHG emission requirements. As a result, local (BEGES) and international (GHG Protocol) methodologies were used to calculate and present HRS carbon footprint data.

For this first extra-financial report, it was decided not to follow the classic plan recommended by the CSRD. A correspondence table is available in Appendix 1.

¹ "a small enterprise" according to Directive 2013/34/EU of the European Parliament and of the Council, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council

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A KEY PLAYER IN THE TRANSITION TO GREEN MOBILITY

Accelerate.

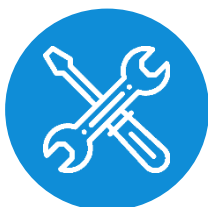
This is the challenge for all companies involved in the energy transition to fight global warming and achieve carbon neutrality by 2050. It is this desire to contribute to this challenge that has led HRS to evolve its activity towards the development and marketing of hydrogen refuelling stations.

The deployment of hydrogen mobility would reduce CO₂ emissions by 1.2 million tonnes per year in France by 2030².

Today, HRS is clearly committed to changing society as we know it today. We are actors in the sector by putting our know-how, our expertise and our benevolence at the service of the community to build a more responsible and sustainable society.



MANUFACTURING



CONCEPTION



INSTALLATION



COMMISSIONING



MAINTENANCE

CHAPTER 1: HRS, A KEY PLAYER IN THE TRANSITION TO GREEN MOBILITY

1.1 Strategy, business model and value chain

Founded in 2004, Hydrogen-Refueling-Solutions (HRS), formerly TSM, offers hydrogen refueling station solutions for all types of vehicles (captive fleets, trucks, buses, passenger cars, rail and maritime transport, etc.). It addresses the mobility, industrial, storage and energy markets.

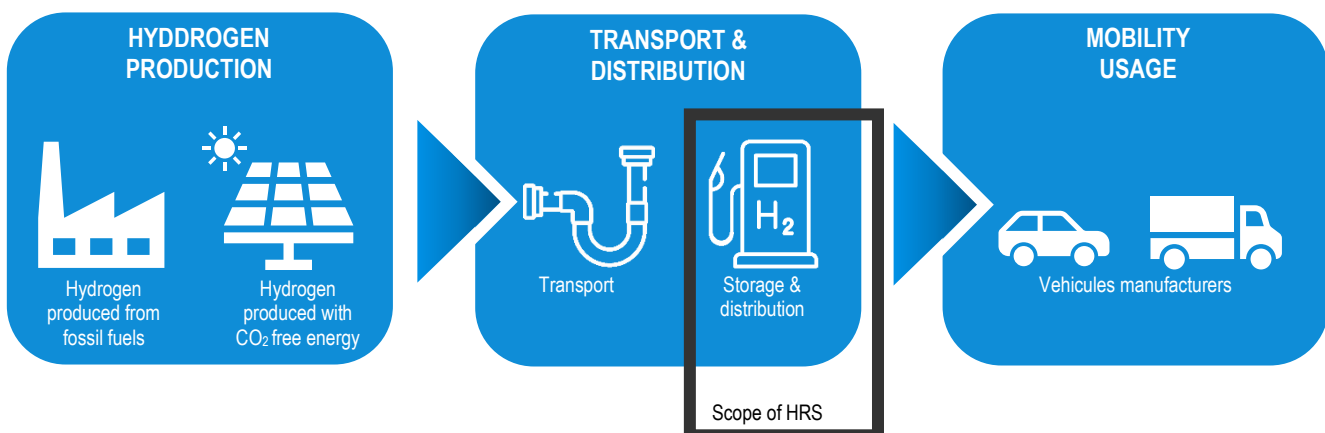
With expertise acquired over the past 19 years in engineering and complex industrial piping as well as in the manufacture of medium and large capacity stations, HRS develops a complete range of stations capable of delivering between three hundred kilograms and two tons of hydrogen per day. The company is thus positioning itself in the growing market for hydrogen mobility infrastructure.

1.1.1 The hydrogen mobility value chain

HRS is positioned in a strategic link in the hydrogen mobility value chain, which includes three main types of players:

1. Hydrogen producers;
2. Producers of hydrogen storage and distribution solutions;
3. Producers of mobility solutions based on hydrogen.

SUMMARY DIAGRAM OF THE HYDROGEN MOBILITY VALUE CHAIN:



Hydrogen production

There are several ways to produce hydrogen (H_2 , more commonly known as hydrogen):

- By natural gas steam reforming: this process consists of heating methane (CH_4) to a very high temperature and combining it with water vapour (H_2O) to extract hydrogen (H_2) and carbon dioxide (CO_2).
- Coal gasification: Similarly, burning coal in a reactor while adding air and water vapour releases hydrogen (H_2) and carbon monoxide (CO).
- By refining hydrocarbons, of which dihydrogen becomes a by-product.
- Water electrolysis: this process consists of breaking down water molecules (H_2O) using an electric current to obtain oxygen (O_2) and hydrogen (H_2).

In September 2023, the International Energy Agency³ published its Global Hydrogen Review 2023. According to this analysis, global hydrogen production reached nearly 95 million tonnes in 2022, an increase of 3% compared to 2021. This production was dominated by the use of fossil fuels: natural gas without carbon capture, utilization and storage (CCUS) accounted for 62% of global production, while unreduced coal, mainly located in China, was responsible for 21% of global production³. Hydrogen by-product, which is produced in refineries and in the petrochemical industry during naphtha reforming, and often used for other refining and conversion processes (e.g., hydrocracking, desulfurization), accounted for 16% of global production³.

Low-emission hydrogen production in 2022 was less than 1 Mt (0.7% of global production), which is very similar to 2021 and comes almost entirely from fossil fuels with CCUS³. We can speak of "blue" hydrogen when a process captures the carbon dioxide emitted in the production of grey hydrogen.

According to the same IEA analysis, production from water electrolysis remained below 100 kt H_2 in 2022, representing a growth of 35% compared to the previous year³.

Unless natural deposits of hydrogen are exploited (which are extremely rare, in this case we speak of "white" hydrogen), the production by electrolysis of water could be the preferred process that can produce "green" hydrogen, i.e. hydrogen whose production process does not generate polluting gases, such as carbon dioxide or carbon monoxide. However, this implies that the electricity used for the reaction must come from renewable energies: solar, hydro, wind or geothermal. A similar carbon footprint can be achieved by using nuclear energy to produce the electricity needed for the electrolysis of water ("pink" hydrogen).

According to the IEA, China accounted for nearly 30% of global production in 2022, reflecting strong domestic demand for refineries and the chemical industry. More than 70% of global production was achieved in China, the United States, the Middle East, India, and Russia in 2022 (in descending order of production share)³.

In Europe, a green hydrogen production sector is currently being structured, driven by major manufacturers (such as Siemens, Engie, Areva, etc.), but also electrolyser manufacturers (such as Thyssen Krup, McPhy Energy or NEL Hydrogen). To a lesser extent, the sector is also driven by hydrogen mobility players, whether they are pure players (such as France's Lhyfe) or fuel cell manufacturers (such as PlugPower or Ballard Power Systems Inc).

The development of the hydrogen sector is now being encouraged to meet the need to decarbonise the energy mix in favour of an ecological transition. Regarding the latter, the most important challenge for the sector is therefore to produce carbon-free hydrogen (green or pink). This can be achieved by increasing hydrogen production capacity through electrolysis and ensuring that the electricity used in the process comes from renewables or nuclear.

As such, as of the date of this report, the European Commission has set the following timetable to encourage a transition:

1. From 2020 to 2024, the installation of electrolyzers with a capacity of at least 6 gigawatts compared to 0.06 gigawatts until then, enabling the production of renewable hydrogen within the European Union and bringing production to one million tonnes of renewable hydrogen.
2. From 2025 to 2030, hydrogen will belong to the integrated energy system with a capacity of 40 gigawatts of electrolyzers resulting in the production of 10 million tons of renewable hydrogen.
3. From 2030 to 2050, all technologies using renewable hydrogen will have reached maturity and have been deployed on a large scale in all sectors of application (mobility, industry, etc.). The electrolyzer capacity will then be 500 gigawatts by 2050.

This hydrogen ambition will be accompanied by European investments estimated at €2,200 billion over 30 years, including €1,400 billion in additional investments for "green" hydrogen in addition to the estimated €1,200 billion of the Green Deal plan, which aims to quadruple green energy production capacity.

In the long term, hydrogen should represent 15% of the European Union's energy mix in 2050 compared to 2% in 2019 and should support the ramp-up of renewable energies in order to achieve the objective of 75% renewable energies within the energy mix.

The question of the price of the electricity used in the production process arises to ensure the economic sustainability of the model. The costs of producing hydrogen by electrolysis of water vary from €3 to €12/kg of H₂, but experts now estimate that this cost must be around €2 to €3/kg of H₂ for green hydrogen to be as competitive as grey hydrogen.

This reduction in the cost of production could be facilitated by increasing the share of renewable energies in the energy mix as well as by compensation mechanisms by the public authorities.

Hydrogen storage and distribution

Once the hydrogen has been produced and transported to its distribution site (by pipeline or by cylinder transport on the road, rail or maritime network), it is essential to prepare it for storage and distribution through compression and cooling techniques in which HRS has acquired a very high level of expertise.

Increasing density is the key principle of hydrogen storage. Indeed, it takes about 11 m³ at atmospheric pressure (i.e. the volume of the boot of a large commercial vehicle) to store 1 kg of hydrogen gas, which is the amount needed to travel 100 km with a hydrogen-powered vehicle.

The simplest method to increase the density of hydrogen is to increase its pressure. Thus, at 700 bar, hydrogen has a density of 42 kg/m³, allowing a 125-litre tank to store 5 kg of gas. Today, the majority of car manufacturers have opted for high-pressure gaseous storage. This technology makes it possible to store the amount of hydrogen needed for an electric car powered by a fuel cell to travel 500 to 600 km between each refuelling.

Other methods exist to increase the density of hydrogen, such as hydrogen liquefaction, which is reached from -252.87°C and allows a density gain of nearly 70% compared to its gaseous form.

However, these are cutting-edge technologies, for the moment mainly reserved for certain very specific applications such as aerospace propulsion.

To be able to store H₂, hydrogen stations therefore use compression systems.

They also rely on gas cooling systems, to prevent the gas, heated by compression, from exceeding the temperature limits of the materials with which it is in contact.

The mastery of compression and cooling techniques is therefore essential in the implementation of hydrogen refueling stations.

In this field, HRS is in direct competition with compression system specialists (Resato, Maximator, etc.), major gas manufacturers (Linde, Air Liquide, etc.), electrolyser manufacturers offering refuelling solutions (such as McPhy Energy, which offers a range of stations, NEL Hydrogen, Cummins Inc.) and, more rarely, pure players positioned on small capacity stations.

The adoption, on September 13, 2023, of the *Alternative fuel infrastructure regulation* (RÈGLEMENT (UE) 2023/1804 DU PARLEMENT EUROPÉEN ET DU CONSEIL du 13 septembre 2023 sur le déploiement d'une infrastructure pour carburants alternatifs et abrogeant la directive 2014/94/UE) by the European Commission should greatly promote the development of hydrogen stations in Europe by December 31, 2030. Indeed, from that date, hydrogen refuelling solutions for cars and trucks will have to be positioned in

all urban nodes and every 200 km along the EU's main transport corridors, which could represent a total of 700 hydrogen stations with a minimum capacity of 1 tonne/day.

Producers of hydrogen-based mobility solutions

Several manufacturers, including Renault, Stellantis, Toyota, Hyundai, BMW and Van Hool, have already started producing hydrogen vehicles (with light to heavy vehicles). These work with the help of a fuel cell, transforming H₂ into current that powers an electric motor. Primarily electric, hydrogen vehicles therefore do not emit greenhouse gases or pollutants into the exhaust.

In addition to the advantages of a fuel cell electric vehicle, the interest of hydrogen in mobility is twofold: speed of charging time and range (currently, it takes 5 minutes to charge a sedan for 500 to 800 km of range).

Today, HRS focuses on the market for heavy transport and intensive mobility.

For these two applications, when used by conventional battery electric vehicles, the long charging times and the weight of the batteries make them unsuitable for road transport as well as for intensive use (taxis, craftsmen or vehicles operating in closed circuits within airports or others, etc.).

The hydrogen vehicle, also known as a fuel cell electric vehicle (FCEV), is an essential complement to the electrification and decarbonisation of transport.

Just like the battery electric vehicle market in its early days, the hydrogen vehicle remains a confidential market to date with around 20,500 fuel cell vehicles sold in 2022 (including 15,000 cars) still representing a growth of 40% compared to 2021 according to the Global EV Outlook 2023 published by the International Energy Agency (IEA).

Its development depends on the synchronization between the deployment of fuel cell electric vehicles and that of dedicated charging infrastructure. The government's hydrogen strategies aim to address this issue.

In addition, the ban on the sale of internal combustion vehicles, scheduled for 2035, is expected to boost the hydrogen mobility market.



Refueling a hydrogen-powered vehicle

Beyond road transport and individual mobility, hydrogen can be used in mobility:

- **Industrial:** The logistics market, through the fleets of forklifts used in warehouses, represents one of the most mature applications of the fuel cell. The total cost of ownership of fuel cell trucks today is lower than the cost of battery-electric trucks.
- **Rail:** Hydrogen-powered trains can help reduce emissions and noise levels caused by diesel trains. The first hydrogen-powered train based on HRS refuelling solutions will be on tracks in Germany in 2024. This technology could account for up to 20% of new European trains by 2030.
- **Maritime (transport and recreational markets):** The maritime transport sector is estimated to account for 80% of global trade and 2.2% of global carbon emissions. In April 2018, the United Nations' International Maritime Organization reached an agreement to reduce these emissions by 50% by 2050.
- **Aviation:** The aviation sector is responsible for 4% of global greenhouse gas emissions. Although the arrival on the market of hydrogen-powered aircraft capable of carrying a large number of passengers is not expected for several years, applications on smaller aircraft could emerge by the end of the decade (business aviation in particular).

1.1.2 Market opportunities, in Europe and the rest of the world

Most European countries have announced massive plans to support the development of the hydrogen sector, some examples of which include:

- France is developing a hydrogen plan worth a total of €9 billion, staggered until 2030. This plan aims to decarbonise French industry by creating a French electrolysis sector, develop heavy mobility using carbon-free hydrogen and support research, innovation and skills development. In August 2023, Agnès Pannier-Runacher, Minister for Energy Transition, announced that €4 billion would be devoted, via annual calls for tenders, to support manufacturers to "buy electrolyzers and to produce carbon-free hydrogen at a competitive cost, since we will offset part of the cost between the price of carbon-free hydrogen and the price of hydrogen made from fossil fuels (...). This hydrogen will be used in various heavy industrial processes, to no longer use fossil fuels, whether to produce steel, aluminium or fertilisers." This point illustrates the role of public authorities in compensating, as a first step, for the high costs of carbon-free hydrogen and enabling the development of the sector. The State has also set itself a target of 1,000 stations installed on its territory by 2030.
- In Germany, the German government is mobilising €9 billion from its recovery plan to its hydrogen strategy in order to produce 10 GW of hydrogen from renewable energies by 2030.
- Spain is also planning a massive €18 billion investment in green hydrogen in order to become a European champion.
- Portugal plans to invest €7 billion in hydrogen development.
- The United States published a preliminary roadmap in September 2022 with ambitions to produce 10 million tonnes per year of carbon-free hydrogen by 2030, 20 million tonnes per year by 2040 and 50 million tonnes per year by 2050. Obviously, these objectives are associated with the deployment of refueling stations. In California alone, 1,000 stations are expected to be deployed by 2030. In addition, the U.S. Department of Energy (DOE) has announced financial support for 7 regional hubs by releasing \$7 billion in public funding, supplemented by \$40 billion in private investment⁴.

China, the world's largest hydrogen producer, is also seeking to maintain its lead through production targets of 100kt to 200kt of renewable hydrogen per year and the introduction of 50,000 hydrogen vehicles by 2025.

The hydrogen mobility market, which is still in its infancy, should therefore benefit in the coming years from the massive investments made by the public authorities in favour of the entire hydrogen sector.

1.1.3 Risks associated with the development of the hydrogen sector

Like any other market that has not yet matured, the hydrogen sector has its share of uncertainties. In particular, the market for hydrogen refuelling stations, in which HRS is positioned, is an emerging market whose volumes remain limited to date also by hydrogen production. The development of this market is, moreover, strongly correlated with the development of the hydrogen vehicle market.

Thus, although the market in which HRS is positioned is considered buoyant by industry analysts, its development could be slowed down by a lack of available hydrogen vehicles (especially heavy-duty vehicles, which today represent one of the main advantages of hydrogen over the battery). In addition, if an incident involving a hydrogen vehicle were to occur, it could delay the adoption of this technology among the general public.

It is also possible that, depending on economic circumstances, unsuccessful technological bets or social protests against renewable energy projects, they will not develop as expected compared to other energy sources. This could also have an impact on:

- Green hydrogen production capacities, which are highly dependent on the ramp-up of renewable energies.
- The price of green hydrogen, which still needs to fall to become competitive with fossil fuels.

As mentioned above, HRS's activities are also favoured by public policies to support low-carbon energy. These policies could be modified to prioritize:

- Other sources of low-carbon mobility, such as technologies based on battery electric motors.
- Only one part of the hydrogen sector, such as its use for industrial use, to the detriment of the mobility component, which requires more substantial investments to ensure a sufficient level of infrastructure development throughout the country.

Due to a government's decision to favor traditional energy sources or due to budgetary constraints, public policies in favor of hydrogen could even be reversed or stopped.

The fact remains that public policies in favour of the development of the hydrogen sector are underpinned by the need to decarbonise the energy mix, and this is an immutable necessity.

1.2 Becoming a global leader in the hydrogen market

1.2.1 Ambition de HRS

The Fuel Cells and Hydrogen Joint Undertaking estimates that in Europe, there will be 1,500 hydrogen stations installed by 2025 and 15,000 by 2040.

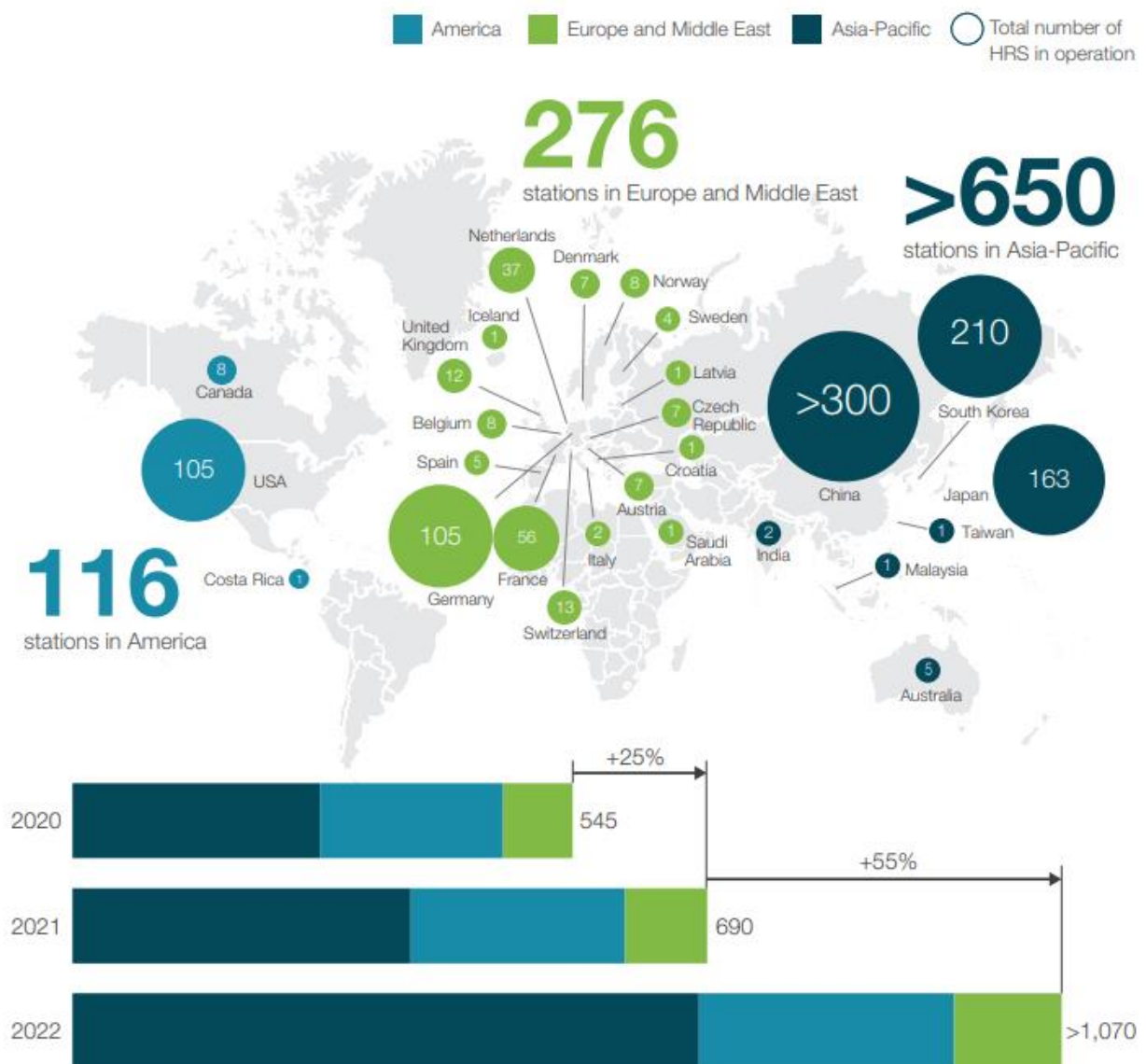
A European coalition bringing together the entire mobility value chain (OEMs, technology providers, refuelling and hydrogen infrastructure providers, truck fleet operators, road freight service users and industry associations) has also committed to deploying 100,000 fuel cell electric trucks and 1,500 hydrogen refuelling stations dedicated to heavy mobility by 2030.

Similar or even better prospects are expected internationally, particularly in the United States, China, South Korea and Japan, which are among the countries where the hydrogen sector is growing the most.

Faced with this encouraging outlook and with its industrial know-how, HRS aims to become a European leader in hydrogen refuelling stations for fuel cell electric vehicles in Europe, and a player that counts on the international scene.

Having achieved €2.5 million in revenue in 2020 and €30 million in 2023, the Company has set a target of €85 million in 2025. To achieve this, it is banking on mainly European growth until 2025 and then on a broader international opening until 2030, particularly in the United States, the Middle East and Asia where growth is driven by demand from China, Japan and South Korea.

**NUMBER OF STATIONS INSTALLED AROUND THE WORLD AND CHANGES BETWEEN 2020 AND 2023
ACCORDING TO A STUDY BY THE HYDROGEN COUNCIL**



Number of stations installed around the world and changes between 2020 and 2023, according to a study by the Hydrogen Council. During this period, the majority of new stations were installed in China (+200) and South Korea (+100).

1.2.2 Strategy

To give itself the means to achieve its growth ambition and become the world leader in hydrogen refuelling stations, HRS has implemented a strategy based on several pillars:

- Investment in a production facility that is unique in Europe: the new plant in Champagnier is capable of producing up to 180 stations per year, six times more than the previous workshop.
- Increase in the number of employees (multiplied by four in 4 years): recruitment of 130 people between 2020 and 2025.
- Investment in Research & Development: reinforcement of the design office (about forty employees) in order to maintain a technological edge and ensure the safety of its equipment.
- Acceleration of commercial development in France and internationally, through:
 - Strengthening business relationships with current station operators and customers.
 - A direct commercial approach in France and in some European countries (recruitment of sales representatives in Spain, Italy, etc.).
 - An indirect commercial approach initially through partnerships or joint ventures in the rest of the world, including the United States, China and the Middle East. In a second phase, and to meet larger volumes, additional production tools and internal staff could be deployed locally.
- Integration of interest groups (France Hydrogène, Hydrogen Europe, etc.) to increase the visibility of HRS and participation in European projects influencing the development of the sector (such as the RHEADY project, which aims to design the components essential for very high-speed hydrogen refuelling).
- Establishment of partnerships with green hydrogen producers (such as pHYnix in Spain and GAIA Energy in Morocco) in order to promote the emergence of a carbon-free hydrogen mobility sector.

1.2.3 Competitive advantage

HRS has strong competitive advantages to support its growth ambitions:

- More than 15 years of industrial know-how in the development of H2 solutions in compliance with safety regulations, a major element in the hydrogen industry.
- The integration of 100% of the assembly activity of its stations, which allows HRS to have a perfect knowledge of its products to guarantee their safety and to ensure their maintenance more easily.
- A *pure-player* position, focused entirely on the production of stations (whereas some competitors are above all hydrogen producers); this posture encourages HRS to perpetually innovate to offer ranges of modular stations, accepting all hydrogen sources, compatible with all types of vehicles, capable of evolving over time (to increase capacity for example).
- A procurement policy and an industrial process that makes it possible to produce a station in just 8 weeks and respond quickly to a customer need (compared to 18 months for some competitors).
- Proven products that work (thanks to both the Company's know-how and the responsiveness of its maintenance teams), which is recognized by HRS customers who are reiterating their orders for stations in a market that has not yet reached maturity.
- Proven products that work (thanks to both the Company's know-how and the responsiveness of its maintenance teams), which is recognized by HRS customers who are reiterating their orders for stations in a market that has not yet reached maturity.

1.3 Key dates in the company's history and current organization

The history of the Company began in 2004 with the creation of TSM (Piping Service Maintenance) by Mr. Hassen RACHEDI.

Holder of a diploma in boiler making obtained in 1983, Mr. RACHEDI first worked as a pipefitter and then as a temporary works supervisor from 1983 to 2001, before obtaining a permanent contract with DB Entreprise. He has thus climbed the various levels of the industrial environment, moving from the workshop to technical and commercial functions and then to management positions. As will be explained in more detail in Chapter 4, it now attaches great importance to the trust, mutual aid and well-being of its employees.

At its inception, TSM specialized in complex industrial piping, particularly in nuclear power plants. This activity is carried out as a subcontractor with several companies in the Grenoble region, an industrial area that is very active in the fields of metallurgy, metalics, mechanics, chemistry and microelectronics.

In 2008, TSM added to this activity the manufacture of hydrogen stations for Air Liquide, which also subcontracted the maintenance of its facilities in the Rhône-Alpes region. The first hydrogen station partly assembled by TSM was born.

The collaboration with Air Liquide continues with the subcontracting of new stations as well as certain support and engineering activities. This was followed by several projects that gradually increased the capacity of the refuelling solutions:

- 2015: first 100 kg/day stations in series (CEP project).
- 2016: manufacture of 200 kg/day stations (H2 Mobilty, AVIA Paris, CRPS Saclay).
- 2017: manufacture of a 500 kg/day station (for HyBalance).

A total of 34 stations were produced by TSM during the period. They are all assembled in the company's premises in Champ-sur-Drac in Isère, allowing it to accumulate know-how and adopt a pre-industrial organization.

In 2020, the company took advantage of the knowledge it had acquired in the production of H2 refueling solutions to take a step forward and become a designer and manufacturer of stations under its own brand. HRS (Hydrogen-Refueling-Solutions) replaces TSM and designs its *first station in its own name, with a capacity of 200 kg/day, for the Zero Emission Valley (more details in part 1.5).*

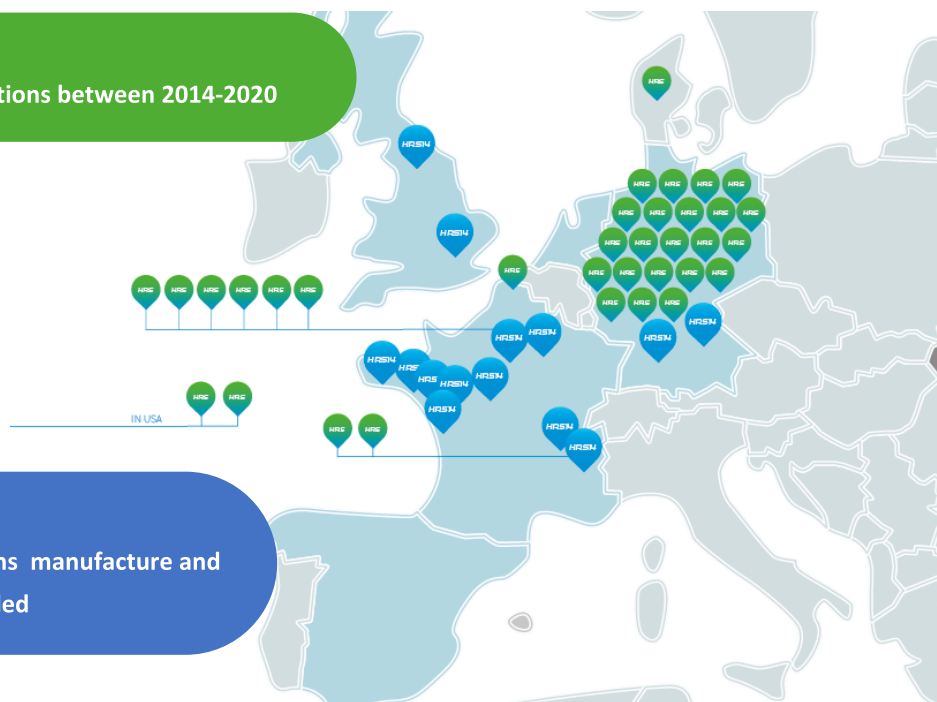
In order to finance its development in this new business while maintaining its technological edge, HRS was listed on the stock exchange in February 2021. It managed to raise €97.3 million, the largest fundraising raised on Euronext Growth since its creation, which earned it the 2021 Euronext prize for the "Small & Mid Cap" IPO awarded in June 2022

To meet the current and future needs of the European market, HRS is inaugurating its new production and testing center in Champagnier, near Grenoble, in 2023. Comprising 10,000m² of workshop, 3,300m² of administrative premises and 1,000m² of social premises, the new production site has a production capacity of 180 stations per year (vs. 20 stations/year at the previous site).

The first of its kind in Europe, the site also includes a collaborative test area to host partners for their tests. For example, in 2023, the ENGIE Crigen Lab carried out distribution tests to make a simulation model relating to the distribution of hydrogen to light and heavy vehicles more reliable. In this way, HRS affirms its position as a catalyst for the hydrogen sector.

34 “older generation” stations between 2014-2020

14 “new generation” stations manufacture and already installed



HRS has one of the largest installed base in Europe

1.4 Governance and risk management

HRS is chaired by Mr. Hassen RACHEDI, founder of the company and holder of 67% of its capital on the day of approval of this document. This distribution of capital allows the company's management to maintain a high level of independence in its decisions, which are taken through the company's two flagship bodies: the board of directors and the management committee.

1.4.1 The Board of Directors

The Board of Directors of HRS is made up of:

1. Mr. Hassen RACHEDI, Chairman of the Board of Directors and Chief Executive Officer of the Company;
2. Mr. Olivier DHEZ, Director and Deputy Chief Executive Officer in charge of Operations;
3. Ms Florence LAMBERT, Independent Director;
4. Mr Fabio FERRARI, Independent Director

The Board of Directors is responsible for defining and monitoring the company's strategy as well as its organizational methods, in particular through the appointment of the company's Chief Executive Officer (a position currently held by Mr. Hassen RACHEDI). It meets quarterly.

The parity of its members (half from within the company, and the other half from outside it) allows for taking a step back and perspective in the construction of the company's strategy.



Hassen RACHEDI, Founder and Chief Executive Officer

Holder of a diploma in boiler crafting, Mr. RACHEDI began his professional career as a temporary fitter. He has climbed all the rungs of the industrial environment, from the workshop where he started, through the technical-commercial functions and finally through the management functions he has held since 2004 and the creation of TSM. In 2020, TSM became HRS, signalling its ambition to become a major European player in the production of hydrogen refuelling solutions.



Olivier DHEZ, Deputy Chief Executive Officer in charge of business development and marketing

With a PhD in physics and chemistry and an MBA specializing in technology innovation management, Mr. Dhez has more than 20 years of experience in marketing, business development, innovation management and product development. He has been responsible for European projects for the development of scientific instrumentation combining X-rays and atomic force microscopes. Mr. Dhez joined HRS in July 2020.



Florence LAMBERT, Independent Director

CEO of Genvia – a company specialising in the production of carbon-free hydrogen through the production of high-tech electrolyzers and fuel cells – Florence Lambert has a perfect knowledge of renewable energies. For many years, she chaired CEA LITEN, the first European research centre entirely dedicated to the energy transition.



Fabio FERRARI, Independent Director

Mr. Fabio Ferrari, co-founder of Symbio, an equipment manufacturer specializing in hydrogen systems and former Vice-President of the mobility pillar of France Hydrogène, is one of the leading hydrogen experts in France.

The combination of the knowledge of the two independent directors sheds light on the prospects of hydrogen mobility for the rest of the board members.

1.4.2 The Management Committee

The HRS Management Committee consists of:

1. Mr. Hassen RACHEDI, Chief Executive Officer
2. Mr. Olivier DHEZ, Deputy Chief Executive Officer in charge of Business Development and Marketing
3. Mr. Kader HIDRA, Chief Financial Officer
4. Mr. Rémi MARTHELOT, Chief Technical Officer
5. Ms. Christel EMERY, Director of Human Resources
6. Mr. Rémy PONCET, Sales Director Europe
7. Mr. Houari ZELMAT, Director of After-Sales Service and Maintenance
8. The Director of Operations (vacant position at the time of publication of this document and filled by an interim manager).



Kader HIDRA, Chief Financial Officer

With an engineering degree from the Institut Polytechnique de Grenoble and an MBA from Duke University, Mr. Hidra has held various financial positions in France and the United Kingdom. His various experiences have enabled him to acquire a wide range of expertise covering equity markets, investor relations, smart cities, public services and renewable energies financing. Mr. Hidra joined HRS in August 2022..



M. Remy PONCET, Europe Sales Director

With more than 20 years of experience in the industrial gas sector, Mr. PONCET has worked at Air Liquide since 1999, holding various positions, including as head of microelectronics sites in France (ST, SOITEC), head of electronic customer accounts, and head of technical division. During his career, he has played a key role in the implementation of major projects in the field of hydrogen for mobility and industrial applications, participating in international initiatives such as the H2M and CEP projects in Germany and TEN-T in the Netherlands and Belgium. In 2019, Mr. PONCET joined HRS as Director of Pre-Sales.



M. Remi MARTHELOT, Chief Technical Officer

Holder of an engineering degree from the École des Ponts ParisTech (ENPC), MR. MARTHELOT has acquired a solid professional experience by holding various positions of responsibility, including as a marine facilities manager on offshore projects and as a project manager in the energy sector. With more than nine years of expertise, he joined the HSR team as Technical Director in November 2021.



Mme Christel EMERY, Human Resources Director

With a master's degree from the Grenoble School of Management, Ms. EMERY has advised large companies on human resources issues within management committees for more than 10 years. For the past 2 years, she has held the position of Human Resources Manager at HRS.



M. Houari ZELMAT, Maintenance & Services Director

Holder of a master's degree in industrial Instrumentation Engineering from the University of Aix-Marseille, Mr. ZELMAT has more than 10 years of experience within the Air Liquide group. He successively held several project manager positions before moving on to positions of responsibility within the onshore after-sales service activities. In 2022, he joined the HSR team as Director of Maintenance and After-Sales Service.

The multiplicity of expertise represented within the management committee (operations management, commercial and financial management, after-sales monitoring, employee and skills management, etc.) is the main strength of this body. In this way, it provides operational and cross-cutting insights to the orientations given by the Board of Directors.

The Management Committee meets weekly to oversee the management of the company and implement the Board of Directors' policies. To this end, it has full autonomy, with the right of scrutiny of Mr. Hassen RACHEDI.



1.4.3 Risk Management

One of the responsibilities of the Management Committee is to manage risks. The table below details the main categories of risks tracked:

Risk item	Occurrence probability	Risk scope	Net criticality level
I – Risks related to the company's business			
Market Risks	Medium	High	High
Risks related to changes in public policies and regulations	Medium	High	High
Risks of Managing Growth	Medium	High	High
Risks related to technological developments and the competitive environment	High	Medium	High
Procurement Risks	Medium	Medium	Medium
Risks related to commissioning and warranty on the Company's products	Low	Low	Low
II - Financial Risks			
Risks related to financing needs	High	High	High
Liquidity risks	Medium	Medium	Medium
III - Risks related to the Company's organization			
Risks related to the concentration of executive and operational powers	Low	High	Medium
Risks related to the ability to retain and attract key people	Low	Low	Low
IV - Regulatory and legal risks			
Risks related to the disclosure of its technology, manufacturing processes, know-how	Medium	High	High
Risks related to the regulatory environment applicable to hydrogen facilities	Medium	Medium	Medium
Risks related to the Company's liability for its products	Low	High	Medium
Litigation Risks	Faible	Moyen	Moyen
Intellectual Property Risks	Faible	Moyen	Moyen

Risks related to the company's business

The risks related to the company's activity have already been partially described in chapter 1.1 *Business model and mission of the company* they are mitigated by a reporting of the company's commercial activity as well as by a geographical and sectoral diversification (H2 applied to mobility, industry, etc.) of the activity.

In addition, there are risks related to:

- The recruitment of the talent necessary for its growth, which the Company mitigates thanks to a Forward-Looking Management of Jobs and Skills (GPEC) as well as by measures in favor of its employees (detailed in Chapter 4).
- To the potential innovations of the competition, which the Company mitigates through a permanent old technology and the integration of the latest innovations into its solutions.
- The supply of components as well as the negotiating capacity of suppliers, which the Company mitigates by contracting safety stocks with its suppliers and by implementing, as far as possible, a "dual-sourcing" policy.
- To the quality and safety of the products distributed, which the Company mitigates through the guarantee of its products but also strict production standards meeting the highest standards, as well as multiple control procedures.
- Exogenous shocks such as the Covid-19 pandemic, which the Company may be able to mitigate through teleworking or short-time working measures.

Financial Risks

The monitoring of financial risks is the responsibility of Mr. Kader HIDRA, Chief Financial and Administration Officer.

It consists of managing the need for financing and liquidity. This risk is mitigated by the anticipation of needs and the daily monitoring of cash flow.

Risks related to the company's organization

Mr. Hassen RACHEDI alone holds the majority of the capital and voting rights (67% of the capital and 80% of the voting rights at the date of publication of this report), which could lead to a de facto limitation of the control of the shareholder body and the checks and balances in operational decisions.

The use of independent directors on the Board of Directors is one of the means used by HRS to prevent the abuse of control at the Company.

In addition, the Company has initiated an overall review of corporate governance practices. It has therefore chosen to adhere to the Middlednext Corporate Governance Code as published in September 2016 as a reference code and already complies with 90% of its recommendations.

Like all companies, HRS also faces the challenge of attracting and retaining talent. This risk is mitigated by numerous measures in favour of employees, detailed in Chapter 4.

Regulatory and legal risks

As a legal entity operating in the hydrogen sector, HRS faces numerous regulatory and legal risks:

- Leakage of information, which the Company mitigates through contractual commitments with its stakeholders, limited communication and confidentiality clauses.
- Non-compliance with sector-specific regulations, which the Company mitigates by having recruited a Quality, Health, Safety and Environment (QHSE) manager, who constantly ensures compliance with laws and regulations as well as the identification of any new applicable regulations.
- Accidents, which the Company mitigates by setting up training and personnel empowerment procedures to limit their occurrence, as well as by subscribing to various insurance policies.
- Defect or damage to a product, which the Company mitigates by carrying out regular checks as part of the design, manufacture and delivery process of its products (detailed in the following chapters).
- Lack of protection of the intellectual property, which the Company mitigates by being accompanied by an external Counsel.

Strengthening the risk management system

The Company plans to strengthen its risk management system in 2024. This should build on the deployment of ISO 31000, *Risk management – Guidelines*, which provides principles, framework and guidelines for managing all forms of risk.

1.5 Activities and presentation of the main markets

HRS's activities can be distinguished into two major areas of expertise: complex industrial piping (the company's historical activity) and the production of hydrogen refueling and distribution solutions for mobility, industry and energy (the company's main development vector today).

1.5.1 Industrial piping, the company's historical activity

HRS started its activity in 2004 in the field of engineering and complex industrial piping. It designs and manufactures industrial processes (study, design, piping, boiler-making, locksmithing, mechanical welding, etc.) for a wide variety of markets (including a dozen recurring customers): paper mills, fiduciaries, chemicals, biogas, hydraulic dams, food, fuel storage, heating water networks, nuclear, tertiary, industry, semiconductors, research centers and metalwork.

This activity requires very specific skills and know-how, as the piping must withstand cryogenic temperatures (-250°C) but also high temperatures (200°C), high pressures (1,000 bar or 10MPa) and very low pressures (10-6 mbar).

At the time of this report, 14 people are currently dedicated to this activity within the company generating a minority turnover. Indeed, the share of industrial piping in the company's total revenue has nevertheless been steadily declining in recent years due to the strong growth of the hydrogen station business.

The skills and expertise acquired over nearly 20 years in industrial piping have enabled HRS to develop a differentiating know-how in the field of hydrogen refueling stations, a hydrogen station containing between 150 and 200 meters of high-pressure piping (1000 bars).

1.5.2 The production of hydrogen refueling solutions is the company's main growth driver

Manufacturing of refueling stations

Today, HRS carries out most of its activities in the design, manufacture, installation and maintenance of hydrogen refuelling stations.

It has developed a complete range of stations that comply with SAEJ 2601/T40 standards and are capable of delivering 14 Kg H₂/hour, 40 Kg H₂/hour or 80 Kg H₂/hour (product available in 2024), with a pressure of 350 to 700 bar. Thanks to this capacity range, HRS stations are compatible with a wide range of vehicles, including light vehicles, buses, trucks and heavy fleets. In addition to road mobility, HRS is also developing in rail mobility (refueling trains, from 2024) and river mobility (refueling boats, used in the context of the Paris Olympic Games). HRS is also a partner of Beyond Aero which is working on the development of a small aircraft that can accommodate 4 to 8 passengers with a range of 1,500 km. If it sees the light of day, the potential of this aircraft is significant in the decarbonization of business aviation, a significant part of which is made over short distances.

The Company's hydrogen refueling stations can be powered by a gaseous hydrogen source stored under pressure (cylinder frames, trailers, tanks) or supplied by an electrolyzer producing hydrogen on site. They can thus meet the needs of the transport market (in particular heavy or intensive mobility such as taxi fleets), but also for applications on industrial sites.

To carry out its activity, HRS relies on many assets:

- A design office, capable of designing hydrogen stations that meet the various needs of the market, but also of carrying out the sizing, need and installation studies necessary for the deployment of refueling stations at customers' sites.
- A fully integrated assembly line, allowing the Company to assemble its entire production itself (including electrical panels, following the recent acquisition of one of the last subcontractors).
- One of the largest industrial sites in Europe dedicated to hydrogen mobility; Inaugurated in 2023 in Champagnier, near Grenoble, this new 10,000 m² site allows HRS to assemble 180 stations per year, thus taking a step forward in the production of hydrogen charging stations.
- A proven ability to install refueling stations, build a distribution network (pipeline), and train the customer's operating personnel.
- A structured organization, allowing HRS to support its customers in the after-sales service and maintenance of its equipment, through a 24/7 on-call service.

Business development opportunities

The Company caters exclusively to a BtB clientele that can be divided into two types.

In the first place, HRS responds to the needs of public bodies and projects of general interest. For example, the Company is participating (through the supply of at least 5 stations) in the Himpulsion (Zero Emission Valley) project, initiated by the Auvergne-Rhône-Alpes region, ENGIE, MICHELIN, Crédit Agricole and Banque des Territoires. Its objective is to establish a network of 18 green hydrogen refuelling stations across the region, thus offering the general public a real carbon-free transport alternative. To date, this is the largest green station project in France.

HRS is also contributing to the HyGO project which, through the commissioning of an electrolyser, supplies green hydrogen to the nearby Michelin industrial site in Vannes (56) as well as an HRS station for the general public for the distribution of green hydrogen for light and heavy vehicles.

The Company also supports, for example, the SYDEV (Vendée energy syndicate) in the deployment of more virtuous mobility infrastructures in the Vendée. HRS has participated in the deployment of multi-energy stations (green electricity, green hydrogen and bioNGV) in La Roche-Sur-Yon and Les Sables-d'Olonne.



Green hydrogen station for Sydev

La Roche-sur-Yon (85)



Secondly, HRS markets its stations to multiple private sector players. For example, it is working on the commissioning of at least 13 stations in the Paris region for the benefit of the company HYPE, which operates the largest fleet of hydrogen taxis in France, thus contributing to the reduction of environmental and noise pollution in the streets of the capital.

Hydrogen station for Hype

Issy-les-Moulineaux (92)



HRS has also equipped CGK Mobility, a company that offers hydrogen retrofitting for heavy vehicles (replacing a vehicle's combustion engine with an electric motor powered by a hydrogen fuel cell), with hydrogen refueling stations.

The Company also addresses the needs of manufacturers wishing to acquire a filling station (captive fleet of vehicles) on their site. Thanks to a partnership with Plug Power – the leader in fuel cells – and the ordering of 5 stations, HRS is able to refuel forklifts. The use of fuel cells to power forklifts is now one of the most mature outlets in the hydrogen mobility sector, with the use of H2 having a triple benefit:

- Time saving, compared to long and tedious battery trucks (batteries, weighing several kg, have to be transported to a charging room while refuelling a hydrogen tank can be done on site, in just 3 minutes).
- This is a financial gain, as the economic equation of hydrogen-powered trucks is now better than that of battery-powered trucks.
- Simplicity, compared to trolleys operating with other sources of hydrocarbons, emitting toxic discharges and requiring the installation of a specific ventilation system in the building.

This last case perfectly illustrates the advantages of green hydrogen in operating in silos (captive fleets within industrial sites, airports, etc.), in the service of low-carbon mobility.

Today mainly present in France and Germany where it has already commissioned more than forty stations, the Company is developing rapidly on the European market and in particular in Italy, Portugal and Spain where it is a partner of pHYnix, the leading independent hydrogen producer soon to have an electrolysis capacity of 10 MW, and for which HRS will commission 8 stations.

In the medium term, HRS also intends to expand in the US, the Middle East and in Asian markets, driven by massive investments in hydrogen mobility mainly in China.





CORPORATE SOCIAL RESPONSIBILITY COMMITMENTS

ALL HRS EMPLOYEES ARE UNITED AROUND 4 STRONG VALUES THAT GUIDE OUR GROWTH AND OUR ACTIONS TOWARDS OUR EMPLOYEES, OUR CUSTOMERS, OUR SUPPLIERS AND OUR PARTNERS:

COMMITMENT | EXCELLENCE | AGILITY | WELL-BEING



COMMITTED TO THE FUTURE

As players in the energy transition, we are cooperating to **develop the mobility** of tomorrow and meet the challenges of a **responsible society**.



STRIVING FOR EXCELLENCE

We are **bold**, we seek to combine **innovation** and **consistency** without compromising on **quality** and **safety**.



SUPPORTING OUR CUSTOMERS WITH AGILITY

We combine our **expertise** with **listening**, availability and responsiveness, **the pillars of our** customer support!



CULTIVATING WELL-BEING

We cultivate **autonomy** and **mutual aid** to work better **together** and **flourish** in a **caring environment**.

CHAPTER 2: HRS CORPORATE SOCIAL RESPONSABILITY COMMITMENTS

2.1 Presentation of stakeholders and their expectations

HRS engages in a constructive dialogue with its key stakeholders, aimed at understanding their perception of the business as well as their requirements, with the aim of identifying the predominant risks and opportunities.

Members of the Board of Directors

Refer to Chapter 1.4.

Employees

HRS has established a dialogue based on transparency and trust with its employees. The modalities of this dialogue (delegation of consultations to the CSE, organisation of regular exchange times, etc.) are detailed in more detail in Chapter 4.

The analysis of the detailed results of double materiality makes it possible to identify the three main impacts of HRS on its employees, which are intimately linked to their expectations:

- Contribution to the fight against climate change;
- The development of each person's skills;
- And the commitment to good working conditions.

Customers

As a player in the energy transition, HRS is committed to the development of tomorrow's mobility in order to meet the challenges of a sustainable society. To achieve this, HRS seeks to offer hydrogen refuelling solutions that meet the three main concerns of its customers: safety, efficiency (high throughput reducing refuelling time) and availability.

To this end, the Company has maintenance teams ready to intervene seven days a week. Attentive to its customers, HRS has also set up a custom projects department to meet specific expectations. The stations are also designed in a modular way, in order to allow them to adapt to the emergence of new needs (increase in storage capacity, for example).

Suppliers

HRS strives to collaborate with local suppliers to achieve sustainable procurement that not only encourages local job creation, but also reduces the carbon footprint of transporting raw materials. To this end, the Company does not hesitate to support its suppliers in the creation of components that meet its needs.

Investors & Financial Analysts

HRS has committed to its investors to reach €85 million in revenue by 2025, an important step towards its objective of becoming a European leader in the hydrogen refuelling terminal market. A detailed analysis of financial materiality reveals that investment in innovation and research and development is one of the main expectations of investors. To meet this demand, HRS is continually looking to increase the capacity and throughput of its stations, going further and further in pressurizing and cooling its stations while maintaining its same safety requirements.

In addition to the various bilateral exchanges that the Company may have with its investors and financial analysts, HRS provides them with two financial statements per year as well as extra-financial reporting.

Associations and business partners

HRS maintains an active dialogue with various interest groups such as France Hydrogène or Hydrogène Europe. The company is also part of the RHEADY project, a European program that aims to design the components essential for very high-speed hydrogen refueling. Through these various commitments, HRS contributes to facilitating the overall development of the sector and each of its stakeholders. As such, in 2023, it hosted the ENGIE Crigen LAB for distribution tests in its collaborative test area.

2.2 Corporate Sustainability Reporting Directive (CSRD) and Double Materiality Analysis

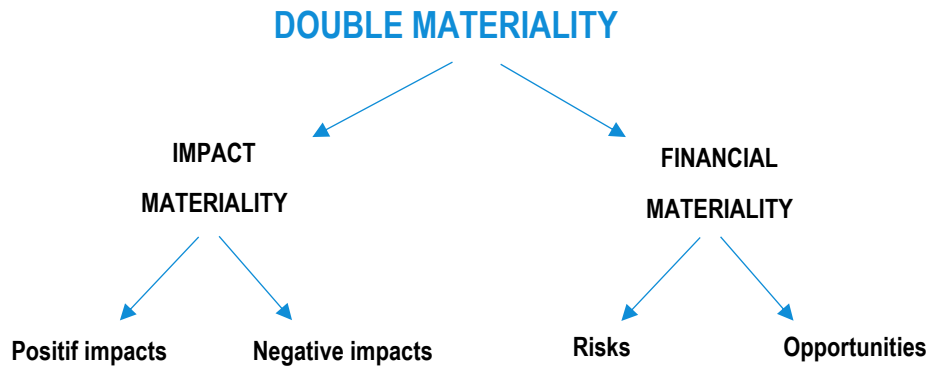
2.2.1 Corporate Sustainability Reporting Directive (CSRD)

The European Corporate Sustainability Reporting Directive (CSRD) aims to harmonize non-financial reporting and guide companies in disclosing detailed information on the risks and opportunities they face, in relation to social, environmental and governance issues. The CSRD will gradually apply to more than 50,000 companies in Europe from January 2024.

The Directive introduces the key concept of double materiality:

- Financial materiality (from the outside to the company): impacts of environmental and societal transformations on the company's business model.
- Impact materiality (from the company to the outside): impacts of the company on environmental and societal issues.

It is up to each company to define, in dialogue with its stakeholders, the ESG (Environment, Social, Governance) areas to prioritize for its extra-financial communication.



Although not subject to the CSRD before 2025, HRS has taken the initiative to bring forward the production of its first extra-financial reporting in order to prepare for its future obligations and to demonstrate the importance it attaches to environmental and societal issues.

2.2.2 Process of materiality definition

To identify the most important sustainability issues for HRS, a double materiality analysis was carried out, as required by CSRD⁵ to define the material reporting requirements for this CSR report. The objective of the double materiality analysis is to identify the impact of HRS on its business ecosystem and the risks and opportunities related to environmental and societal factors.

2.2.3 Potentially material topics

Through an in-depth analysis of HRS's business model and ecosystem and based on the list of potentially material topics from ESRS 1 (the Annex to the Commission Delegated Regulation supplementing Directive 2013/24/EU of the European Parliament and of the Council), an initial list of 17 potentially material topics was defined. These potentially material topics were then tested for their impact (from the company to the outside) and their financial importance (from the outside to the company) to the company's stakeholders.

SELECTION OF POTENTIALLY MATERIAL TOPICS

ENVIRONMENT	SOCIAL	GOVERNANCE	SECTOR/COMPANY SPECIFIC
Climate change mitigation	Working conditions	Corporate culture	R&D, innovation and product development
Climate change adaptation	Training and skills development	Corruption and bribery	
Pollution of air	Gender equality and diversity	Protection of whistleblowers	
Pollution of water	Working time and work-life balance		
Soil sealing	Health and safety of employees		
Waste	Personal safety of consumers		

2.2.4 Stakeholders' engagement

Through an online survey and one-on-one interviews with board members, clients, investors, financial analysts, and business partners, the selected stakeholders provided their views on the severity (score, scale, and their irremediability) and likelihood of HRS's impact on its business ecosystem (impact perspective). The magnitude and likelihood of CSR risks and opportunities have been defined in close collaboration with the HRS Board of Directors.

STAKEHOLDER GROUP	TYPE OF ENGAGEMENT
Board members	Interview
Employees	Survey
Customers	Interview
Investors	Interview
Financial Analysts	Interview
Business partners (fournisseurs, associations)	Interview

2.2.5 Impact materiality

For each potentially material topic, the types of impact (actual vs. potential and positive vs. negative) were determined and appropriate materiality thresholds have been defined.

Depending on the type of impact, each potentially material topic was scored on a scale of 0 to 5 for "Scale", "Scope", "Irremediability", and on a scale of 0 to 1 for "Likelihood" by the selected stakeholders. These were determined based on "ESRG 1 Double materiality conceptual guidelines for standard setting" (EFRAG, January 2022).

The average score for each potentially material topic per stakeholder group was then calculated based on its combined score.

Once the average score per potentially material topic and per stakeholder group was calculated, the total impact score per potentially material topic was determined.

Based on EFRAG in "ESRG 1 Double materiality conceptual guidelines for standard setting" guidelines, potentially material topics given the highest score for either "Scale", "Scope" or "Irremediability" have been defined as critical in spite of their combined score. The rest of the topics were then plotted on the materiality matrix based on their score.

2.2.6 Financial materiality

To determine the risks and opportunities that affect or might affect HRS' financial performance (in terms of revenues, costs, cash-flows or cost of capital), the causality link between of each potentially material topic and the following aspects was defined technological and manufacturing changes, planet, innovation human rights business relationships and regulatory environment.

Once the potential financial impacts of the risks and opportunities were determined, their likelihood and the magnitude of their potential financial effects were evaluated through interviews with senior management.

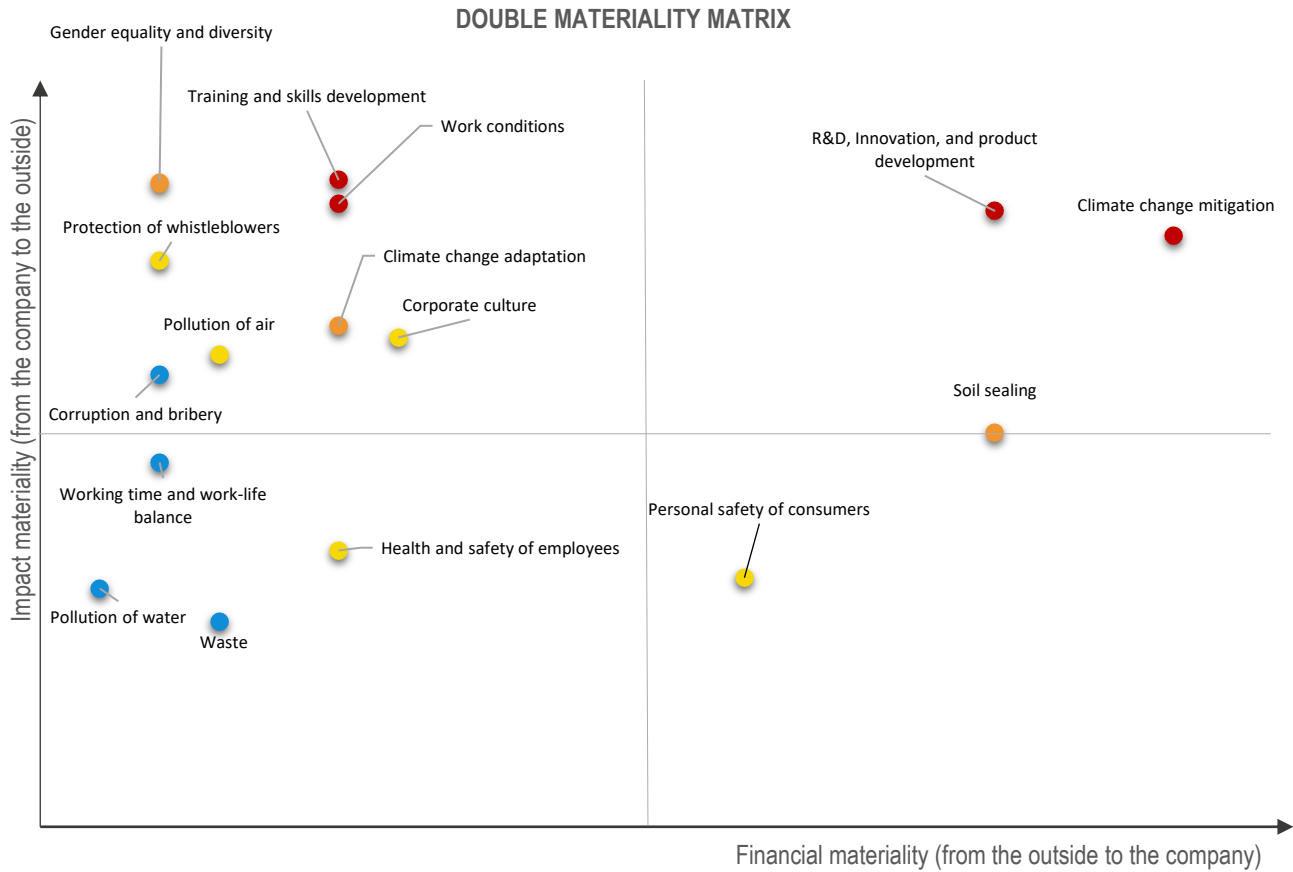
The final financial materiality score was defined based on maximum potential financial effect on revenues, costs, cash-flows or cost of capital (expressed in 0-5 severity scale) and the likelihood of occurrence.

There results were then added to the materiality matrix to provide double materiality view of potentially material topics as per ESG 1 Double materiality conceptual guidelines for standard setting "ESRG 1 Double materiality conceptual guidelines for standard setting" (published January 2022 par EFRAG).

2.2.7 Double materiality assessment results

The final step of the materiality analysis resulted in the design of the materiality matrix, illustrating the financial materiality and the impact materiality. The materiality matrix illustrated combined scores of all potentially material topics with the degree of their materiality reflected in different colors. The most material topics ("Critical") are colored red and are located in the upper right corner of the graph. Significant" topics are reflected in orange and "Important" topics are represented by yellow dots. The blue dots represent topics that are considered "Informative" (in accordance with the 'EFRAG guidelines).

MATERIAL TOPICS	SCORE
Climate change mitigation	Critical
R&D, innovation, and product development	Critical
Working conditions	Critical
Training and skills development	Critical
Corporate culture	Significant
Soil sealing	Significant
Climate change adaptation	Significant
Gender equality and diversity	Important
Protection of whistleblowers	Important
Pollution of air	Important
Corruption and bribery	Informative
Personal safety of consumers	Informative
Health and safety of employees	Informative
Waste	Informative
Working time and work-life balance	Informative
Pollution of water	Informative



Based on double materiality assessment results HRS' Board decided to consider the critical and significant topics as material and the following disclosure requirements as per CSRD (Annex to the Commission Delegated Regulation supplementing Directive 2013/24/EU of the European Parliament and of the Council) will be covered in the future extra-financial statements.

TOPICS CONSIDERED MATERIAL FOR HRS

PILLAR	POTENTIALLY MATERIAL TOPICS AS PER ESRS 2	MATERIALITY QUALIFICATION	RELEVANT ESRS
Environment	Climate change mitigation	Critical	ESRS E1 Climate change
Sectorial	R&D, innovation, and product development	Critical	Outside scope of ESRS
Social	Working conditions	Critical	ESRS S1 Own workforce
Social	Training and skills development	Critical	ESRS S1 Own workforce
Environment	Soil sealing	Significant	ESRS E4 Biodiversity
Environment	Climate change adaptation	Important	ESRS E1 Climate change
Governance	Whistleblowers' protection	Significant	ESRS G1 Business conduct

2.3 HRS's CSR vision and ambition

2.3.1 Environment

By the very nature of its business, HRS is first and foremost committed to an environmental transition. It is in this respect that the fight against climate change and R&D are two critical material subjects for the company.

As a link in the hydrogen value chain, HRS's primary objective is to enable a decarbonization of the mobility sector. It is currently developing very high-speed refuelling solutions that must meet the decarbonization needs of road transport, which emits a lot of greenhouse gases and for which battery-powered electric motors are not suitable (with also relevant applications in rail, maritime or air mobility). In this area, the Company seeks to increase its positive impact on the hydrogen sector and reduce its own carbon footprint (more details in Chapter 1).

2.3.2 Social

Beyond its contribution to the energy and environmental transition, HRS has been – since its creation and under the impetus of its founder – a company with strong social convictions, convinced that the quality and reliability of the products it develops are intimately linked to the fulfilment of its employees in their work.

It has developed numerous services and benefits to support the well-being of its teams, as well as a continuous training course to enable everyone to develop. Echoing various material issues identified by the company's stakeholders (working conditions, working time and professional balance, skills development, etc.) HRS has set up:

- An advantageous salary package: 4-day or 4.5-day week (34 effective hours, paid 35 hours), health insurance 100% financed by the company, etc.;
- Particular attention paid to working conditions: BREEAM certification of the new premises (Building Research Establishment Environmental Assessment Method, certification relating to the environmental assessment of buildings as well as attention to the well-being of employees), reduction of employee travel times thanks to the rental of coworking spaces, etc.;
- A relationship of trust, symbolized, for example, by the absence of a time clock (employees use a self-declaration system), which breaks with the traditional industrial landscape.
- As well as many other considerations, detailed in Chapter 4.

In this area, HRS should set up new training and dialogue mechanisms with its employees.

2.3.3 Governance

The Company also seeks to make a positive local impact. For example, HRS has recently started discussions with a Lyon-based company, in order to relocate the production of a component used in the manufacture of the stations, and previously produced elsewhere in Europe (more details in Chapter 4 on all the governance issues identified as material by the company's stakeholders and on the actions that HRS intends to take to strengthen its CSR governance, comply with the CSRD, and strengthen its risk management).

2.4 CSR Governance

Current governance

Issues related to Corporate Social Responsibility are the responsibility of the Chief Financial Officer.

The Chief Financial Officer is supported by the Director of Human Resources, as well as a QHSE (Quality, Health, Safety and Environment) manager.

The attachment of CSR to the Chief Financial Officer makes it possible to raise the associated issues to a high level since the CFO reports directly to the Chairman and CEO of HRS.

Although there is no specific body dedicated to CSR at the time of publication of this report, a QHSE committee can address certain social and environmental issues. The Management Committee – which looks at the management of the Company and its impact on its environment and its stakeholders – complements this body through a CSR focus at the beginning of each weekly meeting.

Planned changes from 2024

Given the importance HRS attaches to CSR issues, the Company has set itself the objective of further structuring itself in 2024 through:

The recruitment of a resource dedicated to monitoring the CSR strategy, collecting mandatory data and publishing it in an annual extra-financial document. This resource will report directly to Mr. HIDRA within the Finance Department. This recruitment will make it possible to meet the requirements of the CSRD in better conditions from 2026 (based on Year-1 data).

The establishment of a quarterly CSR committee, in charge of steering the strategy and monitoring the indicators. This body will bring together all the members of the Management Committee.

At the end of the 2023/2024 financial year and with a view to the overall evolution of its governance, HRS plans to study, for the benefit of its management bodies, the implementation of incentive mechanisms related to sustainability issues.



HRS
HYDROGEN FUELING SOLUTIONS

HRS

ENVIRONMENTAL INITIATIVES



CHAPTER 3: ENVIRONMENTAL INITIATIVES

3.1 Climate change and energy transition

3.1.1 The role of greenhouse gases in global warming

Climate change is caused by an increase in greenhouse gases, including CO₂, in the atmosphere. This increase is mainly linked to human activity and caused by the combustion of fossil resources used in transport, industry, heating, electricity production, etc.

In 2015, COP 21 set a maximum target of +2°C by 2100, compared to the pre-industrial era. To achieve this, the IPCC (Intergovernmental Panel on Climate Change) stresses the need to reduce global CO₂ emissions by 25% by 2030 and to make them zero by 2070.

The energy component in the fight against global warming

The energy component plays an important role in reducing CO₂ emissions, with energy production and consumption alone responsible for 78% of global greenhouse gas emissions. The energy transition is therefore the essential element in the fight against global warming.

To move away from fossil fuels (with limited availability) in favor of renewable energies (solar, wind, hydro, etc.) which play a central role in reducing greenhouse gas emissions, France adopted the 2015 law on energy transition. It sets ambitious targets for 2030:

- 32% renewable energy in final energy consumption;
- 40% in electricity generation;
- A 30% reduction in fossil fuel consumption;
- The decarbonisation of 10% of gas.

To achieve these objectives and achieve carbon neutrality by 2050, as requested by the European Commission, hydrogen appears to be an important lever.

3.1.2 Hydrogen's contribution to the energy transition

Hydrogen can play a significant role in reducing greenhouse gas emissions by covering several functions.

Energy storage

Renewable energy production is intermittent and therefore requires the installation of storage systems to meet fluctuations in demand. The storage, in the form of hydrogen, of captured renewable energy offers interesting prospects: it is as much a way to store energy over a long period of time as it is to compensate for the intermittency of renewable energies. This makes it significantly different from the less efficient battery electricity storage.

Due to its storage capabilities, hydrogen can also be efficiently transported over long distances, making it easier to distribute it where it is needed, making it particularly suitable for transporting energy between different regions and during seasons.

Low-carbon mobility

While hydrogen has advantages for long-term storage and energy transport, it is also an important energy vector in the decarbonisation of mobility, which is currently largely dependent on fossil fuels.

In France, air pollution is responsible for 48,000 premature deaths per year and transport is the main emitter of CO₂ with 31% of total emissions.

According to the Hydrogen Council, hydrogen would play an important role for larger, long-distance vehicles, contributing to around 30% of the overall emission reduction in this area. Hydrogen-powered locomotives could also replace 20% of diesel locomotives, while hydrogen-based synthetic fuel could power some planes and freight ships.

In fine, l'utilisation de l'hydrogène pourrait réduire la consommation quotidienne de pétrole dans le secteur des transports de 20 millions de barils par an.

Industrial Use

Hydrogen is currently mainly used for industrial purposes. France produces nearly 900,000 tons each year, 94% of which is produced from fossil fuels. The decarbonisation of this hydrogen is therefore another key issue in the energy and industrial transition.

3.2 Carbon footprint (excerpts)

Context and Methodology:

As a company committed to the environment, HRS seeks to combat climate change through its product and service offering as well as by reducing its own carbon emissions. In 2023, HRS made an initial estimate of its carbon emissions with the aim of meeting the transparency requirements of its stakeholders and providing reference values.

As an SME with fewer than 500 employees, HSR is exempt from the French regulatory obligation to calculate carbon emissions. The company has nevertheless chosen to initiate this process voluntarily.

The analysis was carried out using the Carbon Footprint methodology. All of the company's flows were examined, whether they originated from outside or inside, to include all the emissions on which the company depends.

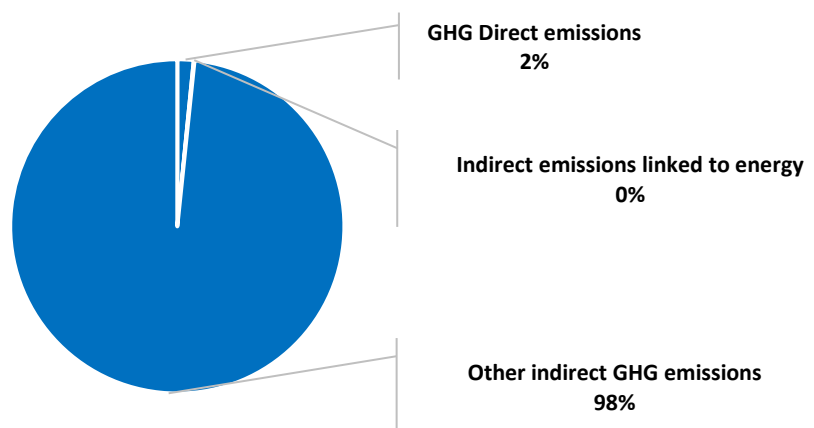
The results were then aligned with the methodology of the GHG Protocol, the official methodology of the CSRD (Corporate Sustainability Reporting Directive), the scope of which is explained as follows:

- Scope 1: Direct greenhouse gas (GHG) emissions of energy and/or non-energy origin located within the organizational perimeter (under the direct control of the organization);
- Scope 2: GHG emissions related to the production of electricity, heat and steam imported and consumed by the organization;
- Scope 3: Other indirect GHG emissions not accounted for in Scope 2, related to the organization's activities, but that originate from sources owned or controlled by other organizations.

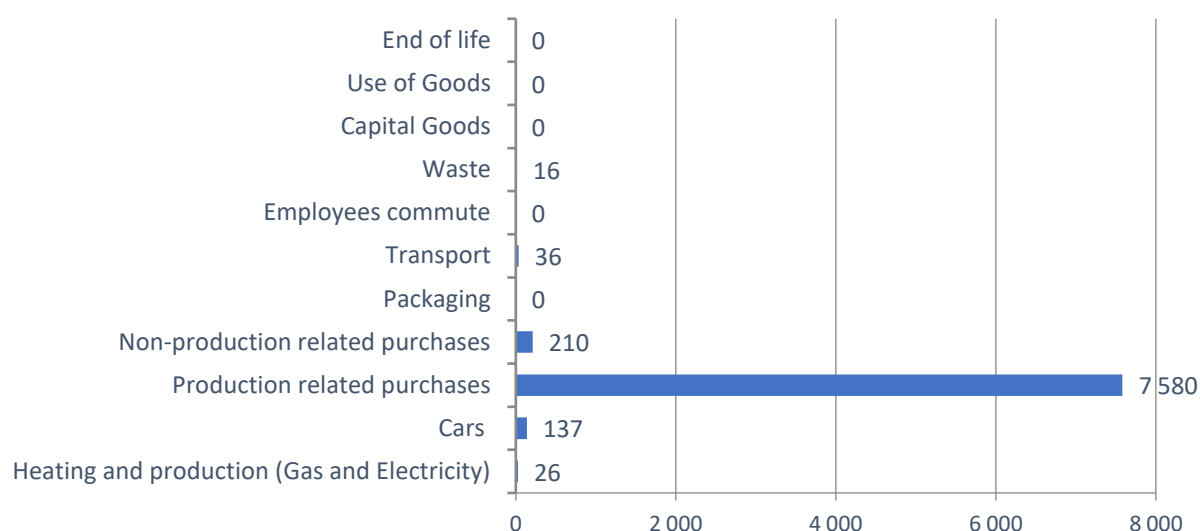
GHG Emissions Assessment Scope:

The main objective of this first exercise was to calculate Scope 1 and 2 emissions and to map Scope 3 emissions based on available data. The results are presented in the following table:

GHG EMISSIONS ASSESSMENT SCOPE in tCO₂e | in %



GHG EMISSIONS BY TYPE in tCO₂e



HRS Scope 1 and 2 greenhouse emissions amounted to 131t CO₂e with a carbon intensity of 1.14t CO₂e per employee.

The relatively low level of emissions is linked to the very limited use of fossil fuels in favor of electricity which is very low carbon in France.

Scope 1

Scope 1 emissions are mainly related to the use of fossil fuel vehicles and gas for space heating. A small fraction is also due to the use of refrigerant gases during the set-up and maintenance of hydrogen refuelling stations.

In October 2023, the company's move to new premises is expected to result in a significant decrease in emissions for the following year's Scope 1. This is made possible by the adoption of new all-electric heating systems and the development of renewable energy infrastructure.

Scope 2

Scope 2 emissions are associated with HSR's electricity consumption for its generation and administration operations. In 2023 and 2024, they are expected to increase due to the relocation of all staff to the new premises and the gradual transition of the company's entire fleet from fossil fuel vehicles to hybrid and electric vehicles.

Scope 3

Scope 3 emissions are more complex to identify due to the low maturity of SMEs (from which HRS sources the majority of its purchases) in the calculation of their carbon footprint.

The most advanced field is that of transport, because since 2017⁷ all transport companies in France have the obligation to provide the carbon footprint of their services.

The main emissions for scope 3 come from the purchase of goods and services and their transport.

In 2024 and 2025, further work will be carried out to improve the availability and accuracy of data for Scope 3.

3.3 Environmental Opportunities, Risks and Impacts

3.3.1 Contribution to climate change mitigation and adaptation

HRS's contributions to the fight against climate change can be assessed in two areas:

- The Company's contribution to the energy transition.
- The actions taken by the Company to reduce its own carbon footprint.

HRS's contribution to the energy transition

As mentioned throughout this extra-financial report, HRS contributes to the development of the hydrogen sector through its activity and its test area open to its partners and suppliers. The latter is presented as a lever for the decarbonisation of transport and industry (subject to virtuous H₂ production processes). Hydrogen also represents an efficient energy storage solution for the needs of the electricity grid (especially at peak times).

One of the main risks to the sector is that it does not develop green hydrogen production capacities. HRS actively seeks to mitigate this risk by partnering with renewable H₂ producers to support their development. For example, the company is a partner of Gaia Energy (a Moroccan green hydrogen producer) and is looking to forge new partnerships in 2024, in particular with HyDeal (promoter of one of Europe's largest green hydrogen projects).

HRS does not have a decision-making authority as to the origin of the hydrogen that powers the stations it deploys, insofar as it does not operate them. However, the company is seeking to promote the supply of green H₂ by highlighting its partners.

Investment in R&D, innovation and product development

In order to increase its positive impact in the fight against global warming, HRS continuously invests in the development of more efficient charging solutions. Research and development is managed by an in-house design office that currently has around forty employees.

At the same time, as discussed in Chapter 1, HRS is involved in European projects, such as the RHEADY Programme. These programs make it possible to move the sector forward in terms of reducing refuelling times and to meet the needs of an ever-wider range of users.

Actions taken by HRS to reduce its own carbon footprint

HRS also aims to contribute to climate change mitigation by reducing its carbon footprint. Several transformations were carried out in 2023 in this direction:

- Move to a new site that should obtain BREEAM "Very Good" certification for its high environmental performance (installation of large glass surfaces on the workshops which will reduce the use of artificial lighting, management of clock lighting and presence detectors, etc.).
- Implementation of the 4-day week for employees working in the workshop, or 4.5 days with a day of teleworking for administrative employees, contributing to the reduction of CO₂ emissions related to home/work journeys.
- Rental of coworking spaces in Lyon, also allowing a reduction in emissions related to home/work trips.

The Company intends to continue its efforts in 2024 through the following additional decarbonization levers:

1. Installation of solar panels on the roof of its new production site, in order to achieve energy auto sufficiency from self-consumption.
2. Electrification of its vehicle fleet, replacing current vehicles with hybrid, electric or hydrogen vehicles. This objective should be achieved over the period 2024/2025 and will make it possible to avoid a large part of the 137 tonnes of CO₂ emitted in connection with the company's vehicles (data for the 2023 financial year).

3. Supporting employees towards softer mobility, especially for their home/work trips. The Company plans to initiate a mobility plan in 2024 that will be based on the M-PRO scheme, launched by the Grenoble Metropolis. This system makes it possible to support member companies and their employees in the analysis of their mobility in order to propose suitable alternative solutions. This mobility plan should also include the payment of a larger share of transport costs by the employer (currently set at 50%) and the provision of a fleet of electric bicycles and/or subsidies for the purchase of electric bicycles. The whole of this approach should thus make it possible to decarbonise the home/work mobility of HRS employees, in proportions that cannot be estimated for the moment.
4. Implementation of a business travel policy promoting the use of responsible mobility, rather than the most carbon-intensive forms of mobility. An action plan is being developed to link time-based milestones to this goal.

In the longer term, other avenues for optimization could be studied by HRS, in particular the implementation of a review of suppliers according to the environmental and energy balance of their products. This would reduce the carbon footprint of refuelling stations upstream of the assembly line.

However, given the considerable pressures that the Company's stations must withstand, the safety of the components must always take precedence over all other considerations.

3.3.2 Air, water and soil pollution

As HRS production is mainly focused on manual assembly activities, its negative impacts on air, water and soil are limited.

Air Pollution

With the exception of emissions related to the mobility of its employees, HRS's activities do not cause air pollution. On the other hand, hydrogen can help decarbonise certain uses and thus improve air quality. As has already been pointed out, air pollution is responsible for 48,000 premature deaths per year in France and the transport sector is the leading emitter of CO₂ (31% of national emissions). The impact of HRS on air pollution could therefore be positive in this respect.

Water pollution

The assembly activities carried out by HRS do not require water.

The water consumed by the company is used for the needs of employees (sanitary facilities, catering, etc.) and for the cleaning of the workshop and administrative buildings. Chemicals (detergents or others) may then be associated with it, in non-industrial quantities. The water consumed by the Corporation is depolluted by wastewater treatment plants.

Soil pollution and artificialization

HRS contributes, through its activity, to the artificialization of soils; however, this is limited to :

- Its production site, with a surface area of 2.6 hectares – the equivalent of 3.6 football pitches – 20% of which is conserved for green spaces in the ground, in addition to the greening of the car parks.
- The customer sites on which the Company installs its stations. These can already be artificialized, with HRS charging stations complementing other refuelling solutions installed (electric terminals, biogas, hydrocarbons, etc.).

The 2021 Climate and Resilience Act, which set a target of zero net artificialisation (ZAN) by 2050 (and intermediate milestones in 2030), could be an obstacle to the development of new stations. It does not, however, imply a total halt to the sprawl of the artificialized envelope: the latter will be conditioned to the renaturation, in equal proportion, of artificialized spaces. HRS works with its station operator customers to address these issues.

The Company also has anti-pollution kits in the event of soil contamination by a substance used in the assembly of its products.

Concerned about the environment, HRS can also carry out clean-up operations at its customers' premises even when the substances in question are not recognised as hazardous, for example in the case of an oil leak at a station site.

Waste

The waste generated by HRS in its activities is essentially made up of:

- Materials used for the transport and packaging of the components and materials on which the Company relies (wood, cardboard, plastics, paper, etc.);
- Scraps of metals used in the manufacture of stations (mainly stainless steel and steel) or other ordinary industrial waste.

Cutting oils and degreasers are also used in small quantities for the operation and routine maintenance of the machines. The Company has filtering systems in place to reuse them as much as possible. All the waste generated by HRS is collected and recycled through a subcontracting contract with PAPREC Recyclage.

Summary of environmental objectives

The table below summarises all the initiatives that HRS wishes to take, in the short and medium term, in favour of reducing its impact on the environment.

PILLAR	OBJECTIVES	DEADLINES
Environment	Installation of solar panels in order to achieve self-sufficiency for self-consumption	2024 - 2025
	Promote sustainable mobility for home/work commuting through the initiation of a mobility plan	2024
	Establishment of partnerships with green hydrogen producers to promote the development of a low-carbon sector	2023 - 2024
	Replacing the diesel fleet with hybrid, electric or hydrogen vehicles	2024 - 2025
	Implementation of a business travel policy that promotes the use of responsible mobility, rather than the most carbon-intensive forms of mobility	2024

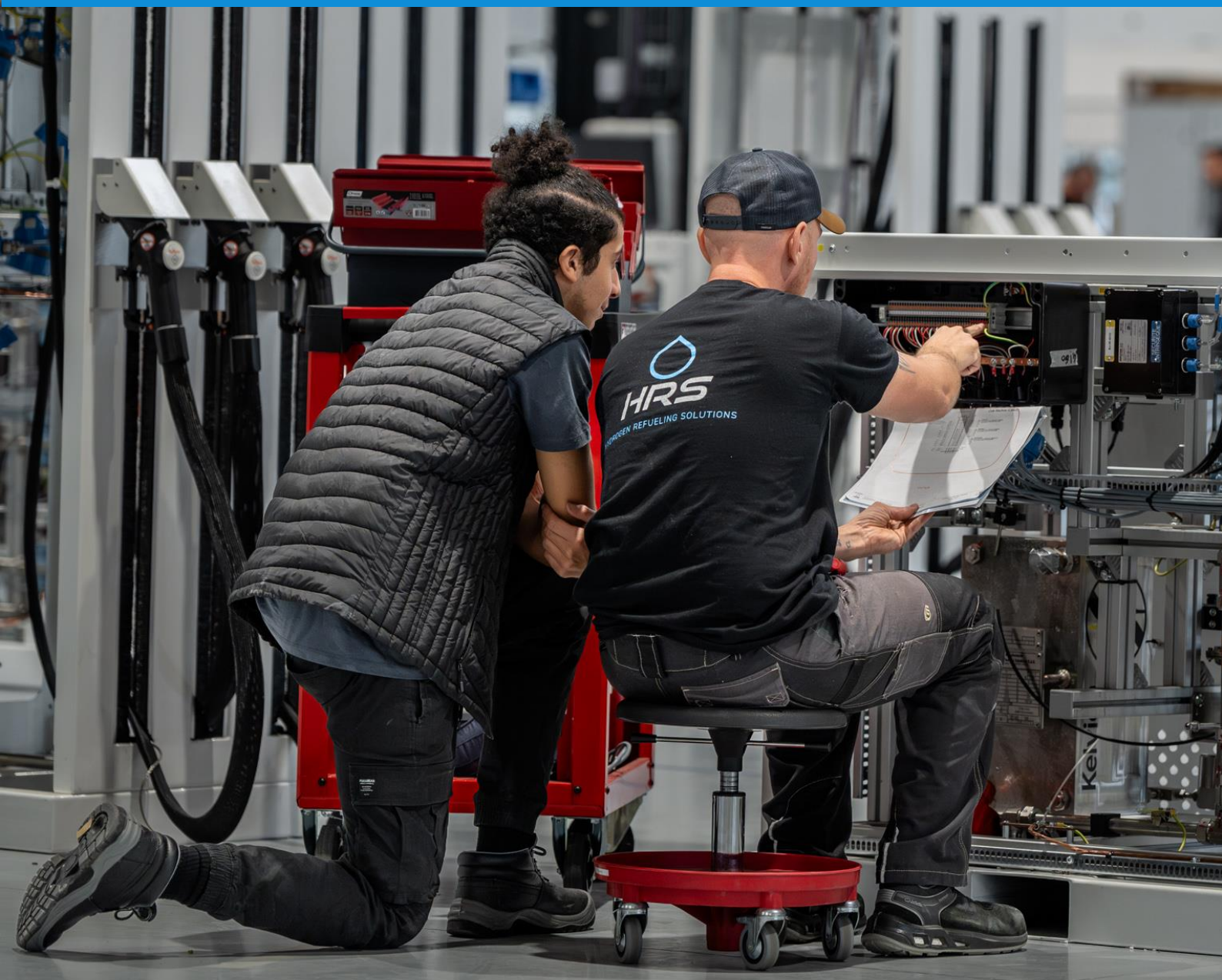



HRS

HYDROGEN REFUELING SOLUTIONS

HRS

SOCIAL AND SOCIETAL CAPITAL



CHAPTER 4: SOCIAL AND SOCIETAL CAPITAL

4.1 Social Capital – Key figures

Since its IPO in 2020 with the ambition of becoming a world leader in its sector of activity, HRS has experienced significant growth in its workforce. At the time of publication of this report, HRS employed 115 people, representing a net growth of 51% compared to the workforce in 2022 (47 new arrivals over the period). In the previous year, the Company had already made 27 hires.

The company's workforce is 18% feminized, an increase of 7 points compared to 2022. The average length of service is three years, and the number of employees is divided by age group according to the table below.

REPARTITION DES EFFECTIFS DE L'ENTREPRISE PAR TRANCHE D'AGE

AGE GROUPS AS OF 2023	NUMBER OF EMPLOYEES	%
<20	2	2%
20-30	28	24%
30-40	45	39%
40-50	17	15%
50-60	21	18%
60-70	2	2%
Total	115	100%

4.2 Social Opportunities, Risks and Impacts

HRS is a company with strong social convictions that pays constant attention to the well-being, fulfillment and development of its employees, on whom it seeks to have a positive impact.

4.2.1 Job security and adequate remuneration

As a major driver of employee attractiveness, satisfaction and retention, HRS aims first and foremost to offer a particularly competitive salary package:

- Advantageous remuneration, thanks to the distribution of 300 free shares each year to all employees;
- 100% coverage of employees' lunches with a minimal in-kind advantage paid by the employee;
- 100% coverage of employees' health insurance, as well as any remaining out-of-pocket costs (up to a limit of €2,000 per year);
- Childcare costs for parents of young children (up to a maximum of €2,000 per year);
- The distribution of gift vouchers at the end of the year;
- Proposed payment of travel allowances in excess of the legal minimums (based on the maximum URSAF ceilings);
- For work-study students and interns (including 3rd year internships), compensation at the minimum wage (above the legal minimums which do not require, for example, the gratuity of internships of less than 2 months).

In the 2022/2023 financial year, the company made 46 net hires.

4.2.2 Social dialogue

Dialogue and transparency are at the heart of the values promoted by the Company. This approach is reflected in a great deal of work carried out jointly by the CSE and the Management: delegation to the CSE of surveys on working hours (to be adapted during heat waves, or in the context of the transition to the 4-day week), delegation to the Management of the day-to-day decision making of the company restaurant or the gym, etc. These examples of co-construction reflect a system based on trust and dialogue.

The CSE is unlabelled, independent of any union, which is rare in the French industrial landscape. An exchange meeting is held every month with the company's management.

Employees are also directly and regularly informed about the company's business and strategic orientations. An internal newspaper is published every month and employees are invited to information meetings twice a year.

To go further, HRS has set itself the objective of setting up a global annual survey, covering the 2024/2025 financial year.

4.2.3 Gender Equality and Diversity

HRS promotes the diversity of career paths and the desire to get involved in society before any other consideration in its recruitment process. In 2023, HRS created an internal training school (detailed in the next section) allowing it to recruit untrained staff from other trades and to ensure their skills development. The Company thus offers those who wish to do so a chance to retrain to become players in the energy transition.

HRS also seeks to raise awareness of disability-related issues among its teams. A dedicated brochure, given to all employees and new arrivals, is currently being built and the Company also plans to participate in the European Week for the Employment of People with Disabilities, an operation repeated each year in November.

As proof of its commitment, this year HRS allowed one of its employees to carry out his RQTH (Recognition of the Quality of Disabled Worker) procedures during his working time.

The latest gender equality index calculated by HRS established a score of 91%.

However, the recruitment of women in industrial activities remains an important societal issue to which HRS is no exception (the feminization of industry is estimated at 30%, which has stagnated over the past ten years). Through its culture, resolutely oriented towards the well-being and fulfilment of everyone, HRS intends to do everything possible to increase the number of women in its teams in the coming years.

4.2.4 Training & Skills Development

HRS has recently strengthened its training system through the establishment of an internal school, the HRSchool. This allows the Company to recruit untrained staff and to support their skills development through theoretical teaching (fifteen half-days provided by an external trainer to discover hydrogen and the company's know-how) and practical teaching (support for each entrant by a tutor, for three to four months). The objective of HRS is to offer this program to all new entrants so that everyone is fully aware of the safety issues they must address, at their own level and vis-à-vis the end consumer.

Other training courses can also be offered to all employees: technical support on a specific skill, language courses, access to +50,000 online content via the Edflex platform,

For the 2023/2024 financial year, the Company wishes to go further by developing:

- Support specifically dedicated to its managers. This would take the form of coaching in small groups and theoretical training. Various issues such as managerial culture, cohesion, co-development and ethical management would be addressed.
- A system of annual interviews for all its employees. The latter would include a self-assessment, an evaluation of the employee by his manager, feedback from team members as well as feedback from the employee on his manager.

Finally, wishing to have a positive impact on its ecosystem, HRS is also studying the opening of its training school to a wider audience (other players in the hydrogen sector for example), or to create synergies with other existing systems among its partners.

4.2.5 Working time and conditions

HRS is committed to the well-being of its employees and strives to provide a pleasant working environment and a fair work/life balance.

As such, at the new premises, employees benefit from:

- A free company restaurant, run by a 2** chef and offering local and seasonal products from, in particular, the vegetable garden installed directly on site.
- A gym, also free of charge, with many machines and an area dedicated to classes.
- Quiet and bright workspaces, meeting the different needs of employees: collaboration, individual work, creativity, confidentiality, or modularity (sit-stand desks, etc.).

To also have a positive effect on the balance of its employees, HRS has implemented a new work rhythm in 2023: a 4-day week for employees working on the assembly line, a 4.5-day week with a day of teleworking for others.

For employees who wish to do so, and depending on individual situations, the number of teleworking days can be increased and the use of coworking spaces in Lyon can be requested.

Finally, and without it being formalized, 1 to 2 additional days of leave are offered each year to all teams (generally during the end-of-year holidays and/or in the spring).¹

As a symbol of the trust that the Company places in each of its employees, they are not subject to a clocking system but to a self-declaration of their working hours.

4.2.6 Health & Safety

As a responsible employer, the health and safety of employees is a priority for HRS. These are based on different mechanisms:

- Prevention and training of team members: all new arrivals (internal or external) must go through an integration process with the QHSE (Quality, Health, Safety, Environment) teams in order to be made aware of the specific risks of their job. The training school newly set up by the Company complements this system with specific modules on risks.
- Compliance with the highest security standards: HRS meets the requirements of the Enterprise Security Improvement Manual (MASE). This certification attests to good management of occupational safety and health. It is adapted, effective

and geared towards reducing risks at work. It also includes a supplier component to ensure that all equipment used by HRS employees in their work meets the highest standards.

- Securing test spaces: during the assembly of a station, the test phase presents the most significant risks since it involves pressurizing nitrogen (as a substitute for hydrogen). To prevent accidents, HRS has built a test bunker at its new plant in Champagnier to ensure that employees do not put themselves at risk during pressure tests.
- Listening, sharing information and continuous improvement: several times a year, the QHSE teams offer a «chat» to employees working on the assembly line in order to address safety issues. These times allow the teams to discuss any incidents or blockages and to provide suggestions for improvement. They give rise to action plans followed by the QHSE department. Suggestions and reports can also be reported anonymously via a system of cards, collected twice a week by the QHSE department.
- Identification of psychosocial risks: the QHSE service is trained in the prevention, identification, assessment and initial management of psychosocial risks thanks to the PSSM (Mental Health First Aid) diploma.

4.2.7 Summary of social objectives

The table below summarizes all the initiatives that HRS wishes to take, in the short and medium term, in favor of a positive social impact.

PILLAR	OBJECTIVES	DEADLINES
Social	Setting up an annual interview system for each employee	2024
	Creation of a training course specifically dedicated to management	2023 - 2024
	Implementation of an annual survey addressed to all employees	2024 - 2025

4.3 Governance - Opportunities, Risks and Impacts

The materiality analysis highlights the impact of HRS on its ecosystem and on society.

4.3.1 Customer and/or end-user security

Hydrogen must be highly compressed to be efficiently stored. As a result of the high pressures exerted in this way, the infrastructures that ensure its storage and distribution are therefore inherently at risk of accidents.

These are accentuated by the specificities of hydrogen, a gas that is extremely flammable and more prone to leakage due to the small size of its atoms.

Although unlikely, a serious accident (leak, explosion, etc.) can have significant consequences for human health. HRS's know-how lies in the control of this risk through:

- A high level of expertise in product design acquired through nearly 20 years of expertise in industrial piping and the integration of 100% of assembly activities, a guarantee of better control.
- Compliance with various standards – beyond regulatory obligations – such as:

- SAE J2601/T40, which establishes the protocol and process limits for the hydrogen supply of light-duty fuel cell electric vehicles.
- The ISO 9001 standard, which defines requirements for the implementation of a quality management system, in order to continuously improve customer satisfaction and provide compliant products.
- Machinery Directive 2006/42/EC ; Electromagnetic Compatibility Directive 2014/30/EU ; ATEX Directive 2014/34/EU
- Low Voltage Directive 2014/35/EU ; Pressure Equipment Directive 2014/68/EU
- The implementation of numerous control procedures:
 - Regulatory: as the equipment produced by HRS is subject to pressure, each station leaving the assembly lines is subject to verification by a notified body.
 - Internal: many checks are carried out by the operators but also by the QHSE teams during the production phase. The bunker testing phase also makes it possible to ensure the proper functioning of the stations, with gradual pressurization. Finally, tests take place directly at the customer's site during the installation phase to validate the quality of the products.
- The use of consulting organizations: HRS collaborates with organizations such as Ineris or Apave, which advise it on risk management, regulatory changes, etc.
- Continuous improvement: each incident or malfunction is subject to a detailed analysis, follow-up by the management committee (for significant incidents) and the implementation of an action plan.
- The design assessment and validation on HRS tests area with a qualification of the first-of-a-kind units.

HRS has also set itself the goal of creating a procedure by Q1 2024 to be able to react effectively in the event of an incident at one of its stations.

4.3.2 Corporate Culture and Business Conduct

HRS seeks to contribute to a virtuous, fair and competitive economic ecosystem. Its culture is oriented towards social responsibility and cooperation with its partners in order to jointly build the hydrogen mobility of the future.

To go further, HRS is working to bring its corporate governance in line with all the recommendations of the MiddleNext Code (detailed in Appendix 3) by 2025. It also plans, as detailed in Chapter 2, to further structure CSR communication in order to comply with its future obligations related to CSRD.

HRS also wants to implement a new risk management system (detailed in Chapter 1) as well as a responsible procurement procedure to review suppliers according to environmental, social and governance criteria (also discussed in Chapter 3).

4.3.3 Corruption, anti-fraud and whistleblower protection

By working with a limited number of suppliers, mainly local and over the long term (thus promoting a good mutual knowledge), HRS limits its exposure to corruption or fraud. As of the date of publication of this document, the Company is not aware of any case of corruption or fraud that would impact it or its suppliers.

HRS has also appointed internal referents in charge of managing whistleblowers and is working on setting up an associated procedure.

4.3.4 Summary of Governance Objectives

The table below summarises all the initiatives that HRS wishes to take, in the short and medium term, in favour of a positive impact of its governance.

CATEGORIE	OBJECTIFS	ECHEANCES
Gouvernance	Strengthening the risk management system	2023 - 2024
	Establishment of a whistleblower protection procedure	2023 - 2024
	Creation of a crisis management procedure in the event of a serious incident on a station	2023 - 2024
	Move from 90% compliance of MiddleNext Code recommendations to 100%	2024 - 2025
	Strengthening CSR governance and collecting mandatory data to comply with the CSRD	2024 - 2025

HRS

CSR ROADMAP



CHAPTER 5: CSR ROADMAP

As a company committed to having a positive impact on climate change mitigation and society, HRS has set itself various Corporate Social Responsibility objectives summarized in the table below. These objectives are detailed in the previous chapters.

ESG PILLAR	OBJECTIVES	DEADLINES
Environment	Installation of solar panels to achieve self-sufficiency for self-consumption	2024/2025
	Mobility plan: Promoting green mobility solutions for home/work commute	2024
	Partnerships with green hydrogen producers to promote a carbon-free H2 sector	2023/2024
	Replacing diesel vehicles with hybrid, electric or hydrogen vehicles	2024/2025
	Business travel policy to promote the use of responsible mobility	2024
Social	Setting up an annual interview for each employee	2024
	Creation of a training course specifically dedicated to management	2023/2024
	Implementation of an annual survey addressed to all employees	2024/2025
Governance	Strengthening the risk management system	2023/2024
	Whistleblower procedure	2023/2024
	Crisis management procedure in the event of a station explosion	2023/2024
	Increased from 90% compliance with MiddleNext Code recommendations to 100%	2024/2025
	Strengthening CSR governance and data collection to comply with CSRD	2024/2025

APPENDICES



CHAPTER 6: APPENDICES

6.1 Correspondence table of this report with the structure proposed by ESRS 1 of the CSRD

CATEGORY	CODE	SUBCATEGORY	CORRESPONDING CHAPTER
1. Basis for preparation	BP-1	General basis for preparation of sustainability statements	Foreword
	BP-2	Disclosures in relation to specific circumstances	Foreword
2. Governance	GOV-1	The role of the administrative, management and supervisory bodies	Chapter 1.4
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Chapter 1.4 Chapter 2.4
	GOV-3	Integration of sustainability-related performance in incentive schemes	Chapter 2.4
	GOV-4	Statement on due diligence	Chapter 6.1
	GOV-5	Risk management and internal controls over sustainability reporting	Chapter 1.4
3. Strategy	SBM-1	Strategy, business model and value chain	Chapter 1.1
			Chapter 1.2
			Chapter 1.3
			Chapter 1.5
			Chapter 3.1
	SBM-2	Interests and views of stakeholders	Chapter 4.1
			Chapter 2.1
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Chapter 2.2
	SBM-3		
4. Gestion des incidences, risques et opportunités	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Chapter 2.2
			Chapter 2.2
			Chapter 2.3
			Chapter 3.2
			Chapter 3.3
	MDR-P	Policies adopted to manage material sustainability matters	Chapter 4.2
			Chapter 4.3
			Chapter 2.4
			Chapter 4.3
			Chapter 5
5. Métriques et cibles	MDR-A	Actions and resources in relation to material sustainability matters	
	MDR-M	Metrics in relation to material sustainability matters	Chapter 2.2
	MDR-T	Tracking effectiveness of policies and actions through targets	Chapter 2.2
Annexes	ESRS 2	List of datapoints in cross-cutting and topical standards that derive from other EU legislation	Chapter 2.2
	-	MiddleNext Code alignment analysis	Chapter 6.2
	-	Carbon Footprint and its assessment methodology	Chapter 6.3 Chapter 6.4

6.2 List of datapoints in cross-cutting and topical standards that derive from other EU legislation

6.2.1 Principal Adverse Impacts Indicators (PAI)

Although HRS is not subject to Principal Adverse Impacts indicators publication, as a listed company, HRS has voluntarily chosen to publish these according to the definition of the Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation (SFDR - Regulation (EU) 2019/2088) – Annex 1 on principal adverse sustainability impacts statements.

PRINCIPAL ADVERSE IMPACTS (PAI)		KPI	COMMENTS
1	GHG Emissions (scopes 1, 2, 3) en CO2e	S. 1 : 126t S. 2 : 6t S. 3 : 7869t	<i>Cf. Chapter 6.4. Scope 3 data are incomplete</i>
2	Carbon footprint	NA	<i>Scope 3 data are incomplete</i>
3	GHG intensity (Total GHG emissions per million EUR of revenues)	4,37t CO2e par M€ CA	<i>Very limited use of fossil fuels in favor of low-carbon electricity in France.</i>
4	Is the issuer involved in Fossil Fuel sector?	Non	<i>HRS n'est pas une société active dans le secteur des combustibles fossiles au sens de l'article 2, point 62), du règlement (UE) 2018/1999 du Parlement européen et du Conseil.</i>
5	Non-renewable energy production and consumption	100%	<i>HRS did not consume or produce renewable energy between 01/07/2022 and 30/06/2023 In 2024, HRS has planned to install solar panels on its site and aims for electricity self-sufficiency.</i>
6	Energy consumption in GWh per million EUR of revenues per high impact climate sector	0	<i>HRS is not one of the sectors with a high climate impact</i>
7	Existence of sites/operations located in or near to biodiversity-sensitive areas where these activities negatively affect those areas	0%	<i>Not applicable, the HRS production site is not located in an area considered sensitive for biodiversity.</i>
8	Tonnes of pollutant emissions to water	Non-material topic	<i>HRS production activities do not result in discharges to water, with the exception of cleaning products (detergents or others). For these, no detailed data has been collected so far, but there are plans to collect and evaluate more accurate data.</i>
9	Tonnes of hazardous and radioactive waste	0,15 tonnes (déchets dangereux)	<i>HRS does not release any radioactive waste. The hazardous waste it generates (special industrial waste) is collected in its entirety for reprocessing.</i>
10	Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	<i>For the 2022/2023 financial year, HRS was not aware of any violations of laws or regulations. No fines or non-monetary penalties have been imposed, and the company has no ongoing legal proceedings regarding a violation of the UN or OECD Guidelines.</i>
11	Existence of 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	Yes	<i>The principles of the United Nations Global Compact are reflected in HRS's Code of Conduct as well as in the Company's core values and principles. These determine the day-to-day actions of the company and the relationships between employees. This Code of Conduct is made available to employees.</i>
12	Unadjusted gender pay gap of investee companies	n/a	<i>Data will be provided in 2024/2025 when the sample allows for this calculation.</i>
13	Female to male ratio among board members as a percentage of all board members	25%	<i>The Board of Directors is made up of one woman and three men.</i>
14	Involvement in the manufacture or selling of controversial weapons across value chain (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Non	<i>HRS is not exposed, through its value chain, to controversial weapons.</i>

6.2.2 E.U. Taxonomy

The Taxonomy Regulation (general framework set by Regulation EU/2020/852 of 18 June 2020) is a key element of the European Commission's action plan to redirect capital flows towards a more sustainable economy.

It represents an important step towards the objective of carbon neutrality by 2050 and defines, on a scientific basis, a list of economic activities and technical criteria to qualify the sustainability of some of these activities.

To be considered sustainable, an activity must be eligible and aligned:

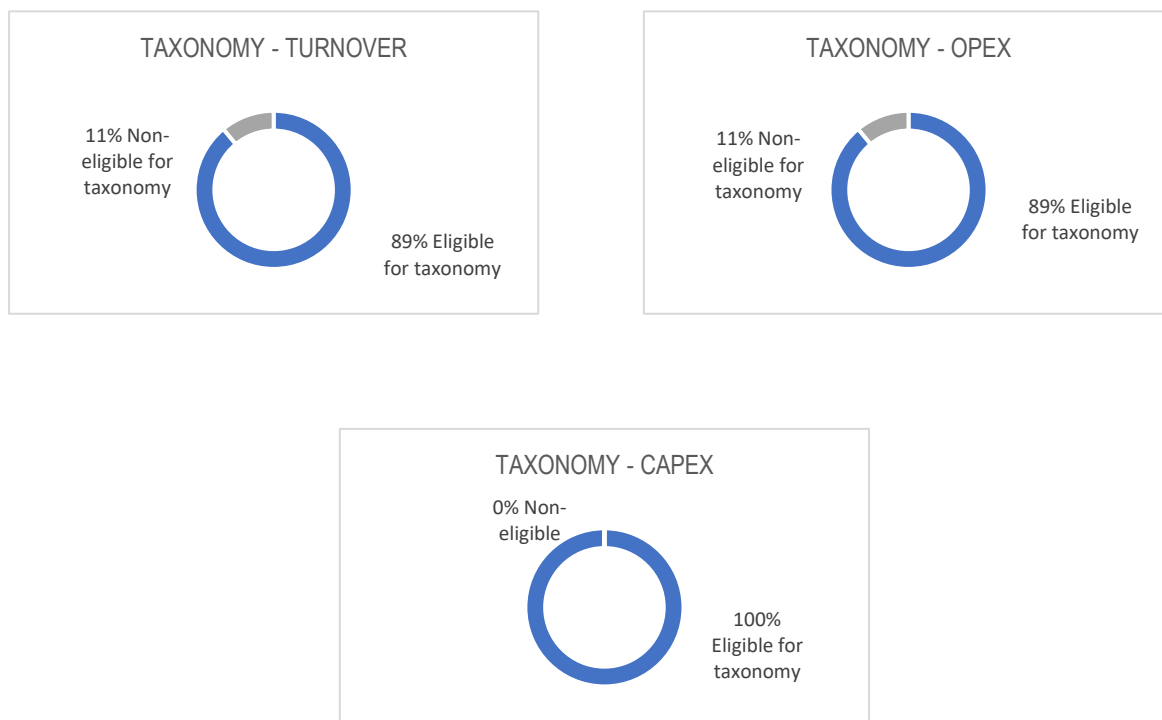
- an economic activity 'eligible' for the Taxonomy means an economic activity described in the delegated acts supplementing the Taxonomy Regulation (described in the Climate Delegated Act (2021/2139)).
- an eligible economic activity is also 'aligned' with the Taxonomy when it complies with the Technical Screening Criteria as set out in the Climate Delegated Acts and is carried out in compliance with minimum guarantees on human and consumer rights, anti-corruption and anti-bribery, fair competition and taxation. To meet the technical selection criteria, an economic activity must contribute substantially to one or more of the six objectives described above, without causing significant harm to the other environmental objectives of the taxonomy (DNSH).

Analysis of EU Taxonomy eligibility of HRS activities

As an SME, HRS is not subject to the reporting obligations of the EU Taxonomy. However, we have chosen to voluntarily declare it in response to investors' requests for indicators related to the SFDR.

Due to the nature of our business, HRS's revenue and operating expenses are eligible for the 89% EU Taxonomy-eligible at 89% as the "6.15 Low-carbon road and public transport infrastructure". 100% of capital expenditure is eligible for the EU Taxonomy. The part of our turnover and operating expenses that is not eligible for the Taxonomy is related to the historical activity – industrial piping.

Although 100% of the activities eligible for the EU Taxonomy comply with the Technical Screening Criteria – Substantial contribution to climate change mitigation, at this stage we have not yet assessed the DNSH criteria for these activities. As a result, we have decided not to publish the percentage of EU Taxonomy alignment this year.



E.U. TAXONOMY	TOTAL (IN EUR M)	E.U. TAXONOMY ELIGIBLE
TURNOVER	30	89%
Operational Expenses (OpEx)	32	89%
Capital Expenditures (CapEx)	16.2	100%

6.2.3 HRS compliance with the MiddleNext Code

The Company has designated the Corporate Governance Code as published in September 2021 by MiddleNext (the "MiddleNext Code") as the reference code to which it intends to refer following the listing of its shares on the Euronext Growth Paris market. This code was updated in September 2021 and is available on the MiddleNext website (<https://www.middlenext.com/>).

The Company aims to progressively comply with most of the recommendations of the MiddleNext Code.

The table below sets out the Company's position with respect to all recommendations issued by the MiddleNext Code as of the date of this document:

MIDDLNEXT CODE RECOMMENDATIONS	IMPLEMENTED	NOT IMPLEMENTED
I. The Power of "Oversight"		
R1 : Ethics of Board Members	X	
R2 : Conflicts of interest	X	
R3: Composition of the Board – Presence of Independent Members on the Board	X	
R4 : Information of the Board members	X	
R5 : Training of the Board Members		X(1)
R6 : Organisation of the Board and Committees Meetings	X	
R7 : Establishment of Committees	X(2)	
R8 : Establishment of a specialised committee on CSR	X	
R9 : Establishment of rules of procedure for the Board	X	
R10 : Selection of each member of the Board	X	
R11 : Term of office of Board members		X(3)
R12 : Remuneration of Board members	X	
R13 : Establishment of an evaluation of the Board's activities	X	
R14 : Shareholder Relations	X	
II. The Executive powers		
R15 : Diversity & Equity Policy	X	
R16 : Definition and transparency of the remuneration of executive corporate officers	X	
R17 : Preparation of the succession of directors	X	
R18 : Combining an employment contract and a corporate mandate	X	
R19 : Severance benefits	X	
R20 : Supplementary pension scheme	X	
R21 : Stock options and free share grants	X	
R22 : Review of points to watch out for	X	

(1) A5: As of the date of this report, there is currently no training plan in place within the Corporation. This provides for a reflection during the 2023-2024 financial year to assess the advisability of complying with this recommendation.

(2) A7: The Board of Directors decided not to establish a specialized committee, given the current structure and organization of the Board. In the absence of specific committees, the mission of the Audit Committee and the CSR Committee is assumed by the Board of Directors.

(3) R11: This recommendation is implemented, except for the staggering of terms that have the same expiry date, given the recent constitution of the Executive Board. The Corporation will ensure that the renewal dates of these terms are staggered in the future.

6.2.4 Detailed Carbon footprint results and data availability

Carbon Footprint methodology® and associated tools were used to calculate Scope 1, 2 and 3 GHG emissions according to the French regulatory method BEGES and GHG Protocol.

The emission factors used are those of the Base Carbone(R) – the official French database of Emission Factors.

Precise data was used for the calculation of Scope 1 and 2 GHGs based on the energy and fuel bills. For Scope 3 emissions «Purchasing goods and services» and «transport» emissions were prioritized, as these are usually the most important items in this sector.

75% of the monetary value of transport-related emissions was calculated based on data in tons of GHG emissions provided directly by transport suppliers.

The volume of GHG emissions from purchases was estimated based on sector based Emission Factors covering 95% of the company's product and service purchasing expenditure.

The following table illustrates the scope and availability of the data.

Emissions category	N°	Emissions	Data availability		
			Stations H ₂	Industrial piping	Installation & maintenance
Direct GHG Emissions – Scope 1	1	Direct emissions from stationary combustion sources	Data available	Data available	Not applicable
	2	Direct emissions from mobile sources with combustion engine	Data available	Data available	Data available
	3	Direct emissions from non-energy processes	Not applicable	Not applicable	Not applicable
	4	Direct fugitive emissions	Not applicable	Not applicable	Not applicable
	5	Emissions from biomass (soils and forests)	Non applicable	Not applicable	Not applicable
Indirect GHG Emissions linked to energy – Scope 2	6	Indirect emissions from electricity consumption	Data available	Data available	Data available
	7	Indirect emissions from steam, heat or cooling consumption	Not applicable	Not applicable	Not applicable
Other GHG Emissions – Scope 3 Direct GHG Emissions – Scope 1	8	Emissions related to fuels and energy (not included in scope 1 and scope 2)	Data available	Data available	Data available
	9	Purchased goods or services	Partial data	Partial data	Partial data
	10	Capital goods	Not available	Not available	Not available
	11	Waste generated	Data available	Data available	Data available
	12	Upstream freight	Partial data	Partial data	Partial data
	13	Business travels	Not available	Not available	Not available
	14	Upstream leased assets	Not applicable	Not applicable	Not applicable
	15	Investments	Not applicable	Not applicable	Not applicable
	16	Visitors and customers travels	Not applicable	Not applicable	Not applicable
	17	Dowstream freight	Partial data	Partial data	Partial data
	18	Use of sold products	Not available	Not available	Not available
	19	End-of-life of sold products	Not applicable	Not applicable	Not applicable
	20	Dowstream franchises	Not applicable	Not applicable	Not applicable
	21	Dowstream leasing	Not applicable	Not applicable	Not applicable
	22	Employees commuting	Not available	Not available	Not available
	23	Other indirect emissions	Not applicable	Not applicable	Not applicable

Result of the calculations according to the BEGES methodology:

EMISSIONS CATEGORIES	NB	EMISSION SOURCES	GHG EMISSIONS				
			CO2 (T CO2E)	CH4 (T CO2E)	N2O (T CO2E)	OTHER GAS (T CO2E)	TOTAL (T CO2E)
Direct GHG emissions – Scope 1	1	Direct emissions from stationary combustion sources	16	0	0	0	16
	2	Direct emissions from mobile sources with combustion engine	108	0	1	0	109
	3	Direct emissions from non energy processes	0	0	0	0	0
	4	Direct fugitive emissions	0	0	0	0	0
	5	Emissions from biomass (soils and forests)					
		Sub total		0	1	0	126
Indirect emissions associated with energy purchases - Scope 2	6	Indirect emissions from electricity consumption	6	0	0	0	6
	7	Indirect emissions from steam, heat or cooling consumption	0	0	0	0	0
		Sub total		0	0	0	6
Other indirect GHG emissions – Scope 3	8	Emissions related to fuels and energy (not included in scope 1 and scope 2)	28	1	2	1	32
	9	Purchased goods or services	7,790	0	0	0	7,790
	10	Capital goods	0	0	0	0	0
	11	Waste generated	13	0	0	0	13
	12	Upstream freight	35	0	0	0	35
	13	Business travels	0	0	0	0	0
	14	Upstream leased assets	0	0	0	0	0
	15	Investments	0	0	0	0	0
	16	Visitors and customers travels	0	0	0	0	0
	17	Dowstream freight	0	0	0	0	0
	18	Use of sold products	0	0	0	0	0
	19	End-of-life of sold products	0	0	0	0	0
	20	Dowstream franchises	0	0	0	0	0
	21	Dowstream leasing	0	0	0	0	0
	22	Employees commuting	0	0	0	0	0
	23	Other indirect emissions	0	0	0	0	0
		Sub Total		1	2	1	7,869



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