

Environmental, Social and Governance Report



Reporting Year 2024



OUR PURPOSE

Driving Sustainable Growth for Future Generations

During times of significant industry transformation, we are clear on our responsibility and commitment to making an impact for a better tomorrow. Our actions create a ripple effect, and we are committed to continually finding ways to act now, making a lasting impact for future generations.

ABOUT THIS REPORT

Data provided in this report covers our owned and operated facilities. We have worked to ensure that the data embedded throughout the report is as accurate as possible and the data have not been externally verified.

For specific information about this report or our program overall, please contact us at info@hydrasun.com

All information included in this report is for the 12-month period ending December 31, 2024, unless otherwise stated.



5 ABOUT US

- 7 Executive Summary and Company Values
- 8 Our Approach
- 9 Our Priorities



10 ENVIRONMENT

- 12 Our Drive to Net Zero
- 13 Carbon Reduction Journey
- 14 Carbon Reduction Initiatives
- 15 Climate Change
- 16 Electric Fleet Vehicles
- 17 Waste Reduction
- 18 Emissions Data



19 ENERGY TRANSITION

- 20 D2Zero
- 21 Hydrogen at the Heart of our Energy Transition



22 SOCIAL

- 24 Equality, Diversity and Inclusion
- 25 Health and Safety
- 26 Zero Incident Campaigns
- 27 Our People
- 31 Workforce Wellness
- 32 Supporting Our Communities
- 33 Scottish School Partnership



34 GOVERNANCE

- 35 Corporate Governance
- 37 Our ESG Steering Group
- 38 Code of Conduct



39 FOCUS AREAS

- 40 ESG and Sustainability Strategies
- 41 Looking to 2025



A message from our CEO

The energy transition is reshaping the world we live in with new challenges and opportunities as industry and society transitions from carbon intensive energy sources to low carbon energy in a journey towards Net Zero.

As part of D2Zero, we are committed in Hydrasun to supporting our customers operating in conventional energy reduce carbon emissions through the products and services we offer, recognising that reducing carbon emissions and in particular fugitive emissions today can have on overall future cumulative emissions.

We are at the forefront of delivering clean hydrogen solutions in the UK in both Power to Mobility and Power to Industry, supporting the development of a new energy transition industry in the UK. The ripples from these changes not only support a more sustainable future for the communities in which we operate, but also provide pathways for career development for our staff and profitable growth for our shareholders.

Our ESG plan sets out clearly defined targets in Environmental, Social and Governance and oversees the delivery of our company strategy.

We recognise that each positive action we take in our ESG plan has a positive ripple in delivering improved environmental and social outcomes. Within this ESG plan, the launch of new Code Conduct sets out the principles to which the company and our employees are committed to follow at all levels of the organisation and builds on our existing core values.

Our pledge to achieve Net Zero Carbon emissions by 2050 and the work we have already taken to reduce our carbon footprint recognises the need for action now, shaping our actions and future investment decisions.



Neil Thompson
Chief Executive Officer



This first ESG report captures these commitments, provides a record of the progress we have made to date and the positive ripples we are creating.



✦ About us

MULTIPLE SECTORS, MULTIPLE REGIONS

We're a partner of choice for customers who turn to us for specialist solutions they know they can rely on. Who know we think differently and are leaders in our field of expertise. Who have ambition to shape a cleaner energy future.

As part of D2Zero, Hydrasun applies experience, knowledge, and insights for a new energy future.

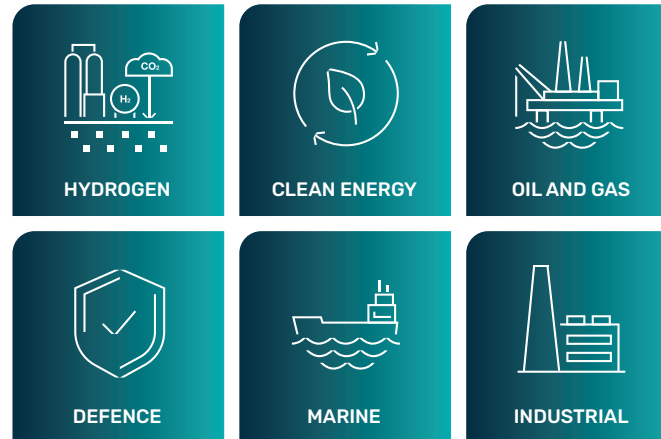
We are a leading international provider of integrated fluid transfer, power and control products and services to many different sectors worldwide.

We are innovators, applying our engineering and technological prowess to deliver quality products and services. To solve new problems. To help customers attain new levels of system performance and emissions reduction.

We apply those Hydrasun qualities to enhance our solutions offering in conventional energy and industrial markets. But there is an extra dimension; a forward-thinking one. We are helping fuel the energy transition by developing and supplying specialist solutions for the hydrogen energy market.

The pace of our shared journey to Net Zero will be set by businesses with flair, vision and a resolve to make a difference. Businesses focused today on tomorrow's energy solutions.

Our people are empowered to make change happen. For the benefit of our customers, our industry, our clean energy future.



WHAT WE DO

- Fluid Transfer
- Integrity, Assurance & Reliability
- Engineering & Technology Development
- Integrated Instrumentation Solutions
- Umbilical & Subsea Connectors
- System Installation & Integration
- Precision Manufacturing
- Technical Training
- Hydrogen Project Lifecycle Capabilities

WHERE WE OPERATE



Our HQ is based in **Aberdeen, Scotland** with operations throughout the UK and a presence in strategic locations across **Europe, Asia, the Middle East, Africa, the USA and South America.**

Our solutions have powered industrial operations around the world for decades, and now they are integral to our sustainable future.

With our customers and with our international network partners, we continue to support energy security globally whilst looking to new energy horizons.



EXECUTIVE SUMMARY

“

Our ESG journey starts with setting targets to be a carbon-zero company by 2050. We are committed to sharing our progress, challenges, and learnings through our annual ESG to help accelerate global progress toward net zero.

We recognise that our actions alone will not solve the climate crisis. As a global service provider, we also believe we have a role to play in supporting the thousands of customers and partners who put their trust in Hydrasun. Sustainability is integrated into our growth strategy for each product and service channel within our business, and in doing so supporting our customers achieve their own sustainability goals.

Neil Thompson, Chief Executive Officer

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OUR COMPANY VALUES

- The safety of ourselves, our colleagues and who we work with will be integral to everything we do.
- We will do the right thing, in work and our communities, taking responsibility for our own actions.
- Our customers are our livelihood – we all have a role to play in delivering outstanding customer service.
- We are committed to high quality, high service, high reliability in everything we do.
- We will support our customers through the energy transition through the development of innovative products and services that reduce fugitive emissions and deliver clean hydrogen.
- We are One Team – across our companies, departments, channels, and branches.
- We are accountable to each-other and our customers – deliver what we say we are going to do.
- We support open communication and prioritise face to face communication in person or on-line.
- We care about the wellbeing of each-other. We all have bad days, but these can be made easier with the support of those around us.

WE'RE DRIVING POSITIVE CHANGE THROUGH...

Being a consistent quality employer embracing diversity and inclusion

Delivering a business diversification embracing the past with the present and future

Providing a quality of life in the organisation with a driven workforce

Management of our ESG risks and opportunities

Promoting human rights through our Code of Conduct

Establishing short-term and long-term targets, **providing confidence we are meeting our targets**

Ensuring we leave a positive impact on the communities in which we live and the customers we serve

Commitment **to the United Nations Sustainability Development Goals**

Working with our supply chain to identify and eliminate modern slavery and to deliver on our carbon strategy

Pledging **to achieve Net Zero Carbon emissions by 2050**

Contributing to the low carbon future business and where we can serve them with the skill sets we have

Working with our customer base **to support their net zero ambitions and sustainability programs**



✦ Our Priorities

ESG



ENVIRONMENTAL

GHG Emissions Reduction
Energy Use & Efficiency
Water & Waste Management
Materials Management



SOCIAL

Equal Opportunities
Diversity & Inclusion
Health, Safety & Wellbeing
Community Contribution



GOVERNANCE

Transparency & Accountability
Business Ethics
Legal & Regulatory
Risk Management

As a company, we want to play our part in addressing the challenges facing our people and planet without adding to them. That's why we have a formal strategy in place to allow us to respond to, and embed, our ESG principles into the way we do business.

As an environmentally responsible business, Hydrasun recognise that our impact on the environment goes well beyond simply managing our own carbon footprint, but also ensures that all stakeholders and our supply chain are fully engaged and contributing to Hydrasun's Carbon Reduction strategy.

We are relentlessly focussed on growing our sustainable business streams, supporting the decarbonisation of industry and transport with enabling hydrogen solutions and technology.

Our approach to the social element of ESG includes putting in place ED&I ambitions, promoting the health and wellbeing of our employees and community focused sponsorship programmes.

Governance within Hydrasun revolves around establishing effective policies and procedures to ensure ethical conduct, accountability, and transparency. We have implemented comprehensive measures to prevent bribery and corruption, including a well-defined code of conduct that clearly prohibits such activities.



Environment



ENVIRONMENTAL STRATEGY

Vision To lead in environmental stewardship by minimising our ecological footprint and promoting sustainable practices across our operations.

Mission To integrate environmental sustainability into our core business practices, ensuring a positive impact on the planet and future generations.



KEY OBJECTIVES:

Carbon Footprint Reduction Achieve net-zero carbon emissions by 2050

Sustainable Supply Chain Ensure all suppliers adhere to Hydrasun's environmental standards

Waste Management Achieve zero waste to landfill by 2025

Employee Engagement and Education Foster a culture of environmental responsibility and climate literacy among employees



MONITORING AND REPORTING:

Performance Metrics Establish key performance indicators (KPIs) to track progress towards environmental goals

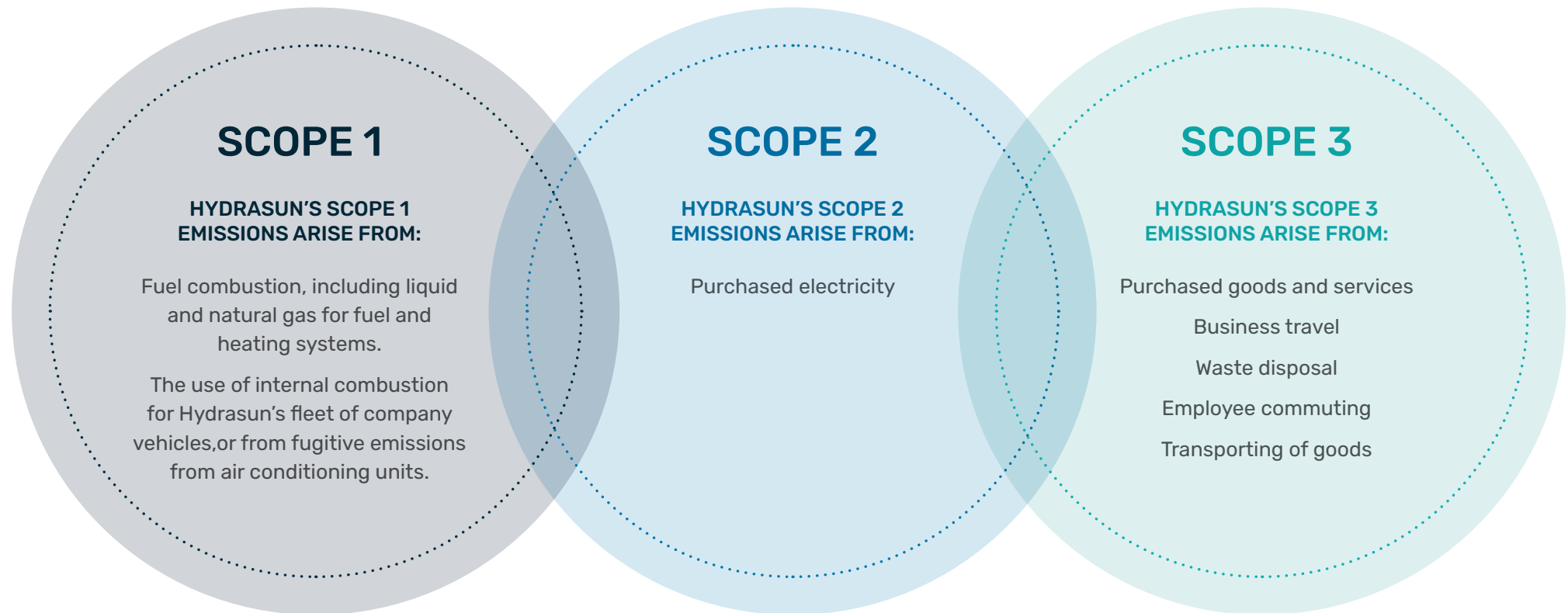
Reporting Publish an annual ESG report detailing achievements, challenges, and future plans

Continuous Improvement Regularly review and update the environmental strategy to reflect new technologies, regulations, and best practices



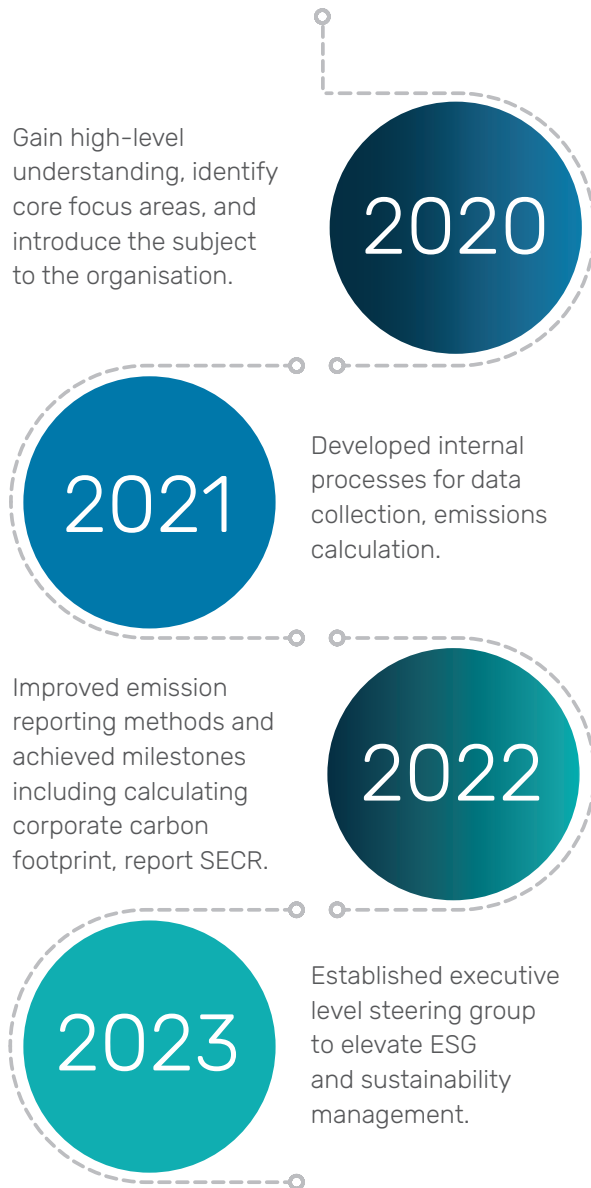
Our Drive to Net Zero

Our journey to **Net Zero** focuses on creating value at each stage. We have established metrics to measure the three categories or 'scopes' as defined within the Green House Gas (GHG) Protocol.





Our Carbon Reduction Journey



OUR CARBON ROAD MAP: JOURNEY TO NET ZERO

2024 ↓

65% reduction in Carbon tCO₂e compared to 2020.

Ahead of the targets

Achievements include:

- Conducted energy audits and reviews
- Define waste management strategy
- Switch to 100% renewable tariffs
- Identify and choose a zero to landfill waste contractor(s)
- Switched to LED lighting and installed Motion Sensor
- Drive fuel efficiency training

2030 ↓

75% reduction on Scope 1 & 2 emissions, **20% reduction** on Scope 3 emissions from 2020 actual emission levels.

Activities include:

- Set goals and have them approved by science-based targets
- Improvement in IT Equipment
- Use of Hydrogen as a renewable energy
- Identify greener transport options for MSVs and delivery vans
- Heating and Cooling Systems upgraded
- Reduce single-use plastic
- Transition fleet to zero emissions

2040 ↓

100% reduction in Scope 1 & 2 emissions, **60% reduction** in Scope 3 emissions from 2020 actual emission levels.

Activities include:

- Identify greener transport options for employees where possible
- Support community green projects
- Sustainability partnerships where possible
- Entire business becomes Zero landfill waste company
- Target sourcing of 100% renewable/low carbon power

Net Zero by 2050



Carbon Reduction Initiatives

Hydrasun is committed to leveraging emerging technology and advances in energy-related products to support its goal of becoming a net zero-carbon business. This commitment includes ensuring compliance with regulations and maintaining high standards of reliable and consistent lighting.

LED Lighting

Current Lighting Load:

786,500 kWh
per annum

Annual Reduction: ▼

419,900 kWh
per annum

Post-LED Upgrade Lighting Load:

366,600 kWh
per annum

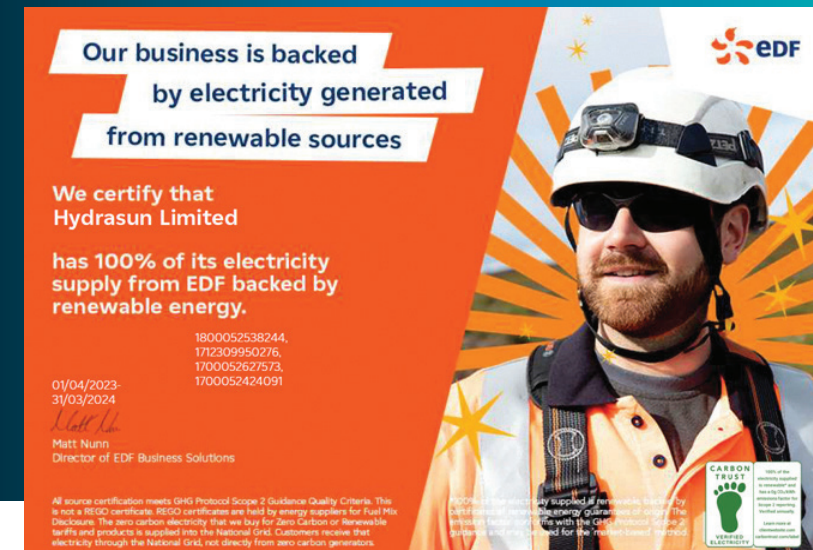
CO2e Savings:

98 tonnes
per annum
(based on current SECR conversion factors)

Investing in the latest LED technology will deliver significant savings across all cost components, contributing to Hydrasun's sustainability goals.

Buildings:

Using renewable electricity for our buildings and workshops is part of our commitment to achieving carbon neutrality by 2050. The challenge is to secure supply from renewable energy suppliers in all Hydrasun locations. In 2024, all UK locations have switched to renewable energy.





Climate Change

Decarbonizing our Assets

Tackling climate change requires action on many fronts. Hydrasun is committed to sourcing and implementing sustainable technologies while – at the same time – reducing the CO2 emissions of its existing operations. Hydrasun is modernizing its units to enhance their energy efficiency and lower their carbon footprint.

Hydrasun 's precision manufacturing division, located in Aviemore Scotland owns and operates 9 state of the art CNC machines.

In 2024, Hydrasun installed voltage optimisation technology which is an energy-saving technique that involves systematically reducing the voltage supplied to electrical equipment to the optimal level. This process helps to lower energy consumption, reduce power demand, and decrease reactive power demand.

10%

Reduction in Energy Use

Reduce

5235kg

CO2 emission per annum

Power Monitoring Through the Energy System Catapult

In collaboration with UK Catapults, an independent research and technology organisation, the Energy Insights Dashboard helps our Aviemore facility identify opportunities to reduce machine energy consumption. The SMDH team has installed machine-level power monitoring sensors, offering deeper insights into the utilisation and energy consumption of energy-intensive processes within the factory.

Identifying non-optimal energy usage with Energy Insights Dashboard

MADE SMARTER
INNOVATION
SMART MANUFACTURING DATA HUB
UNLOCKING THE VALUE OF SHARED DATA IN MANUFACTURING





Electric Fleet Vehicles

Installing high-capacity charging points throughout our business showcases our commitment to modern, sustainable transportation solutions.

Additionally, our employee benefits scheme, which includes an EV salary sacrifice option, further supports our workforce in transitioning to electric vehicles.



BENEFITS

At Hydrasun we offer a wide range of employee benefits.

FAMILY FRIENDLY

First Day Benefits



COMPANY ENHANCED MATERNITY/ADOPTION PAY

Week 1-12:
100% of base salary.
Week 13-14:
50% of base salary.
Week 25-39:
SMP.
Week 40-52:
NIL (if taken).



COMPANY ENHANCED PATERNITY PAY

Week 1:
100% of Base Salary.
Week 2:
SSP.



PENSION

Operates via salary sacrifice.
Employee contribution:
4%-25%.
Employer Contribution:
5%.



LIFE ASSURANCE

Paid at 3x base salary.



EMPLOYEE REFERRAL SCHEME

£500 for successful referrals.
£250 paid on referral start & £250 when probation is completed.
Referral form to be completed & sent to HR to be eligible.



RETAIL DISCOUNT PLATFORM

Discounts available on a range of retail, dining, entertainment, pets, travel and more.
Gift card outlet - buying gift cards at a discount.



INCOME PROTECTION

Paid from 26 weeks absence.
Paid at 75% of base salary - up to 5 years.
Assessment is required.

HEALTH AND WELLBEING/ENVIRONMENTAL

First Day Benefits



INCREASE TO ANNUAL LEAVE ALLOWANCE

1 additional days leave for every 2 years service (up to 10 years).
Must have the necessary service at the beginning of the calendar year.



EMPLOYEE ASSISTANCE PROGRAM (EAP)

Access through online, telephone & spectrum app.
For employees & their immediate family available 24 hours a day, 365 days a year.
Confidential helpline, structured counselling, legal information service & medical helpline.



VIRTUAL CLINIC GP APPOINTMENTS

Not a replacement for an employee's registered GP - for when fast answers & peace of mind for a medical problem that isn't an emergency is needed.
Access through the Health365 app from Teladoc health fast referrals for private specialist.



MENTAL HEALTH SERVICES

Access through the Health365 app from Teladoc health for employees & their immediate family.
Direct access to Psychologists, evidence based goal focused single session approach.
Tailored child mental health consultations.



ONLINE PHYSIOTHERAPY SERVICE

Access through the Health365 app from Teladoc Health.
No GP referral is required.
Phone or video consultations.



SECOND MEDICAL OPINION

Access online or by telephone for Employees & their immediate family.
Specialists will offer second opinion on diagnoses and treatments for most conditions.

First Day Benefits



NURSE SUPPORT SERVICE

Access online or by telephone for employees & their immediate family.
Fully qualified nursing team providing practical support when an employee has been referred to a clinical specialist.



LONG TERM CHRONIC CONDITION SUPPORT

Access by telephone.
Access through the CONNECT Plus app.
Aids employees to self manage one or more specific long term health conditions:
Cancer, Stroke, Multiple Sclerosis, Type 2 Diabetes, Long Covid, Rheumatoid Arthritis and Your Wellbeing.



LATER LIFE CARE

Access by telephone.
Support to help employees understand, find and fund later life care for their loved ones or themselves.
Understanding the care & funding options available.



CYCLE TO WORK SCHEME

Operates via salary sacrifice.
To be paid over 12 months through monthly salary.
Equipment includes:
Bicycles
Electric bikes
Cycling Equipment
Maximum value: £1000.



PRIVATE MEDICAL INSURANCE

Employee membership is paid for by the company.
Dependents can be added at employees' cost.
Taxable benefit.



ELECTRIC VEHICLE (EV) SCHEME

Access directly with Tusker.
Operates via salary sacrifice.
Includes:
Fully comprehensive insurance.
Maintenance and servicing.
Breakdown cover.
Replacement tyres.
No deposit.



Waste Reduction

We recognise the urgent need to reduce waste and carbon emissions associated with the life cycle of materials by prioritising reduction and reuse as much as possible. We have implemented several company practices to reduce waste that goes beyond regulatory requirements, including increasing awareness among employees.

Hydrasun currently has a number of key performance indicators in place to monitor and measure our environmental performance. These KPIs are detailed within the Hydrasun HSEQ Management plan.

The existing KPIs related to our Environmental performance are:

- Zero Environmental Incidents
- Zero waste to landfill
- Reduction in Energy Consumption

Hydrasun manages its waste responsibility in accordance with all local and state regulations, taking all necessary steps to ensure we minimise the volume of waste generated and the amount of waste sent to landfill.

All Hydrasun sites are required to include their environmental aspects and impacts as part of the overall environmental assessment and in compliance with Hydrasun's ISO14001:2015 accreditation.



Our Glasgow and Aberdeen Branches have successfully achieved zero waste to landfill. They divert nearly all waste from landfills through recycling, reusing, composting, or converting waste to energy.

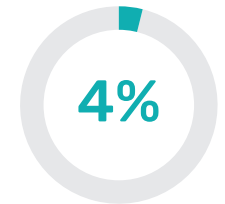
Other locations are actively working towards zero waste to landfill by collaborating with local waste suppliers.



Scope 1 & 2 Emissions Data

	2020	2021	2022	2023	2024	% change
Scope 1 (tonnes CO2e)	327	310	268	253	237	-28%
Scope 2 (tonnes CO2e)	395	350	305	96	12	-97%
Combined (tonnes CO2e)	722	660	573	349	249	-65%

Contributing Emissions



Electricity Consumption



Natural Gas Consumption



Fleet Vehicle Emissions

Scope 3 Emission Reduction Strategy

Partnership and investment remains critical for Scope 3 emissions reduction.

Collaboration remains critical to success, for Hydrasun and our suppliers. While many of our suppliers are willing and want to reduce their footprints, they may still face considerable barriers like access to capital or market knowledge.

As we work to achieve our own operational needs, we are also working to accelerate the development of solutions that will help our customers and partners.

Scaling markets for lower-carbon materials requires investment.

While lower-carbon materials and solutions are on the market today, they do not exist at the volume, in the geographies, or at the scale needed to decarbonize the sector. We continue to pursue key mitigations to embodied carbon risk through collaboration across all Hydrasun Branches.

Our actions are focused on driving innovation through new materials with the potential to reduce embodied carbon from those materials.

Measurement plays an important role in Scope 3 reduction.

Driving Scope 3 reductions requires developing better data visibility and more accurate and actionable methodologies than are generally available today.

With detailed analysis of specific products, manufacturers, geographic locations, and emissions life cycle stages, we are better able to understand the complexity of our supply chain.

Additionally, we are exploring how technology, like software, can further increase accountability and traceability for our Scope 3 carbon emissions.

Energy Transition



Energy Transition



D2Zero is at the forefront of the energy transition. We are meeting the dual challenge of decarbonising traditional energy sources, whilst accelerating the transition to renewable energy.

We provide decarbonisation and clean energy solutions, along with a range of mission critical products and services to support our customers operations within key industry sectors.

Together the companies create a business of scale with revenues in excess of £500 million and a committed workforce of 4,000 people.



We are steadfast in our mission to stimulate further investment, at scale, within each of these key areas. All in an effort to reduce emissions and accelerate the transition to clean and sustainable energy solutions.



01

Emissions reduction

We are implementing advanced technologies for emissions detection, monitoring, reduction and elimination. We provide products and services that help minimise emissions.



03

Power efficiency and resilience management (including microgrid solutions)

We design and provide power management technologies, providing voltage optimisation, battery storage, and microgrid solutions to industry.

02

Clean Hydrogen

We develop and provide hydrogen systems and solutions for various applications including transportation and city scale decarbonisation projects.



04

Carbon capture and storage

We provide products and services for CCS projects including design, engineering and are developing and manufacturing smart modularised solutions to decarbonise offshore and onshore infrastructure.



Together it's possible.





Hydrogen at the Heart of our Energy Transition.

Hydrasun applies experience, knowledge, and insights for a new energy future.

Green hydrogen is set to play an increasingly key role in the future energy mix by both unlocking further renewable energy production and in supporting the decarbonisation of the transport sector and carbon-intensive process industries.

Hydrasun entered the hydrogen market in 2016, as a specialist hydrogen system integrator and Hydrogen Refuelling Solutions provider. Leveraging our extensive experience with high-pressure gas systems in safety-critical environments, we are dedicated to enhancing our supply chain capabilities to meet the increasing market demand for specialised solutions and services, thereby empowering our customers and their projects.

We have completed over 40 hydrogen projects, encompassing engineering design, system integration, installation, commissioning, and in-field support services throughout the UK, Scandinavia, and Europe.

In 2022, Hydrasun announced the acquisition of Fuel Cell Systems Limited (FCSL), a market leader in the supply of hydrogen technology including fuel cells, modular electrolyser systems, compression and storage packages, and packaged refuelling systems.

FCSL have been working with hydrogen for over a decade and has developed a range of hydrogen technologies that enable customers to trial hydrogen refuelling at an affordable price. The systems are modular and scalable to provide scope for expansion as hydrogen demand grows.

Hydrasun are also focused on providing consultancy and design services along with equipment manufacture and product supply to projects shortlisted in the UK Electrolytic Allocation Round 2022 which seeks to build an initial 125MW of hydrogen production facilities in the UK.

Hydrasun are providing full HRS solutions, virtual pipeline services, and off-taker receiving facilities and pressure let-down stations in support of several of the selected projects.

Notably, Hydrasun has secured the hydrogen technology package for the Aberdeen Hydrogen Hub in Aberdeen, Scotland, supporting the development of a scalable green hydrogen refuelling station. This significant milestone for our business marks the beginning of the next chapter in the hydrogen story as we move towards hydrogen allocation round one.

Fuelling the Energy Transition

Empowering Industry with Hydrogen Technologies



PROJECT SPOTLIGHT Hydrogen Hub Aberdeen

Hydrasun has successfully secured the hydrogen technology package for the Aberdeen Hydrogen Hub in the City of Aberdeen, Scotland, supporting the development of the scalable green hydrogen refuelling station facility with:

- Hydrogen Production via Electrolysis
- Compression
- Storage
- Dispensing
- Offloading



Social

**Ours is a people-led proposition. The freedom to innovate.
The scope to contribute. The space to flourish.**

Focusing on economic value alone won't deliver sustainable outcomes.

As a business, we recognise and embrace the need to manage the interests of a wide range of stakeholders and instil a culture of acting ethically and responsibly.

Our respectful treatment of our employees, customers, suppliers and the communities in which we operate is paramount to ensure the future growth of our business and to genuinely care about those who contribute to that growth.

Social considerations have become embedded within our business strategy development with social factors being considered in decision making across the business, thus fostering a cohesive approach which aligns with our company's overall vision and goals.

Our core principles of engagement, accountability, communication and teamwork sit across all aspects of how we work with our employees, customers, suppliers and communities. They provide the cornerstones of our culture and guide us in our work. We believe the right behaviours will drive the right results.

**Our efforts are focussed on
how we contribute and make an
impact for a better tomorrow.**





Equality, Diversity and Inclusion (EDI)

Promoting and delivering EDI in the workplace is essential to our business.

We want to create work environments and cultures where every person can feel safe, feel a sense of belonging, feel valued and be given the scope and encouragement to achieve their full potential. We want fair treatment and opportunity for all.

As we continue to build and develop our workforce, we recognise the significant benefits to be derived from having a diverse workforce. We recruit from a wide range of talent pools to ensure we continue to build on the diversity of our workforce.

Everyone is different and difference brings new perspectives, different ideas and a different mindset that helps promote an empowered culture change that can deliver increased motivation, creativity, innovation and performance.

We have seen an increase in our numbers of employees from some of the under represented groups within STEM during 2024. Our gender balance has improved during 2024 with a 10% growth in the number of female employees.

Our ethnicity balance continues to improve. We have sponsored many employees through the Skilled Migrant Program and this year two such employees were granted 'Leave to Remain' status.



Jemma Reynolds is an Ambassador for Women in Engineering as part of the Women's Engineering Society (WES), promoting the education of women in engineering and advancing the education of the public concerning the study and practice of engineering among women.



Several members of our hydrogen team are actively involved with Women in Hydrogen Scotland (WIH2S), with some serving on the committee. WIH2S provides a platform for women in the Scottish hydrogen sector to connect, exchange knowledge, and support the industry's growth. They organise two events annually, where our team members contribute through presentations, hosting, and participating in panel discussions.



7%

**Reduction in the
number of incidents
compared to 2023**



348

**Safety Tours
were completed**



272

**HSE Interventions
took place**



204

**Toolbox Talks
carried out**



2

**Total of 2 recordable
incidents in 2024**



Hydrasun's commitment to zero incidents remains unwavering. The health & safety of our people remains at the core of everything we do, particularly given the high hazards sectors that we work in. Our teams are empowered to stop the job in line with Hydrasun's Stop Work Authority process, and using the IOGP Life Saving Rules and our integrated HSEQ management system as clear reference points for risk based discussion.

Emphasising the importance of taking personal responsibility for safety is paramount, ensuring each of our team members understands that they are accountable for their own safety and for the safety of others. This was the primary objective of the HSE pledge launched earlier this year.

2024 HSE PERFORMANCE

In 2024, Hydrasun achieved a **Total Recordable Incident Frequency (TRIF) of 0.34 per 200,000 hours, based on a rolling 12-month total of 1,186,597 hours**



Sandstone Communications delivered a successful First Aid course at the Precision Manufacturing Facility.



In 2024, we continued our focus on several safety campaigns with particular emphasis on embedding our life-saving rules and process safety fundamentals.

One of our main campaigns was to emphasise the importance of supervisory safety leadership, holding two successful workshops on November 11th and 19th at the Aberdeen Skills Academy.

Both sessions brought together 30 supervisors and managers from our UK and Netherlands branches to focus on:

- ➔ Enhancing HSE performance through Mind Safety
- ➔ Human performance
- ➔ Safety culture and safety behaviours
- ➔ Supervisor leadership and skills

Throughout 2024 we ensured we took time to learn from incidents as well as what has gone well. By working together, across all our locations, we can improve our understanding of root causes and make improvements for the future.



Our People

TAKING CARE OF OUR EMPLOYEES

The principal objectives of our 'People Agenda' are:

- To select and recruit into the organisation based upon attitude, skill, competency and aptitude
- To ensure our management practices promote and encourage motivation and retention of our employees
- To have an employment relationship built on mutual trust, fairness and equality of opportunity for all
- To ensure no employee is subjected to discrimination of any kind
- To encourage employees to develop to their full potential
- To ensure communications between management and employees are direct, open and honest

In 2024, we have improved upon and introduced new employee benefits, providing a level of financial security and 'peace of mind' for our employees.

- Enhanced Maternity and Paternity provisions
- Introduction of Income Protection Insurance
- Access to Private Health Care for all employees post probation
- Changes to our holiday policy to give greater flexibility
- Introduction of an Electric Vehicle Scheme, giving employees access to more affordable 'greener' vehicle options
- An enhanced Employee Assistance Program covering access to GPs, mental health support services, counselling and a 24/7 helpline available for those dealing with difficult situations

BENEFITS											
At Hydrosun we offer a wide range of employee benefits.											
FAMILY FRIENDLY						FINANCIAL					
First Day Benefits						First Day Benefits					
COMPANY FINANCED MATERNITY/ADOPTION PAY	COMPANY FINANCED PATERNITY PAY	PENSION	LIFE ASSURANCE	EMPLOYEE REFERRAL SCHEME	RETAIL DISCOUNT PLATFORM	INCOME PROTECTION					
Week 1-12: 100% of base salary Week 13-14: 50% of base salary Week 15-26: SSP Week 27-52: Nil (if leave)	Week 1: 100% of Base Salary Week 2: SSP	Operates via salary sacrifice Employees can contribute 4% to 10% Employer Contribution: 5%	Paid at 10 times salary	£250 paid on referral Award of £250 when probation is completed Referral form to be completed & sent to HR to be eligible	Discounts available on a range of retail, dining, entertainment, petrol, travel and more Gift card outlet buying gift cards at a discount	Paid from 30 weeks absence Paid at 75% of base salary - up to 5 years Assessment is required					
HEALTH AND WELLBEING/ENVIRONMENTAL											
First Day Benefits											
INCREASE TO ANNUAL LEAVE ALLOWANCE	EMPLOYEE ASSISTANCE PROGRAM (EAP)	VIRTUAL CLINIC GP APPROPRIATIONS	MENTAL HEALTH SERVICES	ONLINE PHYSIOTHERAPY SERVICE	SECOND MEDICAL OPINION						
1 additional day leave for every 2 years service (up to 10 years)	Access through online, telephone & app For employees & their immediate family Available 24/7, 365 days a year Must have the necessary service at the beginning of the calendar year	Not a replacement for an employee's registered GP - for when last seen & 5 years or more if needed Access through the Health24 app from Tuesday 9am to 7pm Direct access to Psychologists, evidence based and focused single session approach Tailored and personal health consultations	Access through the Health24 app from Tuesday 9am to 7pm Direct access to Psychologists, evidence based and focused single session approach Tailored and personal health consultations	Access through the Health24 app from Tuesday 9am to 7pm Phone or video consultation To GP referral is required	Access online or by telephone for employees & their immediate family Specialists will offer second opinion on diagnoses and treatments for most conditions						
First Day Benefits											
NURSE SUPPORT SERVICE	LONG TERM CHRONIC CONDITION SUPPORT	LATER LIFE CARE	CYCLE TO WORK SCHEME	PRIVATE MEDICAL INSURANCE	ELECTRIC VEHICLE (EV) SCHEME						
Access online or by telephone for employees & their immediate family Fully qualified nursing team providing practical support when an employee has been referred to a clinical specialist	Access through the CHRONIC app Aids employees to self-manage one or more specific long term health conditions Cancer, Stroke, Multiple Sclerosis, Type 2 Diabetes, Lung Disease, Rheumatoid Arthritis and Your Wellbeing	Access by telephone Support to help employees understand, feel and feel safe the care for their loved ones or themselves Understanding the care & funding options available	Operates via salary sacrifice To be paid over 12 months through monthly salary Equipment includes: Bicycle Electric bike Cycling Equipment Maximum value: £1000	Employee membership is paid for by the company Dependents can be added at employee cost Taxable benefit	Operates via salary sacrifice Access directly with Tesla Includes: Fully comprehensive insurance Maintenance and servicing Breakdown cover Replacement tyres No deposit						





Talent Acquisition And Development

TALENT ACQUISITION AND DEVELOPMENT

Our people are our greatest asset. We support our employees to drive their careers. They have the resources, autonomy and support to excel. They sustain and enhance our reputation for providing quality services and solutions to our customers.

We recruit and develop future talent from many different backgrounds. Each new employee brings distinctive contributions and fresh thinking that contributes to our success.

We offer a wide range of training and development opportunities, including industry accredited programs such as OPITO.

APPRENTICESHIPS

We recognise the importance of investing in the workforce and talent of the future and offer both Modern and Graduate Apprenticeship schemes. Such schemes provide a pipeline of talent to support the future growth of our business.





Apprenticeship Spotlights

Many Roads Lead to Success. Hydrasun provides various pathways for career development and success within the organisation.



David Johnson
Lead Technician

David, from Teesside, began his working career stacking shelves at Tesco and had been working on the production line at Nissan in Sunderland when he decided on a change in his career path.

David started his apprenticeship at Hydrasun in 2018 after two years of studying for a Diploma in Mechanical Engineering at TTE Technical, which is part of the Middlesbrough College Group.

David is now a fully-qualified mechanical and instrument technician. He travels across the UK and Europe, providing technical services to both traditional energy markets and hydrogen projects.

"It was fantastic training and it really brought out a lot of things in me – before I was a bit shy, but the apprenticeship really built my confidence with things like working away from home, talking to colleagues and dealing with customers.

"I love the diversity of the job and the fact that I get to work in lots of different places. One week I can be at the branch in Stockton and the next week I might be off to Europe – I was in the Netherlands in December and January working on a hydrogen refuelling site, for example."



Toby Harrison
CNC Operator

Toby, from Aviemore, was looking to join the army at 16, hating school and unsure what he wanted to do with his life. A friend of his was working at Hydrasun's Precision Manufacturing centre in Aviemore and suggested he come in to have a look around.

Toby completed an apprenticeship with Hydrasun and is now a fully qualified CNC Operator.

"I had done metalwork and engineering at school but I didn't see it as a future possibility for me," said Toby. "When I came for a look around, I thought there's no way I'm going to be able to learn that. But you start simple and as long as you put in some effort and are willing to try it, it's quite simple." Toby has been working at Hydrasun since 2017 and has apprentices of his own at the age of 24.

"My role would definitely be possible elsewhere," said Toby. "But how many places in the world can you say you've got these sorts of surroundings, but also this kind of industry? There are people who come up here for holidays, but you're living here all year round." "When a lot of young people move away, the area doesn't have enough talent coming through. To me, once you realise you can get a job like this in an area like this, it's a no-brainer."



Hannah Beveridge
Hydrogen Sales & Marketing Manager

Hannah joined the Hydrasun team in Operations, Aberdeen, in 2011. Her plans for after school changed drastically when her younger brother took his own life, leading her to stay closer to home rather than attend Edinburgh University.

She progressed through various roles and completed a Graduate Apprenticeship in Business Management with RGU, mentored by the firm's CEO. She discovered a passion for the energy transition and helped shape the company's strategy in wind, LNG, and hydrogen sectors. For the past four years, she has been part of the hydrogen team, contributing to market analysis, strategy development, and strategic marketing communications.

Reflecting on her journey, Hannah said: "My apprenticeship with RGU and mentorship by Neil transformed my confidence. I gained extensive knowledge, learned to ask questions, and developed critical analysis skills, which have all set me up for the role I deliver today.

Initially, I thought Hydrasun was a temporary stepping stone job, towards a different career. But 13 years later, I've found a career I'm passionate about, in an environment where I can continuously grow. When my plans changed after school, I felt I had failed, but I just changed paths, and managed to get my degree, while earning a salary".



Employee Engagement

Behind every high-performing organisation is a high-performing team: a workforce that is productive, dependable, and empowered to play their part in the company's success.

To attract strong candidates, minimise turnover of staff and improve productivity, the company creates a work environment where employees feel valued. Employee engagement is of critical importance to Hydrasun.

The company encourages open, honest and direct communication and the exchange of views and suggestions across the organisation. We recognise the value that comes from creating a positive environment of information exchange and the sharing of different and diverse viewpoints.

All our managers are aware and understand the importance of the company's core values, at the heart of which sits 'Team work, Communication, Engagement and Accountability'. These values play an important and significant part in how operations are run on a day to day basis.

Regular business updates are shared by our CEO and these are supplemented by Department Team Briefings which encourage individuals participation and feedback to ensure they are 'two-way'. The company is always open to hearing employee views and suggestions, considering these and making positive changes.

* OUR CORE VALUES

Customer Focus

Outstanding service
Build strong relationships
Value for money



HSE

Lead by example
Think and act safely... always
Look out for each other
Eliminate waste



Quality

Right first time, every time
Continuous improvement...
Raising the bar
Strive for excellence



Integrity

Honest, open and direct
Build trust and respect
Do the right thing



Commitment

Can do, want to, will do mindset
Drive our own success
Do what we say we will do



Innovation

Push boundaries
Embrace and drive change
Be creative and inventive



ACCOUNTABILITY

COMMUNICATION

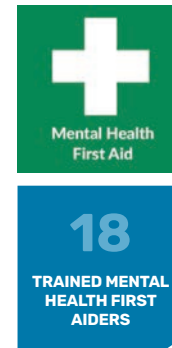
ENGAGEMENT

CARE

OUR PEOPLE ONE TEAM

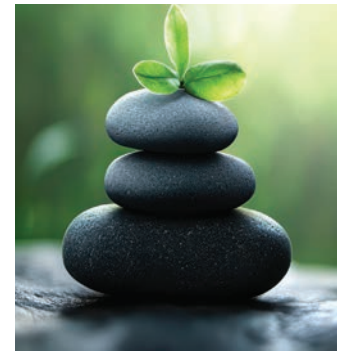
Our people are core to everything we do. Therefore, we are devoted to proactively supporting the wellbeing of all our staff.

Hydrasun is committed to ensuring the wellbeing of our staff – both physically and mentally. Throughout 2024, we have continued to provide and improve upon the services we offer to support the wellbeing of our staff and their families. In addition to providing Private Medical Insurance and Life Assurance, we have added Income Protection Insurance to give employees and their families financial peace of mind. A wide range of support is available through our Employee Assistance Program including a medical helpline, counselling services and retail discount platform.



Emotional wellbeing is equally important as physical wellbeing.

In 2024, we expanded our training program to include more Mental Health First Aiders across all locations. This initiative ensures that immediate support and guidance are readily available, significantly enhancing overall employee wellbeing.



Stroke Awareness & Charity Cycle Challenge

Following two members of staff suffering serious strokes our main charitable event in 2024 was a Cycle Challenge in support of the Stroke Association. This challenge not only raised a significant amount of money for the charity, but saw many of our employees participate in walks and cycles covering a staggering 2065 miles and promoting the importance of leading a healthy lifestyle.

The Stroke Association delivered Stroke awareness sessions to our staff to help raise awareness of the symptoms and causes of strokes.

136
EMPLOYEES
PARTICIPATED

£7985
RAISED FOR
THE STROKE
ASSOCIATION

2065
MILES CYCLED
BY THE TEAM



Be Well. Group Income Protection wellbeing services

Employee Assistance Programme

With a Group Income Protection policy, all employees have access to our Employee Assistance Programme (EAP), provided by our partner SpectrumLife. Our EAP is a day to day wellbeing and counselling service that provides in the moment support to employees and their immediate family, 24/7 and 365 days a year.

Key services

Confidential 24/7 helpline

Employees can speak in confidence to experienced counsellors and advisers for friendly, non-judgemental support and information, 24 hours a day, 365 days a year. It's accessible worldwide by phone, WhatsApp and SMS.

Structured counselling

Employees can receive instant support from fully qualified counsellors or clinically trained psychotherapists at any time. Where applicable, this includes up to 8 structured counselling sessions per employee, per issue.

Legal information service

Legal issues can be worrying, so it makes sense to get initial information from a trained legal professional. Our EAP can put employees in touch with solicitors who can help with a wide range of issues.

Medical Helpline

Whether employees are looking for a sympathetic ear or practical guidance, they can speak to a qualified nurse about a range of medical or health-related issues.

The SpectrumLife app

As well as the EAP support, employees can use SpectrumLife's app to access on-demand tools and resources to manage their day-to-day wellbeing. Here they'll be able to access a digital gym, fitness plans, nutrition plans, podcasts, a monthly wellbeing webinar series, shopping discounts and much more.

Part of Virtual Clinic Virtual Clinic gives employees access to five core health and wellbeing services through three apps.

Key benefits



How to access support





Supporting Our Communities

We are committed to supporting our local communities, both from participating in charitable events and also in helping in the communities through our associations with local schools and community groups.

Many events have taken place throughout 2024.

Cancer Charity Support



Teams across the company have participated in sports events in support of charities and the local community. This year we entered a team into the Aberdeen Boat Club Inter-Company Row.



Interbranch Golf Days this year have raised monies for UCAN and Friends of Anchor.



The Annual Glasgow branch Bake Sale raised monies for the local branch of Macmillan Cancer Care.



The Giving Tree

Colleagues at our Aberdeen office took part in the annual Giving Tree Appeal providing festive gifts to under privileged children within the community and supporting the charity Befriend a Child to raise money and help provide supplies to those in need.

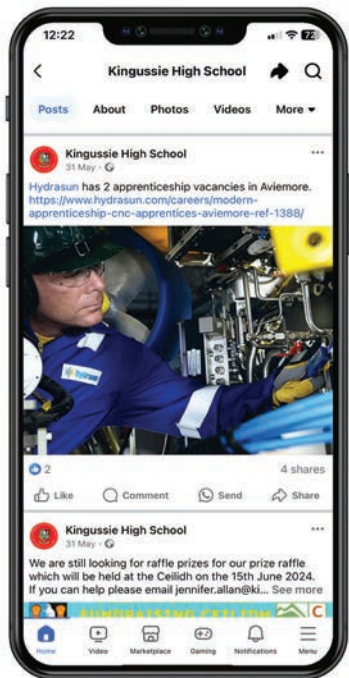


Hydrasun has been working in partnership with Kingussie High School to promote apprenticeship pathways into local industry in the Highlands.

Kingussie High School is located 12 miles from Hydrasun's Precision Manufacturing Facility in Aviemore, in the Highland region. Hydrasun began collaborating with Kingussie High School in 2020. The partnership started with an initial visit to the school to present and discuss Hydrasun's activities in the region and explore potential involvement, aiming to spark interest among senior students considering their future career paths.

Following the establishment of Developing the Young Workforce (DYW), which aims to prepare learners for their future pathways and transition into the world of work, Hydrasun participated in a DYW open day at Kingussie High School in 2023. This event led to Hydrasun hosting two factory visits for senior pupils interested in STEM subjects, who were eager to learn about any engineering opportunities available locally.

The high school now advertises apprenticeship vacancies on behalf of Hydrasun.



“

Danny is a great example of how meaningful engagement and working in partnership with your local schools can result in tangible benefits for both young people in the area, and for organisations such as Hydrasun.

We have a young, talented and motivated individual starting his career with us this year, with plenty opportunity to explore career in engineering and the energy industry”.

Don Morrison
Divisional Manager, Aviemore



”



Danny Telega is the first apprentice to join Hydrasun, as a direct result of the meaningful partnership that Hydrasun Aviemore has fostered with Kingussie High School.

Danny joined the Hydrasun Aviemore team, as an Apprentice CNC Operator in August 2024, starting his apprenticeship in Mechanical Manufacturing (CNC Machining) at University of Highlands and Islands (UHI) in Moray.

“I’m enjoying my apprenticeship at Hydrasun, following in the footsteps of those before me is inspiring and motivating, driving my eagerness to achieve similar successes. During my school years, I gravitated toward practical subjects like design and metalwork, which kick-started my interest in the engineering industry, and led me to Hydrasun on my teacher’s recommendation.

Since joining, I’ve gained invaluable knowledge from the supportive CNC operators, who simplify complex processes into easy-to-learn steps. The welcoming and encouraging environment at Hydrasun has made my journey truly rewarding, and I wholeheartedly recommend it to anyone considering a career in engineering.”



Governance



Corporate Governance

Hydrasun is a D2Zero Company, and the CEO of D2Zero, Bob Drummond is also the Executive Chairman of Hydrasun. D2Zero Board, which consists of 10 Board of Directors, including 4 are non-executive Directors, sets out the overall governance framework for the Group of Companies. Nicola MacLeod, General Counsel and Director of Corporate Affairs at D2Zero is responsible for overall corporate governance across the Group.

Corporate governance in Hydrasun is led by our CEO, Neil Thompson with support from our CFO, Chris Mearns and COO, Craig Sangster, with oversight from the Board of Directors and D2Zero. Delivering a sustainable and ethical business, however, is everyone's responsibility in the company which is why this year we have launched our Code of Conduct, which:

- Sets out the principles to which the company and our employees are committed to follow at all levels of the organisation
- Provides guidance on the choices we make day to day in the business, in every location
- Links our policies together into one governance framework

Compliance with these policies is monitored by the Management Board and supported by an ongoing audit programme, including ABC audits of our international Network Partners. As we expand our business into new geographical territories through either direct inward investment or establishing Network Partners with locally established companies we are focused on developing long-term relationships that are based upon open and transparent dealings when competing for customers business and when placing orders with suppliers. This professional conduct is a contractual expectation of our network partners and is a critical selection criteria in determining who we will conduct business with.



10

**AUDITS CONDUCTED
BY ABC FOR ALL
NETWORK PARTNERS**

6

**LOCATIONS ACHIEVED
CERTIFICATION TO
ISO 9001, ISO 14001,
AND ISO 45001**

39

**SUCCESSFUL AUDITS
CONDUCTED ACROSS
THE BUSINESS**



Governance

Our business operates with robust governance ensuring compliance with national and international laws and regulatory bodies and standards. Managing the risk to our business is key to our success and future growth. We manage risk through the complete life cycle of a contract including HSE risk.

Looking ahead to 2025 we will be focusing our efforts on implementing further training to embed our code of conduct across the organisation and support overall corporate governance.

HSEQ Management System

All Hydrasun branches adhere to the company's integrated HSEQ management system, which is certified to the international standards ISO 14001 ISO 9001 and ISO 45001.



Internal audits and assessment program

All Hydrasun sites and other sites where Hydrasun is majority operates are subject to evaluation for HSEQ compliance with local regulations where applicable. Audit or assessment reports are provided to senior management. Regular assessments and inspections are a requirement of Hydrasun standards and help ensure consistently high standards in all areas of safety, environmental protection, security and compliance.





Our ESG Steering Group



Neil Thompson, Craig Sangster, Chris Mearns,
Stuart Gardiner, Carole Small, Lili Hughes,
Hannah Beveridge

Our ESG Steering group is a cross-functional senior management team with the sole purpose of driving the company's ongoing commitment to ESG matters. Led by our CEO, Neil Thompson, the team meet regularly to help set strategy and continue to implement initiatives and policies with respect to ESG.

Our ESG Steering Group Charter sets out clearly defined targets under our ESG umbrella and the responsibility of the group, which will help drive change within the areas of environment, social, people, leadership & governance, and business model & innovation.



Code of Conduct

The Code of Conduct sets out the principles to which the company and our employees are committed to follow at all levels of the organisation. It is about the safety, integrity, compliance and care of “Our People”, working as “One Team” committed to delivering innovative, high quality, high service, high reliability solutions to our customers.

It contains the following set of Principles:

Our Company Values:

The values we aspire to as a business and how these are brought to life in Hydrasun through Our Core Values.

- ➔ **Our People:** The principles of what you can expect as an employee of Hydrasun and what the company expects from you.
- ➔ **Our Customers:** The lifeblood of our company, how we service their needs and support their journey through the Energy Transition.
- ➔ **Our Communities:** How we positively contribute to the communities in which we live.
- ➔ **Our Environment:** We have “One Home” and are committed to our part in reaching Net Zero, building a sustainable future for all.
- ➔ **Our Stakeholders:** Delivering value to our Shareholders who have put their trust in us, working ethically with our Suppliers and Network Partners globally.

These principles set the basis for the business decisions we take and are implemented through our Policies and Procedures within the Company. You will find links within the Code to key Policies for further information.

Our Code applies to all Hydrasun employees, without exception, and we want to work with Customers, Suppliers and Network Partners that also share our commitment to these principles. It is therefore important that we all take the time to review and understand the code. Please ask your Line Manager if you have any questions.

Our values and expectations in our code shall guide us on the choices we make day to day in the business, in every location. I look forward to your continued support in owning these values and expectations as part of One Team in Hydrasun.

Yours Sincerely

Neil Thompson
Chief Executive Officer



Our Focus Areas



Our Focus Areas

Our 2024 ESG strategy focuses on three key areas, Environment, Social and Governance. We have set out our target outcomes and fully accept the responsibility to bring these actions to life. Our focus areas commitment will see a multi-year journey defined by our roadmap, processes and policies for measuring progress across the global business.

We will continue to review and update our ESG strategy and establish sustainability strategies in 2025.

Code of Conduct

We will commit to training all employees on the Code of Conduct on an annual basis.

Safe Performance

We will continue our journey to further reduce the incident rate.

Environment

Continually focus on carbon emissions reduction to continue our journey towards our 2030 emissions reduction targets.

Sustainability

We will expand our key ESG areas and set sustainably goals align with the United Nations' Sustainable Development Goals.

People

We will continue our program of improved benefits for employees.

Governance

We will continue to ensure ongoing compliance with ISO 14001, ISO 45001 and ISO 9001.

Diversity and Inclusion

We will role out training across the business to raise awareness of the benefits to the company of diversity and inclusion.

Suppliers

Partner with rating agency EcoVadis to conduct supplier sustainability assessment with key suppliers.





Looking to 2025

Transparency and integrity at our core

Through the Hydrasun Hydrogen Skills Academy we aim to increase school engagement and STEM activities in 2025 to contextualise hydrogen in day-to-day conversations and activities. By collaborating closely with educational institutions, we aim to provide essential resources and expertise to support hands-on learning experiences within schools and colleges. This includes hands-on hydrogen activities and renewable energy workshops to make learning interactive and fun, to encourage new talent into the industry. We will also offer innovation challenges and support students placements, allowing students to gain practical experience and develop their skills in their career journey.

Current collaborations include: Redcar and Cleveland college, Edinburgh College, University of Aberdeen and Robert Gordon University, with aims to target more schools and colleges throughout the year, such as NESCol, Portlethen Academy and Lochside Academy.

Scottish Hydrogen Schools Challenge 2025 – Hosted in the hydrogen Skills Academy. In partnership with bpAHH Ltd.

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We are innovators, applying our engineering and technological prowess to deliver quality products and services. To solve new problems.



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