



ITM POWER

Sustainable Energy, Engineered Sustainably

ESG Report 2022

Introduction

Green hydrogen *will help lead the world towards decarbonisation*

ITM Power manufactures integrated hydrogen energy solutions to enhance the utilisation of renewable energy that would otherwise be wasted.

About this report

This is our second Environmental, Social and Governance (ESG) Report, covering the period from 1 January 2021 to 30 April 2022 unless otherwise stated. Future ESG reports will align to our financial reporting cycle.

The information contained in this report covers the ITM Power Group of companies, unless otherwise stated. References to financial years (FYs) refer to the period 1 May to 30 April (e.g. FY22 means the period 1 May 2021 to 30 April 2022).

This document communicates progress on our ESG ambitions and strategy: Sustainable Energy, Engineered Sustainably. The report's contents have been guided by external frameworks for ESG reporting.



This report forms part of our annual reporting suite, which also includes our **FY22 Annual Report**



For questions about this report, please contact **James Collins,** Head of Investor Relations

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ITM Power at a Glance

To achieve net zero global carbon emissions by 2050, the world needs to transition away from fossil fuels and towards emission-free fuels, such as green hydrogen – that is, hydrogen produced from renewable energy. Offering engineered solutions that contribute to a more environmentally sustainable economy and reduce global reliance on fossil fuels is at the core of our mission.

For over 20 years, we have been developing electrolyser systems that generate hydrogen gas based on Proton Exchange Membrane (PEM) technology. All our products are designed to reduce global reliance on fossil fuels. Using just renewable energy and water as the inputs, our electrolyzers produce green hydrogen, with oxygen and water vapour the only by-products. Green hydrogen can then be stored for release into the gas grid, used as a clean vehicle fuel or in a host of industrial processes as a fuel or chemical feedstock.

As a globally recognised expert in green hydrogen, we are working to scale our impact, industrial reach, and market penetration. Key to our continued growth and success are our equity fundraising efforts. Building on previous successful fundraises, we raised £250 million in 2021 with the aim to increase our total Group electrolyser manufacturing capacity in line with demand.

20+

years of experience

400+

employees

3m

Operating out of our factory at Bessemer Park in Sheffield, with a capacity to manufacture enough electrolyzers to convert the energy from three million solar panels to green hydrogen

7

Joint owner of seven refuelling stations for hydrogen vehicles through Motive Fuels Limited (formerly ITM Motive Limited) or Motive, our joint venture*

Partner

Key partner in major industry programmes and research projects to accelerate the green hydrogen transition in the UK and EU



***For more information on our Group structure, refer to page 9**

Letter from Graham Cooley,
Chief Executive Officer of ITM Power

At ITM Power *we are at the heart of the energy transition*

At ITM Power, we are at the heart of the energy transition. Our mission is to help the world reach net zero through the power of green hydrogen. We will do this through the products we manufacture and sell, and through the role we play in shaping a greener energy future for the world.

This is why we describe what we do, and the products we make, as sustainable energy. Our electrolyzers provide a way to transform the power of renewable electricity into green hydrogen, which can replace the more carbon intensive forms of hydrogen and fossil fuels that are so important to industries, such as ammonia, methanol, refining, and steel manufacturing.

But we don't just focus on the positive environmental impact of our products. We're also focused on making sure that our business is engineered sustainably. For us, this is about effectively managing our social and environmental impacts so that we meet the expectations of our customers, suppliers, employees, shareholders, and the communities where we operate. Since our last report, we have made considerable progress in understanding our impacts, formalising our approach to ESG, improving our governance and oversight of these issues, and starting to measure our performance.

Significant achievements this year included completing our first Group-wide materiality assessment to better understand the ESG issues that are most important to our business performance. We also took steps towards the development of our climate strategy, beginning with the calculation of our full carbon footprint for the 2022 financial year.

Within the Social pillar we made great strides: launching the ITM Academy for internal employee learning and development, and formalising our ITM Nurture strategy for community engagement.

Last year, when I introduced our first ESG report, I talked about how I was inspired by my parents, who were environmental activists. This year, I find myself thinking about my 16 year-old daughter, and her friends. They believe that we, the generation which has the power to address the climate crisis, are not moving fast or far enough to secure their future.

It's hard to disagree with this. The world turned its attention to the need for urgent measures around carbon reduction at the 26th session of the UN Climate Change Conference of the Parties that took place in 2021 (COP 26) last year, but the latest Intergovernmental Panel on Climate Change (IPCC) report paints a bleak picture. 2022 has seen a renewed focus on energy – where it comes from, how much it costs us, and who we buy it from. We may be thinking about these questions through the lens of geopolitics rather than carbon reduction, but the two issues are intertwined. These are problems that we at ITM Power can help solve, building a future powered by green energy. This is a challenge that energises and inspires us all.

Graham Cooley
Chief Executive Officer

Q&A with Katherine Roe,
Chair of the ESG Committee

We have already made *great progress*

Katherine Roe
Chair of the ESG Committee



What has been the biggest change at ITM Power in terms of sustainability in the past year?

We have already made great progress with our sustainability strategy. Across the business, there is real support for our sustainability ambitions and much more understanding of what it means for our business.

Before, everyone understood what we mean by sustainable energy – after all, it’s right at the heart of what we do. We make products that will support the energy transition, and we play a significant role in helping grow that sector.

The biggest change has been the way we approach being a responsible business, across all our social and environmental impacts. We’ve always taken this seriously, but in the last year we have spent a great deal of time understanding what it really means to be engineered sustainably and, importantly, how this is disclosed clearly for all our stakeholders. We’ve put a lot of new structures in place – important things like our Business Partner Code of Conduct and ITM Nurture – and these new structures are helping us to ensure that sustainability is a core thread running across the business.

We’ve got better data and a better understanding of what we need to do across our whole sustainability footprint now and that is reflected in what we do and the decisions we make, ensuring business strategy is aligned with these ambitions.

How do you see the role of the ESG Committee and your role as Chair of that Committee?

I’m the Chair of the ESG Committee and I’m also a Non-Executive Director. So my priority is good, robust and effective governance, making sure that we manage our responsibilities effectively.

The ESG Committee is tasked with making sure that we are doing all that we should to manage our ESG footprint. This means we reflect feedback and input from stakeholders, make progress towards targets, and act on the UN Sustainable Development Goals we’ve identified as where we can have the greatest impact as a business.

Q&A with Katherine Roe, Chair of the ESG Committee
continued

What role does governance play in delivering this?

Governance – both what we understand as corporate governance in the traditional sense and governance of how we manage our sustainability impacts – is important as we grow. It’s not always seen as the most exciting part of the sustainability remit but if we can get this right now, it will stand us in good stead as we grow. If the systems and processes are right, then we are well placed to manage our risks and take advantage of our opportunities.

What happens next?

Quite a lot! We’ve made a good start; we’ve identified the areas that we know matter to us and to our stakeholders, through the materiality exercise we carried out. This has helped us to start building policies and begin exploring appropriate and relevant targets for 2030, with a view to setting these for next year.

Now it’s about ensuring we are making progress towards developing long-term targets that align with our strategy for growth, getting better data collection systems in place, and communicating clearly and succinctly what we are doing to all our different stakeholders. We also want to link

pay and remuneration to our ESG performance. To achieve this, we have introduced remuneration incentives for our Executive Directors that link a proportion of annual bonuses to the achievement of ESG-related metrics and a proportion of awards granted under our Long Term Incentive Plan to improvements in our external ESG ratings.

We also want to align with best practice in terms of ESG reporting and management and ensure that we are focused on the role we can play in delivering the UN Sustainable Development Goals over the next eight years.

And what areas will you be focusing on?

It’s hard to pick just one but I’d call out our carbon footprint as being an area where we need and want to focus. Our products are such an important part of the energy transition, and we want to make sure we are manufacturing and delivering those products in a way that has as low a carbon footprint as possible. It’s a huge challenge for a fast-growing business, so we know it is not going to be easy, but we are all aligned to make it happen.

We’ve taken the first steps towards this by calculating our FY22 carbon footprint, which is included in this report. Over the next year, we’ll be working to understand what the main drivers of emissions are within our operations and how we can reduce these. We’re also looking at the bigger picture – how we can quantify the role we, and our products, play in the green energy transition, and how we can set ambitious targets to accelerate that transition.

Katherine Roe
Chair of the ESG Committee

➔
For more information refer to
Environment section

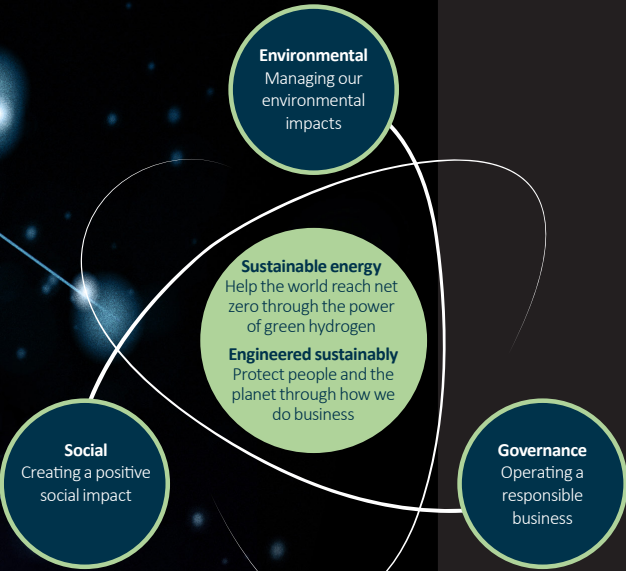
Our ESG Approach

Our ESG strategy, Sustainable Energy, Engineered Sustainably, is our commitment to protect people and the planet – through both what we do as a business and how we do it. The strategy has two parts. Sustainable Energy addresses our core business purpose, which is to help the world reach net zero through the power of green hydrogen.

Engineered Sustainably covers our ambition to deliver on this purpose in a sustainable way that addresses the most material ESG issues for our business.

Guided by the ESG strategy, we have identified key actions to implement across our Environmental, Social and Governance pillars across 2022 and 2023, the results of which will be reported in future ESG reports.

Our ESG framework



Our ESG Approach continued

Stakeholder engagement
Understanding our stakeholders’ needs and expectations is integral to operating our business in a sustainable way. We have identified the stakeholder groups that are most important to us through their significant interactions with our business model, and that we impact through our business operations. In setting our ESG strategy and approach, our ESG Committee is responsible for considering stakeholder requirements and providing feedback from across the business to external stakeholders, with the aim of continually progressing towards our targets.

The relevance of each stakeholder group may vary depending on the decision being taken. The Board balances different, and sometimes competing, perspectives, meaning it is not always possible to satisfy everyone’s desired outcome or achieve a positive outcome for all stakeholders.

➔ **More details on our stakeholder engagement approach**
can be found in our FY22 Annual Report and in the corporate governance section of our website

Stakeholder	Actions taken
Investors	<div>– Provided virtual access to 2021 AGM and EGM to accommodate COVID-19 related restrictions and preferences</div> <div>– Conducted online investor events in response to COVID-19</div> <div>– Engaged with several investors who have dedicated ESG teams to aid their understanding of us and obtain their views on our approach to ESG</div>
Workforce (employees, contractors and consultants)	<div>– Remit of ITM Academy agreed</div> <div>– Regular town hall meetings provided opportunities for workforce to ask questions and celebrate success</div> <div>– Reviewed and benchmarked employee remuneration; now a Real Living Wage employer</div> <div>– Developing collection and analysis of data about workforce to improve engagement and understanding, including employee turnover and leaver reasons; equity, diversity and inclusion information</div> <div>– Ran mental health workshops</div> <div>– Launched our values</div>
Strategic partners	<div>– Entered into joint venture with Vitol in relation to Motive</div> <div>– Two sales conferences conducted with Linde</div>
Customers and potential customers	<div>– Customer feedback built into lessons learnt process within quality system</div> <div>– Hosted regional roadshow on COP26 Science and Innovation day, with attendees including business leaders and industry figures</div>
Suppliers	<div>– Enhanced supplier categorisation exercise, considering aspects such as materiality and risk</div> <div>– Enhanced stock and supply chain reporting to support active supply chain management</div> <div>– Strengthened supplier due diligence processes</div> <div>– Assessed critical suppliers against ESG criteria and developed action plans to address any improvements identified, and commenced assessment of non-critical suppliers</div> <div>– Commenced creation of supplier performance procedure and scorecard to monitor, measure and define actions with suppliers</div>
Regulators and industry bodies	<div>– Hosted regional roadshow on the COP26 Science and Innovation day, with attendees including academics and industry figures</div> <div>– Won €1.95 million award for the SINEWAVE project, as part of the German Federal Ministry of Education and Research’s (BMBF) hydrogen flagship project, H2Giga</div>
Local communities	<div>– Launched ESG strategy: Sustainable Energy, Engineered Sustainably</div> <div>– Published first ESG Report, reflecting ESG ambitions set out in ESG strategy</div> <div>– Hosted regional roadshow on COP26 Science and Innovation day, with attendees including local government</div>

Our ESG Approach continued

Our material issues

In 2021, we carried out our first Group-wide materiality assessment. Our goal was to determine which ESG issues are most important to our business performance, and where we can have the greatest impact through what we do. The areas where we have the greatest impact are assessed according to the scale, scope, and irremediable character of our actual and potential impacts, as defined by the Global Reporting Initiative.

We conducted interviews and surveys with a range of internal and external stakeholders, including non-governmental organisations (NGOs), investors, partners, and employees, as well as benchmarking our performance against comparable organisations. The resulting materiality matrix was agreed by our ESG Committee in October 2021 and is shown to the right.

Stakeholders recognised that certain issues, such as materials, waste and water, are likely to become significantly more material as our business expands and demand for green hydrogen increases. We have identified these as ‘emerging issues’, where providing solid foundations now will be necessary to make sure we are prepared for the future.

Materiality matrix

Our material issues have helped guide our prioritisation of the actions set out under our ESG strategy. They are also informing the development of new strategic focus areas within the pillars of our ESG framework, a process which will be completed next year.

ITM Power’s impact on issue			Issue’s impact on ITM Power
<ul style="list-style-type: none">● Responsible corporate governance● Transparency	<ul style="list-style-type: none">● Resilience and risk management● Economic performance● Employee attraction and development● Customer safety and satisfaction● Equity, diversity and inclusion● Occupational health and safety● Employee wellbeing, engagement and labour conditions	<ul style="list-style-type: none">● Renewable energy advocacy● Energy and greenhouse gas emissions● Clean technology	
<ul style="list-style-type: none">● Responsibility to our suppliers● Materials ↗● Sustainable and green finance● Waste management ↗● Water management ↗	<ul style="list-style-type: none">● Procurement practices (social)● Procurement practices (environmental)● Business ethics and compliance	<ul style="list-style-type: none">● Air quality	
<ul style="list-style-type: none">● Tax● Biodiversity and ecosystem impacts	<ul style="list-style-type: none">● Cyber security and data responsibility● Community impact		

Key: ● Governance ● Economic ● Environmental ● Social ↗ Anticipated movement

ESG governance at ITM Power

Our ESG Committee is responsible for leading the development of our ESG strategy, policies and programmes, and for reviewing and approving our ESG communications including our annual ESG Report. The Committee is also responsible for our short- and long-term ESG objectives and reporting of key metrics. It oversees compliance with relevant laws and regulations, including principles of good corporate governance and ethical behaviour.

The Committee is chaired by Katherine Roe, an independent Non-Executive Director. Other members are Graham Cooley, CEO, and Rachel Smith, Services Director. Our Head of Investor Relations; Head of Health, Safety and Environment; Head of HR; and other senior management including our Company Secretary also attend Committee meetings by invitation, as do representatives from our sustainability consultancy, Good Business.

The Committee meets at least twice a year for formal meetings, with additional ad hoc discussions on specific projects convened as required. In FY22 the ESG Committee met formally twice.



➔ **For more information on the ESG Committee, including its responsibilities and lines of report and delegation,** refer to the Corporate Governance Report in our **FY22 Annual Report**

Our ESG Approach continued

Our contribution towards the SDGs

The 17 UN Sustainable Development Goals (SDGs), and the targets within each one, offer a blueprint for achieving a more peaceful and prosperous world by 2030. To deliver these effectively, businesses should focus their efforts where their actual and potential impact is greatest.

In line with this, we have identified the four SDGs where we can have the greatest effect as a business, and the specific targets aligned to these goals that are most relevant to us and our activities. This report shows our progress towards these goals and what we are doing, both ourselves and in partnership with others, to achieve them.



Affordable and Clean Energy

We aim to cut the commercial cost of electrolyzers over the next three years and thereby facilitate the widespread adoption of green hydrogen.

This will directly contribute to ensuring access to affordable, reliable, sustainable, and modern energy for all, addressing target 7.2: to substantially increase the share of renewable energy in the global energy mix.



Sustainable Cities and Communities

Through Motive, our joint venture with Vitol, we own hydrogen refuelling stations, which provide zero emissions fuel for mass transit systems. This contributes towards target 11.2: by 2030, to provide access to safe, affordable, accessible, and sustainable transport systems for all.



Industry, Innovation, and Infrastructure

By helping to decarbonise industrial processes through green hydrogen, our electrolyzers support SDG 9, particularly, target 9.4: to upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency, and greater adoption of clean and environmentally sound technologies and industrial processes.



Responsible Consumption and Production

By helping to replace hydrogen produced directly from fossil fuels with green hydrogen, our electrolyzers support target 12.2: by 2030, to achieve the sustainable management and efficient use of natural resources.

Sustainable Energy

We manufacture market-leading electrolyzers, which help mobility, industrial chemistry, and power-to-gas industries decarbonise by harnessing the power of green hydrogen.

We believe that this is the best way to help the world decarbonise and achieve net zero, and we are working to expand our production capacity, strengthen our partnerships, and engage with industry to help accelerate this shift.

About us

Our Business

In recent years, we have seen interest in green hydrogen increase rapidly worldwide. To meet current and future demand and help accelerate global progress towards net zero, we are scaling up at speed.



Following the opening of our factory in Sheffield in 2021, we announced plans to expand total manufacturing capacity. Through increased automation and economies of scale, we aim to reduce the unit production cost of electrolyser at pace in line with our goal to offer competitively priced, best in class products.

Our Group

The ITM Group consisted of six active companies in the reporting period for this report:

1. ITM Power PLC (our holding company)
2. ITM Power (Trading) Limited
3. ITM Power, Inc. (serving the US market)
4. ITM Power GmbH (serving the German market)
5. ITM Power Pty Ltd (serving the Australian market)
6. Motive Fuels Limited (formerly ITM Motive Limited) or Motive*

We also work strategically with partners to scale our impact.



100%

of our revenue derived from clean technology. In FY22, we retained the LSE Green Economy Mark for listed companies and funds generating over 50% of their revenues from positive environmental solutions.



Linde Engineering

We have a 50% investment in ITM Linde Electrolysis GmbH, a joint venture with Linde Engineering, which focuses on providing global green hydrogen solutions at industrial scale using our modular PEM electrolysis technology and Linde’s world-class engineering, procurement and construction expertise.

Linde Engineering has also held a minority stake in ITM Power since 2019.



Snam

We have a £30 million strategic investment from, and a commercial partnership agreement with, Snam, one of the world’s leading energy infrastructure operators.



Vitol

In March 2022, we announced a strategic partnership with Vitol Holdings SARL, which saw our wholly-owned subsidiary, Motive, become a 50/50 joint venture owned between ITM Power and Vitol. This partnership aims to help facilitate the rapid scaling up of production, distribution, and demand stimulation for hydrogen to transportation through Motive’s UK public hydrogen refuelling stations.

* Motive became a 50/50 joint venture in March 2022 as outlined to the right.

About us continued

Powering the Energy Transition:
Our Products

Hydrogen is a storable, lightweight, energy-dense fuel source, which, unlike fossil fuels, does not result in carbon dioxide (CO₂) or methane emissions. It has existing industrial and chemical applications and offers great potential for use via the gas grid or as a fuel for transport. Approximately 70 million tonnes of hydrogen are produced worldwide each year.

The vast majority (96%) of the hydrogen currently produced globally is generated from fossil fuels. This gives hydrogen production a large carbon footprint: approximately 830 million tonnes of CO₂ each year, which is roughly equivalent to the carbon footprints of the UK and Indonesia combined.

Our products provide a solution. Our PEM electrolyzers are designed to be powered effectively by renewable electricity and water to generate hydrogen on site. This green hydrogen can be used in several ways as set out on this page.

Industrial hydrogen

Hydrogen has a range of applications in industrial chemistry. These include producing ammonia fertiliser and improving the quality of fractional distillation products in the petrochemical sector. 15% of the total CO₂ emissions from European oil refineries can currently be attributed to hydrogen production. Our electrolyzers provide a green alternative to the grey hydrogen produced through steam reformation of methane (with high CO₂ emissions), which currently underpins the majority of these processes.

Once it is operating at full capacity, our factory in Bessemer Park, Sheffield, will have an electrolyzer output capacity of 1.5 GW per year. If all our electrolyzers are powered entirely by renewable energy, and the resulting green hydrogen is used to displace existing grey hydrogen use, these electrolyzers could prevent up to three million tonnes of CO₂ from being emitted in every year that they operate. That's equivalent to the carbon emissions from charging 380 billion smartphones, or the carbon sequestered in one year by 3.9 million acres of forest.*



For more information on the different types of hydrogen, visit the ITM Power website

* Assumes a typical conversion efficiency of 70%. Based on CertifHy analysis of carbon footprint of grey hydrogen.

3m

Our Bessemer Park factory will have the capacity to produce electrolyzers that, if operated on renewable electricity, will prevent three million tonnes of CO₂ from being emitted each year. This is equivalent to the carbon sequestered in one year by 3.9 million acres of forest.

Power to gas

Excess renewable energy can be converted into hydrogen, which is then stored so it can be used when needed. This overcomes a major barrier to the mass adoption of renewable energy. Energy generation from renewables can be intermittent and unpredictable, depending on natural variables, such as wind speed and daylight hours. By using excess renewable energy to generate hydrogen gas, our electrolyzers produce zero carbon hydrogen that can be released into the gas grid whenever demand exists or into underground cavern storage. This also helps to balance the electricity grid without the need to ramp up gas or coal-fired power plants. PEM electrolyzers are particularly well-suited to using renewable electricity due to their ability to respond rapidly to fluctuations in energy generation and to generate hydrogen at a pressure, flowrate, and purity appropriate to its application.

Clean fuels

Hydrogen has widespread application as a transport fuel for fuel cell electric vehicles. We manufacture rapid response electrolyzer systems and supply these to Motive, our transport fuel joint venture with Vitol. These systems can refuel a fuel cell electric vehicle in minutes, providing an emission-free method of transportation. Motive operates seven wholly-owned hydrogen refuelling stations; four of which are open to the public, and three in various stages of construction. These stations are targeted primarily at truck and bus fleets, which are significant contributors to CO₂ and pollutant emissions. Two further stations are currently in lease negotiations. Motive aims to be the leading operator in this area in the UK, with the ambition to run 10 refuelling stations within the next five years.



About us continued

Accelerating the Energy Transition: Advocacy and Partnerships

To help the world reach net zero by 2050, we recognise the need to act beyond our own value chain. We participate actively in industry partnerships and bodies that champion sustainable energy and guide policy.

REFHYNE II consortium

Alongside Royal Dutch Shell, Linde GmbH, ITM Linde Electrolysis, Tecnalia, Element Energy and Concawe, we are a member of the REFHYNE II consortium working to supply clean refinery hydrogen for Europe. In FY22, the consortium was awarded a grant by the European Climate, Infrastructure and Environment Executive Agency for the development of a 100 MW electrolyser.



Gigastack

We are a consortium member of the Gigastack project, a joint project with Ørsted, Phillips 66 and Element Energy, which aims to deploy scalable electrolyser technology across the UK. The project aims to decarbonise large industrial clusters by coupling one of the largest offshore wind farms in the world with the largest carbon emitting industrial zone in the UK.



Green Hydrogen for Scotland consortium

In collaboration with Scottish Power and Linde, we have formed the Green Hydrogen for Scotland consortium, focused on the creation of commercial-scale green hydrogen production in Glasgow. The consortium has secured funding for the development of a 10 MW electrolyser, which, once operational, will provide up to eight tonnes of green hydrogen – equivalent to over 550 bus journeys from Glasgow to Edinburgh and back each day.



About us continued

SINEWAVE

Together with Linde, Helmholtz-Zentrum Dresden Rossendorf, and the technical universities of Dresden and Munich, we are part of the German government’s flagship SINEWAVE hydrogen project. SINEWAVE is dedicated to advancing the construction of efficient integrated large-scale PEM electrolysis systems for the decarbonisation of German industry.

We are members of a number of industry associations in different territories, including (in the UK) the UK Hydrogen Fuel Cell Association and Renewable UK Association, (in France) Association Française de l’Hydrogène et des Piles à Combustible and (in Germany) Bundesverband Energiespeicher. Our CEO, Graham Cooley, has been a member of the UK Government’s Hydrogen Advisory Council since 2020, and we have responded to and provided input into relevant Government consultations, including on hydrogen for heat and hydrogen mobility.

We also work with schools and universities to help inspire the next generation about green hydrogen. Our goal is to raise awareness and increase understanding of hydrogen through high-quality, hands-on education, and to build advocacy among young people, future policymakers and industry professionals who will power the energy transition.

This year we partnered with Arcola Energy Education on an ongoing education programme across Scotland which aims to deliver hydrogen-based science, technology, engineering and maths (STEM) workshops to over 7,000 young people. Separately, we’ve directly engaged with over 800 students via advice, tours of our factory in Bessemer Park, and work experience placements.

Next year we will continue to work with Arcola on a new community engagement project in South Yorkshire and, together with University of Sheffield, will be supporting the development of an innovation and skills centre, which could lead to the creation of new educational skills and jobs at all levels of the hydrogen sector.

Engineered Sustainably

The following sections set out our progress, targets and future plans for managing the most material ESG issues that we have identified.

Addressing these issues is an essential part of being engineered sustainably. Links to further information are provided where relevant.



Environment

Our environmental impact

In line with our vision for a greener future, we're committed to managing the environmental impact our business operations have on the planet.

In this section

- 14 Energy and Climate Impact
- 16 Materials
- 16 Toxic Emissions, Waste and Water
- 16 Biodiversity

We manage the environmental impacts of our operations through our Environmental Policy, which I have endorsed. The Environmental Policy sets out our commitment to identifying and managing our environmental risks; providing employees with relevant resources and training; reducing waste and resource use wherever possible; protecting the environment and preventing pollution; and complying with all applicable environmental legislation, codes of practice and any other compliance obligations. The Environmental Policy is available on the Sustainability page of our website <https://itm-power.com/sustainability>

To better manage our environmental impact, in FY22 we established a UKAS-accredited environmental management system to the specifications outlined in the International Standard, ISO 14001:2015. The programmes used for accreditation included wide staff participation and consultation with employees, as well as auditing processes in the pursuit of zero harm to people or products. We ensure the efficacy of the management system through routine internal audits and monitored Environmental Improvement Programmes. In FY22, we carried out two environmental audits: a third-party audit of our full UK business and an internal ISO 14001:2015 audit covering our manufacturing operations. A further six audits are planned for FY23.

Looking beyond our own operations, our Business Partner Code of Conduct also includes requirements for all our business partners to use energy and natural resources efficiently, and to continually look for ways to minimise waste, emissions and discharge of their operations, products, and services.

Dr Graham Cooley
Chief Executive Officer

Environment continued

Energy and Climate Impact

Importance to ITM Power

Our vision is a net zero society where everyone around the world can breathe clean air. While our products are designed to run on renewable energy, powering our own operations sustainably and reducing our own carbon footprint, including the embodied carbon in our products, is another way in which we can work towards our vision.

Approach and policies

Alongside other environmental risks, our energy consumption and greenhouse gas emissions are managed by our Environmental Policy and ISO 14001:2015-accredited environmental management system, as described on page 13.

Beyond this policy and management system, we are working to establish a specific climate strategy to guide our actions and carbon reduction ambitions. To support this strategy, in FY22 we carried out an initial assessment of our FY21 carbon footprint followed by a full calculation of our FY22 footprint. We are currently completing further work to understand the major sources of our emissions and how we can reduce these.

As we continue to develop this strategy, we recognise the importance of transparent disclosure and have provided an overview of our current approach in line with the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).



To read this disclosure, please refer to the Sustainable Energy, Engineered Sustainably section of our FY22 Annual Report

Indicators	
Carbon footprint (tCO ₂ e)	FY22
Scope 1	249
Scope 2 (location-based)	754
Scope 2 (market-based)	203
Scope 3	103,843
Total (location-based)	104,846
Total (market-based)	104,295

- Notes:
- Our footprint was calculated using the methodologies set out in the GHG Protocol Corporate Accounting and Reporting Standard. An 'operational control' approach has been used to define the emissions boundary.
 - Entities included in the footprint are as follows: ITM Power PLC; ITM Power (Trading) Limited; ITM Power, Inc.; ITM Power GmbH; ITM Power Pty Ltd and Motive Fuels Limited.
 - In the calculation and preparation of our carbon footprint we have considered a number of relevant sources, including the 2021 Government GHG Conversion Factors for Company Reporting, published by the Department for Business, Energy and Industrial Strategy (BEIS); the Homeworking Emissions Whitepaper 2020 published by EcoAct; and Supply Chain Greenhouse Gas Emission Factors for US Industries and Commodities, published by the United States Environmental Protection Agency.
 - Scope 1 emissions are derived from natural gas heating our facilities and fuel consumption within our vehicle fleet. Where natural gas consumption data was unavailable, estimates were made based on spend, historical average and average consumption figures based on property size and use.
 - Scope 2 emissions are derived from electricity consumed by our facilities.
 - Scope 3 categories included in this calculation include purchased goods and services, fuel and energy-related activities, waste, business travel, employee commuting, upstream leased assets, use of sold goods and investments. Notes on the calculation methodologies for these categories are as follows:
 - Purchased goods and services: a financial allocation model was used using emission factors provided by the United States Environmental Protection Agency.
 - Fuel- and energy-related activities: BEIS 2021 conversion factors were used to calculate well-to-tank GHG emissions from fuel usage and transmission and distribution losses from purchased electricity and well-to-tank emissions from fuels.
 - Waste: BEIS 2021 conversion factors were used according to mass of waste disposal by destination.
 - Business travel: emissions related to air and rail travel and hotel stays were obtained from our business travel service providers. BEIS 2021 conversion factors were used for mileage for personal cars and taxis.
 - Employee commuting: data comprising employee home postcode, place of work and share of days worked in office was collected by employee survey. National travel survey data together with BEIS 2021 conversion factors were used to determine commute emissions intensity. Homeworking emissions were calculated on the basis of the methodology set out in the Homeworking Emissions Whitepaper 2020 published by EcoAct.
 - Upstream leased assets: BEIS 2021 conversion factors were used together with the volume of materials consumed to operate leased assets.
 - Use of sold goods: sold goods are considered to be those electrolyzers that have completed Site Acceptance Testing during the reporting period. The lifetime energy consumption of these units together with the share of green electricity used for their operation and grid emission factors was used to calculate lifetime emissions.
 - Investments: data on electricity and district heating consumed by ITM Linde Electrolysis GmbH was collected and converted to emissions using location-specific conversion factors.

Energy consumption	FY21	FY22
Electricity (kWh)	614,130	3,543,863
Diesel (litres)	6,895	32,235
Natural gas (kWh)	1,121,575	831,564

- Notes:
- Electricity consumption figures cover our UK offices and factory as well as our offices in Germany and Australia. Data for FY22 also includes hydrogen refuelling stations. Where consumption data was unavailable, estimates were made based on spend, historical consumption and property averages.
 - Diesel consumption has been estimated based on vehicle mileage.
 - Natural gas consumption figures cover our UK offices and factory as well as our office in Germany. Where consumption data was unavailable, estimates were made based on spend, historical average and average consumption figures based on property size and use.

	FY21	FY22
Proportion of electricity procured from renewable sources	100%	81%

- Note:
- FY21 data covers our UK head offices and factory while FY22 data covers our UK head offices and factories as well as six hydrogen refuelling stations and our offices in Germany and Australia.

Future plans

Following the initial calculation of our FY22 carbon footprint, we are working to develop a climate strategy for the business. This strategy will set out our climate ambitions and targets, both within our own operations and across our extended value chain.



Further reading

- Business Partner Code of Conduct
- FY22 Annual Report and Financial Statements
- Corporate governance section of our website

Environment continued



Case study

Gigastack

Green hydrogen is a vital part of the UK's energy future. But deploying it at scale remains a challenge. The Gigastack project brings together an ambitious consortium comprised of ITM Power, Ørsted, Phillips 66 and Element Energy to demonstrate that renewable hydrogen is the solution to the decarbonisation of heavy industries.

Once built, Gigastack will use our electrolyser technology to convert renewable electricity from Ørsted's Hornsea 2 offshore wind farm to green hydrogen. This green hydrogen will then be fed directly into the Phillips 66 Humber Refinery, displacing its use of fossil fuels.

Gigastack will support the decarbonisation of the Humber region, the UK's largest industrial cluster, and support the UK's offshore wind and electrolyser supply chain competitiveness. The project has completed initial feasibility studies and is working to secure revenue support, agree specific deployment targets for renewable hydrogen, and ensure the Gigastack deployment target of 2025 is achieved.

The Gigastack project has the potential to catalyse the large-scale production and supply of renewable hydrogen in the UK, an important step in our wider decarbonisation journey to net zero.

Ben Madden
Partner at Element Energy

Environment continued

Materials

Importance to ITM Power
The manufacturing of our electrolyzers involves significant input of raw materials. The efficient use of these resources is essential to minimising our environmental impact and maintaining our business operations.

Approach and policies
We aim to reduce where possible the volume of virgin materials used in our manufacturing processes. Of particular concern are the platinum group metals (PGM), not only because these are critical to our business operations but because of the potential for environmental and human impact in their sourcing.

➔ **For more information on how we ensure the integrity of our PGM supply chain** refer to the Procurement Practices section of this report

We aim to continue reduction of PGM usage via a suite of measures including thrifting and recycling. Between 2011 and 2019, we achieved a reduction of over 80% in our PGM use. Importantly, we achieved the EU’s 2030 target of 0.4mg/W for PGM loading for PEM electrolyzers in 2019. We will continue to innovate with the aim to reduce our PGM usage even further.

Wherever possible, we also recover and reuse materials from our electrolyzers (particularly PGM). This is achieved in part through our stack management service, which ensures end-of-life equipment is returned to ITM Power while clients benefit from the latest technology improvements. To improve recovery rates of PGM and reduce wastage, we are exploring alternative approaches to recycling PGM. We are also investigating how we can reuse certain components from end-of-life products that have a longer usage period.

➔ **Further reading**
1. Code of Conduct for ITM Power’s Business Partners
2. PGM Supply Chain Policy Statement

Toxic Emissions, Waste and Water

Importance to ITM Power
Our manufacturing operations can affect the environment in which we operate, and we have a duty to protect natural resources, minimise water consumption and reduce waste through the way we do business.

Approach and policies
Unlike battery manufacturing, our electrolyzers are produced in a benign manufacturing environment with small volumes of acids being used. Our manufacturing processes do not generate material toxic emissions, and therefore do not pose a significant risk to our local environment.

In 2021, we formalised our waste management process and published it on our internal Business Management System. We appointed a single waste broker, Reconomy, to manage all on site waste, including general waste, recycling and metals. By streamlining these waste streams, we are able to generate detailed reports about the volume and type of waste we generate, enabling us to reduce our waste more effectively. Currently less than 1% of the waste we generate is sent to landfill and less than 1% of the waste we generate is hazardous.

Our factory in Bessemer Park is not located in a water-stressed area. We use mains water, which we clean before using to flush our manufacturing systems of imperfections and ensure our stacks are free of pollutants. We use significant quantities of water during the manufacturing process, but our only water discharge is in the form of vapour. Our products themselves also consume water during the production of hydrogen by electrolysis but release the equivalent amount of water as vapour when hydrogen is utilised.

Indicators		
	FY21	FY22
Total waste from operations (kg)	38,551	129,187*
* Waste includes: mixed recycling, general, hazardous, food, wood, plastics, services, plasterboard and other from 1 May 2021 to 30 April 2022. The significant increase in waste between FY21 and FY22 is a result of our occupation and alteration works at our Bessemer Park factory and decommissioning of our other sites.		
		FY22
Total waste recycled/recovered (kg)		128,792
Total waste landfilled (kg)		395
		FY22
Hazardous waste generated (kg)		150
Non-hazardous waste generated (kg)		129,037

Future plans
Water management was identified as an emerging issue in the materiality assessment we conducted in 2021. As production increases at our Bessemer Park factory, water use is also set to increase. In 2022, we will appoint an Environmental Manager who will refine our water use strategy to minimise any impact of our water use and management.

➔ **Further reading**
1. Code of Conduct for ITM Power’s Business Partners
2. FY22 Annual Report and Financial Statements
3. Corporate governance section of our website

Biodiversity

Importance to ITM Power
We were established to help address the climate crisis. However, the mass extinction of plant and animal species caused by human activity poses a second major threat to our survival. Protecting the natural ecosystems we all rely on is of critical importance.

Approach and policies
When developing new sites, we seek to identify, map and safeguard local wildlife-rich habitats and wider ecological networks, as well as pursuing net gains for biodiversity. We also seek opportunities to make the most efficient use of our existing sites as our product portfolio develops.



Social

Our social impact

We're dedicated to creating a positive social impact and are focused on supporting our people, our partners, and the communities in which we live and work.

In this section

- 17 Working at ITM Power
- 19 Employee Health, Safety and Wellbeing
- 21 Employee Training and Development
- 22 Equity, Diversity and Inclusion
- 23 Our Customer Relationships
- 23 Community Engagement

Our social impact is driven by our ITM Academy and ITM Nurture programmes, which focus on our material social issues. ITM Academy focuses on training and development of our people, and the provision of educational outreach and early careers schemes. ITM Nurture delivers health and wellbeing programmes to our people, and is a focus for our charity and volunteering activities. These programmes link together to offer real social value to our community and our staff.

Rachel Smith
Services Director

Working at ITM Power**Importance to ITM Power**

The expertise and enthusiasm that our employees bring to work are essential to maintaining the quality of our products. Providing a fulfilling place of work where employees are motivated and supported is a major priority for our business, helping to improve the quality of our products and create a more positive work environment for everyone.

Approach and policies

All our employees are introduced at an early stage in their employment to our vision, mission, values, objectives, and ways of working through an induction programme. Our Employee Handbook sets out the main policies and procedures that our workforce, including employees and contractors, must be aware of. All our workforce, including managers, are provided with a copy of the handbook and notified of any changes in these policies through our HR system, including contractual changes. We comply with all relevant labour laws, and, in most areas, our employment practices exceed statutory minimums. Our policies recognise trade unions, but we do not currently have a specific policy on unionisation.

Social continued

Our business has grown rapidly over the last year, welcoming over 200 new employees. Coupled with COVID-19 restrictions and reduced in-person contact, this growth meant FY22 was an important time to remind ourselves who we are and what is important to us as a business. We launched a series of engagement workshops for our employees around the ITM Values, focusing on what they are, what they mean and how all employees can embody them. Based on the outcome of these workshops, we've been embedding our values in the new Group-wide performance review process.

Our values:
We Collaborate
We Care
We Innovate
We are Tenacious
We seek Joy

We place real value on the involvement of our employees and continue to keep them informed on matters affecting them, and on our performance. This is achieved through formal and informal meetings. We operate an open-door management policy, which enables regular feedback, and we solicit employee feedback through mechanisms, such as electronic surveys. Group-wide emails, an employee newsletter and suggestion boxes are also utilised for wider participation.

During the year, we re-launched our intranet platform for engaging with employees, including a new emphasis on our vision, mission and values, along with a hub for sharing business updates and news. As the COVID-19 pandemic continued throughout 2021, we engaged regularly with employees to ensure that staff were able to work effectively and flexibly while managing other responsibilities, such as home schooling, caring for vulnerable family members and supporting emergency services.

To promote the wellbeing of our employees and their families, we offer a number of benefits that go beyond statutory minimum. For our UK employees, including part-time and fixed-term temporary employees, subject to qualifying matters, these include:

- Enhanced maternity, paternity and adoption pay, as well as shared parental leave, allowing parents to take up to 52 weeks' leave in total on the birth or placement for adoption of a child.
- Employee Assistance Programme offering unlimited access to counselling, legal information, bereavement support, medical information and online Cognitive Behavioural Therapy.
- Childcare vouchers.
- Cycle purchase scheme.
- An additional day of holiday on their birthday.

We have granted share awards under our Long Term Incentive Plan (LTIP) to all employees and, in the UK, offer a buy-as-you-earn Share Incentive Plan (SIP), which enables staff to buy shares on a tax-efficient basis and receive matching shares. Around 55% of eligible employees participate in the SIP. The LTIP and SIP are available to all UK employees, including part-time and fixed-term contract employees.

Indicators		
	FY21	FY22
Total employees	215	424
	FY21	FY22
% of employees covered by a collective bargaining agreement	<1%	<1%

Future plans
In early FY23, we launched our inaugural bi-annual ITM Voices employee engagement and wellbeing survey. The results of this survey will be used to create action plans and to guide a new employee forum, ITM Voices, which will engage appointed employees in involving their wider team, providing feedback, and supporting the action plan. We will also be launching a new Employee Handbook to provide a more engaging introduction and overview of our approach to people-related policies and benefits at ITM Power.

- ➔ **Further reading**
- 1. FY22 Annual Report and Financial Statements
 - 2. Corporate governance section of our website

Social continued

Employee Health, Safety and Wellbeing

Importance to ITM Power

The health of our employees is a priority and includes both operational health and safety, and the mental wellbeing of our people. Our employees operate powerful and complex machinery to manufacture our electrolyzers, and correct risk mitigation and training are essential to guard against risk of injury. We are also conscious of the importance of effective support for mental health and wellbeing.

Approach and policies Management system

Management of health and safety is led by the Board, which sets our health and safety objectives and the framework for monitoring performance and compliance. The Board reviews health and safety performance and receives regular performance updates. Separately, we also have a Health and Safety Committee, which meets quarterly and includes cross-functional representatives. This helps ensure prompt reporting of concerns and rapid implementation of improvement plans.

Our Health and Safety Policy is provided to our workforce in the Employee Handbook. It sets out our commitment to maintaining safe and healthy working conditions through

control of the health and safety risks arising from our work activities; provision and maintenance of safe plant and equipment; ensuring the safe handling and use of substances; consulting with our employees and providing appropriate information, instruction, training and supervision; and taking steps to prevent accidents and cases of work-related ill health.

To manage the risk of workplace accidents and injuries in our factory, we have a safety induction process and carry out preventative maintenance of all our equipment, ensuring that machinery is regularly maintained to avoid problems arising. We have a safety observation system to capture observations and near misses and, therefore, reduce the number of injuries incurred by employees.

In addition to our Health and Safety Policy, all new employees are provided with our Occupational Health Policy. All new employees are asked to complete an occupational health questionnaire and a baseline occupational health assessment upon joining the business to identify whether any reasonable adjustments need to be made to their working conditions. These checks are prioritised based on the nature of the employee's role and repeated on an annual basis, depending on departmental needs, or at any point when a change in an employee's health makes it necessary.

To ensure our policies are implemented, we collect data on near misses, positive observations, incidents, and cases of employee ill health, which are reported to the Board and reviewed in our weekly health and safety meetings. In addition, each function has key performance indicators for health and safety performance. In FY22, we strengthened our safety management function through the introduction of online tools for monitoring regulatory changes, managing our chemical inventory and digitally tracking safety observations.

Our health and safety management system is delivered in accordance with ISO 14001:2015 and ISO 45001:2018. The system is regularly audited for compliance, both internally and by third-party auditors from a UKAS-accredited audit company.

Health and safety training

Training and development are an important part of upholding health and safety standards. We employ dedicated safety professionals who are all NEBOSH trained, and have a three-tiered structure for health and safety training, through which we encourage employees to assess and improve their competency. Within this structure, we prioritise the completion of high-risk health and safety training first, followed by medium and low-risk training.

Through the new ITM Academy, in FY22 we rolled out mandatory core health and safety training for all employees, as well as targeted training on specific topics. Delivered via a range of delivery methods, including toolbox talks, e-learning, classroom sessions and webinars, this training amounted to an average of 4.8 days of training per employee.

Employee wellbeing

We are conscious of the importance of our employees' mental, as well as physical, health. Our Stress Policy lists our actions for identifying, tackling and preventing the causes of work-related stress, and to providing appropriate support and consideration to employees suffering from stress. These include ensuring that risk assessments include or specifically address workplace stress; maintaining an appraisal process to ensure the suitability of workloads, supported by a capability procedure; and facilitating requests for flexible working where reasonably practicable in accordance with our Flexible Working Policy.

We have 14 trained mental health first aiders within the business who are responsible for supporting employees' mental wellbeing. We will be expanding our mental health first aider reach in 2023 to ensure that we have more first aiders trained from our production workforce and to represent a diverse employee base.



Social continued

This year we also delivered a new Group-wide programme to raise awareness of mental health concerns, manager’s responsibilities, and signposting for further support. Sustaining the knowledge gained from this initial rollout, we continue to host workshops every quarter to introduce new employees to the programme. Employee feedback from this programme continues to inform our Mental Health at Work Plan.

Our Business Partner Code of Conduct requires all our direct suppliers to demonstrate a systematic approach to health, safety and security to ensure compliance with all applicable health and safety laws and regulations. Direct suppliers must also seek to continually improve performance by encouraging their workforce and any suppliers to report any accident, injury, illness, or unsafe condition immediately, and to cease any work that could be unsafe so that appropriate action can be taken.

Indicators		
Data category	FY21	FY22
Total number of employees	215	424
Total recorded incidents	20	56
Total RIDDOR reportable incidents	1	1
Total lost time days	35	126
Fatality rate	0	0
Recordable injury frequency (RIF)	1.31	0.89
Health and safety training per employee	2.4 days	4.8 days

Future plans

In FY23, we will be launching a Drugs and Alcohol Policy to promote wellbeing and safety in work. We will also be carrying out our bi-annual ITM Voices Wellbeing Survey to solicit feedback on employee wellbeing topics such as happiness, motivation and relationships, and will be developing action plans to address the results. In addition to these initiatives, throughout FY23 we will deliver wellbeing events related to heart health, women’s and men’s health, and financial wellbeing, among others.



Further reading

- 1. Business Partner Code of Conduct
- 2. FY22 Annual Report and Financial Statements
- 3. Health and Safety section of our website



Case study

Spotlight on mental health

Poor mental health can take a significant toll on people’s lives, and the lives of those around them. Taking proactive measures to keep people well and responding quickly to concerns when they arise are crucial for helping our employees and our business to flourish.

In recognition of this, working with David Beeney, founder of **Breaking the Silence**, we have rolled out a programme called Mental Health Matters. This aims to raise awareness of mental health concerns and help people at all levels to recognise signs that someone needs support. It also provides details of managers’ responsibilities around mental health, and signposts people to resources for further support. Sessions will be held every three months to introduce new employees to the programme.

The data we gather through this programme is being used to inform our Mental Health at Work Plan. Over the next year, the key aims for the Mental Health at Work Plan are to embed the policy across the organisation and to build on the training already provided during FY22, with a focus on developing manager knowledge and understanding. In the following year, the plan will be to develop Wellbeing Champions and to widen the remit further of our wellbeing activities in work.

Social continued

Employee Training and Development

Importance to ITM Power

The knowledge of our employees is one of our greatest assets. Maintaining and improving their knowledge, as well as ensuring high levels of technical competence, helps us to continually improve the innovation and quality of our work. Offering opportunities for our workforce to develop their skills and advance their careers is also critical to providing a positive place to work.

Approach and policies

In FY22, we launched ITM Academy, the home for learning and development across ITM Power. ITM Academy will significantly expand the development opportunities and support for all our employees, serving as a hub for developing staff, and providing a structured induction programme alongside technical and leadership training. ITM Academy will also play an important role in supporting staff development by feeding into our HR performance management system.

➔ **Training delivered via ITM Academy since its launch has focused on health and safety,** as outlined on page 19

Moving forward, we have established a training plan for FY23 and associated training budget to cover topics ranging from technical competency to leadership, development and ESG. Detailed monthly learning and development reports have been introduced to measure participation in training. We also continue to offer financial support for employees to complete professional training and qualifications.

Employee training needs will be identified through our employee performance and competency reviews, which make up our development approach. All employees are given appropriate access to relevant training to enable them to progress within the organisation.

As part of our ITM Academy programme, we offer apprenticeships and industrial placements across our business. These placements provide students with an opportunity to gain insight into a possible industry of choice for them, as well as giving us access to future graduate talent. 10 of these roles were offered in FY22, increasing to 15 in FY23, covering areas from HSE and Legal through to design engineering. We work closely with the Advanced Manufacturing Research Centre at Sheffield University to ensure we support our apprentices to be the best they can be.

Indicators	
Training hours per employee	FY22
All employees	4.8 days

Future plans

We will continue to develop ITM Academy in FY23, with priorities centred on delivering training plans, including Equity, Diversity and Inclusion (EDI) training, and rolling out STEM, leadership and management training. We will also design a development scheme for new graduates, continuing to work closely with Sheffield University and in conjunction with our current industrial placement students of recent years.

➔ Further reading

- 1. FY22 Annual Report and Financial Statements
- 2. Corporate governance section of our website



Case study

ITM Academy

Being a positive place to work means creating opportunities for employees to grow, develop and continuously learn. Powering the green energy transition means building skills and capabilities within our team and externally.

It was with this in mind that we launched ITM Academy – our internal hub for employee learning. Through ITM Academy our workforce will receive training across a range of topics, from technical competencies to skills development and leadership. Our initial budget for the first year to is to deliver approximately £1 million worth of learning activities. Three dedicated roles have been established, with two more to be added, to oversee ITM Academy, develop training plans, and monitor outcomes.

Our ambitions for ITM Academy extend beyond our employees. We want ITM Academy to become a global centre of excellence for industry development. ITM Academy will provide training to people employed by the partners who work with us and play a key role in the development of our apprentices and early career employees.

We're committed to empowering and educating people within the renewables industry and inspiring others to join. There's nothing more important than developing the capability of our workforce. The ITM Academy will allow us to do all that and more.

Kathryn Connell
Head of HR at ITM Power

Social continued

Equity, Diversity and Inclusion

Importance to ITM Power

Attracting, retaining, and supporting employees from diverse backgrounds helps our business better reflect and understand the customers we serve, and the Sheffield community where our manufacturing operations are based. It reduces risk, facilitates employee retention and wellbeing, and promotes wider social equality and mobility.

Approach and policies

Our Equal Opportunities Policy sets out our commitment to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which everyone can make the best use of their skills, free from discrimination or harassment, and in which decisions are based on merit. The Policy includes specific clauses relating to recruitment and selection, training and development, opportunities for promotion, conditions of service and termination of employment, including redundancy.

To ensure a safe and inclusive workplace, we have a detailed Anti-Harassment and Bullying Policy, which sets out examples of the types of conduct that may constitute harassment or bullying and our commitment to eliminating such conduct.

In our recruitment practices, we positively encourage applications from suitably qualified and eligible candidates, regardless of disability. Through ITM Nurture we are also working to encourage women into STEM roles, and to develop and increase the number of women in senior roles. We also focus on engaging under-represented groups, including young people not in education, employment or training, and ethnic minorities.

In FY22, we completed our second employee diversity survey, with a 65% participation rate. The results of this survey, paired with our HR function data, have provided a clear picture of our workforce profile, which will form the basis of future work to build a more diverse workforce. Within the Board of Directors, female representation increased to 25% in FY22 as a result of the departure of a male director.

Indicators		
Board of Directors: breakdown		
Category	FY21	FY22
Gender		
Male	78%	75%
Female	22%	25%
Age group (as at financial year end)		
30 – 50	4	4
>50	6	4
All employees: breakdown		
Category	FY21	FY22
Gender		
Male	72.4%	75.69%
Female	27.6%	24.31%
Age group		
<30	19.89%	25.81%
30 – 50	54.14%	56.39%
>50	24.86%	17.79%
Prefer not to say	1.11%	N/A
Ethnicity breakdown		
White ethnic groups	84.5%	85.71%
All other ethnic groups combined	15.5%	14.29%
	Data as at 5 April 2021	
Median gender pay gap		8%*
Proportion of eligible executive team members earning a bonus that are female		16%

* Data covering ITM Power (Trading) Limited only.

Future plans

FY23 will see the launch of the ITM Power EDI Strategy and Implementation Plan. Key priorities will focus on encouraging greater gender diversity within our business and particularly in STEM-related areas. We will also be rolling out mandatory diversity and inclusion training throughout FY23.



Further reading

- 1. FY22 Annual Report and Financial Statements
- 2. Corporate governance section of our website

Social continued

Our Customer Relationships

Importance to ITM Power

Keeping our customers safe and satisfied is critical for the success of our business. As we produce large industrial equipment, there are inevitable risks associated with the possible malfunctioning of our electrolyzers. We take every possible step to ensure the quality of our products and to maintain the quality of our customer relationships through ongoing engagement.

Approach and policies

Quality control is at the core of our product manufacturing. In addition to the health and safety management systems outlined on page 19, we operate management systems in accordance with ISO 9001:2015. We conduct risk assessments for the full life cycle of all products and operate a multi-stage testing process to ensure the safety of everything we produce. We implement a stage-gate process at the design stage of our products, with line manager sign-off required at each stage to minimise the risk of error. All new direct material suppliers must undertake an audit based on the Verband der Automobilindustrie standard.

Once products are manufactured, we conduct Factory Acceptance Testing on all equipment before shipment. We then conduct additional Site Acceptance Testing with customer oversight in the field to further reduce the risk of any malfunction.

Once our products are on site, we solicit ongoing feedback from customers, through channels including an email reporting system, a support centre in Sheffield, and an out-of-hours service. Customer feedback is built into the ‘lessons learnt’ process within our quality system and used to identify areas for further improvement.

We have a service and maintenance capability. This is built into the commercial contract or offered as an aftermarket sales opportunity. We offer a wide range of services, working closely with our clients and their representatives. Any issues arising from these site activities are reported locally, as well as being reported and investigated through our Health, Safety and Environment processes and our Services Director.

Each of Motive’s hydrogen refuelling stations has undergone significant planning and testing before being opened for use, and we monitor them closely once they are operational. The stations are monitored 24 hours a day, 365 days a year by fully trained staff in our global control room in Sheffield.

All stations have emergency plans specific to the station layout and design. Motive customers also have access to a 24-hour helpline and our mobile support team.

Our Head of Quality is responsible for working with suppliers to continually improve the quality of our materials and oversee the implementation of our quality control procedures. To monitor the implementation of our procedures, we collect data on near misses, positive observations, product leaks and non-conformances. We hold weekly meetings to review any near misses and monthly meetings to assess progress against other indicators, as well as urgent meetings wherever necessary.

To maintain customer safety on site, we have a visitor management system in place at our Sheffield manufacturing facilities and visitor induction processes at all our sites.

Indicators

We are not aware of any incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services.



Further reading

- 1. Corporate governance section of our website
- 2. FY22 Annual Report and Financial Statements
- 3. Health and Safety section of our website

Community Engagement

Importance to ITM Power

We want the communities where we are located to thrive, economically and socially. Through dedicated community engagement we aim to be a positive force for change within the region.

Approach and policies

Our community engagement activities are directed by our ITM Nurture strategy, which was formally launched in FY22. ITM Nurture sets out three areas for engagement with the local community in Sheffield.

STEM

Focusing on inspiring careers in science and engineering in future generations

Charity

Giving back to our local community

Volunteering

Engaging our workforce in our community initiatives



In FY22, our efforts focused primarily on the STEM pillar. We have been working to build up a network of local schools and contacts and have engaged with over 800 students directly via advice, tours of our Bessemer Park production facility, and work experience placements. We have further continued our charity partnerships with Sheffield Children’s Hospital and the Archer Project, as well as specific fundraising activities for the DEC Ukrainian Humanitarian appeal and the Movember charity. This amounted to over £15,000 of charitable donations through ITM Power and employee efforts.

Future plans

Our ITM Nurture strategy sets out a plan for increased engagement with local schools and charity support.

Over the next year we are focused on bringing these plans to life to strengthen our positive impact on the community.



Further reading

- 1. FY22 Annual Report and Financial Statements
- 2. Corporate governance section of our website



Governance

Our governance

Ensuring our business operates responsibly is fundamental to our long-term success. We're committed to establishing the right structures and systems to guide our business practices.



In this section

- 24 Procurement Practices
- 26 Responsible Governance
- 26 Business Ethics
- 27 Tax
- 27 Data Security
- 28 Resilience and Risk Management

We have a robust corporate governance framework overseen by the Board that enables the right people to take the right decisions at the right time. For more information on our corporate governance, please refer to our website and to our FY22 Annual Report.

Katherine Roe
Chair of the ESG Committee

Procurement Practices

Importance to ITM Power

The quality of the materials we use is essential to the success of our electrolyzers. Being a sustainable, responsible business means taking all possible action to mitigate any risks related to the sourcing and disposal of our materials. It also includes supporting our suppliers to act responsibly through our purchasing of materials and services, and ensuring we have a positive impact on the local and national communities in which we operate.

Approach and policies

Supplier conduct and assessments
We seek to establish and maintain close working relationships with suppliers. We have a long-standing supply base, and most of our direct suppliers have been working with us for over 10 years. Where possible, we aim to use local suppliers, and most of our direct suppliers are based in the UK.

We have a Business Partner Code of Conduct, with which all our direct suppliers must comply. This sets out our expectations of our business partners, including contractors, vendors, service providers, agents and contingent labour, their employees and their suppliers.

Governance continued

Our Business Partner Code of Conduct is publicly available on our website and includes minimum criteria around bribery and corruption, environmental and social performance, human rights and modern slavery, non-discrimination and freedom of association, and whistleblowing. In 2021, we updated our Business Partner Code of Conduct to include new standards, which is being rolled out in 2022.

In addition to our Business Partner Code of Conduct, all new direct material suppliers are required to complete our Supplier Qualification Questionnaire, which was updated in FY22. This includes questions on health and safety, environmental management systems, training and development, corruption, and human rights (see later for more details). Responses are reviewed by our health and safety, quality, and procurement teams who approve or reject suppliers based on their responses.

In 2021, we continued the process of risk-assessing our existing supply base and using these results to determine the order in which our existing suppliers are required to complete the questionnaire. 36 direct material suppliers have been assessed, and the results are currently being reviewed. This questionnaire has formed part of our supplier onboarding process for all new suppliers from April 2022.

All material contracts are also required to be reviewed by our legal team, and

then reviewed and signed by a member of the ITM Power executive team.

Where direct suppliers are providing us with higher-risk products, such as those that require us to share intellectual property, we conduct supplier visits to inspect the premises and perform quality spot checks.

Raw material sourcing

We aim to source raw materials sustainably and comply with all applicable laws within our procurement practices. We place particular focus on PGM.

While we have no trading operations in conflict-affected and high-risk areas, metals we purchase may in some instances originate from these areas. Our PGM Supply Chain Policy Statement, published in early FY23, sets out our approach when sourcing PGMs from conflict-affected areas. These include zero tolerance for suppliers who enable any forms of torture; forced or compulsory labour or child labour; provide direct or indirect support to non-state armed groups or to public or private security forces who illegally control mine sites; and enable solicitation of bribery and corruption, and any form of financial crime such as money laundering.

We will deliver these commitments through due diligence on supplies containing PGM delivered to us. We will review suppliers’ practices to ensure compliance with our policy, and maintain records of all transactions

and due diligence activities that have been completed. We will actively engage with suppliers and stakeholders in the jurisdictions in which we operate, to improve and track performance. We will also provide regular training to all workers involved with the trading, sourcing, handling and movement of PGM.

If we have reasonable doubt that a supplier is failing to comply with our policy, we will suspend or stop the questionable supply. We reserve the right to suspend or terminate an agreement with any supplier that does not comply with the policy. To date, no supplier agreements have been terminated for failure to comply with our policies. We are currently investigating strategies to increase our audit capability, with the ultimate goal of tracing all PGM back to the sites from which they were mined.

Protecting human rights in our supply chain

Slavery is more common today than at any point in history. Being a responsible business means taking every possible effort to identify and eliminate exploitative working practices wherever they occur, paying particular attention to higher-risk materials, including PGM.

The EU Conflict Minerals Regulation applies to four materials of high concern for human rights abuses: tin, tantalum, tungsten and gold. We do not buy these raw materials to manufacture our electrolyzers.

Our Business Partner Code of Conduct refers directly to human rights and modern slavery. It sets out our expectations that all our business partners will meet the responsibilities set out in the UN Universal Declaration of Human Rights and the core conventions of the International Labour Organisation, including no use of child, forced, prison or compulsory labour; no restriction of the free movement of employees; and no payment of recruitment fees by workers. Our direct suppliers are required to pay wages and benefits that meet or exceed the national legal standards; comply with all applicable laws and regulations on working hours; and provide a safe, secure and healthy workplace.

To guard against the risk of human rights abuses, our Business Partner Code of Conduct also mandates that direct suppliers provide their own employees, suppliers and business partners with a dedicated whistleblowing mechanism whereby they can log a grievance if they see something that is unsafe, unethical or potentially harmful involving either their or our businesses or activities. Suppliers are required to comply with any applicable laws and regulations on freedom of association and collective bargaining. Our Supplier Qualification Questionnaire includes questions on human rights, child labour, forced labour and employee provision to confirm compliance with our Business Partner Code of Conduct.

Indicators		
	FY21	FY22
Proportion of new direct material suppliers assessed using our supplier qualification questionnaire	100%	100%
	FY22 Target	FY22
Proportion of direct material suppliers assessed according to ESG criteria	50%	27%
Proportion of critical suppliers assessed according to ESG criteria	100%	100%
		FY22
Proportion of new suppliers assessed for social and environmental impacts		100%

Future plans

We are currently reviewing our supplier base and will be assessing suppliers’ ESG performance, in addition to reaffirming their signatures on our Business Partner Code of Conduct. In FY23, we will assess 100% of our critical suppliers and 50% of our other direct material suppliers according to ESG criteria. We will use this information to develop action plans with assessed suppliers to improve ESG performance where necessary. We will also develop an action plan for assessing 100% of our direct material suppliers according to ESG criteria and driving ESG improvements across our supply chain. As part of this, we are investigating ways to externally audit our suppliers based on ESG criteria.



Further reading

- 1. Business Partner Code of Conduct
- 2. FY22 Annual Report and Financial Statements
- 3. Corporate governance section of our website
- 4. PGM Supply Chain Policy Statement

Governance continued

Responsible Governance

Importance to ITM Power

Good governance is vital for making us a sustainable organisation as we scale up, reducing risk and adding value to our business. Strong governance is also essential for delivering on our business values.

Approach and policies

As our business has grown over the past two years, we’ve strengthened our corporate governance procedures to ensure our business is fit for the future. Our Board is ultimately responsible for our strategy and direction.

Our Board consists of nine members, five of whom are Non-Executive Directors. One of our Non-Executive Directors is appointed by our largest shareholder and so is not independent. Nevertheless, we consider all our Non-Executive Directors to be independent in character and judgement, and each provides us with valuable advice and challenges us to stay on track with our strategy.

Indicators	FY21	FY22
Total number of significant fines for non-monetary sanctions for non-compliance with laws or regulations	0	0
<div><div>In 2018, we adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the QCA Code). More details of our approach to corporate governance and how we apply the 10 principles of the QCA Code in support of our growth are publicly available on our website and in our FY22 Annual Report.</div><div>In FY22, we introduced new ESG-linked remuneration incentives for our Executive Directors. This includes:<ul style="list-style-type: none">– 15% of annual bonus opportunity being subject to the achievement of ESG-related metrics– 20% of each award granted in FY22 under our Long Term Incentive Plan being linked to improving our external ESG rating</div><div>More details are provided in our Remuneration Report in the FY22 Annual Report.</div></div>		
<div><div>Future plans</div><div>As part of our increased focus on diversity and inclusion, as outlined on page 22, we continue to seek to improve the diversity of our Board. The Board is aware of the need to ensure appropriate diversity of thought, which aids good decision making. This is driven by many factors in Directors’ backgrounds, including gender and ethnicity. The Board committed to achieving 33% female Board membership at the earliest possible date, which it met with the appointment of Denise Cockrem in July 2022. It is also committed to increasing the ethnic diversity of its members.</div><div><div>➔</div><div>Further reading</div><div>1. FY22 Annual Report and Financial Statements (Remuneration Report)</div><div>2. Corporate governance section of our website</div></div></div>		

Business Ethics

Importance to ITM Power

It is essential that our interactions and relationships with our stakeholders are built on transparent, fair, honest and sustainable decisions. Poor business ethics undermine the rule of law, and public trust in public servants and business leaders. As our business scales up, we need robust policies in place to eliminate these practices and address them wherever we encounter them.

Approach and policies

In FY22, we launched a revised suite of responsible business policies for our employees, contractors and workers employed by other organisations who work on ITM Power’s behalf. These include:

Code of Ethics	Provides general guidance which supports working in an ethical way, applying attitudes and behaviours that contribute to an ethical business culture at ITM Power.
Anti-Fraud and Bribery Policy	Sets out our zero tolerance approach to fraud, corruption and bribery in any form. It summarises our commitments to ensuring a systematic approach to risk assessment of the nature and extent of bribery risk associated within our industry and global market, and training our workforce to recognise, avoid and report the use of bribery by themselves and others.
Speak Up Policy	Sets out guidance for employees to raise concerns about irresponsible business conduct without fear of reprisals via internal whistleblowing mechanisms. From June 2022, we have also provided a third-party independent whistleblowing service.
Conflict Policy	Sets out our expectations where there may be a conflict of interest to ensure that we maintain our high levels of ethics and transparency, as well as ensuring that business decisions are made in our best interests.
Hospitality and Gifts Policy	Forms a key part of our anti-bribery, corruption, and fraud framework by setting out guidance related to business hospitality, and giving and receiving gifts.

Governance continued

These policies were issued to all employees and fixed-term contractors in FY22. The policies were also communicated to the Board of Directors. Moving forward, all employees will be directed to these policies on the ITM Power intranet site via the Employee Handbook when they join the business.

To further protect against unethical business practices, we undertake risk assessments as needed, with follow-up analysis carried out where potential significant risks are identified. Actions and additional training are also provided to those areas of the business identified as being at higher risk of unethical behaviour.

Beyond our own operations, we also include clauses in our contracts and our Business Partner Code of Conduct to prevent corruption, as described from page 24. Our Supplier Qualification Questionnaire for new direct suppliers of materials also includes questions on whether suppliers have a policy and/or an employee training programme relating to anti-corruption, as well as whether they have been subject to litigation or criminal charges regarding bribery and corruption.



Indicators		
Stakeholder category	Percentage of stakeholders that anti-corruption policies were communicated to in FY22	
Employees (both full- and part-time)	100%	
Fixed-term contractors	100%	
Board of Directors	100%	
	FY21	FY22
Number of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations	0	0

Future plans
Following the launch of our new policies in FY22, we set a target to assess 100% of business operations for risks related to corruption by the end of July 2022. We will also be publishing a modern slavery statement in FY23.

➔ **Further reading**
1. FY22 Annual Report and Financial Statements
2. Corporate governance section of our website
3. Our Code of Ethics

Tax

Importance to ITM Power
Companies have a responsibility to contribute to the countries where they do business. We believe this is a fundamental part of being a responsible business that is accountable to ourselves, to society and to future generations.

Approach and policies
We are transparent in our tax reporting and disclose information about our tax position in our FY22 Annual Report.

Future plans
Once profitable, we will comply not only with the letter of the law, but also the underlying intent to ensure that we pay the right amount of tax, on time, in the countries where we operate. We will cooperate with the authorities in the countries where we operate to support effective tax systems.

➔ **Further reading**
1. FY22 Annual Report and Financial Statements

Data Security

Importance to ITM Power
Keeping our employees’ and customers’ personal data safe is a legal and ethical obligation for us. In addition, the development of our electrolyzers is critical to the success of our business, so keeping this intellectual property safe and secure is highly important.

Approach and policies
Our Data Protection Policy sets out our commitments to processing all personal data legally and responsibly. Our website sets out our privacy policy for the use of third-party data and we inform our workforce of our data privacy practices through our Employee Privacy Notice. We inform all staff of our security procedures for minimising the risk of data breaches. Where appropriate, we conduct data protection impact assessments (DPIAs) to ensure that new and updated data processing procedures are conducted proportionately and with adequate safeguards in place.

We also have a dedicated Intellectual Property Management Policy to reduce the risk of inappropriate information-sharing of our trade secrets and proprietary technology. We are currently training our employees on this Policy.

We operate a Patent Steering Committee (PSC), which is responsible for the development of our intellectual property. We recognise the importance of identifying innovation and capturing it in a timely fashion, and the PSC meets regularly to do this. Research in key areas of the business is reviewed for new inventions (involving the research scientists, as appropriate) and these are evaluated in detail.

Our Social Media Policy also includes clauses on intellectual property, specifying that employees should not do anything to jeopardise our valuable trade secrets, other confidential information and intellectual property through the use of social media.

In 2021, we provided mandatory General Data Protection Regulation training to all staff members with the support of an external provider. We also include data protection and cyber security training as part of our new employee induction programme.

Future plans
In FY23, we will introduce additional training for new staff on intellectual property management.

➔ **Further reading**
1. FY22 Annual Report and Financial Statements

Governance continued

Resilience and Risk Management

Importance to ITM Power

There are several risks and uncertainties that could impact the execution of our strategy, as well as affect our short-term results. Proactively identifying, managing and mitigating these risks is essential to the success of our business.

Approach and policies

We have a risk management framework, which facilitates the identification, evaluation and mitigation of all risks. The Executive Directors review the risks facing us, including financial risks, and the Board identifies and publishes our principal risks in our Annual Report, along with a description of our governance processes to identify, assess and mitigate these risks. This includes any ESG risks identified.

The Board is responsible for the risk framework and aims to ensure that the Group’s ability to achieve its objectives outweighs its risk exposure. The Executive Directors are responsible for identifying, managing and mitigating risks. From FY23, corporate level business risks are reviewed by a cross-department working group on a quarterly basis, with risk assessment, analysis and mitigation activities regularly undertaken in between this quarterly review. The Audit Committee reviews the processes and controls for ensuring material business risks are identified and managed appropriately. We take ESG considerations into account when reviewing the risks facing the Group.

More details on our risk management approach can be found in our FY22 Annual Report and on our website.

Future plans

We will continue to regularly assess and publicise the main risks facing our business, and will take ongoing action to monitor and mitigate these.



Further reading

1. FY22 Annual Report and Financial Statements
2. Corporate governance section of our website



ITM POWER



This report forms part of our annual reporting suite, which also includes our FY22 Annual Report.



For questions about this report, please contact James Collins, Head of Investor Relations.