Driving clean energy forward

Press Release

Information on McPhy's remuneration policy, retention program and governance evolution

- Review of the remuneration philosophy at Group level
- Retention plan in performance shares for employees
- Remuneration of the new Chief Executive Officer
- Support for the Chief Executive Officer on taking up his position
- LTI (Long Term Incentive) 2021 plan in performance shares for new executives
- Governance evolution; change of Chart's permanent representative on the Board of Directors

La Motte-Fanjas, December 17, 2021 – 07:30 am CET – McPhy (Euronext Paris Compartment C: MCPHY, FR0011742329), (the "Company"), specialized in zero-carbon hydrogen production and distribution equipment (electrolyzers and refueling stations), announces that the Board of Directors, held on December 16 2021, adopted a number of decisions relating to the remuneration policy for employees and its new Chief Executive Officer, the support for the Chief Executive Officer in taking up his new position and the retention program, and noted the change in the permanent representative of the Chart company, one of its shareholders, on the Board of Directors.

- Remuneration policy at Group level

As part of the deployment of its strategic plan, the McPhy Group, through its General Management and Board of Directors, has initiated during the 2021 fiscal year a reflection on its remuneration philosophy and guiding principles in order to implement one of the pillars of its strategy: *"Invest in Our People"*.

This strategic pillar, a key success factor in McPhy's growth plan, consists in the retention and development of the Group's talents and in strengthening the attractiveness of the company for its existing and future employees.

A remuneration competitiveness study allowed the building of a strong roadmap for the transformation of the remuneration policy to support the company's medium/long-term growth objectives. The short-term actions identified have either been implemented in 2021 or will be continued in 2022 and are as follows:

- the specific measures related to employee remuneration increases,
- the implementation of an exceptional retention plan in performance shares for all McPhy employees,
- the implementation of a long-term incentive plan for the Group's new executives,
- remuneration schemes linked to collective performance and the development of employee shareholding, which will be the subject of negotiations with the social partners and will be set out in more detail in the 2022 Universal Registration Document.

- Implementation of an employee retention plan in performance shares

In order to recognize and associate employees with the company's success, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, decided on December 16, 2021 an exceptional democratic allocation of 30,220 free shares to all McPhy employees (23rd resolution of the Shareholder General Meeting of May 23, 2019).

These shares are subject to a vesting period of more than 2 years, with vesting on the date of the Board meeting held to approve the accounts for the year ending December 31, 2023, and to performance conditions in line with the company's mission and medium-term objectives. The performance conditions are focused on operational performance criteria (70%) and customer satisfaction (30%).

This plan constitutes an exceptional grant. From 2022 onwards, the General Management wishes to implement profit-sharing agreements that will be negotiated with the social partners, involving employees in the company's performance and strengthening employee shareholding.

The Chief Executive Officer is not a beneficiary of this grant.

- Remuneration of the new Chief Executive Officer of McPhy

Following the appointment of Mr. Jean-Baptiste Lucas as Chief Executive Officer on October 18, 2021, the Board of Directors of McPhy, on the proposal of the Appointments and Remuneration Committee, set the remuneration of the new Chief Executive Officer in accordance with the remuneration policy approved by the Shareholder General Meeting on June 17, 2021 (10th resolution).

In view of McPhy's context, its size and its challenges, the Appointments and Remuneration Committee mandated in April 2021 a specialized consultancy firm to assist it in carrying out a study on the remuneration of its executives on a panel of companies similar to McPhy corresponding to its recruitment markets.

- Annual fixed remuneration

Based on the results of this study, the Board of Directors set the annual fixed remuneration of the Chief Executive Officer at a gross annual amount of €240,000.

- Annual variable remuneration

In accordance with the remuneration policy for executive directors approved by the Shareholder General Meeting of June 17, 2021, the target annual variable remuneration of the Chief Executive Officer is set at 50% of the annual fixed remuneration if all the performance objectives set by the Board of Directors are met, with no minimum amount guaranteed, and may reach 130% of this amount if the objectives are exceeded.

In view of the date on which the Chief Executive Officer took up his position, the Board of Directors chose to modify the remuneration criteria applicable to the previous Chief Executive Officer around very operational objectives for his period of presence during the 2021 financial year with 4 performance criteria in line with the Group's strategic challenges:

- 1 financial criteria of revenue on the basis of the 2021 reforecast (representing 25% of the variable remuneration and whose 70% trigger threshold is subject to the achievement of 95% of the objective).
- 2 strategic operational criteria to be implemented in the short term (representing 50% of the variable remuneration and whose trigger thresholds are 100% of the achievement of the objectives).
- 1 quantitative objective related to Human Resources (representing 25% of the variable remuneration and whose triggering threshold is 100% of the achievement of the objectives).

- Exceptional remuneration in free shares (taking up of mandate)

The new Chief Executive Officer, due to the acceptance of his appointment within McPhy, has agreed to a reduction in his remuneration compared to his former position.

In accordance with the remuneration policy for executive directors approved by the Shareholder General Meeting of June 17, 2021, the Board of Directors of October 11, 2021 approved the principle of compensating the Chief Executive Officer for this wage reduction with a comparable level of risk in the form of an exceptional grant of 20,000 free McPhy shares.

Under the terms of the 23rd resolution of the Shareholder General Meeting of May 23, 2019, the Board of Directors of December 16, 2021, on the recommendation of the Appointments and Remuneration Committee, granted 20,000 free shares to the Chief Executive Officer.

The value of the shares at the date of the agreement corresponds to the value of the benefits waived by the Chief Executive Officer, i.e. €340,000 gross, calculated on the basis of a stock market price of €17, which is the average of the previous 20 prices on October 11, 2021. The shares granted are subject to a 2-year presence condition.

- Remuneration in shares or other financial instruments

Future grants of free shares to the new Chief Executive Officer will be subject to performance conditions in line with the Group's objectives and medium-term vesting conditions in line with market practice and investor expectations. The principles and mechanisms of the proposed LTI 2022 plan will be described in the 2021 Universal Registration Document.

- Other remuneration elements

The Chief Executive Officer does not benefit from any supplementary pension scheme.

In the event of departure, the Chief Executive Officer is subject to an 18-month non-compete obligation under the conditions defined in the 2020 Universal Registration Document.

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, also approved the principle of paying a severance payment of up to two times his last annual fixed remuneration, in case of dismissal at the initiative of the Board of Directors and subject to the achievement of performance conditions set by the Board. However, this indemnity will not be paid in the event of dismissal for gross misconduct.

The total of the severance allowance and the non-competition allowances mentioned may not exceed two years of annual remuneration (fixed + annual variable remuneration excluding LTI).

The Chief Executive Officer benefits from a company car, a social protection scheme, the social guarantee for company directors and managers (GSC) and civil liability insurance for corporate officers.

- Accompanying the Chief Executive Officer in taking up his new position

In order to best assist the Chief Executive Officer in taking up his new position, the Board of Directors of the company, during its meeting of October 11, 2021, authorized the conclusion of an assistance agreement signed on October 18, 2021 between McPhy Energy SA and Mr. Luc Poyer (via his company France Energies Nouvelles), Director and Chairman of the Board of Directors, in the context of the managerial transition with the new Chief Executive Officer.

Details of this agreement are provided on the company's website Regulated agreements & Commitments | McPhy.

- Implementation of a 2021 LTI (Long Term Incentive) plan in performance shares for new executives

The Board of Directors, on the recommendation of the Appointments and Remuneration Committee, decided on December 16, 2021, to grant 9,750 free shares (23rd resolution of the General Meeting of May 23, 2019) to new McPhy executives who joined the Executive Committee since September 1, 2020. These shares are subject to a vesting period of plus 2 years, with vesting on the date of the Board meeting held to approve the financial statements for the year ended December 31, 2023 and subject to the satisfaction of performance conditions in line with the company's mission and medium-term objectives. The performance conditions are focused on operational performance criteria (50%), customer satisfaction (30%) and onsocial and environmental responsibility (20%).

The Chief Executive Officer is not a beneficiary of this grant.

- Change of Chart's permanent representative on the Board of Directors

In addition to its decisions regarding the employee remuneration policy and the retention program, the Board of Directors, at its meeting of December 16, 2021, took note of the appointment of Mr. Petr Gerstl, Director of Hydrogen Sales for EMEA, as a permanent representative of Chart Industries, Inc., in replacement of Mrs Jillian C. Evanko (Harris).

Next financial events

- **2021 Full-Year Sales**, on January 25, 2022 (after market)

About McPhy

Specialized in hydrogen production and distribution equipment, McPhy is contributing to the global deployment of zero-carbon hydrogen as a solution for energy transition. With its complete range of products dedicated to the industrial, mobility and energy sectors, McPhy offers its customers turnkey solutions adapted to their applications in industrial raw material supply, recharging of fuel cell electric vehicles or storage and recovery of electricity surplus based on renewable sources. As designer, manufacturer and integrator of hydrogen equipment since 2008, McPhy has three development, engineering and production centers in Europe (France, Italy, Germany). Its international subsidiaries provide broad commercial coverage for its innovative hydrogen solutions. McPhy is listed on Euronext Paris (compartment C, ISIN code: FR0011742329, MCPHY).

To learn more: www.mcphy.com

McPhy is eligible PEA-PME

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