



Hudson Technologies (Hudson) Materiality Assessment

In order for Hudson to identify and prioritize environmental, social, and governance issues that are most relevant to the company and its stakeholders, Hudson has conducted an internal Materiality Assessment. Hudson has identified the top 3 material issues that are important to the company's long term success and growth, as well as the company's impact on the environment:

1. **Reclaiming Refrigerant** – Hudson has been focused on the proper end of life for refrigerants sold by the company, and others, since its inception. Reclaimed refrigerants are not only a source of future revenue for Hudson Technologies but are also important pillar of our mission to reduce unwanted and unnecessary releases of refrigerants into the atmosphere. The following issues are discussed from the Board of Directors and executive level down:
 - a. Reclaimed Refrigerants reduce GHG emissions by preventing the unwanted and unnecessary release of refrigerant gas to the atmosphere.
 - b. Refrigerants in use below AHRI specification or at end of system life present an opportunity for Hudson to provide R-Side® service in the field, and they provide future revenue when they are processed back to AHRI specifications and resold to the market
 - c. Hudson has annual goals on the amount of refrigerant we reclaim, all employees are incentivized to increase the number of lbs of refrigerants we receive for reclamation
 - d. Hudson invests in marketing programs to reach contractors and end users to educate them on the importance of reclaiming refrigerants from both an environmental and economic perspective.
 - e. Hudson executives are continuously engaging stakeholders through speaking engagements, conferences, working groups, industry organizations to grow awareness and understanding of the importance of recovering and reclaiming refrigerant.
2. **Hudson's GHG Emissions** – Hudson, like most companies, is responsible for GHG emissions through our use of electricity from the grid, and the burning of fossil fuels in operations.
 - a. Hudson's carbon footprint has an effect on the overall concentration of GHG's in the atmosphere, and therefore we look for ways to reduce it.

- b. Hudson’s executive team evaluates our Scope 1 and 2 emissions and is currently evaluating ideas on how to reduce them including looking at long term “Green” power purchases, and alternatives to internal combustion vehicles and electrification.
 - c. **Hudson Tech has an internal goal of reducing Scope 1 and 2 emissions by 25% by 2030.**
- 3. **Regulations** – the regulation landscape for refrigerant gases both Federally and in the 50 US states is changing at a rapid pace. These regulations are both positive and a negative for Hudson’s business, and Hudson invests time and resources to ensure we are both aware of upcoming regulations, and that we are available to provide our expertise and experiences with regulators.
 - a. Some regulations provide a significant opportunity for Hudson to further its mission of reclaiming all refrigerants that have been sold to the market.
 - b. Some regulations may prevent Hudson from selling virgin refrigerant in certain markets
 - c. These regulations are discussed from the Executive level down to the account representative level
 - d. Hudson has an experienced “Government Relations” executive that engages all levels of Government from Local to Federal in order to have our views heard