HSE Lagging Indicators BH MEXICO

	Last Calendar Year (2025)	2 Years ago (2024)	3 Years ago (2023)	4 Years ago (2022)	5 Years ago (2021)
Citations from a regulatory agency	0	1	0	0	0
Number of Fatalities	0	0	0	0	0
Total Recordable Injury Rate	0.15	0.06	0.42	0.71	0.31
Lost Time Injury Rate	0.08	0.06	0.21	0.48	0.19
Medical Treatment Case	1	0	3	3	0
Lost workday cases	1	1	4	8	3
Restricted Work Cases	0	0	1	1	3
Man Hours Worked	2,612,372	3,527,464	3,779,933.00	3,362,160.00	3,223,636.00
HIPO	0	5	8	2	4
Environmental Incidents	0	2	0	0	0
Headcount	1,036	1,377	1,482	1,319	1,256

Baker Hughes Confidential

Baker Hughes Holdings LLC

575 North Dairy Ashford Road, FL 11, Houston, TX 77079 United States

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS - UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 45001:2018

Scope of certification

The surface and sub-surface oil and gas operations including: Design, engineering, manufacture, assembly, maintenance, service and storage of equipment used in the evaluation, drilling, completion and production of oil and natural gas wells; Design, laboratory testing, manufacture, blending, storage, sales, and distribution of oilfield chemicals; Sales, rental and distribution of equipment; Treatment of drilling wastes; Technical support, operational coordination and the provision of trained personnel.

Original cycle start date:	**13-February-2022**
Expiry date of previous cycle:	**12-April-2025**
Certification / Recertification Audit date:	**NA**
Certification / Recertification cycle start date:	**09-July-2025**
Subject to the continued satisfactory operation of the organisation's Management System, this certificate expires on:	**12-April-2028**

Certificate No.: **US021937** Version: **1** Issue date: **21-November-2025**

UKAS MANAGEMENT SYSTEMS
0008

Signed on behalf of BVCH SAS UK Branch

Certification Body Address: 5th Floor, 100 Lower Thames Street, London, EC3R 6DL, United Kingdom

Local Office: 16800 Greenspoint Park Drive Suite 300S Houston, TX 77060, USA

Further clarifications regarding the scope and validity of this certificate can be found by selecting or scanning the QR Code shown on the left.

Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
Central Location / HO - Houston, TX	575 North Dairy Ashford Road, FL 11, Houston, TX 77079 United States	Administration of the Management System
SITE 2 (Calle 28) Colombia	Calle 28 No. 2A-45 Via Morichal, Yopal, Casanare Colombia	Provision of oil and gas well services including sales, rentals, repair, maintenance, assembly, distribution of products and services used in drilling, evaluation, completion, production, pressure pumping, solids and environmental control, tubulars, specialty fluids and chemicals for the oil and gas industry.
SITE 3 (Bogota) Colombia	Cra 7 no 123-35 Bogota, Colombia	
SITE 4 (Oxy Base) Colombia	Oxy Base, Cano Limon - Complejo Cano Limon - PF1, en installaciones del Clienta Arauca, 00 - Colombia	
SITE 5 (Km 3.5) Colombia	Km 3.5 Via Siberia autopista, Medellin Centro empresarial Metropolitano Bodega 35, Modulo 4 Cota, Cundinamarca, Bogota Colombia	
SITE 6 (Huila) Colombia	Condominio Industrial Terpel, Km 1, Via Palermo Calle 40 # 7 p-400 Bodega 1 bis. Manzana C - Lotes 1 y 2 Neiva Huila, 00 - Colombia	
SITE 7 (Meta) Colombia	Vereda San Luis de ocoa Km 5.7,Villavicencio Meta, Colombia	

Certificate No.: **US021937** Version: **1** Issue date: **21-November-2025**

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Bureau Veritas Certification

Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
SITE 8 (Tabasco) Mexico	Carrerera Playas KM 1.5, Avenida Tum Dos Bocas, Manzana 2 lote 1, Interior de la Terminal De Usos, Multiples Del Puerto De Dos Bocas, Tabasco, C.P. 86606, Paraiso Tabasco, 00 - Mexico	Procurement, Manufacture, Blending, Mixing, Storage, Testing and Supply of Drilling Fluids and Cementing Chemicals for the Oil and Gas Industry within the following applicable Legal Entities: Baker Hughes De Mexico S. De R.L. De C.V.; Baker Hughes Operations Mexico S. De R.L. De C.V.; BH Services S.A. De C.V.; BJ Services Company Mexicana S.A.De C.V.
SITE 9 Ecuador	Av. Alejandro Labaka, Km 1 Via Lago Agrio, Diagonal al Aeropuerto, Puerto Francisco del Orellana El Coca, 00 - Ecuador	Sales, Rentals, Repair, Maintenance, Assembly, Distribution of products and services used in Drilling, Evaluation, Completion, Production, Pressure Pumping, Solid and Environmental Control, Specialty Fluids and Chemicals for the oil and gas industry
SITE 10 Ecuador (Av. Cordova Galarza Ecuador)	Av. Cordova Galarza S/N KM a S/N Quito, 00 - Ecuador	

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Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
SITE 11 Balikpapan, Indonesia	PT Baker Hughes Indonesia, PT Baker Atlas Indonesia, and PT. BJ Services Indonesia - Jl. Mulawarman RT 009 No. 5, Teritip Balikpapan, 00 76118 INDONESIA	Provision of Oilfield Services, Products, Technology and Systems to the Oil and Gas Industry Comprising of Drilling and Evaluation (Directional Drilling, MWD/LWD, Wireline Services, Drill Bits, Coring, Surface Logging) Completions & Production (Completion Systems, Wellbore Intervention, Artificial lift), Pressure Pumping (Stimulation, Cementing, Coiled Tubing), OIC (Oilfield Industrial Chemical), DCF (Drilling Completion Fluids) including associated Laboratory Testing, Assembly Maintenance Overhaul Workshop and warehouse.
SITE 16 - Indonesia (Duri Riau Base)	PT. BJ Services Indonesia, PT. Baker Hughes Indonesia - Jl. Kuala Mudo no. 1, Lintas Duri - Dumai KM 6Kel. Balaimakam, Kec. Batin, Solapan, Kab. Bengkalis Kota Duri, Riau Duri, 00 - INDONESIA	
SITE 12 (Mayans, Loreto) Peru	Avenida Guardia Civil 621 San Juan Bautista - Mayans, Loreta, - Peru	Sales, Rental, Repair, Maintenance, Assembly, Distribution of Products and Services used in Drilling, Evaluation, Completion, Production, Pressure Pumping, Solid and Environmental Control, Specialty Fluids and Chemicals for the Oil Gas Industry within the following applicable Legal Entities: Baker Hughes International Operations Del Peru S.A.; Baker Hughes Switzerland Sarl Succursal Del Peru

Certificate No.: **US021937** Version: **1** Issue date: **21-November-2025**

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Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
SITE 13 Argentina	Alem 1281 - Godoy Cruz Mendoza, - Argentina	Provision of oil and gas well services to Artificial Lift: rental, installation, inspection, testing, repair, maintenance, warehousing and distribution of tools and equipment.

Certificate No.: **US021937** Version: **1** Issue date: **21-November-2025**

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Bureau Veritas Certification

Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
SITE 14 (Campeche) Mexico	Carretera Federal 180 Carmen-Puerto Real S/N, K.14+200, Margen Izquierdo, Residential Las Brisas, Ciudad Del Carmen, Campeche Mexico, 24327	Service Provision of Assembly, Disassembly, Repair, Installation, Replacement, Maintenance and System Optimization of Electric Submergible Pumping, Horizontal Pump and Speed Variations; Drill Bits and Coring Services; Sale and Rent of Goods and Services for Completion of Oil and Gas Wells; Fracturing, Coiled Tubing and Cementing Services; Sales, Technical Support and Field Services for Application of Upstream Chemical Treatments; Directional, Measuring and Logging While Drilling, Well Monitoring, Evaluations and Geomechanical Modeling Services During Drilling of Wells; Technical Support, Sales, Liquid Mud Plant, Field Operation Services of Drilling and Completion Fluids; Plugging and Perforating Services and Special Operations with Explosives in Oil and Gas Wells; Open and Cased Hole Wireline Logging Services. All of these for the Oil and Gas Industry and Includes the Associated Sales, Rental and Maintenance of Products within the following applicable Legal Entities: Baker Hughes De Mexico S. De R.L. De C.V.; Baker Hughes Operations Mexico S. De R.L. De C.V.; BH Services S.A. De C.V.; BJ Services Company Mexicana S.A. De C.V.

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Bureau Veritas Certification

Baker Hughes Holdings LLC

ISO 45001:2018

Scope of certification

Site Name	Site Address	Site Scope
SITE 15 Indonesia (Bekasi - Narogong Base)	PT. Baker Hughes Indonesia & PT. Baker Atlas Indonesia & PT Altus Intervensi Teknologi & PT. BJ Services Indonesia - Jalan Raya Narogong KM 9 No. 10 RT.02/RW.07 Kel. Bojong Menteng Kec. Rawalumbu Kota Bekasi, 00 - INDONESIA	Provision of Oilfield Services, Products, Technology and Systems to the Oil and Gas Industry Comprising of Drilling and Evaluation (Directional Drilling, MWD/LWD, Wireline Services, Drill Bits, Coring, Surface Logging, Drilling Fluids) Completions & Production (Completion Systems, Completion Fluids, Wellbore Intervention, Artificial lift), Pressure Pumping (Stimulation, Cementing, Coiled Tubing), OIC (Oilfield Industrial Chemicals), including associated Laboratory Testing, Assembly Maintenance Overhaul Workshop and Warehouse.
SITE 17 Dammam, Saudi	68 St. 2nd Industrial City Dammam, 34327 Saudi Arabia	The manufacture and distribution of specialty chemicals for the oil and gas, energy, transmission, and processing industries.

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Bureau Veritas Certification

Baker Hughes Holdings, LLC

575 North Dairy Ashford Road, FL 11, Houston, TX 77079 United States

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS - UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

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Scope of certification

The surface and sub-surface oil and gas operations including: Design, engineering, manufacture, assembly, maintenance, service and storage of equipment used in the evaluation, drilling, completion and production of oil and natural gas wells; Design, laboratory testing, manufacture, blending, storage, sales, and distribution of oilfield chemicals; Sales, rental and distribution of equipment; Treatment of drilling wastes; Technical support, operational coordination and the provision of trained personnel.

Original cycle start date:	**12-November-2001**
Expiry date of previous cycle:	**12-April-2025**
Certification / Recertification Audit date:	**NA**
Certification / Recertification cycle start date:	**09-July-2025**
Subject to the continued satisfactory operation of the organisation's Management System, this certificate expires on:	**12-April-2028**

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Baker Hughes Holdings, LLC

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Scope of certification

Site Name	Site Address	Site Scope
Central Location / HO - Houston, TX	575 North Dairy Ashford Road, FL 11, Houston, TX 77079 United States	Administration of the Management System
SITE 2 (Calle 28) Colombia	Calle 28 No. 2A-45 Via Morichal, Yopal, Casanare Colombia	Provision of oil and gas well services including sales, rentals, repair, maintenance, assembly, distribution of products and services used in drilling, evaluation, completion, production, pressure pumping, solids and environmental control, tubulars, specialty fluids and chemicals for the oil and gas industry.and environmental control, tubulars, specialty fluids and chemicals for the oil and gas industry.
SITE 3 (Bogota) Colombia	Cra 7 no 123-35 Bogota, Colombia	
SITE 4 (Oxy Base) Colombia	Oxy Base, Cano Limon - Complejo Cano Limon - PF1, en installaciones del Clienta Arauca, 00 - Colombia	
SITE 5 (Km 3.5) Colombia	Km 3.5 Via Siberia autopista, Medellin Centro empresarial Metropolitano Bodega 35, Modulo 4 Cota, Cundinamarca, Bogota Colombia	
SITE 6 (Huila) Colombia	Condominio Industrial Terpel, Km 1, Via Palermo Calle 40 # 7 p-400 Bodega 1 bis. Manzana C - Lotes 1 y 2 Neiva Huila, 00 - Colombia	
SITE 7 (Meta) Colombia	Vereda San Luis de ocoa Km 5.7,Villavicencio Meta, Colombia	

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Scope of certification

Site Name	Site Address	Site Scope
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SITE 9 Ecuador	Av. Alejandro Labaka, Km 1 Via Lago Agrio, Diagonal al Aeropuerto, Puerto Francisco del Orellana El Coca, 00 - Ecuador	Sales, Rentals, Repair, Maintenance, Assembly, Distribution of products and services used in Drilling, Evaluation, Completion, Production, Pressure Pumping, Solid and Environmental Control, Specialty Fluids and Chemicals for the oil and gas industry.
SITE 10 Ecuador (Av. Cordova Galarza Ecuador)	Av. Cordova Galarza S/N KM a S/N Quito, 00 - Ecuador	Sales, Rentals, Repair, Maintenance, Assembly, Distribution of products and services used in Drilling, Evaluation, Completion, Production, Pressure Pumping, Solid and Environmental Control, Specialty Fluids and Chemicals for the oil and gas industry

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Bureau Veritas Certification

Baker Hughes Holdings, LLC

ISO 14001:2015

Scope of certification

Site Name	Site Address	Site Scope
SITE 11 Balikpapan, Indonesia	PT Baker Hughes Indonesia, PT Baker Atlas Indonesia, and PT. BJ Services Indonesia - Jl. Mulawarman RT 009 No. 5, Teritip Balikpapan, 00 76118 INDONESIA	Provision of Oilfield Services, Products, Technology and Systems to the Oil and Gas Industry Comprising of Drilling and Evaluation (Directional Drilling, MWD/LWD, Wireline Services, Drill Bits, Coring, Surface Logging) Completions & Production (Completion Systems, Wellbore Intervention, Artificial lift), Pressure Pumping (Stimulation, Cementing, Coiled Tubing), OIC (Oilfield Industrial Chemical), DCF (Drilling Completion Fluids) including associated Laboratory Testing, Assembly Maintenance Overhaul Workshop and warehouse
SITE 12 (Mayans, Loreto) Peru	Avenida Guardia Civil 621 San Juan Bautista - Mayans, Loreta, - Peru	Sales, Rental, Repair, Maintenance, Assembly, Distribution of Products and Services used in Drilling, Evaluation, Completion, Production, Pressure Pumping, Solid and Environmental Control, Specialty Fluids and Chemicals for the Oil Gas Industry within the following applicable Legal Entities: Baker Hughes International Operations Del Peru S.A.; Baker Hughes Switzerland Sarl Succursal Del Peru.

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ISO 14001:2015

Scope of certification

Site Name	Site Address	Site Scope
SITE 13 Argentina	Alem 1281 - Godoy Cruz Mendoza, - Argentina	Provision of oil and gas well services to Artificial Lift: rental, installation, inspection, testing, repair, maintenance, warehousing and distribution of tools and equipment.

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Baker Hughes Holdings, LLC

ISO 14001:2015

Scope of certification

Site Name	Site Address	Site Scope
SITE 14 (Campeche) Mexico	Carretera Federal 180 Carmen-Puerto Real S/N, K.14+200, Margen Izquierdo, Residential Las Brisas, Ciudad Del Carmen, Campeche Mexico, 24327	Service Provision of Assembly, Disassembly, Repair, Installation, Replacement, Maintenance and System Optimization of Electric Submergible Pumping, Horizontal Pump and Speed Variations; Drill Bits and Coring Services; Sale and Rent of Goods and Services for Completion of Oil and Gas Wells; Fracturing, Coiled Tubing and Cementing Services; Sales, Technical Support and Field Services for Application of Upstream Chemical Treatments; Directional, Measuring and Logging While Drilling, Well Monitoring, Evaluations and Geomechanical Modeling Services During Drilling of Wells; Technical Support, Sales, Liquid Mud Plant, Field Operation Services of Drilling and Completion Fluids; Plugging and Perforating Services and Special Operations with Explosives in Oil and Gas Wells; Open and Cased Hole Wireline Logging Services. All of these for the Oil and Gas Industry and Includes the Associated Sales, Rental and Maintenance of Products within the following applicable Legal Entities: Baker Hughes De Mexico S. De R.L. De C.V.; Baker Hughes Operations Mexico S. De R.L. De C.V.; BH Services S.A. De C.V.; BJ Services Company Mexicana S.A. De C.V.

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ISO 14001:2015

Scope of certification

Site Name	Site Address	Site Scope
SITE 15 Indonesia (Bekasi - Narogong Base)	PT. Baker Hughes Indonesia & PT. Baker Atlas Indonesia & PT Altus Intervensi Teknologi & PT. BJ Services Indonesia - Jalan Raya Narogong KM 9 No. 10 RT.02/RW.07 Kel. Bojong Menteng Kec. Rawalumbu Kota Bekasi, 00 - INDONESIA	Provision of Oilfield Services, Products, Technology and Systems to the Oil and Gas Industry Comprising of Drilling and Evaluation (Directional Drilling, MWD/LWD, Wireline Services, Drill Bits, Coring, Surface Logging, Drilling Fluids) Completions & Production (Completion Systems, Completion Fluids, Wellbore Intervention, Artificial lift), Pressure Pumping (Stimulation, Cementing, Coiled Tubing), OIC (Oilfield Industrial Chemicals), including associated Laboratory Testing, Assembly Maintenance Overhaul Workshop and Warehouse

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Baker Hughes Holdings, LLC

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Scope of certification

Site Name	Site Address	Site Scope
SITE 16 - Indonesia (Duri Riau Base)	PT. BJ Services Indonesia, PT. Baker Hughes Indonesia - Jl. Kuala Mudo no. 1, Lintas Duri - Dumai KM 6Kel. Balaimakam, Kec. Batin, Solapan, Kab. Bengkalis Kota Duri, Riau Duri, 00 - INDONESIA	Provision of Oilfield Services, Products, Technology and Systems to the Oil and Gas Industry Comprising of Drilling and Evaluation (DirectionalDrilling, MWD/LWD, Wireline Services, Drill Bits, Coring, Surface Logging) Completions & Production (Completion Systems, Wellbore Intervention,Artificial lift), Pressure Pumping (Stimulation, Cementing, Coiled Tubing), OIC (Oilfield Industrial Chemical), DCF (Drilling Completion Fluids) including associated Laboratory Testing, Assembly Maintenance Overhaul Workshop and warehouse
SITE 17 (Dammam) Saudi Arabia	68 St. 2nd Industrial City Dammam, 34327 Saudi Arabia	The manufacture and distribution of specialty chemicals for the oil and gas, energy, transmission, and processing industries

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Bureau Veritas Certification

Baker Hughes™











A nuestra manera

Código de conducta de Baker Hughes

A nuestra manera: Impulso de la integridad

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Introducción

El trabajo a nuestra manera de Lorenzo

Nuestra tecnología resuelve el trilema

Cómo protegemos la integridad de nuestra marca

El trabajo a nuestra manera de Lorenzo



Llevamos más de 100 años centrándonos en la innovación en la industria energética para impulsar el mayor impacto para nuestros clientes. Lo que nos diferencia no es nuestro enfoque prolongado en la tecnología o la capacidad de aprender y de adaptarnos continuamente, sino la dedicación e integridad de nuestra plantilla global diversificada.

Lograr nuestra estrategia importa mucho, pero no podemos lograrla si trabajamos de forma incorrecta. Este Código de conducta establece la cultura de Baker Hughes y nuestra forma de trabajar utilizando una hoja de ruta para el comportamiento ético que nos ayudará a garantizar que Baker Hughes siga siendo líder en el contexto energético cambiante.

Destacan las grandes experiencias. Recordamos a las empresas que facilitan las cosas y a las personas que ayudan a esas empresas a rendir bien. Cada uno de nosotros tiene una función que desempeñar en el futuro sostenible de Baker Hughes y en la construcción de nuestra cultura. Este Código de conducta describe lo que significa trabajar en Baker Hughes a nuestra manera. Solo lograremos el éxito en este esfuerzo conjunto.

El siguiente capítulo de nuestra historia depende de usted.

Gracias,

Lorenzo Simonelli, director ejecutivo

Introducción

El trabajo a nuestra manera de Lorenzo

Nuestra tecnología resuelve el trilema

Cómo protegemos la integridad de nuestra marca

Nuestra tecnología resuelve el trilema

Durante más de un siglo, hemos sido innovadores en energía y hemos aceptado los desafíos difíciles y la transformación. Hoy en día, Baker Hughes es una empresa de tecnología energética que aprovecha el poder de la ingeniería, los datos y la ciencia para redefinir lo que es posible. Impulsamos la energía: cada día, ayudamos al mundo a abordar el "trilema" que amenaza la industria energética: la seguridad, la asequibilidad y la sostenibilidad. Baker Hughes ha evolucionado como empresa para seguir ofreciendo innovación a gran velocidad y escala en todo el contexto energético para abordar los desafíos de la industria. Estamos allanando el camino hacia el cero neto centrándonos en nuestro papel como pioneros en la sostenibilidad.

Trabajamos a diario por un planeta en equilibrio a través de dos motores de crecimiento: Empresas de servicios y equipos para yacimientos petrolíferos y de tecnología industrial y energética. Estos segmentos de negocio ofrecen una cartera integrada de soluciones que presta servicio a nuestras partes interesadas y a clientes en más de 120 países. Estamos creando soluciones globales para una nueva era y este Código de conducta establece una hoja de ruta para lograr el éxito.



Cómo protegemos la integridad de nuestra marca

Aprovechamos el poder de la ingeniería, los datos y la ciencia. Y nuestros inventos han revolucionado la energía. Esta labor se basa en nuestra base de eficiencia, innovación e integridad. En Baker Hughes, la cultura impulsa todo lo que hacemos y hemos construido nuestra marca en torno a tres áreas clave:

Personas

Baker Hughes desempeña su actividad en más de 120 países y cuenta con una de las plantillas más diversas del mundo. Nuestra plantilla, formada por más de 55 000 personas excepcionales y diversas, es el pulso y el espíritu de quiénes somos. Creemos que todo es posible y que podemos hacer cosas increíbles. Respetamos la vida profesional y personal. Nos respetamos unos a otros, aceptamos nuestra diversidad y buscamos diferentes puntos de vista para encontrar la mejor trayectoria. Nos cuidamos y nos levantamos los unos a los otros y nos aseguramos de que existan oportunidades equitativas para que todo el mundo tenga éxito.

Principios

Nuestros principios proporcionan gobernanza para canalizar nuestros esfuerzos de transformación de la energía. Al trabajar de la manera correcta, podemos dedicarnos a ofrecer resultados significativos y valor para nuestros clientes y mejorar continuamente nuestras capacidades.

El planeta

La sostenibilidad es asunto de todos. Baker Hughes sigue siendo una empresa pionera en soluciones de energía de bajo a cero carbono para nuestros clientes, minimizando nuestra huella operativa para pasar a cero neto en 2050. Empezamos cada día con un propósito claro: conseguir un efecto y hacer lo correcto. Invertimos en construir a largo plazo y aprendemos de desafiar el statu quo a corto plazo.

Este marco refleja los comportamientos que se entrelazan en nuestra rica historia de éxito en la industria energética y transforman la empresa en una empresa de tecnología energética. Este marco nos inspira a avanzar a diario. y nuestro compromiso con él hace que nuestra cultura sea la que es hoy.



Posibles consecuencias de las infracciones del código

Baker Hughes puede tomar medidas disciplinarias, incluido el despido, contra cualquier empleado que infrinja nuestro Código o las leyes, normativas o políticas aplicables. El hecho de no informar de una posible conducta indebida o de denunciar información falsa de manera intencionada constituye una infracción de nuestro Código y también puede dar lugar a medidas disciplinarias.

Nuestro Código de conducta

Nuestro Código es una extensión de nuestra cultura. Proporciona una descripción general de las leyes, normativas y políticas de Baker Hughes que se aplican a cada uno de nosotros y al trabajo que realizamos. Trabajar a nuestra manera infunde confianza en nuestros clientes, la comunidad y las partes interesadas y promueve la visión de Baker Hughes de impulsar la energía.

Al pensar en cómo cumplir nuestro Código, imagine a las personas que más le gusten, desde los seres queridos que respeta hasta las figuras públicas que admira. Piense en qué valores representan, qué acciones llevan a cabo y qué comportamientos muestran. Es muy probable que esas tres características sean totalmente coherentes entre sí.

Nuestro Código proporciona un modelo para que cada empleado viva estas normas en Baker Hughes. Juntos, impulsamos la integridad.

Hablar sin reservas

Baker Hughes es nuestra empresa. Todos somos responsables de su éxito y de su fracaso. Si nos encontramos algo que está roto, sentimos un impulso para ayudar a arreglarlo. Pero, a veces, lo correcto no es evidente.

Si tiene preguntas sobre el Código, hable sin reservas. Hágase oír, aunque solo sea para hacer una pregunta. Baker Hughes tiene una cultura de inclusión y apertura. Puede informar de su inquietud de forma anónima, cuando lo permita la ley. Cuantos más detalles proporcione sobre una inquietud, más fácil será para nosotros evaluar el problema y encontrar una solución. Baker Hughes se toma en serio todos los problemas planteados por los empleados y los aborda de forma justa y rápida.

Hay varios canales para informar disponibles:

- su supervisor directo o gerente;
- la línea de ayuda: + 1 800 288 8475 (EE. UU.) | + 1 713 626 0521 (Int.);
- reportconcerns.bakerhughes.com (para informar de manera anónima y no anónima);
- el Departamento de Cumplimiento; y
- la red de mediadores

Con frecuencia, su supervisor o gerente podrán ayudarlo. Otras veces, puede tener una pregunta y desear hablar con un especialista en Cumplimiento. Lo importante es obtener ayuda. Para que nuestra cultura prospere, cada empleado debe tener el valor de levantar la mano y hablar cuando crea que algo no está bien.

Baker Hughes no tolera ninguna forma de represalia o reacción negativa por plantear inquietudes de buena fe sobre infracciones de nuestro Código o cualquier ley o normativa aplicable. En Baker Hughes, somos un solo equipo que trabaja para alcanzar los mismos objetivos.

Nuestro personal

Respeto de la persona

Fomento del cumplimiento normativo en materia de trabajo, empleo e inmigración

Revelación de conflictos de intereses

Uso de las redes sociales de forma responsable

Nuestro personal



Es la combinación de claridad y coherencia lo que infunde confianza; después de todo, como personas, hacemos juicios sobre los demás en función de cómo nos comportamos. Nos gusta la gente que siempre hace lo que dice y dice lo que hace y confiamos en ella.

El respeto de la persona

Baker Hughes tiene tolerancia cero hacia cualquier forma de acoso, intimidación u conducta ofensiva en actividades relacionadas con el lugar de trabajo o la discriminación en el empleo, en las decisiones relacionadas con el empleo o en tratos comerciales por motivos de raza, color, ascendencia, edad, sexo, orientación sexual, identidad o expresión de género, religión, discapacidad, origen étnico, origen nacional, condición de veterano de guerra, estado civil, embarazo o cualquier otra categoría protegida por la ley o la política local. Nuestros empleados provienen de diversas culturas, orígenes y costumbres y esta diversidad se plasma en nuestra cultura. La conducta diseñada para perjudicar a nuestros compañeros de trabajo socava nuestra marca y afecta negativamente al éxito de nuestro negocio.

Tratarse mutuamente con respeto significa no insultar, intimidar, humillar ni subestimar a los demás. El acoso puede ser evidente o más sutil en entornos relacionados con el trabajo, pero este comportamiento impide nuestra capacidad de rendir y trabajar juntos de forma eficaz. Esperamos que los empleados hablen sin reservas y denuncien este tipo de conducta y eviten futuros comportamientos de intimidación.

Cada empleado desempeña un papel en la prevención del acoso sexual a través de la conciencia activa de lo que sucede a su alrededor. Cualquier persona puede ser objeto o víctima de acoso, independientemente de que se identifique como hombre, mujer o de otro modo. El acoso sexual puede incluir tocar o compartir material no deseado con contenido sexual, hacer comentarios no deseados de naturaleza sexual o continuar haciendo insinuaciones románticas tras haber sido rechazado. Si ve este tipo de conducta, hable sin reservas e informe de ello.

Intervención de observadores

DEFENDER a aquellos compañeros que sean objeto de comportamientos inapropiados.

ACTUAR diciéndoles que sus chistes, comentarios o acciones son inapropiados y no deseados.

HABLAR sin reservas e informar del incidente a la dirección, RR. HH., el Departamento Jurídico, al mediador o al Departamento de Cumplimiento.



Nuestro personal

Respeto de la persona

Fomento del cumplimiento normativo en materia de trabajo, empleo e inmigración

Revelación de conflictos de intereses

Uso de las redes sociales de forma responsable

Fomento del cumplimiento normativo en materia de trabajo, empleo e inmigración

Respetamos los derechos humanos, incluidos los derechos a la vida y la seguridad de la persona, la libertad de asociación, las condiciones de trabajo seguras, la igualdad y la no discriminación, el medio ambiente limpio y saludable, la privacidad de los datos y la corrección de las infracciones. Cumplimos todas las leyes en materia de trabajo, empleo e inmigración en los países en los que desempeñamos la actividad. No toleramos el uso de mano de obra infantil, forzada, con contrato de cumplimiento obligatorio o no voluntaria en ningún lugar donde hagamos negocios, y solo trabajamos con otras personas que cumplan las normas de derechos humanos y respeten las leyes laborales y de inmigración. Nos comprometemos a respetar las normas legales que ofrezcan la máxima protección para los trabajadores, ya sean internacionales o nacionales, sobre el trabajo infantil y el trabajo obligatorio. También exigimos que todas las agencias de empleo, contratistas, proveedores, proveedores de seguridad y otras personas que hagan negocios con nosotros cumplan plenamente las normas de derechos humanos aplicables y las leyes en materia de trabajo, empleo e inmigración. Llevamos a cabo la diligencia de nuestros proveedores para garantizar el cumplimiento de las normas de derechos humanos y exigimos a nuestros proveedores que lleven a cabo la diligencia de derechos humanos en sus respectivas cadenas de suministro. Identificamos y mitigamos los riesgos de derechos humanos de nuestras propias operaciones. Todos los empleados tienen la obligación de informar de inquietudes relacionadas con los derechos humanos que surjan de nuestras operaciones o cadena de suministro. Cada uno de nosotros es responsable de su situación de inmigración y empleo en los países en los que trabajamos y vivimos.

Revelación de conflictos de intereses

Los conflictos de intereses socavan la confianza. Respetamos el derecho de nuestros empleados a realizar actividades fuera de Baker Hughes, siempre que esas oportunidades no perjudiquen el negocio de Baker Hughes ni a nuestros clientes, ni interfieran de otro modo en las obligaciones como empleado de Baker Hughes. Queremos que nuestros empleados tengan éxito tanto dentro como fuera del trabajo, pero no a costa de Baker Hughes.

Los empleados deben evitar conflictos de intereses con Baker Hughes. El conflicto de intereses puede producirse cuando existe un conflicto entre un interés personal y el interés de Baker Hughes o el de un cliente. Si utiliza su puesto en Baker Hughes para obtener un beneficio personal, se trata de un conflicto. Si desempeña alguna actividad fuera de Baker Hughes que pueda parecer que entra en conflicto con Baker Hughes o en la que preste servicio a nuestros clientes, hable con el Departamento de Cumplimiento y su gerente.

El Departamento de Cumplimiento puede ayudarle a resolver posibles conflictos de intereses si se los comunica. Si cree que tiene un conflicto de intereses, comuníqueselo a su gerente y colabore con el Departamento de Cumplimiento para que podamos resolver el problema juntos. No abordar los conflictos reales y potenciales, no solo infringe nuestro Código y socava nuestra cultura, sino que también perjudica la misión principal de nuestra empresa.

Uso de las redes sociales de forma responsable

Los empleados utilizan las redes sociales para actividades de expresión, aunque deben tomar decisiones inteligentes y no comentar ni promover ninguna información de la empresa que no sea pública. Si comparte sus puntos de vista sobre las áreas que afectan a nuestro negocio, asegúrese de revelar que trabaja para Baker Hughes y que sus puntos de vista son personales. Si ve algo negativo sobre Baker Hughes en Internet que contenga información falsa, no responda. Solo el Departamento de Comunicaciones Externas de Baker Hughes está autorizado a hablar en nuestro nombre. Todos los empleados de Baker Hughes deben proteger nuestra marca.

Solo contratamos a personas que reúnen los criterios para trabajar y les pagamos por el trabajo que realizan.

Identificación de un conflicto de interés:

- ¿Estoy utilizando un recurso de la empresa en mi propio beneficio?
- ¿Mantengo alguna relación que pueda parecer que afecta a mis decisiones?
- ¿Tengo una participación de propiedad o una función de consultoría en un negocio que trabaja o que compite con Baker Hughes?
- ¿Se podría cuestionar mi criterio basándose en algo que esté haciendo fuera del trabajo o alguna relación que mantenga?

Los posibles conflictos de intereses pueden implicar:

- Relaciones de supervisión con un miembro de la familia
- Participación en decisiones de contratación o selección que involucren a un miembro de la familia (empleado o proveedor)
- Trabajar para o formar parte de la junta directiva de una empresa competidora de Baker Hughes
- Poseer o invertir en un competidor o proveedor actual o potencial
- Recibir una compensación personal de un proveedor
- Aprovechar las oportunidades corporativas pertenecientes a Baker Hughes o que se le presenten a Baker Hughes
- Usar información confidencial en beneficio personal
- Aceptar u ofrecer regalos, atenciones u otros favores lujosos

Cuando utilice las redes sociales:

- Sea transparente
- Tome decisiones inteligentes
- Proteja la marca Baker Hughes y a nuestros clientes

Nuestros principios

Mantenimiento de libros y registros claros y precisos

Prevención de los peligros de la corrupción

Entrega de regalos y entretenimiento adecuados

Respeto de las relaciones con los socios comerciales

Protección de los secretos comerciales de Baker Hughes

Los principios impulsan nuestro negocio

Nos hacemos responsables los unos a los otros, tanto en el comportamiento como en el rendimiento. Tenemos mucho que aprender unos de otros y de la diversidad de nuestros orígenes y experiencias. Planteamos preguntas y ofrecemos contexto. Nuestro objetivo es crear un entorno y una cultura en los que podamos realizar mejor nuestro trabajo, y crear un lugar de trabajo inclusivo y equitativo es importante para nosotros.

Mantenimiento de libros y registros claros y precisos

Debemos trabajar con integridad financiera manteniendo registros financieros transparentes, precisos y completos. Dichos registros permiten la notificación de información para la toma de decisiones internas, así como a las autoridades reguladoras, a nuestros accionistas y a otros usuarios externos, de acuerdo con las políticas contables de Baker Hughes y los principios contables generalmente admitidos. El mantenimiento preciso de registros es importante en cada transacción e incluye el registro de ingresos y costes en los periodos correspondientes. Baker Hughes mantiene un sistema de controles internos para reforzar el cumplimiento de los requisitos legales, contables, fiscales y demás requisitos normativos en cada ubicación en la que desempeñamos nuestra actividad. Cada uno de nosotros tiene la responsabilidad de mantener los registros claros, precisos y completos. Nadie debe nunca falsificar, omitir o falsear ningún registro o cuenta ni ocultar o tergiversar los hechos en relación con una transacción específica. Si tiene alguna pregunta, consulte a Cumplimiento. Si alguna vez participa en una auditoría o investigación externa o interna, coopere plenamente y proporcione respuestas completas, precisas y oportunas a preguntas y solicitudes de documentos.

Los empleados deben seguir las políticas de conservación de documentos de conformidad con los requisitos locales del país y, si el Departamento Jurídico o de Cumplimiento le piden que conserve los registros para cualquier fin, hágalo hasta que le digan que ya no es necesario conservarlos.



Mantener registros claros y precisos significa que nunca hay que:

- Declarar erróneamente la información financiera en nuestros libros y registros
- Acelerar o aplazar los costes contraviniendo los principios contables generalmente admitidos
- Solicitar a los clientes o proveedores que alteren o firmen documentos fuera de la práctica comercial normal para permitir, adelantar o retrasar el reconocimiento de una transacción (como, por ejemplo, cartas complementarias u otra modificación de un acuerdo existente sin la revisión y aprobación previa del Departamento Jurídico)
- Sobreestimar intencionadamente los márgenes o subestimar el coste para competir en un proyecto



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Prevención de los peligros de la corrupción

Baker Hughes tiene un gran prestigio de hacer negocios de la manera correcta. Nunca ofrecemos, prometemos, damos ni aceptamos nada de valor de terceros para obtener una ventaja comercial indebida.

En todos los países donde desempeña su actividad Baker Hughes se aplican leyes contra la corrupción. Las sanciones penales por infringir estas leyes son graves. Hasta los regalos pequeños o menores poco apropiados pueden ser considerados sobornos por las autoridades reguladoras.

Baker Hughes prohíbe expresamente los sobornos en todos los tratos comerciales, en todos los países del mundo, tanto con el gobierno como con el sector privado.

Contamos con procesos detallados basados en el riesgo para examinar las transacciones y a las partes con el fin de mitigar el posible riesgo de soborno y corrupción para la empresa que va asociado a la realización de negocios con terceros y controles financieros detallados para mantener libros y registros precisos y transparentes para documentar todos los pagos correctamente. Contamos con procedimientos y procesos para examinar minuciosamente a cualquier tercero o socio comercial que pueda interactuar con un funcionario público en nombre de Baker Hughes. Exigimos a estos terceros y socios comerciales las mismas normas que a nosotros mismos y les prohibimos cometer actos indebidos en nuestro nombre.

Entrega de regalos y entretenimiento adecuados

Los regalos y actividades de ocio que impliquen a empleados ajenos a Baker Hughes nunca deben dar la impresión de favoritismo ni ningún sentido de obligación de actuar de alguna forma determinada. Piense siempre en cómo percibirán los demás sus actos antes de ofrecer o aceptar regalos y entretenimiento. Los regalos y entretenimiento siempre deben ser razonables y tener un propósito comercial legítimo. Los empleados deben obtener la aprobación previa del Departamento Jurídico y de Cumplimiento antes de entregar regalos o entretenimiento que impliquen a un funcionario público, tal y como se establece en nuestra Política contra el soborno y la corrupción.

Por lo general, puede entregar o recibir regalos o entretenimiento razonables cuando:

- sean apropiados según las normas locales y del sector;
- tengan un fin comercial legítimo;
- no tengan la mera apariencia de ser poco apropiados; y
- cumplan la ley aplicable y las políticas de Baker Hughes.

Respetamos las relaciones con los socios comerciales

Elegimos a terceros de forma justa y basándonos en el mérito. Solo trabajamos con proveedores y otros terceros externos que comparten nuestro compromiso de hacer negocios de forma ética y de conformidad con nuestro Código de conducta y la legislación aplicable.

Tratamos siempre a nuestros socios comerciales y clientes con respeto y promoviendo la equidad y la transparencia en el proceso de contratación.



Nuestros principios

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Respeto de las relaciones con los socios comerciales

Protección de los secretos comerciales de Baker Hughes

Protección de los secretos comerciales de Baker Hughes

Parte de la información que comunicamos internamente no es pública. No podemos compartir esta información fuera de la empresa. Las leyes federales de valores de EE. UU., donde Baker Hughes cotiza en bolsa, imponen requisitos sobre cómo y cuándo puede compartir Baker Hughes información no pública fuera de la empresa. Si compartimos información no pública fuera de la empresa que alguien consideraría importante para tomar una decisión de inversión, y esa información se utiliza en la compra o venta de acciones, esto puede constituir un acto de "tráfico de información privilegiada" ilegal.

Puede ayudar a prevenir el uso indebido de información privilegiada guardando los secretos de Baker Hughes. No comparta información comercial confidencial con nadie, incluidos los familiares y amigos. Dentro de Baker Hughes, solo debe compartir información con compañeros cuando estos necesiten saber algo para hacer su trabajo. Si necesita compartir información confidencial con un tercero en el marco de su trabajo, asegúrese de que la parte destinataria de la información haya firmado un acuerdo de confidencialidad o se le exija de otro modo mantener la confidencialidad de la información de acuerdo con nuestras políticas y requisitos legales. Y no comente información confidencial o no pública en lugares públicos donde alguien pueda escuchar su conversación ni use su ordenador u otro dispositivo de manera que otros puedan ver información confidencial de Baker Hughes.





Nuestro compromiso

Fomento de la sostenibilidad

Protección de los activos de Baker Hughes y fomento de nuestras soluciones

Protección de la información de las partes interesadas

Conocimiento de los controles comerciales

Defensa de nuestros activos de propiedad intelectual y nuestra marca

Promover el pensamiento a largo plazo sobre el planeta y proteger nuestra marca

Baker Hughes no existiría hoy sin nuestra larga historia de resolución de problemas con tecnología e ingeniería. Baker Hughes ha invertido un sinfín de horas en el desarrollo de soluciones que continúan ayudando a la industria energética a evolucionar.





Fomento de la sostenibilidad

Baker Hughes impulsa la energía, haciéndola más segura, limpia y eficiente para las personas y el planeta. En el marco de este esfuerzo, Baker Hughes busca promover un enfoque de valor compartido para los problemas ambientales, sociales y de gobernanza corporativa. Hemos desarrollado unos estándares mínimos de funcionamiento y nos comprometemos a intervenir para atender mejor a todas las partes interesadas a largo plazo, incluidos nuestros compromisos con la neutralidad de carbono y la creación de un programa sólido centrado en proteger el futuro de nuestro planeta. Cada uno de nosotros debería aspirar a hacer de Baker Hughes el tipo de empresa que todos queremos que sea. Trabajar a nuestra manera significa que la sostenibilidad es un objetivo personal para cada uno de nosotros.

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Protección de los activos de Baker Hughes y fomento de nuestras soluciones

Estamos muy orgullosos de lo que hemos construido en Baker Hughes. Competimos de forma justa y cumplimos todas las leyes de competencia aplicables en los países en los que llevamos a cabo nuestra actividad. Las leyes de competencia fomentan mercados justos y abiertos y promueven la innovación. Competir de forma justa significa tomar decisiones de manera independiente de nuestros competidores y adquirir inteligencia de mercado de forma legal y ética. Todos debemos evitar hablar de cualquiera de nuestras estrategias o planes comerciales fuera de Baker Hughes, también en los entornos informales.

Y todos somos responsables de proteger las herramientas que la empresa nos proporciona para hacer nuestro trabajo y ayudar a nuestros clientes. Lo mismo sucede con los correos electrónicos y las herramientas tecnológicas de la empresa; todos debemos utilizar estos recursos de forma responsable. A medida que la tecnología sigue evolucionando con la inteligencia artificial, los riesgos que conlleva para la empresa el uso de plataformas o herramientas no aprobadas siguen multiplicándose. Cada uno de nosotros tiene la responsabilidad de proteger a Baker Hughes siguiendo las políticas de privacidad y seguridad de la información aplicables, los acuerdos de licencia de software y las políticas de retención de documentos. Baker Hughes supervisa sus dispositivos, equipos y redes y puede, según lo permita la ley aplicable, acceder a la información almacenada y transmitida en dispositivos de Baker Hughes y otros equipos utilizados para el negocio de Baker Hughes para ayudar a garantizar la seguridad y el cumplimiento. Si observa algún robo, apropiación indebida, derroche o uso indebido de nuestros recursos o bienes, comuníquelo.

Sea prudente al hablar con terceros, incluidos los competidores, en conferencias o eventos del sector y no celebre nunca ningún acuerdo a menos que esté específicamente autorizado para ello.

Protección de la información de las partes interesadas

Nos tomamos muy en serio la seguridad y privacidad de los datos y respetamos los derechos a la protección y la privacidad de los datos. Gestionar y proteger la información de nuestras partes interesadas es tarea de todos.

Debemos gestionar la información de las partes interesadas de forma adecuada y respetuosa, de acuerdo con nuestras obligaciones legales y nuestra misión de generar infundir confianza en nuestros empleados, clientes y otras partes interesadas. Cuando recopilamos información de personas, somos transparentes y les informamos del motivo por el que la necesitamos y cómo la utilizaremos. Solo debemos recopilar los datos que necesitamos para realizar nuestro trabajo y conservarlos solo durante el tiempo necesario para ese fin. Utilizamos los datos de la forma en que explicamos que los utilizaríamos en el momento de su recopilación y, si queremos utilizar los datos de otra forma, seguimos los requisitos legales para el consentimiento. Y nunca utilizamos los datos de nadie en beneficio personal. Al compartir datos fuera de la empresa, solo se hace entendiendo que quien reciba nuestros datos debe compartir nuestro compromiso con la privacidad y la seguridad.

La protección de los datos forma parte de nuestra marca y es clave para nuestro éxito y para mantener la lealtad y confianza de las partes interesadas. Si observa alguna pérdida, acceso no autorizado, uso o divulgación de información, comuníquelo.



Uso de la tecnología a nuestra manera

- Utilizamos aplicaciones aprobadas para enviar información confidencial fuera de la empresa.
- Gestionamos la información confidencial utilizando herramientas aprobadas, no dispositivos personales.
- Nunca compartimos información no pública en Internet o en redes sociales.
- Bloqueamos los dispositivos de trabajo desatendidos y evitamos dejar los dispositivos en vehículos. Bloqueamos la pantalla del ordenador cuando al abandonar la mesa de trabajo.
- No dejamos información confidencial en impresoras o pizarras.
- Evitamos los virus y malware; no hacemos clic en archivos adjuntos o enlaces sospechosos y solo descargamos software aprobado.
- Nunca compartimos la contraseña de Baker Hughes con nadie y no la utilizamos para cuentas externas.
- Tenemos en cuenta lo que hay en la pantalla cuando nos encontramos en lugares públicos donde alguien pueda verla.

Nuestro compromiso

Fomento de la sostenibilidad

Protección de los activos de Baker Hughes y fomento de nuestras soluciones

Protección de la información de las partes interesadas

Conocimiento de los controles comerciales

Defensa de nuestros activos de propiedad intelectual y nuestra marca

Conocimiento de los controles comerciales

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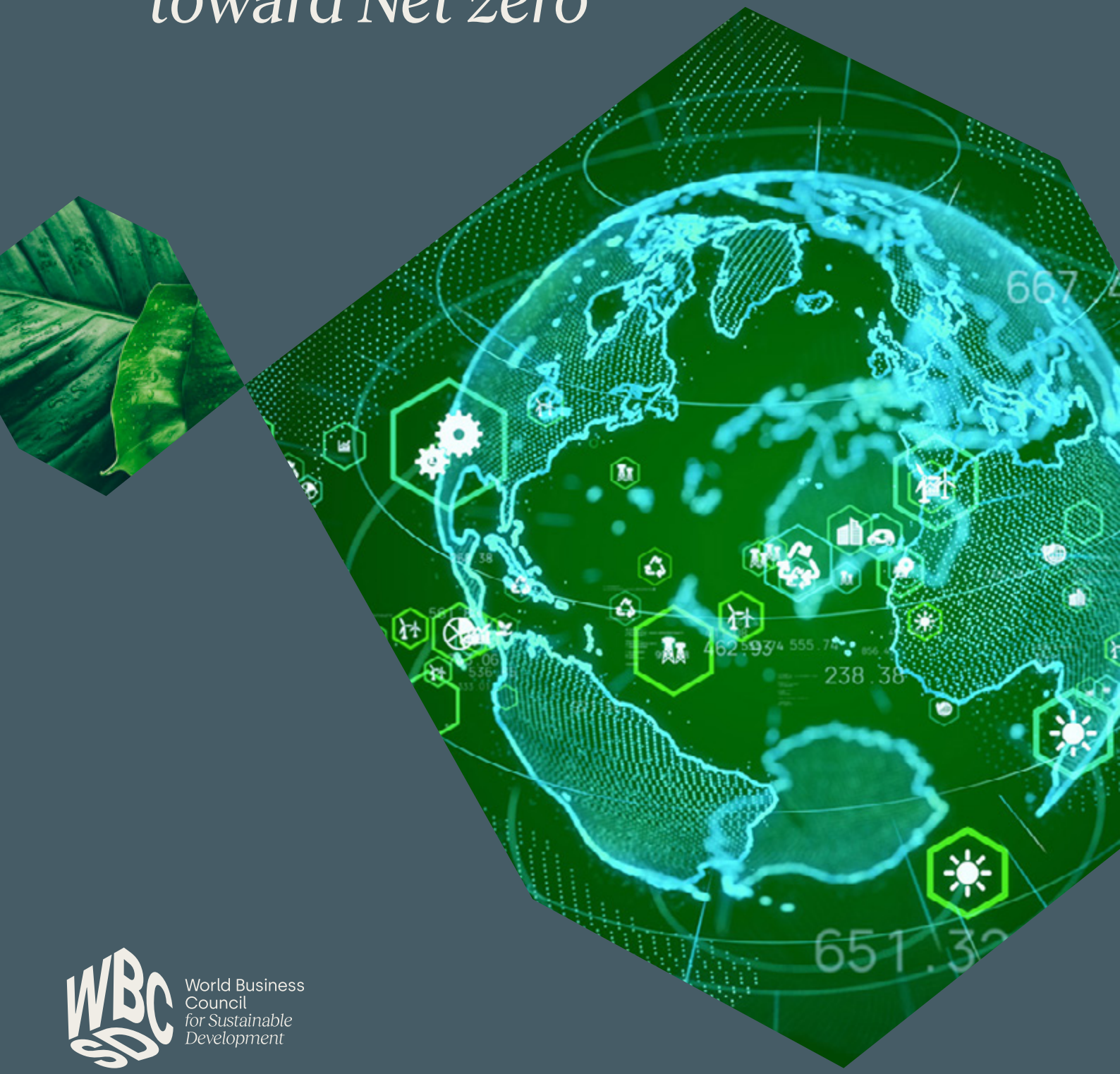


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Guidance on Avoided Emissions

→ *Helping business drive innovations and scale solutions toward Net zero*



World Business Council for Sustainable Development

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Foreword



Foreword

Since we released our first *Avoided Emissions Guidance* in 2023, the urgency of the Net Zero transition has only intensified. Despite progress in setting emissions reduction targets and advancing mitigation actions, the world remains off track for limiting global warming to the levels science requires.

The challenge ahead demands a broader perspective – one that does not only see companies as responsible for reducing their own emissions, but also empowers them to drive decarbonization through the innovative solutions they bring to market. Avoided emissions offer this wider, more systemic approach. They help us understand the impact that low-carbon solutions have on other businesses' or consumers' emissions, and in which markets these solutions are most impactful.

The original Guidance, endorsed at the 2023 G7 Summit in Sapporo, laid the foundation for consistent assessment of avoided emissions. Since then, demand for a standardized approach has grown significantly. Investors, regulators, and businesses are calling for standardized methods to measure and report these impacts, so they can integrate avoided emissions into climate-aligned decision making. We are grateful for the support of our collaborators in the private and public space who have been key in moving this agenda forward in recent years.

In response, we have worked with our members and global experts to refine this Guidance. We have built in feedback from extensive stakeholder engagement, including a multi-stakeholder public consultation launched at COP29. This updated version is a pivotal step towards integrating avoided emissions and intervention-based impact accounting into globally recognized carbon accounting standards. It now includes refined definitions and more detailed methodologies in key areas such as data quality, impact monitoring, and reporting – offering enhanced practical guidance for both businesses and investors.

This Guidance enables businesses to tackle climate action head-on, by providing a technically robust method of reporting that can guide their strategy, product innovation, and competitive advantage.

We invite all actors to use and build on this framework. Incremental changes alone are not enough to achieve the scale of transformation needed to meet global climate goals. Instead, we must accelerate the introduction of the most impactful solutions where they are needed most.



Dominic Waughray
Executive Vice President, Imperatives, WBCSD



Executive *summary*



Executive Summary

It's time for system-level climate action

We have created this Guidance to inspire companies and other relevant stakeholders (financial institutions, regulators and customers) to promote the system-wide change needed to fast-track decarbonization. It focuses on the avoided emissions (AE) of climate solutions, which are a key part of the journey to decarbonizing the planet. This document offers a way for companies to clearly assess the suitability of their low-carbon solutions in a Net Zero-aligned world and their organizational ability to solve climate challenge. Organizations that can reliably asses AE are better able to scale these kinds of impactful climate solutions.

More robust and comprehensive guidance to assess and disclose AE

Our latest update of this Guidance focuses on more detailed and technically robust information, as well as including recent developments by aligning with other frameworks. We have also updated the methodology to make the process of calculation clear and easy to follow, and expanded the Guidance to address allocation, data and traceability, reporting, and verification. Our goal has been to contribution to a standardized approach to calculating and disclosing AE. Organizations using this Guidance are empowered to make decisions that maximize decarbonizing potential, leverage these decisions for competitive advantage, and avoid misuse, such as greenwashing.

What are AE?

AE (avoided emissions) are the positive impact created when comparing the greenhouse gas (GHG) emissions of a solution to a most likely, alternative scenario where the solution would not be used. Complementary to actions that reduce an organization's own direct and indirect emissions, these solutions prevent emissions for other actors. This Guidance therefore addresses intermediary and end-use solutions that lower emissions compared to a defined reference scenario.

Key topics explored in this Guidance

Defining the solution and system boundaries

There are two types of climate solutions:

1. Intermediary solutions – these are inputs or components that reduce the climate impact in production and delivery of *other* products or services.
2. End-use solutions – these are products or services with a positive climate impact that are consumed by the end-user in their *final form*.

It is important to define a solution's function based on its application in a specific market or geography. A company must then define the system boundary, which describes the relevant supply chain steps that are part of the assessment. When it comes to AE, these definitions are the starting point for determining a solution's eligibility and subsequent assessment.

Ensuring the eligibility of a climate solution

There are three eligibility criteria (or "gates") that any climate solution should meet before a company calculates and claims AE:

→ **Gate 1 – Climate action credibility:** The company has a climate strategy with emission reduction targets that are aligned (or in the process of alignment) with climate science and can be proven through existing frameworks.

→ **Gate 2 – Latest climate science alignment:** The solution has mitigation potential according to the latest climate science and recognized sources, and is not applied to the exploration, extraction, mining and/or production, distribution and sales of fossil fuels.

→ **Gate 3 – Contribution legitimacy:** The solution achieves measurable and significant GHG emissions reductions compared to a reference scenario, and these reductions are the direct result of the solution.

Assessing AE quantitatively

We outline a step-by-step approach to calculate the AE of eligible climate solutions:

- → **Step 1: Identify the timeframe of the assessment.**
- → **Step 2: Define the reference scenario.**
- → **Step 3: Assess the solution and reference lifecycle emissions.**
- → **Step 4: Assess the solution's AE.**
- → **Step 5: Validate contribution legitimacy.**

An optional step – separate from the five-step approach – is to assess AE at the company and value chain level. We provide recommendations how companies can allocate, aggregate, and consolidate AE.

Communicating and reporting

In creating this Guidance, we have aimed to support companies in adopting standardized reporting of AE – to enable greater comparability and consistency across companies, and minimize the risk of misstatements and misrepresentation of claims. To ensure transparency and credibility, companies can follow reporting requirements and recommendations for third party review, and use the provided template for reporting.

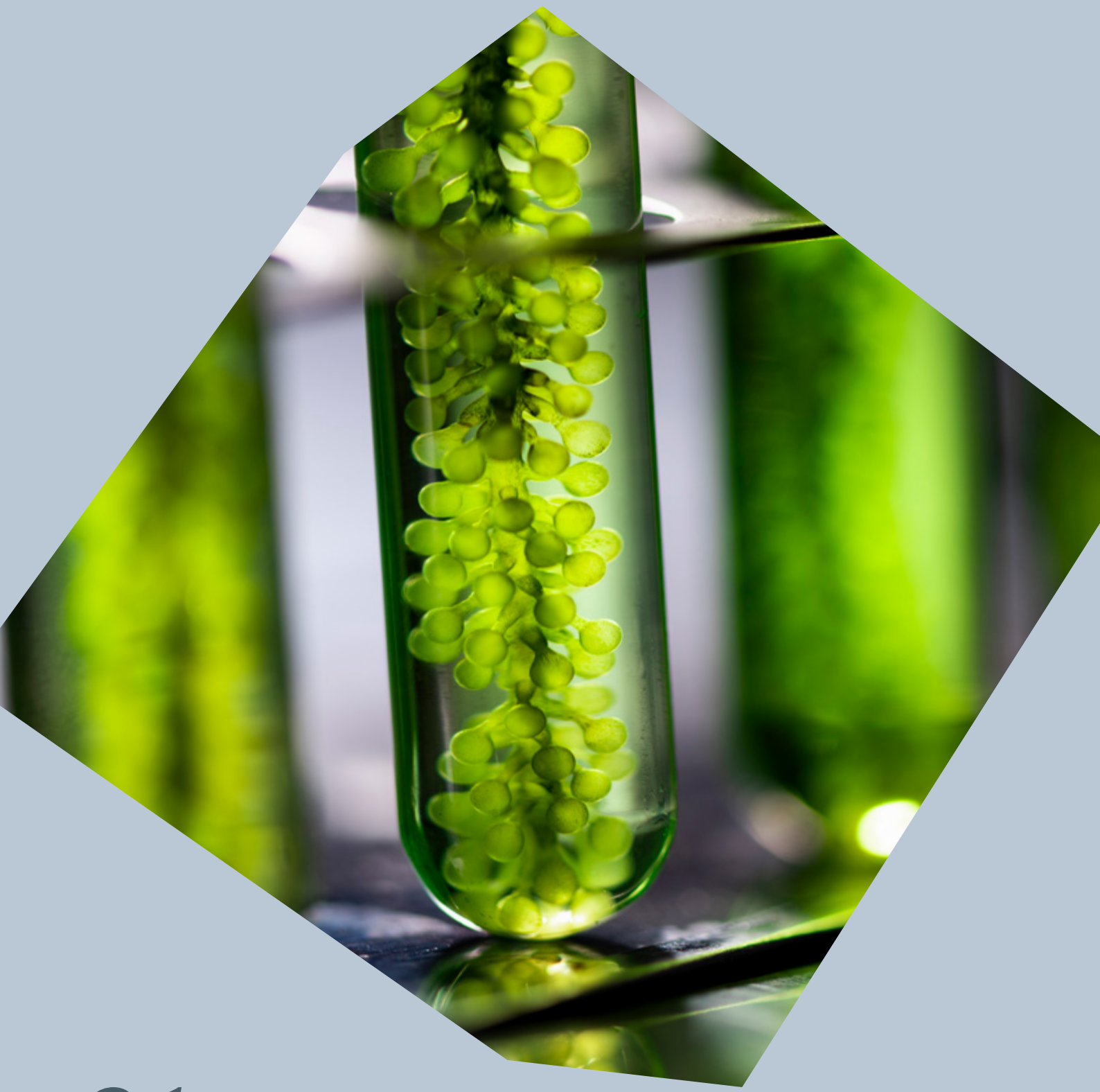
Implementation, monitoring, and continuous learning

We outline good practice and tools for data management, traceability and monitoring, especially across the value chain and in the use phase.

We want to encourage the widespread use of the Guidance through our Implementation Hub. There we develop and share sector-specific guidance, a technical template offering practical support and a use case repository showcasing examples of companies who have already applied the Guidance.



Introduction



01.

01. Introduction

The journey so far: how this Guidance came about

Climate action requires that businesses not only adapt to a changing and decarbonizing world, but also become initiators for this change. Companies working towards achieving Net Zero face the dual challenge of reducing their own GHG footprint while also developing low-carbon solutions that contribute to broader decarbonization efforts, known as "avoided emissions" (AE). AE – emissions savings that are realized through a company's products and services – offer an important way to accelerate decarbonization through the development of products and services that help other actors reduce their climate impact.

Companies calculate AE by comparing the low-carbon scenario created by their climate solution to a reference scenario. This shows them the potential impact of their solution on others' emissions.

These calculations are not straightforward and are in need of standardization. To support this, we released our *Guidance on Avoided Emissions* in 2023, with endorsement from the industry, finance and policy sectors, including the G7. We expanded our program in 2024, launching projects focused on methodology, implementation and finance integration to promote AE assessment and reporting in decarbonization efforts.

The initial Guidance was developed in close collaboration with the Net Zero Initiative (NZI) and was further tested and iterated because the field of intervention-based GHG assessment and reporting is moving fast and is still in the early adoption phase. We received feedback on the Guidance from companies in key sectors (including the built environment, agriculture and food, chemicals, energy, transport and mobility, digital) through a structured testing program in 2023 and 2024 before launching a multi-stakeholder public consultation at COP29 in Baku. We heard the perspectives of a broad set of stakeholders, which are reflected in this updated Guidance. This latest version:

- → Includes high-quality, technically robust content in line with existing and emerging methodologies and terminologies.
- → Provides comprehensive practitioner guidance that is based in practical evidence.
- → Supports adoption of intervention-based methodologies by standard setters in context of corporate climate action, market-based mechanisms, and transition finance.

How this document will help you

This Guidance will walk you through how to:

- → **Define AE**: You will understand the definition and scope of an avoided emissions solution and its system boundary (Section 2).
- → **Validate claim eligibility**: You will learn how to determine whether your AE assessments and claims are sound in the context of your climate action credibility on the company- and solution-level (Section 3).
- → **Assess AE**: Our step-by-step methodology will guide you in assessing your AE by defining reference scenarios robustly and consistently, collecting high quality data, (re-) validating the contribution legitimacy and considering allocation and aggregation (Section 4).
- → **Communicate, report, and validate your contribution to decarbonization**: Our reporting templates and best practice guidance will give you the tools you need to verify and share your impact, and strengthen your results through improved traceability and monitoring (Sections 5 and 6).

Figure 1: Development timeline of the WBCSD *Guidance on Avoided Emissions v2.0*

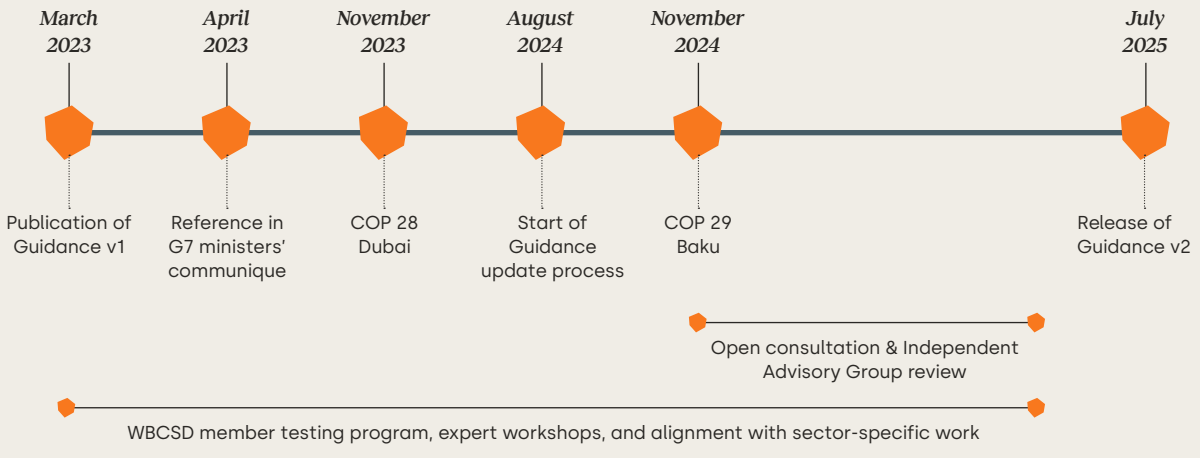
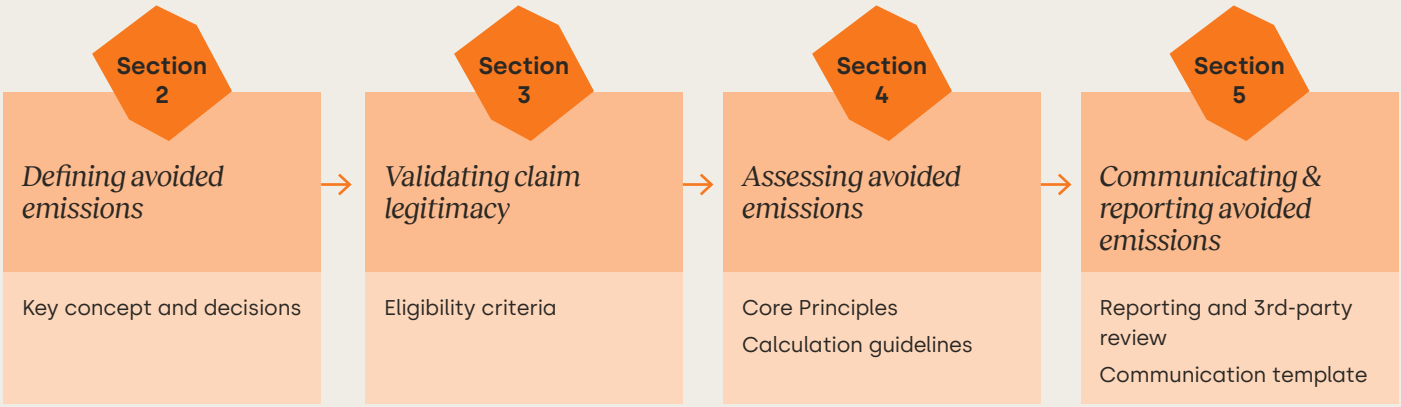


Figure 2: The four core methodological areas covered in this guidance



We also outline how companies, finance leaders and policymakers can leverage AE. When used in decision making, green finance, stakeholder engagement, innovation and ESG disclosure, AE can accelerate global Net Zero efforts by driving the shift to solution portfolios with high decarbonization impacts.

The goal of this document

Calculating AE comes with many challenges: data quality and availability, a reliance on assumptions and hypotheses and unclear accountability across a value chain. In creating this document, we have sought to guide readers in addressing these methodological challenges in a way that is robust and consistent. Though not a standard yet, it is an important step in that direction and serves as a practical basis for global standardization. relationships.

Next to the first version of the Guidance on Avoided Emissions, we have built on existing reports and frameworks on avoided GHG emissions (see Bibliography) to contribute to methodological convergence and to offer guidance that supports all actors to make credible, consistent and transparent assessments and claims. In doing so, our aim is to accelerate the shift to scalable climate solutions that bring about system-wide change. Businesses that build AE assessments into their strategic decision-making processes will not only improve their positive climate impact, but they will also be better placed to scale their solutions and strengthen the business case for climate action.

Please note: this AE methodology is not meant for direct applications in carbon markets or for Scope 1-3 GHG inventory compensation.

Who this document is for

This Guidance can support five main types of stakeholders in their joint efforts towards global Net Zero:

- Businesses who want to prioritize markets and solutions with high decarbonizing impact and report on their solutions' AE. Industry associations can also use it as a basis for developing sector-specific guidance.
- Financial institutions using AE metrics to guide their investment strategies and conducting due diligence on climate-related investment opportunities.
- Policymakers aiming to support the development and scaling of decarbonizing solutions in key markets.
- Voluntary standard setters who are integrating AE into their carbon accounting standards suites.
- Customers, non-financial rating agencies, NGOs, academics or any other stakeholders who want to learn about best practices for assessing and disclosing avoided GHG emissions, and understand companies' ability to become solution providers for climate challenges.

How to interpret terms used in this document:

"**Requirement**" ("must" or "shall"): refers to parts that are mandatory and must be followed to comply with the Guidance. As this Guidance is not a formal standard, we follow plain language guidance and use "must" to express a mandatory requirement.

"**Recommendation**" ("should") refers to parts of the Guidance that are best practice but can be deviated from (if justified).

The scope of this Guidance

This Guidance focuses on AE generated through the introduction of low-carbon solutions that prevent emissions compared to a reference scenario. This includes carbon capture and storage solutions (CCS and CCS at source) as long as the eligibility requirements on company- and solution-level are met.

It **does not** cover:

- Solutions applied to the exploration, extraction, mining and/or production, distribution and sales of fossil fuels. However, this Guidance does not exclude fossil-derived efficiency solutions by default – see Section 3.2.2.
- Solutions to manage the phase out of fossil fuel-based products, such as lower-emitting fossil fuel-based products. These solutions may have a significant emissions reduction potential, but they require specific guidance on methodological choices, technical calculations and other sector-specific implications.
- The sphere of advisory, influence, prescription, education, nudges or advertising in AE assessments. This kind of specific methodological guidance should be further studied and would be complementary to our Guidance.
- AE through the financing of climate mitigation projects. It is therefore not primarily intended to create a voluntary crediting or trading mechanism to reduce (offset) Scope 1, 2 and 3 emission inventories. In practical applications, this Guidance can be used jointly with certificate schemes such as regional credit systems or white certificates to create tradeable certificates. In such cases, it should always be clearly and transparently communicated what the share of sold/tradeable credits are that are related to any AE claim, and what certification methodology has been used.
- Solutions related to carbon removal where emissions are not avoided at the emission source.

This Guidance **only partly addresses** sector- and solution-specific assessment rules, although this is an important component in harmonizing AE assessment and disclosure. Our Implementation Hub[1] aims to offer sector-specific methodologies and use cases to harmonize assessment and disclosure at a sector- and solution-level. See more in Section 8.



Understanding *avoided emissions*



02.

02. Understanding *avoided emissions*

Companies create carbon emissions, but they can also contribute to decarbonization through low-carbon products and services. These are known as avoided emissions (AE).

For example, an innovative new livestock feed could result in lower methane from the cows that eat it. This would prevent emissions that may otherwise have occurred – so we can say that this livestock feed solution creates AE.

Although companies can detect emission reductions related to the use of their solutions over time through the monitoring of GHG inventory emissions, this contribution is difficult to measure. In most cases a company cannot credibly assess whether their solution has resulted in increased or decreased emissions for other businesses or consumers compared to if the solution was not used.

For a company to fully understand its decarbonization impact, it must assess the positive impact of its solutions while also keeping track of any negative impacts associated with its portfolio. This is the only way to paint a complete picture, and can usefully guide its climate strategy.

Unlike GHG inventory assessments, which look at how a company's inventory emissions change between two points in time, AE assessments focus on the difference in emissions between two scenarios.

The figure below shows how AE relate to the GHG inventory. The darker color in the center indicates that a company's direct influence is highest at the level of its Scope 1 GHG emissions where it has control over direct operations. As control diminishes in Scope 2 and 3, so does a company's influence. AE are separate from a company's GHG inventory and typically sit outside its organizational boundary. The emissions savings are usually related to other actors such as the solution user or the end of life value chain actor.

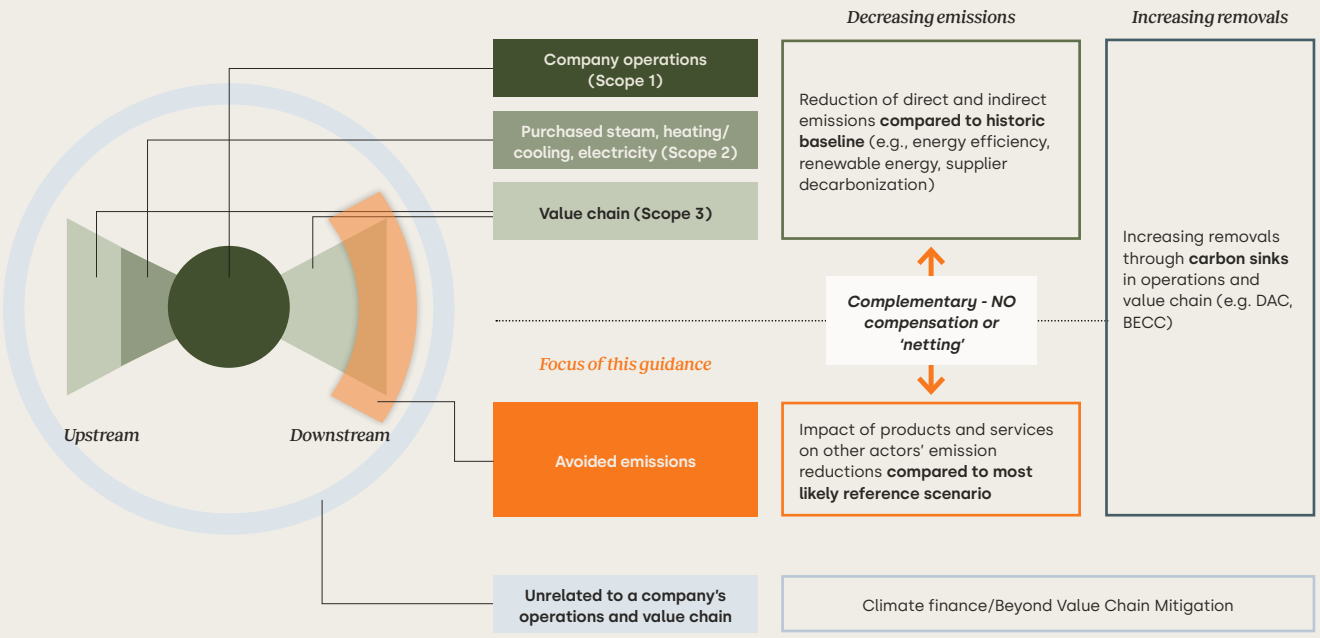
Avoided emissions refer to the estimated difference in full life cycle GHG emissions that results from a scenario with a solution in place, compared to a reference scenario without the solution. When the solution scenario emissions are lower than the reference scenario emissions, emissions have been avoided.

A **solution** refers to a product or service, such as energy-efficient insulation or plastics recycling. It can also be a project or innovation, such as an initiative or a technology to reduce energy demand.

The **reference scenario** reflects the most likely situation that would have occurred without the solution.

Refer to the Glossary at the end of this document for definitions of these and other technical terms.

Figure 3: Conceptual overview of AE and GHG inventory



Sources: IPCC (2018), GHG Protocol.

2.1. The relationship between avoided emissions and GHG inventory

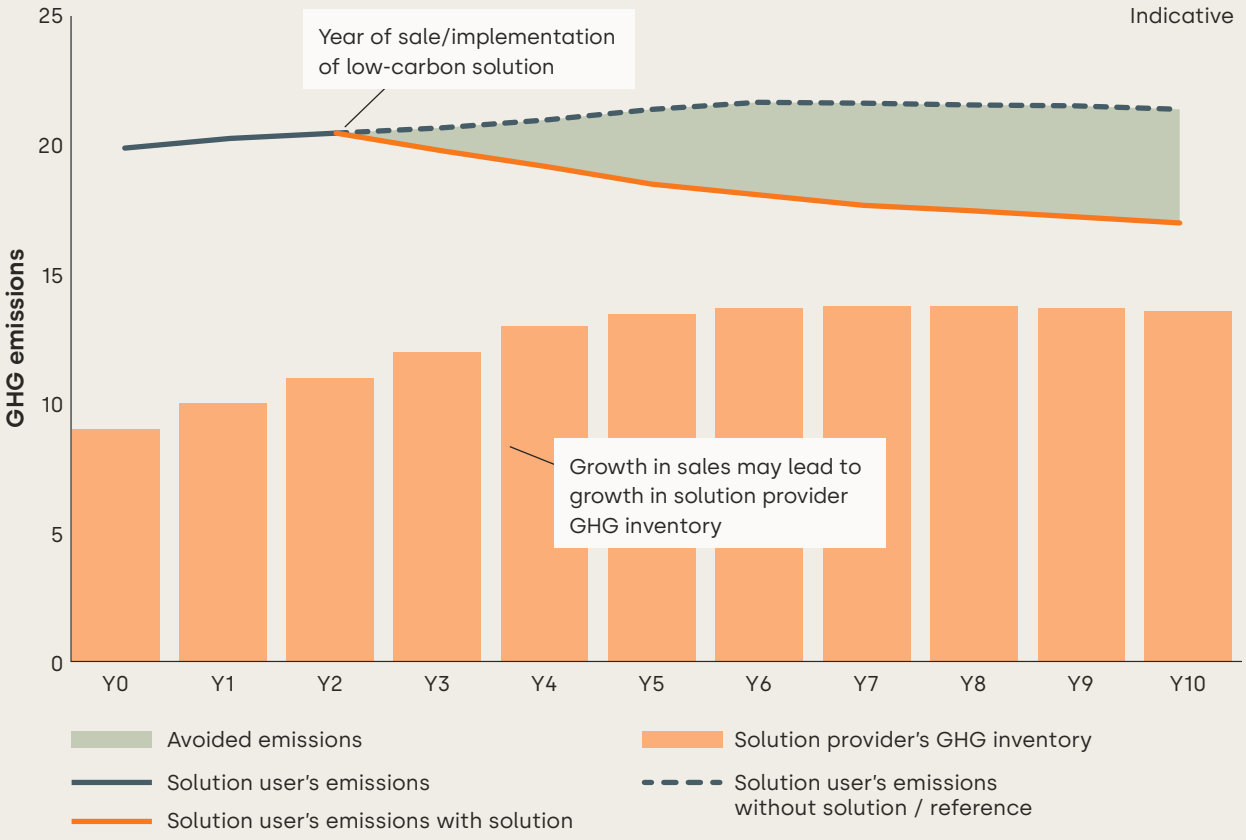
People often confuse Scope 3 emissions and AE. It's important to understand that these two concepts are very different.

They are calculated differently: a company's GHG inventory looks at historic emissions relative to a base year, whilst AE are assessed either on a year-on-year or forward-looking timeframe. And, unlike GHG inventory calculations, AE calculations compare a low-carbon scenario with a hypothetical reference scenario. Even if AE calculations become reliable and robust, we recommend keeping them separate from GHG inventory results.

It is also important to note that these different calculations each reveal a different part of the picture. A solution provider of a "low-carbon" solution may experience an increase in their Scope 1, 2 and 3 GHG inventory as growing demand drives higher production volumes. Conversely, users of the solution will see their GHG inventory emissions decrease compared to the most likely alternative as they adopt the new "low-carbon" solution. When the provider calculates the AE for the future roll-out of its "low-carbon" solution compared to the most likely alternative in the market, they may find that it contributes to decarbonization efforts. So, while their GHG inventory shows increasing emissions, their AE results may show a positive impact of their solutions.

In this way, the AE assessment offers a valuable framework for the solution provider to account for these reductions and assess contributions to system-wide decarbonization.

Figure 4: Schematic emissions profiles of a Solution provider's GHG inventory and Solution user's GHG inventory over time and its effect on GHG inventory and AE



The examples below illustrate different ways in which the solution provider and user emissions may change when an AE solution is introduced, depending on the use case. Note that the graphs are highly schematic and depend on a variety of conditions. In many cases, AE solutions lead to an increase in GHG inventory emissions for the solution provider and a reduction in inventory emissions for the solution user compared to a likely alternative scenario.

Companies use this Guidance to create AE assessments that will complement their GHG inventory accounting. AE assessments highlight the mitigation potential of their products and services, and make it possible for them to receive recognition for their contributions to decarbonization outside of their own operations.

It is important to emphasize that there should be no compensation or "netting" between a company's GHG inventory emissions and AE.

Example 1: LED light bulbs
A solution provider switches from offering standard incandescent bulbs to LED light bulbs. Both solutions have similar GHG emissions in their manufacturing, so the inventory remains largely the same. For the user, however, the LED light bulbs enable a Scope 2 emissions reduction due to lower electricity requirements compared to the likely alternative solution.

Example 2: High-performance glazing

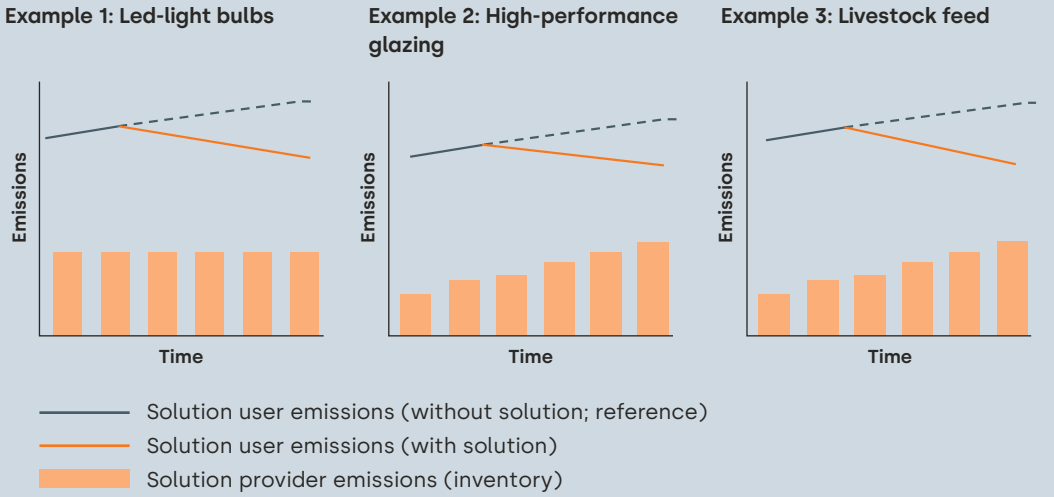
A solution provider of high-performance glazing with higher manufacturing carbon content compared to their legacy standard glazing product sees an increase in Scope 1, 2 and potentially Scope 3 emissions.

The building owner, on the other hand, has lower Scope 1 and 2 GHG emissions due to the energy-efficiency gains from the glazing solution compared to a likely alternative or market average glazing solution.

Example 3: Livestock feed

A solution provider manufactures cattle feed supplements that reduce methane emissions from ruminants. To manufacture the solution, the provider faces higher Scope 1 and 2 emissions and potentially Scope 3 emissions, while farmers that use the solution will note a reduction in their Scope 1 emissions compared to standard cattle feed supplements.

Figure 5: Schematic emissions profile of Solution provider's GHG inventory and Solution user's GHG inventory for the examples shown above



2.2.The interplay between avoided emissions and Scope 3 emissions

As we have seen, Scope 1, 2 and 3 emissions differ conceptually from AE. However, in certain cases, the solution provider's Scope 3 downstream reductions may directly reflect the impact of the AE solution – for example, when the provider's existing solutions align closely with the reference scenario and existing solutions are being replaced with new low-carbon solutions (see examples below).

In practice, identifying and quantifying this interplay is challenging for different reasons:

- → The actual emissions are calculated differently in the context of GHG inventory accounting and AE.
- → The definition of the system boundary of AE assessments and Scope 3 inventory boundaries are not exhaustively specified for every solution.
- → Data on the use phase of products and services can be difficult to collect.

As good practice, we recommend transparently disclosing any interplays between AE and Scope 3 inventory reduction/increase by explaining how this interplay occurs. This is particularly relevant when there is a large overlap between downstream inventory emission reductions of the solution provider and AE claims.

Example: Company A introduces a new line of low-emission vehicles, partially replacing their existing fleet

Company A is a major vehicle manufacturer in the automotive industry. By launching low-emission vehicles, the company aims to decarbonize the industry by replacing ICE cars, including their own car fleet. The following can be true at the same time:

- → AE may be generated through replacing ICE cars (the reference scenario) with the low-emission vehicles solution.
- → Company A's Scope 3 emissions will decrease, as some of the cars they will be replacing are produced by them, resulting in lower use phase emissions.
- → End users' Scope 1 and 2 emissions (e.g., a ridesharing company) will decrease as a result of switching to the low-emission vehicles.

Example: Company B replaces a portion of their existing energy-intensive equipment with a low-carbon solution for their clients

Company B launches a new business unit that manufactures low-emissions comminution equipment (for reducing materials to powder) to replace existing equipment in certain market segments. The following can be true at the same time:

- → AE may be generated for mining companies using the new equipment produced by Company B, instead of the old equipment.
- → Company B's Scope 3.11 "Use of Sold Products" emissions will decrease as a result of substituting in the low-emissions equipment for selected clients.
- → Company B's Scope 1 and 2 emissions may increase with the manufacturing of the new equipment.

2.3. Defining and scoping avoided emissions solutions

This Guidance defines two solution types based on existing definitions adapted from the GHG Protocol:

1. Intermediary solutions are inputs in the production of other products or services that require further processing, transformation or inclusion in another solution before use by the end user. Products or services that enable other solutions are intermediary. In most cases, the end user does not consume intermediary solutions in their current form. However, it is possible that an intermediary solution is used exactly as supplied within a broader system or end-use solution (see definition below).
   For example:
   - Batteries for electric vehicles (EVs).
   - Blades for wind turbines.
   - EV chargers.
   - Geo-location software to optimize solar installations.
   - Projects that consist of a portfolio of solutions, like updating industrial machinery for efficiency or automation (where the machinery is part of a project).
2. End-use solutions are products and services consumed by the end user in their current form, without further processing, transformation or inclusion in another solution. For example:
   - EVs.
   - Heat pumps.
   - Solar panel
   - Animal feed supplements to reduce methane emissions.
   - Low-carbon lighting solutions.
   - Grid optimization software for EV charging.
   - Projects that consist of a portfolio of solutions, like retrofitting a building to increase energy efficiency (efficient lighting, appliances, insulation, new windows) and updating industrial machinery for efficiency/ automation (where the machinery is the end-use project).
   - Digital solutions where performance data can be directly accessed, such as in machine optimization in manufacturing, building management systems (BMS), high-precision farming and transport routing.

Example: End-use solutions

End-use solution: livestock feed supplement

A manufacturer produces cattle feed supplements designed to reduce enteric methane emissions caused by fermentation in ruminants. A feed supplement can be considered an end-use solution since it does not require any further processing, transformation or inclusion in another solution. It is directly consumed by cattle in farms. Although feed supplement is an end-use solution, it is also part of the wider system of cattle farming. The AE are assessed by comparing emissions from cattle fed with the supplement versus those without it while the functional unit may be on output-level, i.e., kg of beef or l of dairy produced.

End-use solution: recycling solution

A recycling solution can give a second life to a waste product. The technology itself is an end-use solution that recycles a waste material into a new material. AE potential arises when comparing the impact of one kilogram of recycled material to one kilogram of the material with the same properties that is produced with an average reference technology.

Note: a component to increase recycling process efficiency may be an intermediate solution in this case and it could either assess AE on the output-level as explained above or on the process level, e.g., AE per amount of material that can be recycled with/without the component

A key question to answer before starting an AE assessment is: what is the scope of the solution? This will help to clarify a solution's components, activities, stakeholders, value chain steps and expected effect on GHG emissions.

Defining the scope of the solution entails defining the goal of the assessment, the solution system to be evaluated (including its function and the system boundary) and the reference scenario:

- → **Assessment goal**: define the aim of the AE assessment – for example, will the results be used internally or externally? This will affect the next scoping steps.
- → **Type of solution**: identify whether it is an end-use solution or intermediary solution and its corresponding end-use solution(s)/ application(s).
- → **Function and functional unit (FU):** define the function of the solution in the context of a specific market or geography. For intermediary solutions, the end-use solution application should be defined, as what can result in AE that lead to system-wide change. The FU quantifies the end-use solution's expected performance.
- → **System boundary**: define the system boundary based on the supply chain logic. All supply chain steps and related processes (e.g. activities and components) required for the specific function (defined above) should be clearly defined. The system boundary can be established in different ways. Generally, a narrow system boundary focuses mostly on the core product or service, while a broader boundary considers the implementation of the solution in a wider system. Setting the boundary to a wider system may be desirable as it can provide a more complete picture, however it also introduces greater uncertainty (see Figure 6 below).
- → **Reference scenario**: AE can only be assessed by comparing the solution to the most likely alternative market situation. Determine whether the solution is meeting a new or existing demand, to inform the scope of the reference scenario (see Section 4.2.2).

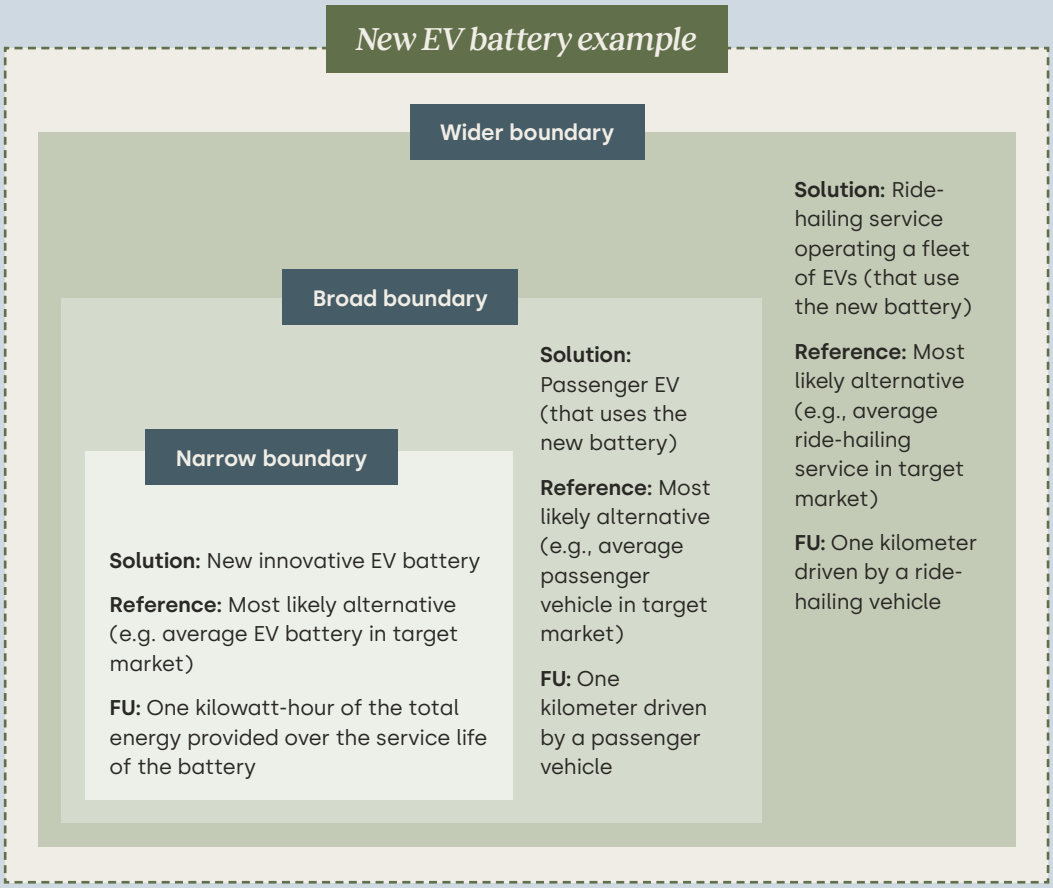
Example: Defining the scope of an EV battery solution

1. **Type of solution**: An EV battery is an intermediary solution. The EV battery manufacturer identifies that the end-use solution of their battery is a passenger plug-in EV.
2. **Function and FU**: The function of the EV battery in the end-use solution is the operation of the EV in the passenger plug-in EV market. The function is to provide transportation for passengers over a certain distance. A typical FU is defined as one kilometer driven by a passenger vehicle, over the service-life of the vehicle. This represents the amount of energy needed for the total kilometers driven over the vehicle's lifetime (scaled per km).
3. **System boundary**: To provide transportation for one kilometer driven by a passenger vehicle, the system required includes processes which cover the electric vehicle and its operation.

Example: EV battery – different system boundary options

Based on the function, a manufacturer of an energy-efficient EV battery can define the system boundary in different ways. The EV battery example above corresponds to the "broad boundary" situation below.

Figure 6: System boundary options for a new EV battery



Why define a narrow boundary?

- → Better data availability and lower uncertainty regarding the cause-effect chain between the solution and the estimated AE.
- → Closer focus on product innovation and competitive comparison.
- → The end-use solution is already established, so the goal is optimization of a specific part of the solution and how an intermediary solution integrates into the end-use solution.

Why define a wide boundary?

- → To better depict the systemic change the solution aims to achieve and is a part of.
- → A broader view provides a more complete AE assessment, as AE depend on multiple processes to be realized (more detail in the example below).
- → The solution is designed specifically for that system.

Assessing the intermediary solution without considering the broader system can lead to AE calculations that do not fully reflect the actual system change that the solution aims to achieve. To accurately assess the AE potential of an intermediary solution like a battery, always consider the end-use application. See the following example.

Relevant considerations

As the system scope broadens from a product to a wider system, the number of components and actors involved also increases. The consequence of that is:

- → The likelihood of double counting increases.
- → The significance of individual contributions diminishes.
- → The traceability of impacts becomes more challenging.
- → The reliance on assumptions increases.
- → The access to data deteriorates and levels of control decrease.

Example: EV battery – the importance of considering the end-use application

Battery 1 has a lower impact per kWh than Battery 2 and achieves the same performance, but the battery is heavier. The extra weight of Battery 1 reduces the EV's efficiency, leading to more frequent charging and higher overall energy consumption. As a result, despite its lower per-kWh impact, an EV using Battery 1 may have higher GHG emissions in its lifetime than an EV using Battery 2. So, when comparing both batteries, AE occur when the EV operates with Battery 2 instead of Battery 1. If only the battery without its end-use application in an EV is assessed, the AE calculation would not be representative in this context.

Note that even when considering the end-use solution, it is not always necessary to calculate the GHG emissions of the complete end-use application, provided that all relevant parameters that affect the wider system change are accounted for.

Solutions are often designed for a specific end-use application. An EV battery may be engineered for longevity and explicitly intended for use in a ride-hailing service. In such cases, the best level of assessment is the broader ride-hailing system. The same logic applies to EVs: some may be specifically designed for durability to operate efficiently in ride-hailing fleets. It is important to identify the end-use application of a solution in order to properly define the function and system boundary.

Example: defining the scope based on wider system boundary

Carbon fiber is both strong and lightweight, making it valuable in various end-use applications, including vehicles and wind turbine blades.

Vehicles as end-use solution for carbon fiber: Carbon fiber production is energy-intensive, meaning that one kilogram of carbon fiber may have a higher carbon footprint than one kilogram of steel with equivalent strength and properties. However, using carbon fiber in vehicles reduces its weight, leading to energy savings during operation. The AE potential is evident when comparing the lifecycle impact of a vehicle with carbon fiber components to one with traditional steel parts.

Wind turbines as end-use solution for carbon fiber: Carbon fiber allows for the production of longer wind turbine blades compared to fiberglass. Although one kilogram of carbon fiber may have a higher carbon footprint than one kilogram of fiberglass with similar properties, the longer blades enable greater energy generation over the turbine's lifetime. AE potential increases when assessing a wind turbine with carbon fiber blades versus one with fiberglass blades.

Validating *claim eligibility*

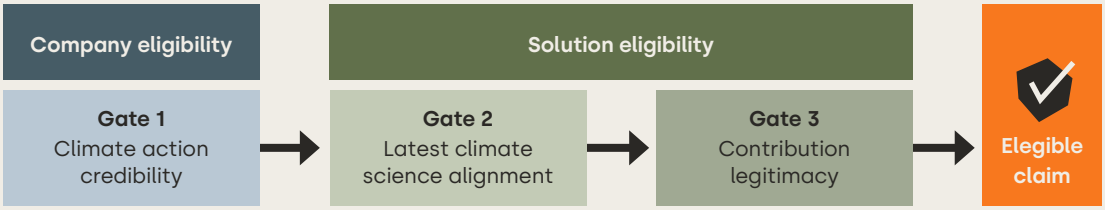


03.

03. Validating *claim eligibility*

It is important to ensure integrity and prevent misuse when it comes to measuring and reporting AE. The following eligibility criteria - or "gates" - must be met before AE should be calculated and claimed.

Figure 7: Eligibility gates for AE claims



3.1. Gate 1: Climate action credibility

To pass Gate 1, the company must have a climate strategy with emissions reduction targets that are aligned, or in the process of alignment, with climate science and can be proven through existing frameworks. The latest climate science at the point of publication of this guidance states that companies should reduce their emissions in line with the 1.5ºC pathway presented, e.g., by the IPCC Assessment Report 6.

3.1.1. Eligibility requirements

The Gate 1 requirements aim to ensure companies claiming AE are assessing and verifying their GHG emissions inventory and practice regular monitoring and reporting. These requirements are essential for mature companies. For newer or smaller companies, the only applicable requirement is disclosure of a recent GHG inventory, with the other practices mentioned below recommended as good practice to inform action as the company matures.

An eligible company must:

1. **Verify its GHG emissions inventory**: Provide a recent,[2] third-party verified GHG emissions inventory for Scope 1, 2 and 3 emissions that is publicly disclosed and regularly updated.
   - **For newer or smaller organizations, startups and scale-ups**: Report a recent[2] GHG emissions inventory for Scope 1, 2 and 3 emissions.
2. **Commit to 1.5℃ pathway**:[3] Publicly set near-term[4] targets aligned with a 1.5℃ pathway. We recommend that companies pursue a higher level of ambition by setting both near-term and long-term targets that are 1.5℃-aligned and in accordance with an emissions reduction framework which must be disclosed. See below for guidance on how to select an appropriate framework.

In addition, we recommend that companies:

3. **Monitor and report progress**: Regularly monitor and publicly report progress on the established targets using emissions-based key performance indicators (KPIs).
4. **Define a transition plan**: Develop and publish a transition plan aligned with a 1.5℃ pathway and targets. In cases where a company does not have a formal transition plan, users of this Guidance – including financial institutions – should present any elements of a credible transition plan across their business to support a more robust credibility assessment.

Companies who do not meet these eligibility requirements (e.g., not yet in line with a 1.5℃ pathway) are not precluded from meeting the Gate 1 requirements and may still be eligible. See the next sections for further guidance.

3.1.2. How to select an emissions reduction framework

To ensure credibility, the frameworks applied should be internationally recognized and include a third-party review of climate targets.

While the Guidance does not mandate a specific framework, the selected framework should be science-based and applicable at a global, national, regional or sectoral level. The selected framework should:

a. Aim to help organizations and regions achieve Net Zero emissions by 2050 in alignment with a 1.5℃ pathway;

b. Encourage clear, measurable target-setting with interim milestones, continuous tracking of progress, an emphasis on transparency and requirements or provisions for third-party verification to ensure compliance.

For any framework that meets the above requirements except a third-party verification, the company must provide one instead (except if the company is an SME).

Organizational boundary

The organizational boundary for which targets are submitted should be defined according to the respective framework used. As a best practice, we recommend that organizations commit at the overarching level (i.e., the organization as a whole or the parent company, instead of just subsidiaries or new business units) to avoid selective disclosure and greenwashing.

If the selected framework allows for setting organizational boundaries at lower levels, the company should:

- → Clearly identify the eligible division.
- → Provide evidence that the solution is provided by that division.
- → Transparently indicate that the AE claims pertain specifically to it, and not to the whole organization.

Cross-sector initiatives and guidelines aligned with the latest climate science

A non-exhaustive list of cross-sector initiatives and guidelines aligned with the latest climate science[6]:

- → Science Based Targets initiative (SBTi) Corporate Net-Zero Standard
- → United Nations Climate Change (UNFCCC) Race to Zero and other Race to Zero accredited organizations
- → Exponential Roadmap Initiative 1.5°C Business Playbook
- → Net Zero Initiative
- → Transform to Net Zero by 2050
- → International Organization for Standardization (ISO) Net Zero Guidelines
- → National or regional decarbonization pathways compatible with 1.5°C
- → Accelerate Climate Transition (ACT) Framework: Assessing the transition towards low GHG emissions
- → Transition Pathway Initiative (TPI)
- → Climate Action 100+
- → Climate Bonds Initiative (CBI) Company Certification

For small and medium-sized enterprises (SMEs)[6], the SME Climate Hub Commitment or SBTi requirements for SMEs are sufficient, and a third-party review is optional.

These documents are subject to updates – always refer to the latest version.

3.1.3. Recommendations for companies not meeting the eligibility requirements

Some companies will not comply with the criteria to select frameworks. Examples include micro, small- and medium-sized enterprises (MSMEs), pure players in the climate solutions field, low emitters or those operating in high-emissions, hard-to-abate sectors or companies with existing targets in place. In some cases, broader systemic factors outside a company's control (e.g., electricity grid, infrastructure constraints) hinder the alignment with 1.5°C pathways despite a company's climate action efforts.

In line with global efforts[5] to recognize climate action and support accountability across various actors, this Guidance acknowledges climate action, transparency and continuous improvement efforts.

In such cases, the climate action credibility should be assessed on a case-by-case basis. The company should:

- → Clearly explain why compliance with the referenced frameworks is not possible. Companies with existing targets or commitments should disclose the framework or criteria under which these targets were set, the validity of the targets (date of update and revalidation), and any intended new commitments in the coming two years to align these with a 1.5°C threshold.
- → Provide evidence of alignment with alternative frameworks to those mentioned in Box 1. These should be science-based and meet the conditions mentioned in Section 3.1.1.
- → Provide third-party verification of alignment with the alternative framework(s), demonstrating that compliance is clear, verifiable and conforms to the standards outlined in this guidance (optional for MSMEs).

Example: Situations in which companies may be eligible for Gate 1:

Company A is an SME that has publicly committed to halve GHG emissions before 2030, achieve Net Zero emissions before 2050 and disclose their progress on a yearly basis in line with the SME Climate Hub Commitment. Their GHG inventory calculations are third-party verified, while their targets and transition plan are developed internally and have not undergone third-party review.

Company B's targets are at the initial pre-validation stage, so have not yet undergone review by the framework in use. They can select an emissions reduction framework, because the company has made a public commitment to align with science-based targets and expressed their intention to set targets in line with the latest climate science.

Company C operates in a hard-to-abate sector, and has approved SBTi near-term emissions reduction targets but has not set any long-term goals under the same framework. They have set a Net Zero goal for their operations under a different framework and have published a transition plan aligned with the Task Force on Climate-Related Financial Disclosures (TCFD).

Company D has SBTi approved near-term goals in line with well-below 2°C and these were published in 2020. The company plans to review its active targets in 2025, with a commitment to resubmit them in alignment with the latest SBTi criteria to set more ambitious, 1.5°C-aligned targets.

3.2. Gate 2: Latest climate science alignment

To pass Gate 2, the solution for which AE are assessed and reported must have mitigation potential according to the latest climate science[6] and recognized sources. Fossil-derived efficiency solutions are not excluded by default, but additional requirements apply.

3.2.1. Eligibility requirements

The Gate 2 requirements aim to ensure that companies only claim AE for solutions that are identified within one of the recognized taxonomies for sustainable activities and not directly associated with fossil fuels. If the company cannot prove this, the solution may still be eligible to pass Gate 2 by complying with the criteria outlined in Section 3.2.2. Further guidance on the assessment and disclosure of solution-specific rebound and side effect is provided in Section 4.2.3.

An eligible solution must:

Prove its science-based mitigation potential. The company should describe the solution's mitigation potential citing one of the recognized sources based on the latest climate science and complying with Gate 2 as described in this Guidance (see examples in Table 1).

Recommended points of reference for science-based mitigation potential:

- → IPCC Sixth Assessment Report (AR6) Working Group III Summary for Policymakers[7]: mitigation options mentioned in the report and in "**Figure: SPM.7**: Overview of mitigation options and their estimated ranges of costs and potentials in 2030."
- → EU Taxonomy[8]: taxonomy-relevant activities that contribute significantly to the mitigation criteria applicable to them[9] and that are in scope of this Guidance.
- → Project Drawdown[10]: The Drawdown Climate Solutions Library lists solutions, their relevant sectors and their impact (CO_2-equivalent reduced) under 2°C and 1.5°C temperature rise scenarios by 2100.
- → Other recognized international, regional or national taxonomies (e.g., Singapore-Asia Taxonomy for Sustainable Finance, UK Green Taxonomy, Common Ground Taxonomy – Climate Change Mitigation co-chaired by the EU and China, Climate Bonds Taxonomy, Australia's sustainable finance taxonomy). Companies can cite these taxonomies based on the geographic scope of the solution.

Note: It is required that companies always refer to the latest version of these documents, as they are subject to updates.

See Section 3.2.2 for cases not covered by the taxonomies outlined above.

An **intermediary solution** can be considered eligible if it has not been developed exclusively for fossil fuel-based applications and is part of one or more eligible end-use solutions (i.e., an end-use solution that has passed Gate 1, Gate 2 and Gate 3, or for application in multiple end-use solutions, Gate 2 and Gate 3).

This Guidance does not cover solutions that directly or indirectly extend the life of assets incompatible with a Net Zero future, regardless of short-term benefits. This applies to all types of solutions related to the exploration, extraction, mining and/or production, distribution and sales of fossil fuels, transitional activities and managed phase out of high-emitting assets. Examples include efficiency solutions for ICE vehicles, equipment extending the life of coal plants or software that optimizes oil drilling.

We encourages further methodological work to assess and disclose efforts related to the managed phase-out and impact reduction of fossil applications, as these are important to achieve emissions reductions in the near-term future (see Section 3.2.2).

Example: An ineligible case

Company A is connecting an oil field to the grid, enabling the oil extraction site to operate with lower carbon intensity energy from the grid instead of using oil. Company A cannot claim AE for this intervention, as it is applied to oil extraction, which is not compatible with the long-term global Net Zero target.

Table 1: Illustrative interventions with a link to mitigation options from the IPCC AR6 Working Group III Summary for Policymakers

Solution	*Recognized mitigation potential*
A reflective roofing solution that provides use phase benefits by regulating the operational energy demand of a building, especially in warmer climates	Avoid demand for energy services
A compact design, tubular push conveyor and a new integrated grinding system enabling energy savings at customer sites	Energy efficiency in industry
Production of biogas from animal manure, organic waste or landfills	Reduce CH4 and N2O emissions in agriculture
Roof recycling programs at customer sites	Enhanced recycling in industry
Upcycled or recycled materials	Material efficiency (avoids new manufacturing)
Insulation solutions for buildings	Avoid demand for energy services in buildings
Route optimizer software for ships enabling fuel savings	Shipping efficiency
A modeling tool to optimize the installation of PV panels	Solar energy
Services promoting and enabling micro-local tourism ("staycation")	Avoid demand for transportation
An application allowing users to buy food at low cost that would have otherwise been wasted	Reduce food loss and food waste
Biofuel for vehicles made from organic food waste	Biofuels in transport
Production of secondary materials (e.g., plastics, glass, aluminum, steel)	Circular material flows (e.g., enhanced recycling)

3.2.2. Recommendations for solutions that do not meet the eligibility requirements

If the solution does not meet the requirements outlined in Section 3.2.1, there may still be an opportunity to pass Gate 2. Here we discuss two categories of solutions: (A) those within the scope of the Guidance and potentially eligible, and (B) those outside the scope of the Guidance.

A. Solutions that are in scope and potentially eligible to claim AE

Solutions not related to fossil fuels: innovations and emerging solutions

Emerging technologies in early development (Technology Readiness Level[11] <6), solutions applied to low-emitting sectors and circular innovations may not yet be able to assess substantial contributions to climate change mitigation in a standardized approach or be included in global taxonomies such as the EU taxonomy and IPCC AR6.

In such cases, to prove Gate 2 eligibility, the company should be able to show, on a solution level:

→ **Justified lack of alignment**: Explain the reasons for the lack of alignment with the IPCC AR6, EU Taxonomy or other established taxonomies.

→ **GHG emissions reduction potential**: Provide evidence of the solution's potential to reduce GHG emissions, based on one of the following:

1. The disclosure of credible and internationally recognized sources or;
2. Published, peer-reviewed scientific research, no more than three years old, that explicitly proves the mitigation potential of innovations with the same or similar function.

Solutions related to fossil fuels: fossil-derived efficiency solutions

Fossil-derived efficiency solutions can be relevant drivers of decarbonization and necessary inputs for eligible end-use solutions.

In general, we advise caution for end-use solutions with decarbonizing potential that rely on fossil-derived efficiency solutions. These may lead to carbon lock-in in the long-term, hindering the exploration of cleaner alternatives and conflicting with the transformative nature of AE solutions.

The Guidance does not explicitly exclude these types of solutions but requires a closer examination compared to non-fossil based solutions. Companies should substantiate related claims with evidence that:

1. No scalable or at-scale, non-fossil-derived alternatives with comparable impact on the emissions reductions of the end-use solution are available in the same market or context.
2. Increased impact monitoring and traceability of AE is in place – to ensure that the solution is applied to eligible end-use solutions, e.g., based on use phase data and market share.
3. Efforts are being taken to prevent fossil fuel lock-in activities related to the solution's production (i.e., a transition plan or a public report).

In case of doubt or unclear methodological choices, apply the more conservative scenario or assumption.

Examples: Lubricants for EVs, plastic foil for food conservation, lightweight plastic composites replacing heavier metals in transportation, non-renewable low-carbon fertilizers, coke-derived graphene.

B. Solutions that are out of scope of the Guidance

Solutions directly related to fossil fuels, or part of high-emitting technologies or phase-out strategies

AE aim to incentivize and support climate solutions, focusing on scalable, opportunity-driven innovations designed to drive systemic change and support a Net Zero future.

This Guidance does not address solutions related to high-emitting technologies as part of fossil phase-out strategies as they require a different approach (see Table 2). Given their important role in short- and mid-term global transition efforts, we encourage the development of a dedicated approach to provide guardrails and incentives for assessment and disclosure of accelerated phase-down activities, and are open to contributing to such efforts.

Table 2: **Overview of different categories and solution types and their Gate 2 eligibility**

Category	*Solution type*	*Gate 2 eligibility*
Not related to fossil fuels	Climate solutions	In scope of the Guidance and potentially eligible
Related to fossil fuels	End-use solutions that use fossil-derived efficiency solutions; or fossil-derived efficiency solutions claiming AE as part of eligible end-use solutions	In scope of the Guidance and potentially eligible
	Solutions directly applied to activities involving exploration, extraction, mining or production, distribution and sales of fossil fuels	Out of scope of the Guidance
	Solutions accommodating (energy) security needs	
	Solutions used when no technologically or economically feasible low-carbon alternatives are available in the specific context	
	Activities related to the managed phaseout and retirement of high-emitting assets	

3.3. Gate 3: Contribution legitimacy

To pass Gate 3, the solution must achieve measurable GHG emissions reductions compared to a reference scenario and these reductions must be significant ("significant decarbonization impact") and demonstrably attributable to the solution ("substantiated impact").

3.3.1. Eligibility requirements

A solution must be qualitatively assessed to determine that it meets the definitions of significant decarbonization and substantiated impact (see Table 3). Once the company has calculated the AE, they can then quantitatively validate the legitimacy of the solution's contribution.

For a solution to be eligible, the company must prove that it:

1. Enables **significant decarbonization** by using verifiable primary data (see Section 4.2.3), recognized resources to describe or estimate the emissions reductions[12] compared to a reference scenario, or by explaining why the solution is necessary for emissions reductions in a product system and cannot be replaced.
2. Has **substantiated impact** by describing how specific characteristics of the solution are essential to reduce emissions. To prove the cause-effect relationship, different types of evidence can be provided (e.g., sample data could be used to support an AE claim for a broader scope beyond the sample itself). For more complex solutions the cause-effect relationship should be shown with a detailed conceptual diagram with logical and sequential stages that traces the process by which measurable GHG effects occur.

Table 3: Definitions of significant decarbonization and substantiated impact of end-use and intermediary solutions

Type of impact	*Definition*
Significant decarbonization	The solution achieves measurable (i) GHG emissions reductions outside the company's organizational boundary, quantified against a reference scenario as outlined in Section 4, or (ii) lower emissions than would occur in its absence; and in either case, these are significant: 1. The end-use solution achieves significant GHG emissions reductions when quantified against a reference scenario (as outlined in Section 4.6). 2. The intermediary solution is an essential component of a climate solution (i.e., an end-use solution that has passed Gate 1, Gate 2 and Gate 3, or for application in multiple end-use solutions, Gate 2 and Gate 3) and it cannot be replaced without compromising significant emissions reductions. *"Significant"* can refer to the scale of impact in absolute numbers, or to a reduction big enough to compensate for potential variations and uncertainty related to data and assumptions that underly the AE claim. The claiming party must assess, quantify or estimate the impact and justify its significance on a case-by-case basis.
Substantiated impact	The company must provide evidence that the GHG emissions reductions occur due to a cause-effect relationship between the solution and the emissions reduction.

3.4. Gate 1-3: An example validation claim

Below is an example of a claim that passes all three gates.

Note that this is an **intermediary solution**, which means that the company should show the link to specific end-use solutions through tracing and verification. If direct tracing is not possible, they may use data on average usage, deployment patterns or other evidence establishing a clear link between the intermediary and its end-use application. Any assumptions should be conservative, realistic, transparently disclosed and regularly assessed.

Table 4: Example validation claim eligibility

Solution and claiming party	Intermediary solution: carbon fiber sleeve for EVs (encases the rotor of the EV's permanent magnet motor) manufactured by Company A.		
Claim	AE from the use of the carbon fiber sleeve (intermediary solution) in EV (end-use solution). **Reference**: EV with aluminum sleeve, **FU**: total kilometers driven over the vehicle's lifetime		
Criteria	**Eligibility requirements**	**Company/solution's evaluation**	**Fulfilment of requirements**
Gate 1 Climate action	**1. Verify GHG emissions inventory**	GHG emissions inventory assessment and review statement.	✓
	2. Commit to 1.5°C pathway	SBTi target validation statement and targets published on company's website.	✓
	3. Monitor and report progress	Annual sustainability reports include changes in GHG inventory published on the company website.	✓
Company A can prove its climate action and is eligible to pass Gate 1.			
Gate 2 Latest Climate Science Alignment	Prove science-based mitigation potential	Using carbon fiber in EVs reduces weight, leading to energy savings during operation. The carbon fiber solution has mitigation potential in industry through energy efficiency (IPCC AR6).	✓
The carbon fiber sleeve solution is aligned with the latest climate science and is eligible to pass Gate 2.			
Gate 3 Contribution legitimacy	**1. Significant decarbonization impact**	The carbon fiber sleeve enables measurable GHG reductions in EVs compared to the standard aluminum sleeve, as confirmed by a validated LCA study XX published in YY Journal with an impact factor of AA. Based on our estimations (provided as supplementary evidence), the carbon fiber sleeve EV can reduce lifetime emissions by more than 10% compared to an aluminum-based EV. At scale, across the European market – including EVs for personal and commercial uses (e.g., ride-hailing fleets) – this could drive substantial emissions reductions.	✓
	2. Substantiated impact	With its high strength-to-weight ratio, the carbon fiber sleeve enhances the EV's energy efficiency. It reduces the vehicle's weight, improves the battery's performance and range, and lowers its capacity demand – ultimately cutting GHG emissions due to energy savings.	✓
The carbon fiber sleeve solution has a legitimate contribution to EVs and passes Gate 3.			
Company A and the carbon fiber sleeve solution pass Gate 1, Gate 2 and Gate 3 and the claim eligibility is validated.			

Assessing *avoided emissions*

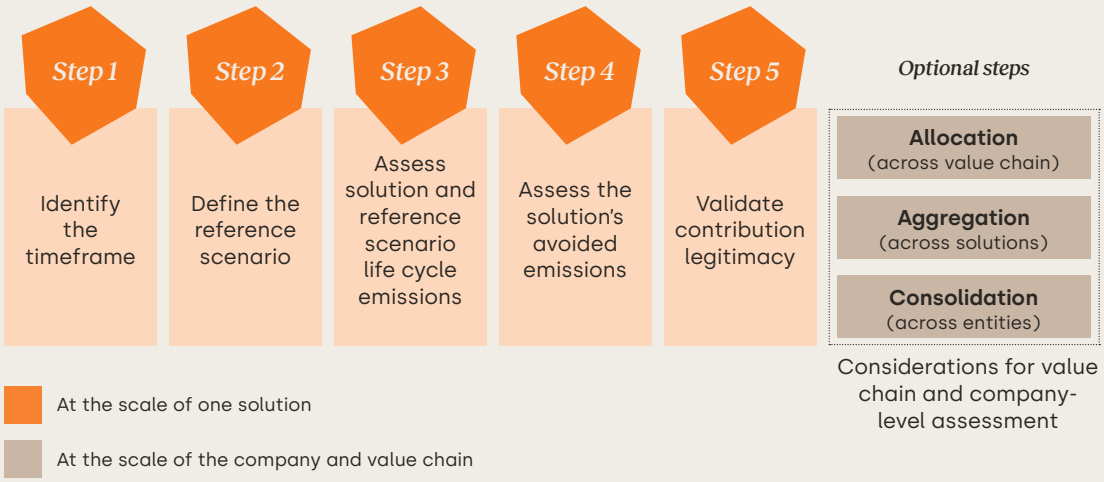


04.

04. Assessing avoided emissions

Calculating AE for sold or installed base solutions requires a detailed step-by-step approach to ensure consistency in AE assessments undertaken by companies. This approach can be broken down into five steps, which are outlined below.

Figure 8: The five-step approach to calculating AE



4.1. Core principles

We have grounded the assessment of AE in core principles that ensure robust, transparent and conservative claims. We have aimed to align with the GHG Protocol's principles for GHG accounting and reporting:

- **Transparency** – disclose all the information needed to provide intended users with the basis for decision making, and for stakeholders involved to evaluate the robustness and reliability of the assessment.
- **Conservativeness** – consistently use moderate estimates and assumptions to assess AE. In case of doubt, lack of reliable data, or if there is room for interpretation of the Guidance, chose the scenario that leads to lower AE impact
- **Accuracy** – take efforts to transparently disclose and reduce uncertainty in the data and methodological aspects of the assessment. Where relevant include traceability and monitoring of data.
- **Relevance** – use data, methods and assumptions for the purpose of quantifying AE that are relevant to the assessment.
- **Completeness** – consider all relevant information which may affect the qualification and quantification of AE and complete the requirements set out for the assessment.
- **Consistency** – observe conformance to this Guidance when conducting the assessment to ensure internal consistency.

4.2. Overview of the five-step approach

AE quantification follows a five-step approach. The calculation starts at the level of each solution that has been sold or is in the installed base in the reporting timeframe:

Step 1: Identify the timeframe of the assessment. A company identifies whether the solution's AE should be calculated on a year-on-year basis or a forward-looking basis. The timeframe should be consistent with the reporting timeframe of the solution's emissions in the company's GHG inventory assessment.

Step 2: Define the reference scenario. The reference scenario depends largely on the context of sales, as it depends on the way solutions will be used and the alternative scenarios that would occur instead. The reference scenario should always represent the most likely alternative that the solution is replacing.

Step 3: Assess solution and reference scenario life cycle emissions. The company assesses life cycle emissions of the solution and of the reference scenario.

Step 4: Assess the solution's avoided emission. The company calculates the difference in emissions between the solution and the reference scenario, taking into consideration the solution's entire life cycle.

$$\Delta GHG_{AE} = \sum_{k=1}^{n} (Ref_{n-0} + \mathrm{Ref}_{n-1} \ldots) - (Sol_{n-0} + Sol_{n-1} \ldots)$$

Where:

ΔGHG_{AE}= AE in tCO2e during assessment timeframe
n = ending index year for assessment
Ref_n = GHG emissions that would occur in the absence of the solution, in tCO2e
Sol_n = GHG emissions in the solution scenario, in tCO2e
k = index year of assessment timeframe (solution sold or in installed based)

Step 5: Validate contribution legitimacy. The calculations carried out in Step 4 can validate the legitimacy of the solution's contribution following the eligibility criteria of Gate 3.

Additional steps relate to considerations for value chain and company-level assessment. AE are often consequences of interventions by various solutions as well as solutions providers and users. There are therefore instances where AE may be aggregated (e.g., there are various solutions on the entity level) or allocated (e.g., there are various solutions within the value chain).

4.2.1. Step 1: Identify the timeframe of the AE assessment

We recommend that companies align the AE assessment of a solution with the timeframe used to assess the company's GHG inventory, as per the guidance provided by the GHG Protocol Corporate Standard or ISO corporate and product carbon footprint standards.[13] They should follow one of two approaches:

- **Approach A: Year-on-year (YoY) AE assessment and reporting.** If a solution's emissions are assessed and reported annually in a company's GHG inventory (e.g., Scope 1 or Scope 3.13 "Downstream Leased Assets"), then it is recommended that AE are also assessed every year. For use phase emissions of sold solutions reported under Scope 3.11, it may be better to follow the YoY approach. For instance, when a company has precisely monitored the use of solutions sold during their lifespan, they are able to make assumptions that are closer to reality. The YoY approach is also useful for distributing the claim of AE over the lifetime of a solution, in particular for large decarbonizing projects with long lifespans.
- **Approach B: Forward-looking (FW-looking) AE assessment and reporting.** If a solution's full life cycle emissions are assessed and reported in the year of transaction in the company's GHG inventory (e.g., Scope 3.11 "Use of Sold Products"), then AE should also be assessed in the year of sale for the solution's entire life cycle. This option is intended for companies who do not precisely monitor the use of solutions sold during their lifetime and for those wishing to understand the solution's long-term implications. In cases where it is difficult to establish forward-looking scenarios where high uncertainty is involved or data is not available, approach A is preferential. The higher level of uncertainty and use of predictions involved in FW-looking assessments should be made transparent in AE reporting. This Guidance does not address FW-looking AE assessments driven by sales forecasts or market uptake of a solution, but rather cases of sold or installed based solutions where the useful life of the solution spans beyond the year of sale. We collaborate with investor coalition Project Frame who provide more detailed guidance on approaches to assessing projected AE based on commercial forecasts and not on sold products. We have released a guide where this is detailed further.[14]

The YoY and FW-looking approaches are theoretically equivalent

These approaches are different: the YoY approach accounts for realized AE that occurred in the previous or current year; while the FW-looking approach involves forecasting AE for products with a useful life longer than a year and reporting them all in the initial year of sale or lease. But if the same data and assumptions are applied to both, they should yield identical total results by the end of the assessment period.

Both approaches rely on assumptions. The YoY approach, though based on "realized' AE, relies on assumptions about how the solution is being used, and on uncertainties involved in the reference scenario. While this also applies to the FW-looking approach, it additionally relies on assumptions about the emissions of the solution during its entire life cycle which may be challenging to validate. For both approaches, transparent reporting should be completed in line with the guidelines for communicating and reporting, as well as tracing AE impact over time (see Sections 5 and 6).

Approach A: YoY AE

If the solution has a useful life that does not extend beyond the year of sale, or if it is delivered as a leased or contracted asset, the company should calculate and report its AE for each reporting year throughout the entire duration of the contract. This also applies to sold solutions or solutions in the company's installed base, especially those that the company monitors the use or operation of.

The YoY approach is consistent with the company's reporting of a leased solution's use phase emissions, which are also calculated and reported on an annual basis, either in Scope 3 "Leased assets" or in Scope 1 or Scope 2 (depending on the consolidation approach).

To assess YoY AE, the company should:

1. **Calculate the upstream and end of life emissions of the solution and the reference scenario** and distribute accordingly across their lifetime, as defined in the FU (see Section 4.2.3).
2. **Establish the use phase emissions of the solution and the reference scenario each year.** Any potential replacements during the contract should be taken into account when quantifying the number of solutions needed to fulfill the FU.
   - If a company with sold solutions chooses Approach A, the reported AE should also include the annual AE of solutions sold in previous reporting years that are still in use as part of the company's installed base during the reporting year in question.
3. **Assess annual AE** by calculating the difference in emissions between the reference solution and the solution. The production and end of life emissions should be distributed annually based on the lifetime as defined in the FU.

Approach A requires that a reference scenario is modeled, but unlike Approach B there is no need to forecast:

→ The future decarbonization of the energy mix, since the actual emissions factor can be updated for every year of calculation.

→ The solution's or reference solution's future performance, since its actual use is estimated each year.

Example: On-site recycling using Approach A (YoY)

A company has a contract to install and operate efficient on-site recycling solutions for 10 years. In this case, the company should:

1. Define the FU of the equipment solution and the reference scenario (including the evolution of the reference scenario over the lifetime of the solution) and allocate the upstream and end of life emissions to each year for the duration of their lifetime.
2. Assess and claim every year throughout the contract duration:
   - The actual emissions of the low-carbon recycling equipment during that year, based on the actual emissions factor of the energy (re-)used, e.g., in case of a heat recovery solution.
   - The emissions of the reference scenario in the given year. This should be based on the reference scenario established in the year of the transaction, using the actual energy-related emissions factor in the current year, and considering dynamic effects (e.g., the share of usage that actually replaces other activities).
3. Calculate the annual AE by comparing the emissions of the low-carbon recycling solution to the emissions of the reference scenario.

Approach B: FW-looking AE

If the solution's useful life spans beyond the year of sale, its AE should be calculated for its entire life cycle and reported in the year of sale.

This rule is consistent with a company's GHG inventory reporting of the use phase emissions of a solution, which are also calculated over the solution's entire lifetime and reported in the year of sale (in the Scope 3 "Use of Sold Products" category).

In this case, the company should:

1. **Establish a solution's future emissions** and assess the amount of GHG emissions the solution is likely to emit during its entire lifetime (see Section 4.6.1).
2. **Establish the emissions pathway in the reference scenario** and assess the amount of GHG emissions that would have been emitted during the reference scenario's entire lifetime.
3. **Assess the AE** by calculating the difference in emissions between the solution and the reference scenario, considering the solution's entire life cycle.

It should be noted that consistency with GHG inventory only applies to the timeframe of the reporting. The actual emissions calculated (e.g. in Scope 3.11 "Use of Sold Products'), can differ from the life cycle emissions of the use of the sold product in the AE assessment. The FU may differ because it is use-oriented in AE assessments, but production-oriented in GHG inventory accounting. For instance, an EV battery producer might report the total GHG emissions of the power consumption required for the total charge cycles of the sold battery under Scope 3.11. However, for the AE assessment – in accordance with Section 2.4 – the battery producer will estimate the power consumption based on the EV operation (e.g., power consumption required for the passenger-km driven throughout the EV lifetime). This number will likely be different than that reported in the GHG inventory Scope 3.11.

Example: Heat pump solution using Approach B (FW-looking)

A company produces and sells a heat pump to an end customer. The company should:

1. Assess the forecasted life cycle emissions of the heat pump during its entire lifetime (production, use, end of life, etc.).
2. Assess the forecasted life cycle emissions of the most likely alternative that the solution is replacing, in this case an average boiler, based on the lifetime as defined in the FU (see Section 4.5). For consumables or products with a useful lifetime of <1 year, the lifetime may not be defined in the FU.
3. Estimate and report the AE impact over the solution's lifetime at the time of the transaction.

For both solution emissions and reference scenario emissions, the company should:

→ consider dynamic effects, such as forecasted electricity decarbonization and yield degradation of the heat pump and boiler.

→ include direct rebound effects (e.g., a potential increase in the use of heating solutions).

→ use reasonable and sourced assumptions about the lifetime and usage of the heat pump and boiler (e.g., the average customer's learning curve to optimize settings).

How to determine which approach is more suitable for a given solution?

The following three examples illustrate different types of solutions and the considerations companies may have for choosing either a YoY or a FW-looking approach to assess AE.

Example: Choosing an approach – electric bicycles

Company A sells electric bicycles that facilitate a shift towards cycling in the city. It tracks its year-on-year bicycle sales and reports its Scope 3.11 "Use of Sold Products" emissions (i.e., the energy use during the use phase of the sold bicycles) at the time of sale over the bicycles' entire life cycle. These factors lead the company to favor Approach B (FW-looking) when reporting its AE.

In addition, the company does not collect data on how its sold products are actually used, which makes Approach A (YoY) irrelevant and confirms the use of Approach B (FW-looking).

The company could put in place a service that leases bicycles on a trip-by-trip basis, so they could track the products' use. It would then be preferable to follow Approach A (YoY) and report AE on a yearly basis. This would also be the approach they would follow when reporting their in-use emissions (charging the electric bicycles) within their Scope 3.10 "Downstream Leased Assets" emissions.

Example: Choosing an approach – railway installation

A railway transport company is building a new railway line. When the line is commissioned, a provisional plan for its use is made available, as well as the wider behavioral shift that is expected from it. Using certain assumptions, the company could estimate its AE over the lifetime of the line.

But it prefers to follow Approach A (YoY) because:

→ Approach A is consistent with the timeframe for reporting its GHG inventory. The company will calculate emissions from the use and maintenance of the line operation in its GHG inventory.

→ Data will be available for an annual calculation, making it more precise. Approach B would rely on projections about the line's operation, which are uncertain at the time of its commissioning.

Example: Choosing an approach – livestock feed supplement

As we saw in Section 2.4, a feed supplement that reduces enteric emissions is an end-use solution, but also part of the broader system of cattle farming. Since feed is consumed instantly and does not have a useful lifetime, its AE are assessed at the system level by comparing emissions from cattle fed with the supplement versus those without it.

If the cattle is farmed for meat production, AE could be calculated per kilogram of output, depending on the chosen FU (e.g., per kilogram of carcass weight or per kilogram of boneless beef). This comparison provides a clear measure of how the feed supplement contributes to reducing emissions per unit of beef produced.

In this case, Approach A (YoY) is most suitable, as methane emission reductions can be estimated on an annual basis.

4.2.2. Step 2: Define the reference scenario

The reference scenario is the most likely hypothetical scenario in which the AE solution is not used. The reference scenario always depends on the context of the market in which the solution is used. For instance, a bike sold to someone that wishes to replace an old bike is not likely to avoid emissions, whereas a bike used to replace short-distance car trips will avoid emissions.

To ensure credibility and to avoid overstating the impact of a solution put in place, the reference scenario should represent the most likely alternative to the AE solution and should be as specific and conservative as possible. It should be representative of a specific industry or region and clearly defined in the scope of the assessment. The reference scenario should always fulfil the same function as the solution.

The reference scenario is hypothetical, so cannot be proven. There is no one correct answer – it is an estimate. To determine the most likely alternative, companies should use recognized and well-documented assumptions, such as market data of an average solution, new sales data on existing stock in case of replacements of functional existing solutions, regulations, industry- and customer-specific knowledge, etc.

Example: Defining the reference scenario – heat pumps

In the context of the sales of heat pumps replacing old boilers, the reference scenario could be the average heating solutions sold that year in a given market. If no information is available for the full range of solutions and their representativeness in the market, the reference scenario should be based on the most widely used solutions (i.e., the top 25% of the market share in new sales (excluding installed base).

The most likely reference scenario in Country A could be a weighted average between all heating solutions (heat pumps, gas boilers, heating networks, electric radiators, etc.) sold in a given year. The weights should be taken from country statistics on the sales of heating equipment in the consumer market.

How do we define the reference scenario?

The reference scenario should always represent the most likely alternative for the solution and be as accurate as possible. In the context of a particular customer, it should be the specific alternative the customer would have chosen instead.

The choice of the reference scenario should start with determining whether there is a "new" or "existing" demand situation, followed by deciding whether it concerns an "improvement" or a "replacement".

a) "New demand" situation

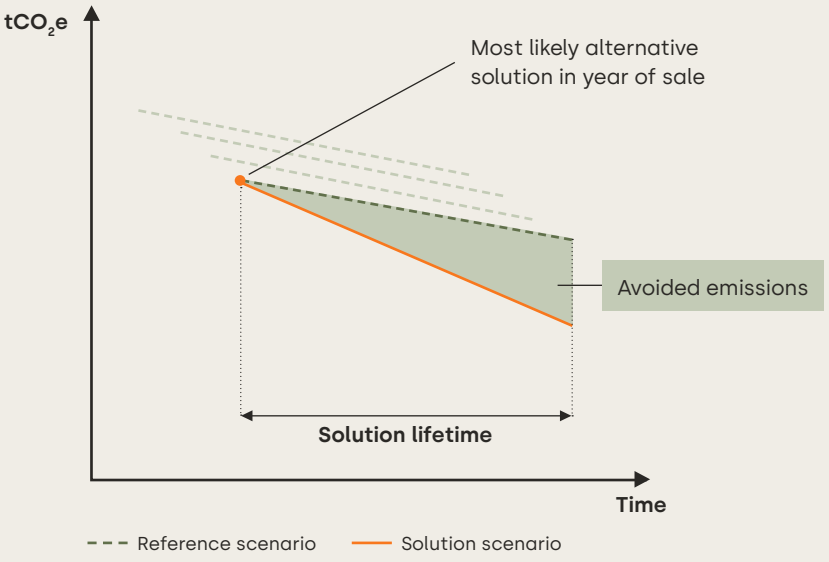
If a solution is used to fulfill a demand triggered by a growth in the customer's needs, no previous situation exists, and it is therefore considered a new demand.

In this context, the reference scenario should be the expected situation based on the new sales in the market in the year of sale for solutions with the same function (see Figure 9).

For example: Company A builds a new, low-carbon building. The reference is the average building of the same category, in the same region, being built in the same year.

If in doubt about whether a solution meets a new or an existing demand, the reference scenario should be defined following the "new demand' requirements.

Figure 9: An example of new demand solutions with no previous reference situation



b) "Existing demand' situation

If the solution meets an existing demand, it can be considered able to replace or improve an existing system. In this context, the emissions in the existing system are not zero.

There can be two distinct cases for the improvement or replacement of an existing solution: those that are influenced by exogenous factors such as regulation, and those that are not. This has consequences for the definition of the reference scenario.

Improvement not imposed by exogenous factors

If the improvement is not imposed by exogenous factors (such as regulation), the most likely reference scenario is the average market solution that provides (i) the same kind of improvement (functional unit) as the AE solution, or, in exceptional cases, (ii) the continued use of the previous system without the improvement. The latter should only be used with clear justification, as it assumes that no action would have been taken without the specific AE solution, implying the solution itself triggered the change.

For example: Company A insulates homes and performs a thermal renovation on a building. The reference situation could be (i) the average thermal insulation solution available on the market or (ii) the continued use of the non-improved building over time – if it is well justified that no other action would have been taken without the intervention of Company A's specific solution.

In cases like this, it might be difficult to determine the end-of-life date of a solution. However, a solution cannot claim AE indefinitely. For such cases, AE can be claimed:

→ for a pre-defined period of time (e.g., 5-10 years), or;

→ until the moment that actual market data show that buildings in the same region have been thermally renovated, or;

→ the reference scenario changes from the previous situation to a new situation where most buildings are thermally renovated (see example below).

Improvement imposed by exogenous factors

If the improvement is imposed by exogenous factors (such as regulation), the most likely reference scenario should be the average market solution that performs the kind of improvement mandated by the regulation.

For example: Company A insulates homes. It performs a thermal renovation to improve an inefficient building as required by regulation. The reference situation is the improvement delivered by the average thermal renovation solution applied to such buildings in line with the new regulation.

Note that AE cannot be claimed after a trigger event takes place. For instance, if a regulation imposes that all buildings should be thermally renovated by 2030, then AE cannot be claimed after 2030 and may need to be recalculated. For a more detailed explanation of trigger events see Section 5.1.2.

Replacement not imposed by exogenous factors

If the replacement is not imposed by regulation, the most likely reference scenario should be the average market solution based on the current sales of solutions to replace the existing one in the year of sale.

For example: Company A installs a heat pump to replace an old, non-functional fuel boiler that needed replacement in a private house. The reference situation is the average heating solution that is sold in the reporting year for this type of building.

Replacement imposed by exogenous factors

If the replacement is imposed by regulation, the most likely reference should be the average solution aligned to the new regulation chosen to replace the existing one in the year of sale.

Note: Some replacements, whether imposed by legislation or not, can occur before the previous equipment's end of life. In this case, the reference scenario would ideally be the use of the existing equipment until its expected end of life (with clear justification that no other action would have been taken in the year of replacement), and then a replacement by another solution that would likely be sold at the reference solution's end of life. For simplification purposes, this Guidance considers that all replacements occur at the end of life of the previous equipment (Figure 10). This is conservative, as it minimizes the amount of AE.

Should companies wish to factor in an early displacement of a functional solution, they may do so as long as it is clearly justified and explained in the calculation process. When a solution replaces existing technologies before they reach their end of life, the reference should include not only the new sales but also the existing stock of technologies.

Figure 10: **An example of solutions replacing existing alternative**

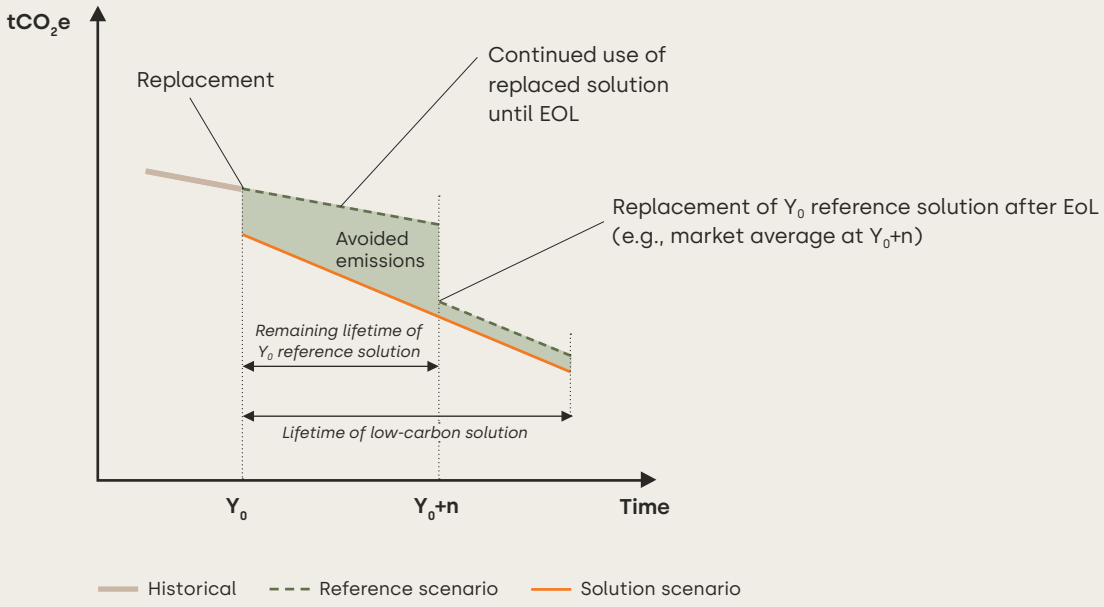
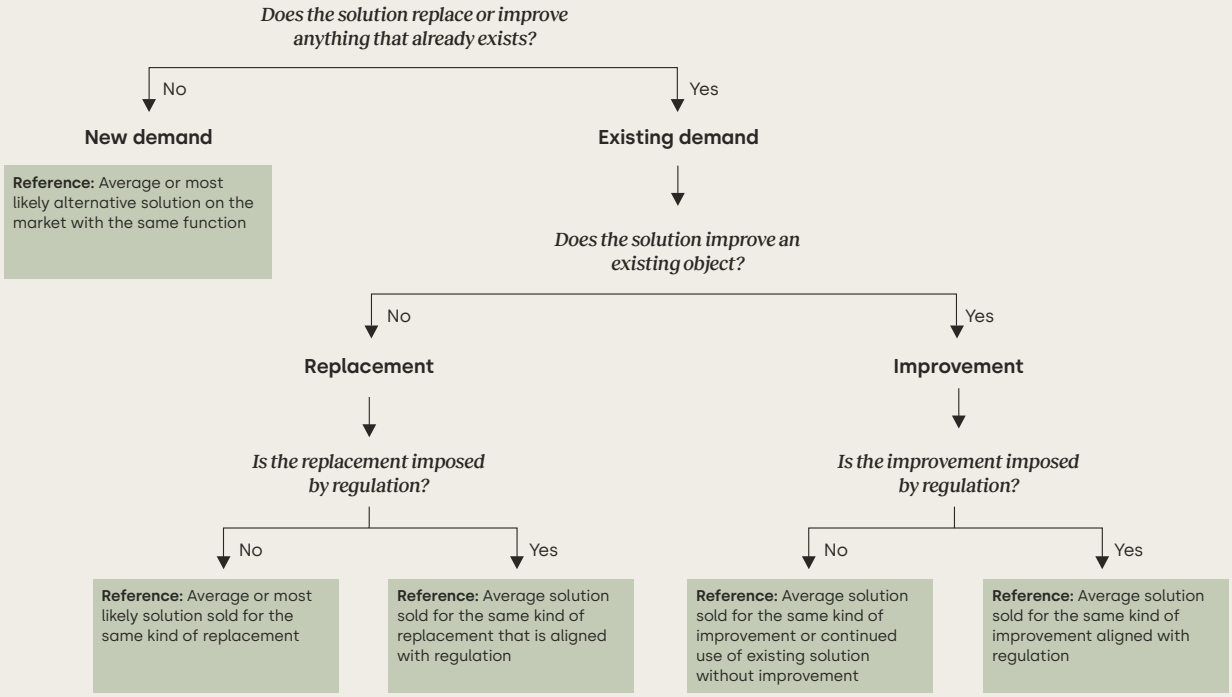


Figure 11: **Determining which reference to use in the AE assessment**



The role of regulation

When the reference scenario is the average solution on the market (i.e., "new demand' solutions, and "existing demand' solutions when replacing an existing solution at end of life), regulation is one of the key factors determining the average solution. Regulation should therefore always be considered for the reference scenario definition.

For example:

- → In Country X, a new environmental regulation for new buildings will directly influence what the "average new building" is in Country X.
- → Similarly, in Country Y, a law stating car manufacturers must not exceed an average carbon intensity for the vehicles they sell will directly influence what the "average new car" is in Country Y.
- → A law introduced in Country Z that imposes a minimum rate of refurbished electronic equipment sold on the market will directly influence what the "average new smartphone" is in Country Z.

The role of the market

The context and state of the market plays a major role in determining how big a decarbonization impact a solution can be expected to have. The solution's expected impact is negligible when (i) the market is oversaturated by similar solutions, (ii) the demand for a solution is low or (iii) the evidence shows that the uptake of the solution in a certain market might be challenging. This would also be reflected in the assessment of the solution's contribution legitimacy in Gate 3. To maximize the potential for decarbonization impact, prioritize innovative solutions and markets where the most likely reference scenario suggests that the solution may achieve the highest AE impact.

Ensuring consistency: Use a fixed reference scenario

Once defined, the reference scenario should remain fixed for the year of sale or initial lease/useful lifetime. Here, "fixed" refers only to the specific technology or technology mix representing the most likely alternative at the time of sale. It does not apply to other aspects, such as changes in the emissions of the technology mix, which can dynamically change (e.g., the electricity grid mix used by a specific technology/technology mix may evolve over time) or to future sales, where each year requires a newly calculated assessment and claim. A fixed scenario should be linked to the year of sale because in the absence of the solution, the most likely alternative would have been adopted instead and operated for its full lifetime – locking in its associated emissions.

The fixed reference scenario will apply throughout the contract period or the usable life of the solution, including any necessary operational start up time.

The company should use the fixed reference solution for steps 1 and 2 of the assessment:

1. **Identifying the timeframe** of the AE assessment, for both the FW-looking and YoY approaches.
2. **Defining the reference scenario** for the new demand situation or existing demand situation replacing technologies at their end of life.

This ensures consistency for the reference scenario between FW-looking and YoY approaches (see simplified example in Section 4.5.2) and prevents more favorable comparisons that could arise from forecasts in FW-looking assessments.

4.2.3. Step 3: Assess the life cycle emissions of the solution and the reference scenario

Definition of scope and boundaries

Companies should calculate AE based on the solution and reference scenarios' entire life cycles (i.e., emissions from transport, production, use, end of life, etc.), to the extent needed to reliably establish the difference between the two cases. System boundaries need to be clearly defined (see Section 4), including the complete life cycle and capturing all relevant emissions sources and reductions. The timeframe used to assess AE should not exceed the timeframe associated with the solution's life cycle.

Example: a fixed reference scenario in practice

In 2024, Company A sells a heat pump solution in a specific market. The reference scenario for the next unit sold in that market in 2024 consists of 90% gas boilers and 10% heat pumps. This technology mix (90% gas boilers and 10% heat pumps) serves as the fixed reference scenario for all solutions sold in 2024. Company A will therefore calculate the full life cycle emissions of both the sold solution (heat pump) and the reference scenario (90% gas boilers and 10% heat pumps).

However, emissions from the grid mix or the natural gas consumed by either the solution or the reference can remain dynamic. The most likely alternative may also change over time. For this reason, the reference scenario should ideally be reassessed for future years. For example, in 2025, if the most likely alternative shifts to 80% gas boilers and 20% heat pumps, this updated mix should then serve as the reference for all heat pumps sold in 2025.

Figure 12: Example: Replacing a gas boiler with a heat pump in an existing building (not imposed by regulation).

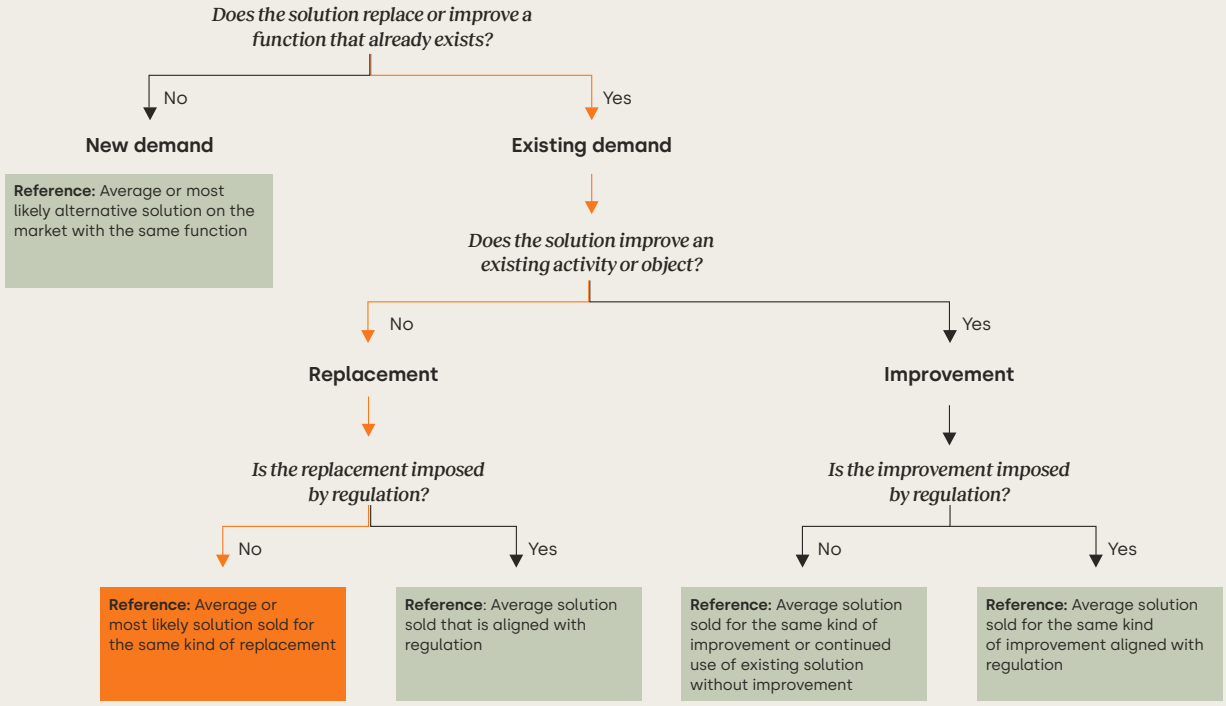
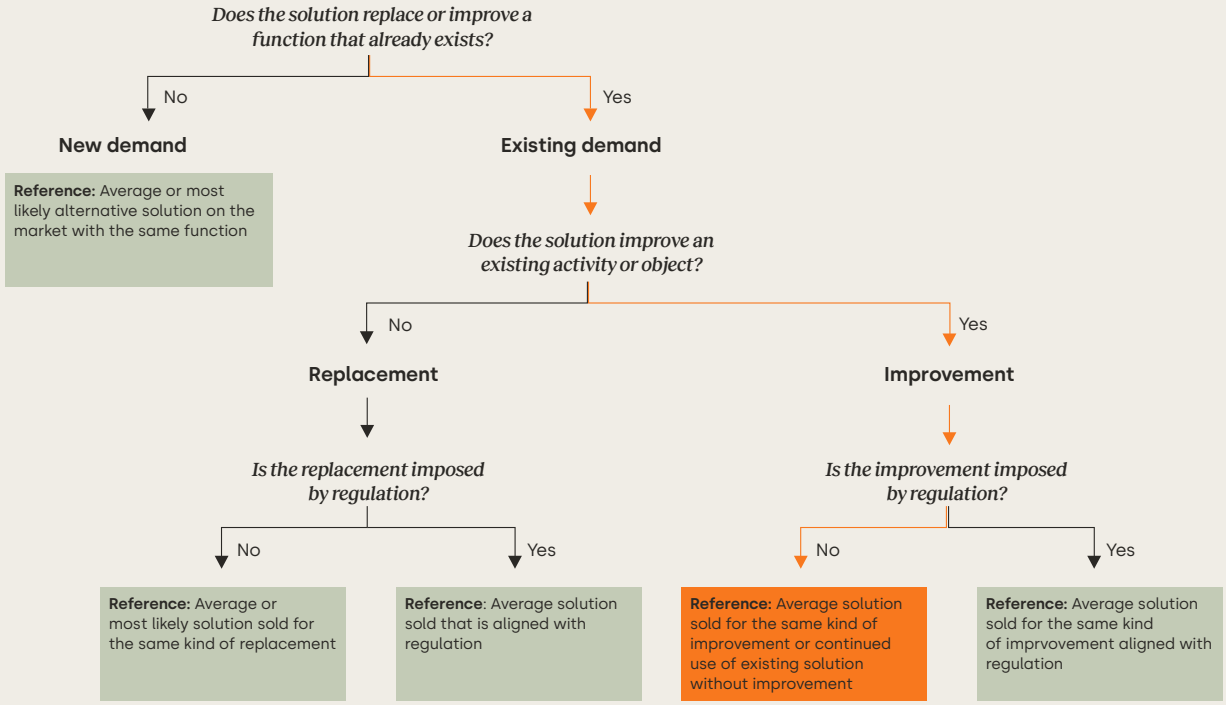


Figure 13: Example: Converting a thermal car into an electric car. The improvement is not imposed by regulation



Example: Defining the FU of a heat pump solution

The definition of the FU of a heat pump solution with a lifetime of 10 years could be: "Providing heating for an average residential house in the Netherlands for 10 years". The reference scenario is assumed to be 80% gas boilers and 20% oil boilers. The required quantities of the solution and the reference to fulfill the FU depend on their lifetimes, as seen in the different cases below.

Table 5: **Example FU definition including lifetime**

Case	*Lifespan (years)*	*Required to fulfill the FU*
1. Same lifetimes for solution and reference		
Heat pump solution	10	1 heat pump
Gas boiler reference	10	1 gas boiler (times 80%)
Oil boiler reference	10	1 oil boiler (times 20%)
2. Different lifetimes for solution and reference		
Heat pump solution	10	1 heat pump
Gas boiler reference	15	10/15=0.67 gas boilers (times 80%)
Oil boiler reference	12	10/12=0.83 oil boilers (times 20%)

Definition of lifetime in the FU

The FU (functional unit) is a measure that defines the function a solution fulfils, making it possible to compare the solution to a reference scenario. In order to fulfil the function, the lifetime of the solution often needs to be taken into account, and thus should be specified.

For solutions with a useful life of one year or less (e.g., food products), the duration is less relevant – however this information should be included in the FU definition or reported separately in a transparent manner.

Note that "lifetime" refers to the useful life of a solution. Companies should define this in a realistic and conservative way based on best available science, rules, data and statistics (see Section on data below). For FW-looking assessments, companies should adopt the most conservative option between the actual and the manufacturer-recommended lifetime of the solution.

Example: Defining a solution's lifetime

For a project that includes a set of solutions such as retrofitting a building to increase its energy efficiency with efficient lighting, appliances, insulation and new windows, there are solutions with various lifetimes involved. Assuming a FU such as "kWh of energy consumed per m2 area, for a residential building in the Netherlands, over 10 years", the lifetimes of the different interventions can be scaled to the FU.

For instance, if an appliance has a lifetime of seven years, then 10/7=1.43 appliances are needed to fulfill the FU. If windows have a lifespan of 30 years, then 10/30=0.33 windows are needed to fulfill the FU.

Not all solutions have a usage lifetime. For instance, animal feed is directly consumed by animals. Nonetheless, the same logic applies: as long as an appropriate FU is defined, then the required quantity of feed to fulfill the FU can be defined.

Attributional and consequential approaches

An AE assessment builds on the lifecycle inventories of both low-carbon solutions and reference scenarios to assess the changes in the market from introducing or selling the solutions. Companies can use two common modeling approaches to calculate the life cycle GHG emissions of a solution and its reference: the attributional and the consequential approach (Table 6).

Either approach can be adopted, and they can be adopted jointly. Companies should state the reasons behind the choice in their AE assessment. The underlying inventories for each approach are built differently: attributional inventories use activity and average data, whereas consequential inventories often use marginal data.

Various components of the AE assessment – such as the scope definition, the assessment of the life cycle emissions of the solution, the reference scenario and the underlying data – can be determined using either an attributional or a consequential approach. Some components are more often addressed using attributional (e.g., assessing GHG lifecycle emissions for the solution), while others can be defined using either approach. A consequential framing may become progressively integrated (e.g., comparing solution and reference scenario, assessing rebound or side effects). Consequential approaches can introduce additional uncertainty due to the wide array of considerations they inherently involve.

Calculation consistency between the scenarios and with GHG inventory

The emissions calculations should be consistent between the reference scenario and the solution delivered by a company. To achieve this, companies must use the same FU for each, and account for the full life cycle GHG emissions for both the solution and the reference scenario. Companies should also use emission factors that account for the solution's entire life cycle (i.e., from cradle to grave), and not only for direct emissions related to the solution's operating phase.

Companies should ensure consistency between the AE and the generated inventory emissions they declare. To claim AE associated with the introduction of a decarbonizing solution, a company should account for the carbon footprint of that solution in its separate GHG inventory.

Table 6: Definitions of the attributional and consequential approaches

Key characters	*Attributional*	*Consequential*
What is described or modeled?	Static inventory of absolute emissions and removals	Change in emissions or removals caused by a specific decision or action
System boundary	Processes used directly in the cycle stages of the product physically produced or consumed	All and only the processes that change as a result of the decision studied, wherever they may occur in the system
How is it used to estimate comparative impacts?	Through comparisons of product GHG inventories developed using attributional life cycle accounting (LCA)	Through consequential LCA or policy and action accounting

Data in lifecycle emissions assessment

Types of data

The data (primary and secondary[15]) for AE calculations can be differentiated based on the company's operational or financial control and its access to information. This applies to end-use and intermediary solutions as well as the reference scenario.

The recommended options are:

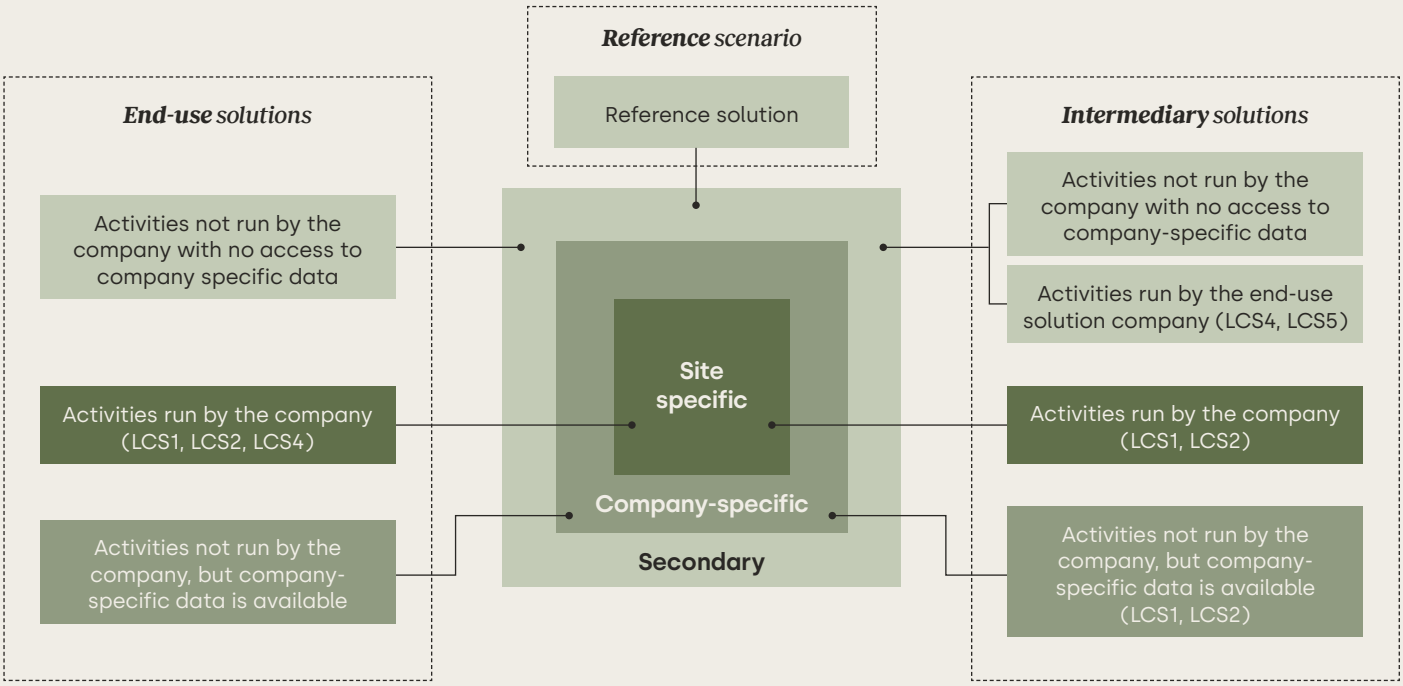
- → For activities inside a company's financial or operational control – **primary data**, which can be **site- or company-specific**;
- → For activities outside a company's financial or operational control
  - – where information is available – **company-specific data** (supplier or stakeholder);
  - – where information is not available – **secondary data**;

Prioritize primary over secondary data whenever possible. For example, for asset-heavy equipment, the solution provider often knows the specific machinery that is replaced and can use site-specific data for both the reference and solution scenarios. Ensure the data quality of the solution scenario is not lower than that of the reference scenario for existing solutions.

Good practice recommendations for data collection, quality and management

- → **Refer to existing standards**: Use product-specific standards (e.g., ISO 22526 for biobased plastics), product category rules (PCR), product environmental footprint (PEF) category rules (PEFCR) for data collection, data quality indicators and requirements, if applicable.
- → **Supply chain collaboration**: Aim for overall alignment, collaboration and primary data exchange between stakeholders in your supply chain.
- → **Improve key data points or assumptions**: Seek higher quality data, such as site-specific or actual measurements, to replace previously used data points or assumptions with lower data quality or high impact.
- → **Align assumptions**: Use the same foundational assumptions (e.g., IEA STEPS) for both scenarios to avoid biases.
- → **Document transparently**: Thoroughly report data sources, key assumptions, limitations and data gaps and how they affect the assessment.
- → **Use proxies**: Use proxies based on validated assumptions if data is missing and choose conservative values when various options are available.

Figure 14: Recommended data types based on solution type



Note: Life-cycle stage (LCS) LCS1: raw materials acquisition & pre-processing; LCS2: manufacturing; LCS3: distribution; LCS4: Use; LCS5: end-of-life.

- → **Use consistent secondary data sources**: Ensure consistent secondary data in both the solution and reference scenarios.
- → **Validate key assumptions**: Confirm and regularly update key assumptions, especially those that have a significant impact on AE calculations.
- → **Review data**:
  - Conduct a yearly evaluation of updated data, from the same or new sources, to identify significant changes from the original assessment.
  - Continuously verify data related to baselines, rebound effects and side effects and update the AE assessment as needed, especially for FW-looking assessments.
- → **Track trigger events**: Monitor major events (e.g., policy changes, shifts in delivery model, consumer behavior, market mix) that could affect assumptions or data, and reassess AE evaluations if needed.
- → **Scenario assessment**: Evaluate scenarios that include high/low rebound effect as well as high/low levels of uncertainty alongside the expected or most likely scenario.

Table 7: Data sources (illustrative and non-exhaustive list)

Type	*Source*
Primary data	Meter and sensor readings, purchase records, utility bills, engineering models, direct monitoring, material/product balances, stoichiometry or other methods of obtaining data from specific processes in the value chain e.g., directly from suppliers, primary customer and market data (collected directly by own market research or customer surveys)
Secondary data	→ Life cycle databases as per GHG Protocol list → Secondary customer and market data representing averages instead of company-specific data. Examples include: – Consumer behavior data (e.g., product use phase, recycling patterns or electronics disposal) gathered from broader surveys or studies conducted by third parties – Sales, market share and distribution data such as product sales and market penetration figures from retailers or analytics firms → Journals (International Journal of Life Cycle Assessment, Journal of Industrial Ecology, Journal of Cleaner Production, Journal of Environmental Science & Technology, Nature, Resources Conservation & Recycling, Environmental Innovation & Societal Transitions) → External studies conducted by credible organizations (e.g., Label Energie Positive et Reduction Carbone, Green Building Councils, Fédération des Services Energie Environnement, International Energy Agency) → Regulations and standards (U.S. Environmental Protection Agency, UK Department for Business, Energy & Industrial Strategy, Réglement environnementale 2020, International Standards Organisation, Association Française de Normalisation, American Society of Heating, Refrigerating and Air-Conditioning Engineers, European Committee for Standardization) → The Net Zero Initiative's standardized references and avoidance factors in the Guidance on Avoided Emissions v1.0.
Trends, projections, policy scenarios etc.	→ EU Reference Scenario 2020 (European Commission) → Table of Solutions (Project Drawdown) → POTEnCIA scenarios (European Commission) → EA's Global Energy and Climate Model → IRENA's Renewable energy roadmaps → Data (FAOSTAT)

4.2.4. Step 4: Assess AE

AE are assessed by calculating the difference in emissions between the reference scenario and the solution, taking the solution's entire life cycle into consideration, as defined in the FU.

Addressing the evolution of AE over time

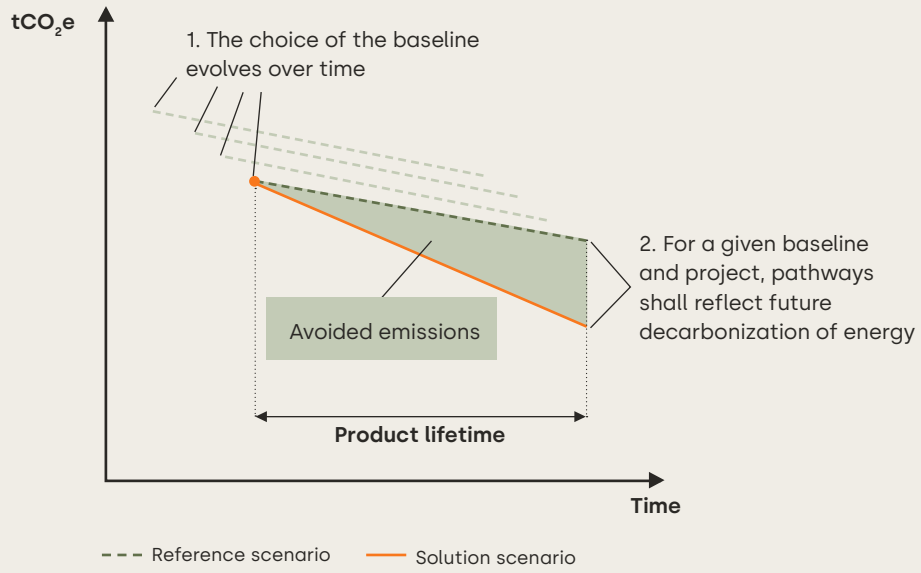
AE assessments incorporate the hypothetical behavior of various market actors and can involve estimations over several years. This dynamism must be accounted for. Reference and solution scenarios should consider the potential evolution of the underlying data and assumptions over time, in relation to different aspects.

In most cases, the emissions of both a reference scenario and solution evolve over time due to changes in the energy mix (e.g., the actual or predicted decarbonization of the energy consumed over a solution's lifetime) or other factors such as technological efficiency improvements in machinery, buildings or transport. In the case of FW-looking AE assessment, a company should incorporate trend scenarios (e.g., IEA STEPS to best assess the expected decarbonization of the energy sector for both the reference scenario and the solution[16]) or well-documented hypotheses to define forward-looking scenarios within different sectors.

The situation will depend on the year of sale, especially for references reflecting the state of the market in a given year.

To assess AE, there are various time-related concepts that come into play when choosing an approach and defining a reference scenario. The following example illustrates how different results can be calculated in a FW-looking or YoY approach as a consequence of the fixed and dynamic aspects of a reference scenario.

Figure 15: An example of a solution where the reference is the average solution that improves in the market over time (schematic)



Example: comparing a FW-looking and a YoY assessment of AE for a heat pump solution.

As a first step, the scope of the solution should be defined:

- → **Assessment goal:** Communicating AE assessment results to potential investors.
- → **Type of solution:** Heat pump.
- → **Function and FU:** Providing heating for an average residential house for 10 years.
- → **Reference scenario (2024):** Most likely reference solutions for heating are 90% gas boilers and 10% heat pumps, based on new sales.
- → **System boundary:** To provide heating for an average residential house over 10 years, the system includes all processes related to the production, use and operation, and end of life of the solution and reference scenario.

Example: comparing a FW-looking and a YoY assessment of AE for a heat pump solution (cont'd)

Additional information to be considered in the assessment:

- → **Year of sale:** 2024
- → **Lifespan:** 10 years for both the heat pump and gas boiler
- → **Geographical scope:** Netherlands
- → **Assumptions:**
  - The solution is operational for the full year 2024 (relevant for the YoY approach).
  - The solution is replacing old technologies that have reached their end of life i.e., this is an existing demand situation, replacement case.
  - A heat pump consumes 1000 kWh of electricity per year; a gas boiler consumes 1000 m^3 natural gas per year (illustrative data).

The reference scenario for 2024 should remain fixed for all solutions sold in 2024.

Table 8: Forecasted evolution of emission factors of the power grid and natural gas per year (hypothetical values).

GHG emissions per year	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*	*2033*	*Total*
Power grid $kgCO_2eq$/ 1000 kWh	1.6	1.5	1.3	1.2	1	0.9	0.8	0.7	0.6	0.4	10
Natural gas $kgCO_2eq$/ 1000 m^3	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9	1.9	1.8	20

If the annual consumption of electricity for the heat pump and natural gas for the boiler remain constant at 1,000 kWh and 1,000 m^3, respectively, then the total projected emissions over their lifetimes amount to 10 kg CO_2 eq. for the heat pump and 20 kg CO_2 eq. for the gas boiler (sum of all years).

The assessment of the total emissions for the FW-looking approach is presented in Table 9. Production and end of life treatment values are hypothetical.

Table 9: Calculation of emissions for the heat pump and gas boiler using FW-looking approach

Approach	*Technology*	*Production (GHG emissions in kg CO2 eq.)*	*Use/operation (GHG emissions in kg CO2 eq.)*	*EoL (GHG emissions in kg CO2 eq.)*	*Total emissions (10y)*
FW	Gas boiler	8	20 (over 10 years)	5	8+20+5=33
	Heat pump	10	10 (over 10 years)	5	10+10+5=25

The assessment of the total emissions for the YoY approach is presented in Table 10. Production and end of life treatment values are hypothetical.

These numbers are fictive for the purposes of this example. Assumptions made for AE assessments should be based on credible data

Example: comparing a FW-looking and a YoY assessment of AE for a heat pump solution (cont'd)

Table 10: Calculation of emissions for the heat pump and gas boiler using YoY approach

Approach	*Technology*	*Production (GHG emissions in kg CO_2 eq.)*	*Use/operation (GHG emissions in kg CO_2 eq.)*	*EoL (GHG emissions in kg CO_2 eq.)*	*Yearly emissions - 2024 (production and EoL are spread over 10 years)*
YoY	Gas boiler	8	2.2*	5	8/10+2.2+5/10= 0.8+2.2+0.5=3.5
	Heat pump	10	1.5*	5	10/10+1.5+5/10= 1+1.5+0.5=3.0

*Assuming that the values in the use phase have been realized and they are more representative than the forecasted values in Table 8.

The most likely reference solution in 2024 (90% gas boiler and 10% heat pumps) remains fixed for the full lifespan of solutions sold in 2024, as defined in the FU.

A new reference should be calculated for solutions sold in 2025, as the 90% gas boilers and 10% heat pumps distribution for 2024 may no longer accurately reflect the most likely alternative scenario. Additionally, for the new year, projected emission factors for energy consumption can be updated if more accurate data becomes available, with projections extending until 2034. Table 11 shows the calculation of the AE.

Table 11: AE results for the heat pump solution using the FW and YoY approaches

FW—looking assessment | 2024-2033 (total)	*YoY assessment | 2024*
Emissions $reference_{total}$ – Emissions $solution_{total}$	Emissions $reference_{yearly}$ – Emissions $solution_{yearly}$
(33*0.9+25*0.1)-25 = 32.2-25 = 7.2 kg CO_2 eq.	(3.5*0.9+2.5*0.1)-3.0 = 3.45-2.5 = 0.95 kg CO_2 eq.

The difference between the FW-looking result (7.2 kg CO_2 eq.) and the YoY result (0.95 kg CO_2 eq.) - which would roughly total 9.5 kg CO_2 eq. over 10 years, without accounting for potential variations in the yearly assessments - can be attributed to the use of more accurate data and verified assumptions in the YoY assessment.

Recalculating the solution and reference scenario

As discussed, AE assessments can include several assumptions. Various factors – such as structural changes in the reporting organization, the discovery of errors or an improvement in data collection – can prompt the need for AE to be recalculated.[17]

When this happens, both approaches require recalculation:

1. YoY: Recalculate any relevant years already assessed up to that point.
2. FW-looking: Recalculate the base year, any relevant years assessed up to that point, and the forward-looking impact.

Evaluating assumptions and data used over time will help a company:

- → Incorporate assumptions and data that are most accurate and up to date with the latest science and practices;
- → Verify whether the reference scenario initially defined accurately represents reality;
- → Identify interdependencies between the solution and the expected decarbonization impact;
- → Regularly update the reference scenario to represent the latest market conditions or policies, so that solutions sold in later years do not use outdated reference scenarios.

While a YoY assessment can better reflect reality regarding emission factors, it still relies on several assumptions. These include and are not limited to:

- → The lifespan of the solution and reference technologies (over which upstream production and end of life emissions may be distributed)
- → End of life emissions, which may occur in the future.
- → Aspects of the annual energy consumption for both the solution and its reference scenario.
- → Factors influencing the use phase (especially if they are not being monitored), such as consumer behavior, technology performance degradation, and other relevant parameters.

To balance short-term flexibility with long-term consistency, we recommended evaluating assumptions and data used, and potentially recalculating, at regular time intervals:

- → **Recommended:** Yearly recalculation of baselines using latest available data or actual measurements instead of assumptions, for example through traceability and monitoring of a solution's performance.
- → **Required:** Recalculation every two to three years and no later than five years, even for solutions with long lifespans.

4.2.5. Step 5: Validate contribution legitimacy

Using the calculations carried out in Step 4, a company should (re-)confirm Gate 3 eligibility for its solution(s) by validating the contribution legitimacy quantitatively. Take the following steps:

1. Show the significant decarbonization impact: Report the actual GHG emissions of the solution and the reference scenario, as well as the AE. This is to show the reductions against the reference scenario.
2. Explain why the impact is significant: Refer to the absolute number of AE or indicate to what extent the AE exceed the variation in results stemming from an uncertainty analysis.
3. For intermediary solutions, quantify their share of the total emission reductions (achieved by the end-use solution) to ensure that their contribution remains significant.
4. Confirm the substantiated impact by showing the cause-effect pathway between the solution and AE through the underlying calculation and data model.

4.3. Optional - Considerations for value chain and company-level assessment

After assessing AE at solution level, it is possible to:

a. Assess AE at a *value chain level.* This entails partitioning the total AE through allocation across the different value chain actors involved in the solution.

b. Assess AE at a product *portfolio level.* This entails adding the AE of various solutions in a company portfolio through aggregation.

c. Assess AE at an *entity level.* Add multiple solutions from multiple business units or company entities through consolidation into a specific entity level, such as across subsidiaries.

This section is presented separately from the core assessment guidance due to the current limitations in methodologies, data and alignment in allocating, aggregating, and consolidating AE. Widely accepted methodologies are scarce at the time of publication of this Guidance, and, particularly, allocating AE across various value chain actors involves high levels of uncertainty. The risk of arbitrary choices, inconsistent assumptions and cherry-picking is difficult to mitigate without clear and widely tested and accepted approaches. As such, allocation should be approached with caution, and results should be interpreted carefully and shared transparently.

AE at the level of the company portfolio are the aggregate of the AE of all products and services sold in a given time period. Before aggregating the results, it may be useful in some use cases to apply allocation to avoid accounting multiple times for the same AE. The guidance below outlines under which conditions AE can be allocated and aggregated across a company's portfolio. If the solutions target completely distinct emission reductions, the AE of different solutions may be added together. However, if two solutions target the same emission reductions, the effect of the first solution on the addressable emissions must be calculated first, as the second solution will only impact the remaining emissions. Without considering this, double counting will occur. In this way the emissions are allocated between two solutions, which allows stakeholders to aggregate them afterwards if needed.

For example:

→ Company A has a solution that optimizes the energy demand of residential buildings and another targeting office buildings. These solutions do not overlap due to distinct end-use applications.

→ Company B has a solution that reduces traffic flow and another that optimizes the electricity use of EV charging infrastructure in the same city. These cannot simply be added together, as the reference scenario of the EV charging infrastructure optimization solution must consider the reduction of traffic flow.

The recommended guidelines on value chain allocation, portfolio-level aggregation, and entity-level consolidation will help create an overview of a company's total AE. Depending on the use case, it is helpful to align with the financial analysis of the solutions or reporting boundary of the organization. Please note that companies should communicate the percentage of sales associated with AE claims to make clear the share of AE solutions in the overall company portfolio.

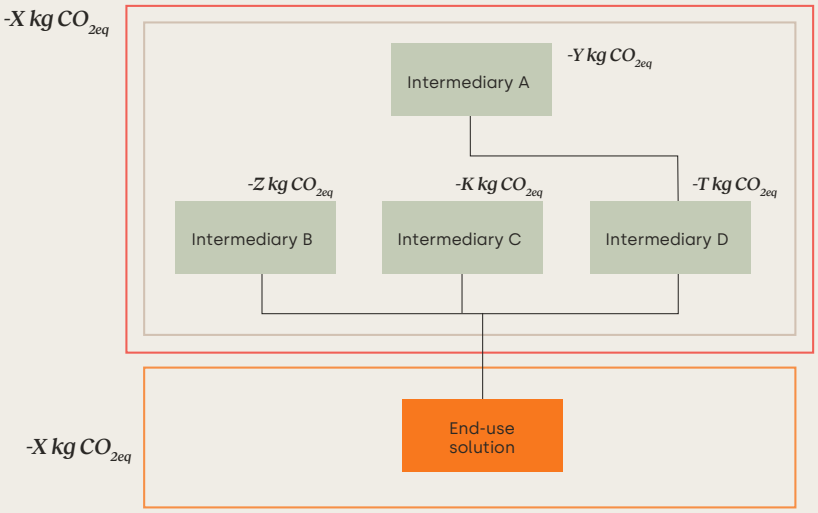
4.3.1. Value chain allocation

"Allocation" is when the total AE generated by intermediary solutions (which correspond to the AE of the end-use solution) are distributed across each intermediary solution contributing to the end-use solution. The total of the AE allocated to each intermediary solution cannot be greater than the AE of the end-use solution (see Figure 14 below: $Z+K+T+Y \leq X$).

As discussed, AE assessments are hypothetical and inherently carry a high level of uncertainty. The use of allocation may increase this uncertainty. However, if the same AE are accounted for multiple times by different stakeholders, this could lead to inconsistencies and risk greenwashing. The purpose of allocation in the AE context is to ensure that the total AE reflects the collective value chain effort to show contributions from multiple components.

To account for the additional uncertainty introduced by any allocation method, unallocated data should be reported, the allocation approach should be communicated transparently along with any AE claim, it should be aligned between relevant stakeholders, and based on robust and relevant data. Allocation may provide supplementary insights for stakeholders. Therefore, as an optional disclosure that is identifiable as allocated AE, AE may be calculated using the allocation approach specified in this section. This optional disclosure enables organizations to develop expertise with allocation methodologies while enhancing transparency for key stakeholders (e.g., corporate decision-makers, investors, financial planners).

Figure 16: Allocation of AE across intermediary solutions that contribute to an end-use solution



Before applying allocation, companies should follow these practices to maintain accuracy and integrity:

- → **System boundary definition**: Establish clear boundaries for AE calculations, specifying the inclusion of the solution's entire life cycle and capturing all relevant emissions sources and reductions.
- → **Transparency**: Provide a detailed system boundary diagram and clarify the solution's contribution to, or relationship with, the total AE in the end-use solution. This should include all relevant components, to prevent double counting and enhance credibility.
- → **Collaboration with component providers**: Engage with other value chain actors and funders to align on claims, ensure traceability and standardize monitoring methods for transparent and coordinated AE accounting. When performing allocation, it is generally good practice to harmonize allocation approaches with other actors across the value chain.

Where industry or sector guidelines on the value chain allocation of AE are being developed in the future, we recommend contributing to them. This enables convergence within sectors and alignment with best practices.

Where these guidelines do not exist, apply the following allocation hierarchy to prioritize accuracy and avoid cherry-picking.

1. **Exact contribution**: If it is possible to quantify the exact contribution of an intermediary, the company should use this value. For example, if a fleet management system uses Internet of Things-based traffic routing to optimize vehicle paths, and data shows that this reduces total fleet mileage by 5% over a sustained period under consistent operating conditions, the provider of the routing solution can claim that specific share of AE. (There are various ways to calculate attribution, such as smart devices in industry or machinery).

   This approach also applies when an intermediary can justify why 100% of the reduction is directly attributable to its solution. For example, a software provider develops and operates an energy management system that automatically shuts off idle industrial equipment when not in use. Before the system's deployment, the equipment ran continuously, consuming significant electricity. After implementation, monitoring shows that all reductions in electricity use are directly attributable to the software's control (with no other changes to operations or equipment).
2. **Other relationships**: In cases where other relationships (e.g., economic relationships) can justify a proportional allocation of AE, the company should use these. For example, if the cost or value of a component is proportionally significant to the overall end-use solution, this relationship can help guide the split of emissions. Other approaches may include: i) induced emissions; ii) weight; iii) other physical parameters.
3. **Equal split**: If the number of intermediaries contributing to the end-use solution is known, the AE should be equally split across the intermediaries unless more accurate data is available.

The "exact contribution" approach is the only method that can provide a potentially accurate allocation, although it tends to be challenging to implement. Any other approach will lead to arbitrary choices and opportunities for "cherry-picking" – but these other approaches can be considered helpful insofar as they help companies who are new to allocation to learn and develop towards the exact contribution approach.

4.3.2. Company-level aggregation

The aggregation of AE across intermediary and end-use solutions can be challenging at the company level. Five archetype conditions for aggregation could occur. Each comes with specific rules to enhance transparent accounting and prevent double counting:

1. **Different end-use solutions with distinct AE: sum up**
   Aggregating end-use solutions with distinct AE to a total is only permissible based on Section 4.8.
2. **Distinct markets sell the same end-use solution: sum up under condition**
   The aggregation of AE of the end-use solution for distinct markets can take place following the calculation of the AE with a consistent assessment in line with the Guidance. For example, extrapolating the end-use solutions sold in different markets to another market is not possible.
3. **Intermediary and end-use solutions addressing the same AE: do not sum up**
   Avoid aggregating intermediary solutions with end-use solutions that address the same AE. This prevents double counting and an overstatement of total AE.
4. **Multiple intermediary solutions: sum up under condition**
   Depending on the use case, it is possible to aggregate an intermediary solution's AE. Follow best practices on necessary conditions and be transparent about other relevant intermediaries to prevent double counting, especially if an intermediary solution contributes to multiple end-use solutions.
5. **Solutions that already exist and solutions under development: do not sum up**
   Although existing solutions and solutions under development may address different AE, the high uncertainty over whether the latter will be sold in the market means these different types of solutions should not be aggregated. This will allow for transparency over time.



Example: Aggregating across solutions

Company A has two different business units (BU) that produce different AE solutions for different markets in year X:

→ BU 1: EV battery (intermediary solution) sold to EV customers and used by BU 2.

→ BU 2: EV (end-use solution) sold in Germany, France and Japan.

In line with the example in section 2.4, no allocation is applied between the EV battery and the EV.

Aggregated AE for Company A in year X:

BU 1 Total AE

EV battery sold to EV customers – sum up the AE from the end-use solutions in which the EV battery is used by EV customers in the same market (archetype 2).

EV used by BU 2 – do not sum up the AE from the intermediary and end-use solutions, since they contribute to the same AE and no allocation was applied between them (archetype 3).

BU 2 Total AE

EV sold to EV customers – sum up AE of EVs sold in the different countries under the condition that they are based on distinct AE of EVs sold in each market (archetype 2).

Table 16: Illustrative numerical example of aggregated AE

Business unit	*Solution*	*Market*	*avoided emissions (tons of CO_2eq.)*	*Aggregated avoided emissions (tons of CO_2eq.)*	*Note*
BU 1	EV battery	EV customer 1 market 1	200.000		
BU 1	EV battery	EV customer 2 market 1	300.000		
BU 1	*EV battery*	*Market 1*		*500.000*	
BU 1	EV battery	EV customer 3 market 2	100.000		
BU 1	*EV battery*	*Market 2*		*100.000*	
BU 1	EV battery	BU 2 EVs	200.000	*0*	Not included in aggregation
BU 1	***EV battery***	***Sub-total***		***600.000***	***Distinct AE for distinct markets so can be summed***
BU 2	EV	EV customers Germany	400.000		
BU 2	EV	EV customers France	500.000		
BU 2	EV	EV customers Japan	100.000		
BU 2	***EV***	***Sub-total***		***1.000.000***	***Distinct AE for distinct markets so can be summed***

4.3.3. Entity-level consolidation

After aggregating solutions at company level, companies can take the step to consolidate the AE across different entities e.g. parent company and subsidiaries. Companies should follow methodological approaches from existing standards, such as the GHG Protocol and Partnership for Carbon Accounting Financials (PCAF), when consolidating AE.[18] In general, the principle is to follow financial statement consolidation to the extent possible. Note that these standards serve different audiences (corporates and financials) and address different aspects of consolidation. Existing concepts from these standards can be used as a basis for consolidation of AE solutions across company and financial portfolios – for example, operational boundary and organizational boundary to aggregate GHG emissions at entity level from the GHG Protocol, and attribution of emissions depending on the asset class from PCAF.



Communicating and *reporting avoided emissions*



05.

05. Communicating and *reporting avoided emissions*

It is important to standardize the reporting of AE claims. Doing so will improve comparability and consistency, and minimize the risk of misstatement. Companies calculating AE in line with this Guidance should report and communicate AE in accordance with the principles set out in this section.

5.1. Guidelines for external reporting

The guiding principle for AE reporting is transparency. Transparent reporting will stimulate learning, enable continuous improvement and refine best practices.

To achieve this, companies reporting on AE must comply with the following requirements:

1. **AE should always be reported separately** from:
   - GHG inventory footprints.
   - Carbon sinks.
   - Financial contributions to transition (like offsets or carbon credits) outside of the organizational boundary.
2. **AE should not be used to claim a company's or solution's carbon neutrality,** Net Zero emissions or any other claims implying a company's or solution's overall absence of impact or positive impact on the climate.
3. **Companies should provide key information** when communicating and reporting at a solution level, namely:
   a. A description and definition of the scope, including the system boundary.
   b. The selected approach for the timeframe identification.
   c. The life cycle GHG emissions of the solution(s) and reference scenario(s) on which the AE are based.
4. **Companies should specify whether they used the FW-looking or YoY approach** to quantify AE. In the case of FW-looking, they must transparently communicate that this goes beyond one year and the timeframe of the assessment.
5. **Companies should communicate a quantitative estimate or qualitative description of the uncertainty** of the results. This includes listing key assumptions and limitations associated with the calculations, including for the reference scenarios, and providing sources for the underlying data.
6. **Any reported and communicated AE must comply with the three eligibility criteria gates.** Companies who make AE claims externally must provide evidence of compliance with each gate.
7. **Companies must specify the percentage of total revenue the AE solutions represent** when AE are communicated externally.
8. **Companies should list all other known key components or the link between intermediary and end-use solutions** that are essential to realizing the AE.
9. **Companies should state if their AE impact has been reviewed by a third party** or not.
10. **Companies should publicly communicate any identified negative side effects of the solution(s)** in terms of environmental trade- offs and sustainability goals beyond GHG impact. The company must provide a description of the actions undertaken to mitigate these effects.
11. **Companies should state whether they have identified potential rebound effects** and if they have been included in the assessment or not. If these effects have been identified, companies must describe their nature and the actions undertaken to mitigate them.
12. **Companies should report on the context of recalculation** where there have been significant changes, and on the chosen policy for recalculation. Reporting on original and recalculated figures supports transparency.
13. **In their sustainability report, companies should report on AE in a separate section** from their GHG inventory emissions. In the case of a FW-looking assessment, the cumulative AE should be supported by an annual breakdown.

5.1.1. Additional considerations for reporting

Beyond the reporting guidelines above, companies should internally track (and are encouraged to communicate) the following calculation details:

1. The rationale behind the chosen reference scenario(s) (e.g., most likely alternative solution, new/existing demand, improvement/ replacement, led by legislation).
2. Their use of attributional and consequential approaches.
3. Sources and key hypotheses used to define and calculate the life cycle GHG emissions of the reference scenario and solution, including the FU, lifespan and boundary.

4. A qualitative and quantitative assessment of the data quality (see Section 4.5).
5. If applied, the range of AE results based on the outcomes of uncertainty and sensitivity analyses.
6. Any potential materiality threshold used in the calculation process.

5.1.2. Updates to reporting

When reporting on AE, especially using the YoY approach, companies should consider updates following certain conditions. This is in addition to recalculation of AE on an annual basis (best practice) or based on the availability of more specific or updated data and assumptions (see Section 4.5 and Section 4.6.2).

The conditions to update reporting include structural changes in the reporting organization, changes to calculation methodologies and changes in the activities in the GHG inventory underlying the solution. In general, companies should recalculate in line with company policy or when a significance threshold of 10% or more is triggered.

Where significant changes happen in the middle of the year, companies should recalculate the solution and reference AE for the entire year instead of only part of the year. The recalculation is different for the two approaches:

→ FW-looking: recalculation of all years back to the lifetime base year.

→ YoY: recalculation of AE for the year prior to the change.

In all cases, companies should report on significant changes compared to the previous reporting period.

For independent review purposes and in line with the GHG Protocol, companies should define an AE recalculation policy and have quality procedures in place.

5.1.3. Third-party review

To enhance the credibility and transparency of claims, we recommend conducting a third-party review of AE assessments, especially in the case of external reporting. This should follow the ISO 14071[19] standard as it describes the key aspects of a critical review process and reviewer competencies. These include:

→ Scope of the review.

→ Reviewer qualifications (selecting reviewer, reviewer agreement, replacing reviewer).

→ Process of the review (general process, type of review).

→ Validity of critical review statement and report.

→ Review report.

→ Revision of an existing review e.g. in case of recalculation.

→ Template for review report, reviewer independence and competencies.

The below indicates recommended content for review alongside the process. Depending on the level of third-party review, this content will need to undergo more detailed evaluation by the reviewer.

Recommended content to be critically reviewed:

→ Purpose of AE assessment.

→ Proof for eligibility assessment (three gates), including negative side effects and potential rebound effects.

→ Definition of the system boundary, including FU.

→ Explanation of AE assessment approach: FW-looking or YoY, attributional or consequential life cycle accounting.

→ Definition of and rationale for reference scenario.

→ Main assumptions used for the AE assessment, e.g. lifetime, emission factors.

→ Data quality assessment, including DQR, data collection and data validation process.

→ Sensitivity analysis results.

→ Uncertainty analysis results.

→ Range of AE results based on the outcomes of the sensitivity and uncertainty analyses.

→ Draft text for external reporting and KPIs that will be reported in line with Guidance template.

→ Calculations and calculation model.

→ Materiality threshold used for calculations.

→ Explanation of aggregation principle followed (if applied).

→ Rationale for allocation approach (if applied).

5.2. Communicating AE

Below is a suggestion for how companies could communicate AE in line with the above guidelines. Please refer to the WBCSD Avoided Emissions Implementation Hub[20] for the full technical template that can serve as a basis for reporting.

Figure 16: Recommended communications template for AE reporting

Description of the solution The solution and reference scenario and life cycle GHG emissions (when communicating at a solution level): The context and overview of the solutions in scope and definition of reference scenario (when communicating at an entity level): Consider aspects like context, contribution to change, total system description, stakeholders, region/market, time period, greenfield/brownfield, solution implementation and actions for systems engagement to ensure the solution is implemented.	**Core principles** ☐ We comply with the three eligibility gates ☐ We report AE separately from our GHG inventory and do not net or compensate AE and inventory emissions ☐ We don't claim climate neutrality through the use of AE ☐ We assessed the potential negative side effects of our solution(s) in terms of environmental trade-offs and sustainability goals beyond GHG impact ☐ We assessed and shared the potential rebound effects of our solution(s)
AE assessment The function and FU of the solution: Solution system boundaries: Approach: ☐ Year-on-year (20XX) ☐ Forward-looking (20XX – 20XX) CO_2 eq. avoided (split by solution type in different markets) → Absolute CO_2 eq. avoided (metric tons): → Intensity-based CO_2 eq. avoided / FU (e.g. MJ, km, tons of production): → Intensity-based CO_2 eq. avoided / net revenue Total lifecycle CO_2 eq. breakdown by solution and reference scenario: % of AE linked to end-use or intermediary solutions: % of revenue from solution / total net revenue (at the entity or BU level only): Carbon credits claimed for solution (if applicable):	**Methodology & data** Data quality score: OR Qualitative description of data quality hierarchy: Key assumptions and limitations of the solution and reference scenario: Description of potential negative side effects and rebound effects, and description of actions to mitigate these: Baseline recalculation and explanation (as applicable): Solution's effect on Scope 3 downstream categories:
Eligibility Assessment Gate 1 (Climate Action Credibility): Gate 2 (Climate Science Alignment): Gate 3 (Contribution Legitimacy):	Our approach to defining and calculating AE has been independently verified: ☐ Yes ☐ No

Tracing and monitoring *avoided emissions*



06.

06. Tracing and monitoring *avoided emissions*

Traceability and monitoring of AE over time is crucial for reporting and validating AE claims. There are various tools and technologies that can support AE assessments in this way, especially across the value chain and in the use phase.

6.1. Why does traceability and monitoring matter?

Traceability and monitoring improves accuracy and credibility in assessments, provides information on the effectiveness of climate action strategies and enables collaboration among value chain actors.

Traceability refers to the ability to identify, trace, and measure attributes, distribution, location and application of products, parts and materials. Doing so helps to ensure the reliability of sustainability information.[21] In light of this guidance, this means tracing the connection between the provider and user of the climate solution and the realized GHG emissions.

Monitoring refers to the systematic and periodic analysis especially of data but also methodological aspects used in an AE assessment.

Some incentives to invest in traceability include:

- → **Financial opportunities:** companies who lead the way in sustainability and decarbonization with credibility can access more financing opportunities, especially in the context of increasing scrutiny.
- → **Regulatory compliance:** monitoring key performance indicators related to AE reporting can enhance third-party reviews or increase the efficiency of auditing, which are required to meet certain regulations.
- → **Consumer engagement:** encourage and enable impact- and data-driven got-to-market strategies and sustainable procurement/ consumption choices

The relevance of traceability and monitoring in AE assessments

Traceability and monitoring relate to specific methodological aspects outlined in the Guidance, namely:

- → FW-looking and YoY approaches: Traceability and monitoring can help validate or improve key parameters, assumptions and data. Examples include product use, energy consumption, lifespan, maintenance needs, rebound effects, consumer behavior, emission factors and LCI datasets. Where significant variations occur compared to the initial data used, the AE should be recalculated.
- → Validation of a solution's actual or realized impact: Continuous monitoring will help measure and validate actual use and prove the direct cause-effect relationship between the solution's introduction, uptake, and usage, and its realized AE.
- → Gauging impact-oriented decision-making: Capturing and managing data from the use phase of climate solutions can improve data quality at this stage of the assessment. Monitoring the use phase is essential given that consumer behavior and potential rebound effects can significantly affect the impact of climate solutions. Climate impact can only be strategically optimized when interdependencies between value chain interventions and use phase implications are clear.

6.2. Tools for traceability and monitoring

Companies face practical and regulatory challenges when implementing traceability and monitoring. They must choose the right technologies to track different metrics, and align with different actors related to a solution's value chain.

Examples of technologies that can enhance traceability and monitoring

Data collection/sensing

- → Satellite technologies and drones can provide constant monitoring in agro-environmental or infrastructure value chains to collect granular data on land use.
- → Smart devices – such as sensors – can provide real-time and specific tracking. For example, the ECOFACT platform (ECO-innovative Energy FACTory Management System) uses sensors to gather data in a factory to monitor energy-related KPIs in real-time.
- → Sustainability certification schemes can certify operators against sustainability standards and can collect on-the-ground data in auditing cycles.
- → Consumer surveys and market research groups can support in substantiating a solution's AE impact (cf. Gate 3), validating assumptions, and leveraging climate action in consumer engagement.

Data management and processing

- → AI-based data analysis platforms can process large volumes of real-time information to generate key indicators on emissions and solution performance.
- → Life Cycle Assessment software can evaluate environmental impacts across various parts of the value chain.

Data sharing with upstream and downstream actors

- → Industry associations as well as multi-client studies can provide data for a specific solution type or for parts of the value chain with data gaps or low data quality.
- → Internet of Things devices can collect data for use by multiple value chain actors. These devices use blockchain technology for secure and traceable record keeping, which supports the verification of the data. For example, the Digital Product Passport (DPP) initiative enables sharing of key product information among various value chain actors (industrial, consumer, R&D and financial).
- → Collaborative platforms where stakeholders share real-time data on product performance and end-use in federated/ decentralized data governance models
- → New business models which nudge and financially incentivize downstream actors to share data with upstream manufacturers.

Some examples of good practices in traceability and monitoring:

- → Promoting industry-wide collaboration and value chain data exchange to ensure common practice and harmonization of solutions' climate-related data and assumptions that are used in AE assessments.
- → Documentation and detailed referencing of data sources, data processing steps, calculations and results so that the assessment is transparent and reproducible by other practitioners.
- → Active support (in the form of resources and commitment) from senior management of solution provider companies and companies in the value chain, to ensure this topic is prioritized.
- → Where it is not possible to obtain (live) data from the supply chain, lab-based tests can be used as proxy input data if they are representative of industrial level processes.
- → Where it is not possible to obtain primary data from the use phase, consumer data collection mechanisms can be used, such as surveys and market research groups. Internet of Things or smart technologies can also track the emissions of certain appliances.
- → Where value chain actors produce data, companies may allow access to raw, unprocessed data alongside the processed data so that other actors can clearly interpret or incorporate the data in their calculations.

Traceability of primary use phase data may be a major challenge for solution providers whose solutions can be used in multiple end-use applications with a variety of use patterns. In some situations, the use stage also depends on human behavior, which is complex to capture reliably, especially over the lifetime of a product and in reference scenario modelling.

Even if use phase and end of life data generated by downstream actors is available, there is often no incentive to share this consistently with a wide array of potentially relevant upstream actors. There is therefore a significant opportunity for two-way data flow between relevant value chain actors.

Leveraging *avoided emissions*



07.

07. Leveraging *avoided emissions*

Companies, investors and policymakers each have an important role to play in leveraging AE. With the right focus and action, these actors can support each other and society in the path towards a 1.5°C future.

How companies can leverage AE

AE can demonstrate how a company's solutions are contributing to decarbonization and therefore highlight growth opportunities linked to climate action. AE can also be used as a powerful tool to innovate and scale solutions, especially in markets where they have highest decarbonizing potential.

There are three main ways to leverage AE:

- → **Innovate and scale up:** Transform business models to deliver innovative climate change solutions and scale up solutions.
- → **Mobilize resources:** Identify profitable opportunities aligned with Net Zero goals and access capital from financial actors using these metrics to inform their investment decisions.
- → **Engage with systems actors:** Report AE to demonstrate climate-aligned values to investors, customers and employees, which can drive collaborative efforts towards Net Zero goals.

Different teams benefit from the concept of AE in different ways:

- → R&D can use AE insights in stage-gate processes and product development decisions.
- → Procurement can use AE as a metric to select lower-emission suppliers and solutions, and capture system-change opportunities in sourcing decisions.
- → Finance and Investor Relations can use a new solution's AE to raise capital through sustainability-linked loans, green bonds, in consolidated entity-level finance strategy.
- → Marketing and Communications teams can incorporate AE in the company narrative to showcase the sustainability benefits of its products and services.

How investors can leverage AE

AE gives investors and financial actors a way to move beyond looking only GHG emissions and associated *risks* – and quantify instead the Net Zero aligned *opportunities* of current and future investment decisions.

The role of financial institutions in decarbonizing the economy is essential to achieving Net Zero goals. Financial institutions can leverage AE as part of this by:

- → **Measuring private actors' contributions to decarbonization.** A new, forward-looking metric like AE can help meaningfully evaluate an investment's contribution to Net Zero targets and pathways.
- → **Integrating AE into the investment process.** Investors can use AE in the screening and due diligence phase to identify an investee's decarbonizing potential, assess their commitment to Net Zero and anticipate regulatory or business risks related to climate.
- → **Using AE to steer engagement and stewardship.** An AE metric can start a conversation and help financial actors guide companies towards decarbonization and scaling up climate solutions.

We work with financial institutions to consolidate and develop guidance on how to strengthen the ties between real economy and finance actors in intervention-based impact assessment:

- → Avoided Emissions & Sustainable Finance, 2024
- → Avoided Emissions & Climate investing, 2025

How policymakers can leverage AE

AE offer a powerful tool to guide governmental action towards accelerating decarbonization efforts. In particular, AE offer a system perspective of a solution's impact that can support understanding of resource efficiency.

Governing bodies can leverage AE assessments at two complementary levels:

- → **Robust national planning** could usefully involve using metrics – such as AE – that complement those focused on GHG emissions reductions. National planning is an opportunity for countries to take a strategic look at their investments and policy environment and scale projects that unlock private finance. AE can help identify the most relevant decarbonizing solutions in a given area, or which areas to prioritize for selected decarbonizing solutions.
- → **Policy mechanisms** could be supported by AE, to speed up decarbonization efforts from companies and through innovation. AE-based incentivization mechanisms and regulations could be made dynamic – for example, by being based on evolving market averages or identified best-in-class actors. Examples of applications of AE in public procurement or funding programs can be found in Europe (Innovation Fund), China, Japan, and the US.

This Guidance can serve as a reference to inform actions by public authorities and align them with best practice. We hope this lays the foundations for additional work to support governing bodies in accelerating decarbonization efforts.



Implementing *the guidance*



08.

08. Implementing the *guidance*

We have created a set of resources to guide companies, investors and policymakers in putting this Guidance into practice. These resources can help you understand how to assess the emissions mitigation impact of real economy solutions. They are available on the Avoided Emissions Implementation Hub and outlined below.

Technical template

We developed this tool to summarize the key elements needed to calculate and communicate AE assessments in line with the Guidance. The template provides a high level of technical granularity, to support companies in assess and disclosing AE in a way that is transparent, consistent and robust.

Use case repository

The repository contains examples from WBCSD member companies who have put this Guidance into practice. Our aim is to establish best practice learnings from different sectors and encourage harmonization. To build the repository, WBCSD member companies submitted their use cases for evaluation by WBCSD experts. A review process was established to ensure that well defined, good practice use cases are first fully documented using the technical template. These are then, for publication, captured in the one pager format which is more concise and comprehensive for a wider audience. Most of the assessments published in the repository have not yet undergone third-party verification and are published as learning assets to help establish best practices and contribute to future harmonization efforts.

In addition, to capture the transformative nature of AE, we worked with WBCSD member companies to develop use case design principles. While these are not binding, they helped in prioritizing solutions for AE assessment and establish the current state of corporate low-carbon solutions:

- → The environmental and social impact of solutions and final applications should comply with "do-no-significant harm" rules.
- → Solutions should clearly differentiate from business-as-usual and established technologies.
- → Companies should provide a change story that describes the systemic benefit of each solution.
- → Relevant stakeholders should be mapped and a plan for system-wide engagement should be drafted.
- → Solutions should be applied in markets where they have the highest decarbonizing potential.

Sector-specific guidance

To complement the cross-sectoral methodology we are developing AE guidance for specific sectors, starting with Agriculture & Food and Built Environment. Our aim is to take a structured approach to AE implementation which goes beyond individual company cases to:

- → Mobilize industry clusters to implement and scale low-carbon solutions.
- → Provide actionable guidance on the application of AE in corporate decision making.
- → Build evidence to standardize intervention-based GHG accounting globally and harmonize solution-specific assessments.

Each of the sectoral guidance documents provide additional detail tailored to sectoral contexts, offering solution-specific methodologies to support consistent, transparent, and credible avoided emissions assessments. The documents can be accessed via our **AE Implementation Hub** and contain two sections:

Technical methodology: this section focuses on assessing solutions or solution groups within each sector to specify and harmonize how to quantify AE, covering aspects such as reference scenario selection, system boundaries, cut-off criteria, data sources and sector-specific challenges (e.g., seasonal, climatic). These use cases illustrate how the principles of avoided emissions assessment set up in this Guidance can be applied across real-world solutions in a consistent and replicable manner.

Agriculture & Food Use Cases:

1. Feed additive for livestock: Reducing GHG emissions from dairy cows
2. Crop input innovations: Use of bio-stimulants to increase crop yield
3. Fertilizer use efficiency: Precision agriculture using variable rate technology (VRT)
4. Improved packaging systems: Reducing food loss and waste at retail
5. Diet shifts to plant-based products: Plant-based cream cheese

Built Environment Use Cases:

1. Thermal glazing: Triple-glazed windows
2. Mechanical ventilation with heat recovery (MVHR)
3. Concrete floor-slab design: (a) Material reduction and (b) use of low-carbon concrete
4. Advanced building management systems
5. Solar PV and battery storage in hybrid systems
6. Use of recycled concrete

Managerial section: for use as a playbook on how to leverage AE in corporate decision making, It addresses use in R&D prioritization, investor communications, marketing, and financial planning—helping companies align innovation strategies with decarbonization goals and broader environmental commitments

These sectoral documents are intended for use by practitioners, sustainability teams, R&D professionals, and business decision-makers across the value chain. They provide actionable insights to improve the robustness of avoided emissions claims, promote internal alignment, and support transparent external communication.



Limitations and *areas for future work*



09.

09. Limitations

It is important to acknowledge the limitations of the technical aspects of conducting AE assessments outlined in this Guidance. Many of these limitations exist because the field is still developing – and serve as inspiration for companies to inform future improvements by testing the Guidance and sharing their experiences.

Lack of harmonized reference scenarios and data

This Guidance provides a step-by-step approach to the calculation of AE and the definition of the reference scenario. However, it is not possible to provide precise references and reference scenarios companies should follow for each case. Assessments are therefore likely to have varying levels of data quality and rely heavily on assumptions and hypotheses.

To address these data availability challenges, it is important to align AE data across sectors or regions and to develop AE factors databases with standardized data points for key parameters and scenarios. Efforts in this area are essential to streamline assessments.

These efforts will reduce volatility in results over time and across different regions. They can also help make modelling choices, interpretation and accountability decisions more consistent. This will lead to better comparability between similar solutions, making the metric more useful for decision making. Ongoing developments in this area will benefit from further testing and validation with different types of solutions, to bring harmonization one step closer.

Challenges with traceability and monitoring schemes

Tracing and monitoring data makes AE assessments more accurate and credible – especially in regard to the use phase and the solution's actual impact. It can also help companies access more financial opportunities and streamlining efforts to comply with regulation. Despite these benefits, companies have yet to overcome the practical challenges of establishing traceability and monitoring schemes. We therefore encourage companies to adopt traceability and impact monitoring and have provided an overview of tools and resources to help.

No quantitative criteria for eligibility Gates 2 and 3

The Gate 2 (latest climate science alignment) and Gate 3 (contribution legitimacy) requirements call for qualitative analyses and evidence to prove a company's eligibility for AE assessment. We have not set quantitative thresholds for eligibility because they may not be relevant to the wide range of solutions the Guidance addresses. Quantitative thresholds could be more usefully defined at a sector or industry level, and we encourage initiatives to establish these.

No specific guidance on uncertainty analysis for AE

The guidelines for external reporting (Section 5.1) require that companies report on the uncertainty of their AE calculations based on quantitative or qualitative estimates. The Guidance does not provide instructions on carrying out the uncertainty analysis, but invites companies to list any key limitations and assumptions related to their calculations. We have flagged the inherent uncertainty of AE calculations throughout the Guidance, and outlined ways to minimize uncertainty around system boundaries, contribution legitimacy, allocation and data quality.

No conceptualization of added emissions

Given that AE assess the benefit of a solution compared to a reference scenario, it could be possible to symmetrically define the "added emissions", i.e., the negative impact of a solution compared to a reference scenario. Calculating added emissions could highlight situations where solutions increase emissions or maintain a carbon-intensive situation – for example, when a car manufacturer sells a car to customers who would have otherwise continued using public transport.

This Guidance does not include the concept of added emissions and focuses only on AE. To prevent greenwashing, companies must always communicate the percentage of their sales that have generated AE. This makes clear the percentage of sales that have not generated AE or for which AE were not repored, including sales that generated added emissions. That said, this does not reflect the numerical relationship between the amount of added and AE, as such emissions should not be distributed evenly over a company's portfolio. For this reason, we encourage companies to add wording around the sales KPI to ensure these nuances are reflected alongside the KPI.

Identifying impacts beyond AE

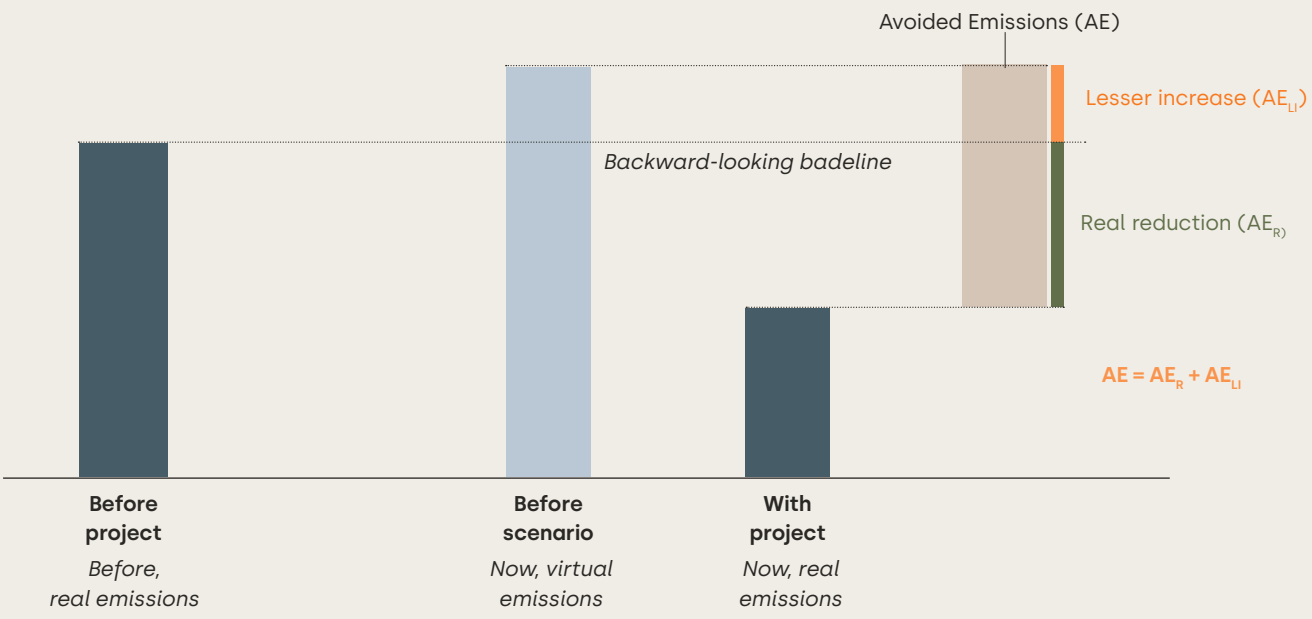
A solution may avoid emissions while also causing other effects – good or bad – such as added emissions, rebound or side effects, downstream impacts or systemic changes over time. Measuring these impacts is challenging because no robust guidance is currently available. Even so, companies should make efforts to assess consequences on a case-by-case basis, to ensure that a solution will not have any significant negative effects. Companies are required to report on these impacts and any corresponding mitigation plans, per the guidelines for external reporting (Section 5.1).

Distinguishing between real reductions of emissions and lesser increase of emissions

To calculate AE, the solution is compared to a reference scenario that would have occurred without the solution. This reference scenario is not the previous situation, but a hypothetical situation. AE are therefore not necessarily an actual emissions reduction compared to a previous situation.

However, from an atmospheric point of view, only actual, absolute GHG emissions reductions count. We recommend that companies state the percentage of the total amount of AE that are "avoided emissions reflecting a real reduction" (AER) compared to the previous situation, rather than a "avoided emissions reflecting a lesser increase" (AELI) over time.

Figure 17: AE can be made of "real reduction" (AER) or "lesser increase" (AELI)



FAQ



FAQ

Is this Guidance intended as a recommendation or a binding standard?

The Guidance is voluntary, sector-agnostic and globally applicable. It provides a standardized approach for assessing and disclosing AE in the absence of a global standard, though it does not itself constitute one. The main purpose of the Guidance is to guide companies in calculating and disclosing AE and support them in navigating the methodological challenges and complexities of AE calculations.

The Guidance includes requirements, recommendations and best practices to establish AE as a credible and robust metric in support of the Net Zero objective. To contribute to methodological convergence, we have structurally analyzed - and referred to as applicable - other intervention-based and impact accounting frameworks, as well as concurrent methodological advancements in the field of AE.

Why are managed phaseout (MPO) assets excluded, and on what basis are fossil fuel applications still considered?

The managed phaseout of high-emitting assets falls outside the scope of this Guidance, though we acknowledge its role in emissions reduction and global transition efforts.

We have instead prioritized innovative, scalable solutions that drive companies towards a 1.5°C future rather than merely mitigating climate risks. As part of this, we have emphasized the need to address the complexities of these solutions, including retirement dates, orderly transition scenarios, carbon lock-in risks, just transition considerations and viable pathways forward.

The Guidance excludes all types of solutions related to the exploration, extraction, mining and/or production, distribution and sales of fossil fuels. Fossil-derived efficiency solutions may be eligible if a company can provide robust evidence in alignment with the recommendations outlined in Section 3.2.2.

What's the rationale for aligning with 1.5°C pathways if they're no longer considered feasible?

At the time of writing this Guidance, debates over the feasibility of the 1.5°C limit have intensified as a result of climate data indicating that the average global temperature exceeded 1.5°C above its pre-industrial level in 2024 and potentially subsequent years. While this is a critical data point, it still only represents a single-year measurement and should not be confused with long-term climate trends, or used to justify abandoning climate targets. On the contrary, it highlights the urgency of accelerating climate mitigation efforts.

In this context, the 1.5°C aligned targets should not be seen as an absolute threshold but as a guiding reference for driving meaningful collective climate action. This Guidance therefore requires alignment with the 1.5°C pathway to prove climate action credibility.

What is the difference between offsets and AE?

There are many differences between carbon credits used for offsetting emissions and the AE of products and services:

- → Carbon credits do not always translate to a reduction or avoidance of GHG emissions. They can also indicate a removal of CO_2 from the atmosphere.
- → AE are rooted in a company's own climate action strategy and portfolio, whereas carbon credits and the underlying emission reduction activities are not necessarily related to a company's activities. Carbon credits therefore have less power to transform a company's business model and strengthen its role as a climate solution provider.
- → According to the definition of corporate "carbon neutrality" given by standards such as PAS 2060, carbon offsets can be used to claim, in certain conditions, a state of "carbon neutrality". AE, on the contrary, cannot be used to compensate or net out inventory emissions of solution providers, so they cannot be used to make a positive or Net Zero claim on company- or solution-level
- → In general, AE should be reported separately from any sold/tradeable offsetting credits to avoid double-counting. In practical applications, certificate schemes such as region-al credit systems or white certificates may be used to create tradeable certificates. In such cases, it should at least be clearly and transparently communicated what the share of sold/tradeable credits are that are related to any AE solution and claim, and what certification methodology has been followed.

What is the difference between corporate Net Zero (where AE are excluded) and contributions to global Net Zero (where AE are essential)?

The notion of corporate Net Zero is advocated by entities such as the Science Based Targets Initiative (SBTi) and Race to Zero. It is based on the idea that the definition of Net Zero at the global level (i.e., balancing emissions and removals) can be duplicated, as it is at the level of an organization. In this perspective, only two main indicators matter:

- → Corporate GHG emissions, which need to decrease following a 1.5°C pathway.

→ Carbon removals, either inside or outside the value chain, which need to match the residual corporate GHG emissions around 2050.

AE are therefore out of scope for corporate Net Zero (see Figure 21).

The notion of contributing to *global Net Zero* is advocated by the Net Zero Initiative, the UNFCCC "Climate Neutral Now" program, the French Environment Agency (ADEME), the Stockholm Environment Institute (SEI), Mission Innovation and others. It considers that the role of entities is to contribute to global Net Zero at the right level of ambition. In this broader perspective, organizations are just one part of a collective system aiming for Net Zero, rather than separate entities that need to reach Net Zero at their own scale. Four indicators qualify a company's contribution to global Net Zero:

1. Corporate GHG emissions, which need to decrease following a 1.5°C pathway.
2. Carbon removals, either inside or outside the value chain.
3. Contributing to the decarbonization of society through the financing of additional GHG reduction/avoidance projects outside the value chain, e.g., through the purchase of carbon credits.
4. Contributing to the decarbonization of society through offering solutions that avoid emissions, i.e., the decarbonization effect of solutions from the society point of view.

Each of the four indicators follows their own targets independently, and no netting is allowed between them.

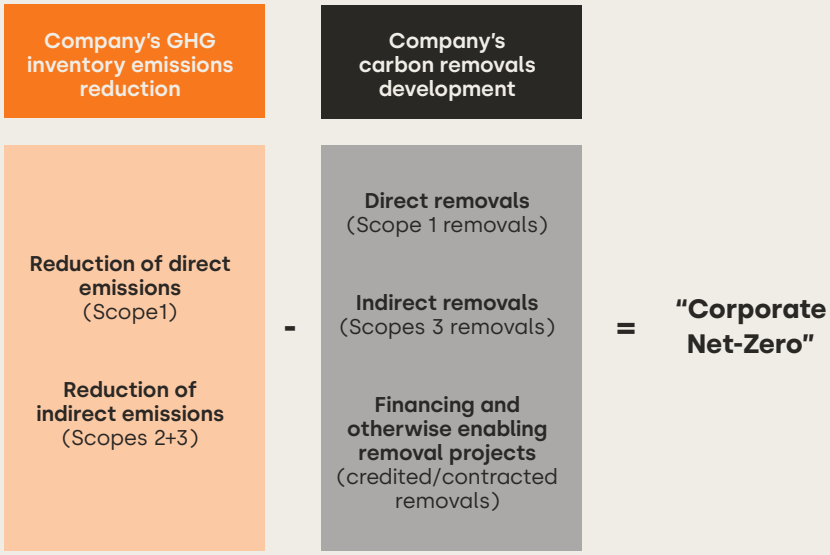
What is the difference between AE, Handprint and Scope 4?

Since the concept's inception, experts have attempted to describe "avoided emissions" using the terms "Handprint" or "Scope 4". We believe "Scope 4" to be misleading, as it places AE on the same level as companies' GHG inventory emissions and therefore implies forms of compensation or netting between AE and GHG inventories which this Guidance clearly advises against. While "Handprint" does create the necessary distinction, the concept has a more comprehensive scope including also non-climate impact categories. We strongly recommend the use of "avoided emissions" to ensure consistency and avoid any miscommunication.

Aren't AE just another greenwashing tool?

AE have long been used in a misleading way by some companies to divert attention from their GHG inventory emissions and focus only how their activities may have a positive impact on the planet. Some companies have even used AE to net their corporate GHG emissions and make abusive "Net Zero" or "carbon neutrality" claims on company or product levels.

Figure 18: High-level definition of corporate Net Zero



It has also been possible for companies to make dishonest assessments that maximize the volume of AE, either from the choice of an unrealistic reference scenarios or from deliberate 'cherry-picking' regarding the scope of assessment, timeframe or allocation.

Another common mistake has been assessing and reporting AE for products and services that either did not directly trigger a decarbonization impact or that were fundamentally incompatible with the 1.5°C global limit (even though they did allow for some decarbonization in specific instances).

Avoided emissions systems should be built on top of primary data, continuous validation and improvement of assumptions to monitor both the use-phase and end-of-life of companies' product or service. This requires more 'reflexive' data flows, i.e., from downstream towards upstream, that can inform corporate and investor climate strategies and increase resource efficiency across value chains. The harmonization of data structures and exchange protocols across value chains and organizations in line with privacy and data protection standards is needed to progress on this core pillar of effective, credible, and conservative use of avoided emissions in industry and finance.

When used correctly, AE are a valuable indicator of a company's contribution to the decarbonization of society.

Our intention with this Guidance has therefore been to:

→ Give clear rules on the eligibility, assessment and reporting of those AE to prevent any misuse of this indicator.

→ Highlight the importance of well-defined AE to assess a company's contribution to the decarbonization of its ecosystem in the context of contributing to global Net Zero.

Glossary

Added emissions	The additional GHG emissions when comparing the GHG impact of a solution to an alternative reference scenario in which the solution is not implemented.
Aggregation	Adding avoided emissions from various end-use and/or intermediary solutions within a company's portfolio into a single total.
Allocation	Partitioning the total avoided emissions of a solution across the different value chain actors involved in the solution.
Attributional approach	A method that estimates comparative GHG impacts as the difference in product GHG inventories (constructed using attributional LCA between the reference solution and assessed solution).
Avoided emissions (AE)	The estimated difference in full life cycle GHG emissions that result from a scenario with a solution in place, compared to a reference scenario without the solution when reference scenario emissions are higher (ISO 14064-1). This reduction occurs in other actors' direct emissions.
Avoided emissions reflecting a real reduction (AER)	The percentage of the total amount of avoided emissions that correspond to "real emissions reductions" compared to the previous situation.
Avoided emissions reflecting a lesser increase (AELI)	The percentage of the total amount of avoided emissions that correspond to a "lesser increase" of emissions over time.
Carbon reductions	Efforts to lower the amount of GHG emissions directly produced by a company (in their GHG inventory) compared to a previous measurement.
Carbon removals	The extraction of GHG emissions from the atmosphere.
Climate solutions	Activities, products or services that contribute to or enable climate mitigation to support decarbonization in line with credible 1.5˚C pathways towards Net Zero, or that contribute to climate adaptation. These solutions can be end-use or intermediary solutions, and must not extend the lifetime of fossil fuel-based assets or activities.
Component	A part (e.g. activity, material, process) of an intermediary or end-use solution. A component must have a clear and verifiable link to its intermediary or end-use solution through tracing and verification, demonstrating its role in enabling or contributing to avoided emissions.
Consequential approach	A method that estimates comparative GHG impacts as the total, system-wide change in emissions and removals that results from a given decision or intervention.
Consolidation	Adding the avoided emissions of solutions across multiple business units or company entities (e.g., subsidiaries) into a specific entity level (e.g., parent company).
Corporate Net Zero	Setting corporate Net Zero targets aligned with meeting societal climate goals means (1) achieving a scale of value chain emissions reductions consistent with the depth of abatement at the point of reaching global Net Zero in 1.5oC pathways and (2) neutralizing the impact of any residual emissions by permanently removing an equivalent volume of CO_2.
Direct emissions	GHG emissions from GHG sources owned or controlled by the organization (Scope 1).
Eligibility gates	The three criteria (climate action credibility, latest climate science alignment and contribution legitimacy) that companies should abide by to be able to claim avoided emissions in line with this Guidance.
Emissions reduction potential (ERP)	A methodology to quantify the forward-looking potential of a climate solution to reduce GHG emissions over a specified time horizon (that may or may not be equal to the useful life of the solution), compared to a baseline scenario.
End-use solution	A products or service consumed by the end-user in its current form, without further processing, transformation or inclusion in another solution.
Expected emissions reduction (EER)	A forward-looking umbrella metric used in climate finance to estimate potential emissions reduction of solutions or entities covering both fossil fuel and non-fossil fuel activities.

Forward-looking emissions assessment	An assessment approach to calculate avoided emissions for the solution's entire life cycle, thereby accounting for all future GHG emissions. It is intended for companies who assess and report the solution's emissions in the year of transaction, who do not precisely monitor the use of solutions sold, or who want to understand the long-term strategic implications of a given solution.
Functional unit (FU)	The quantification of the end-use solution's expected performance.
Global Net Zero	The condition in which anthropogenic GHG emissions are balanced by anthropogenic removals over a specified period and within specified boundaries. In this Guidance, we refer to Global Net Zero to describe the internationally agreed upon goal for mitigating global warming in the second half of the century. The IPCC concluded the need for Net Zero CO_2 by 2050 to remain consistent with a 1.5oC pathway.
Indirect emissions	GHG emissions resulting from the organization's activities but originating from GHG sources not owned or controlled by the organization (Scope 2 and 3).
Intermediary solution	An input into the production of other products or services that requires further processing, transformation or inclusion in another solution before use by the end-consumer. Products or services that enable other solutions are considered intermediary.
Intervention accounting	An accounting method that quantifies systemwide impacts of a specific action or intervention on GHG emissions and removals relative to a counterfactual reference scenario that represents the conditions most likely to occur in the absence of the action or intervention.
Inventory accounting	An accounting method for GHG emissions and removals over time within a defined inventory boundary relative to a historical base year.
Life cycle GHG emissions	The sum of greenhouse gas (GHG) emissions resulting from all stages of the life cycle of a product.
Products	Tangible goods consumed by an end consumer or used in the production of another good.
Rebound effect	The increased use of a solution as a consequence of its lower GHG emissions impact, which partly or fully cancels out the initial emissions savings intended by the solution.
Reference scenario	A reference case that represents the events or conditions most likely to occur in the absence of the assessed solution. In this Guidance, it is the scenario against which a solution is assessed to determine avoided emissions. "Reference scenario" may be used interchangeably with "Counterfactual" or "Baseline" scenario in other avoided emissions guidelines.
Services	Skills, time and efforts performed by people to satisfy a consumer need.
System boundary	Refers to the supply chain steps and related processes required to fulfill the functional unit.
Timeframe	The duration of specific period over which the avoided emissions are assessed. The start and end date that apply for the assessment should be specified.
Traceability	The ability to identify and trace the history, distribution, location and application of products, parts and materials, to ensure the reliability of sustainability claims.
Year-on-year (YoY) avoided emissions assessment	An assessment approach to calculate avoided emissions every year, i.e., at the end of the reporting year. It is intended for companies who assess and report the solution's emissions annually, companies who precisely monitor the use of solutions sold in a specific year, or for large decarbonizing projects with long lifespans. It allows for comparing changes in avoided emissions between two periods.

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This guidance was based on the WBCSD Guidance on Avoided Emissions (2023) and on the following key guidelines and frameworks:

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Endnotes

1 https://www.wbcsd.org/avoided-emissions-implementation-hub/

2 The recommended timeframe covers the most recent 12-month reporting period. If the inventory uses an earlier period, the company must provide assurance that there have been no significant changes to data, inventory boundaries, methods or other relevant factors since the calculation, in line with Section 5 of the GHG Protocol – A Corporate Accounting and Reporting standard.

3 The 1.5°C pathway describes the ambition of limiting the temperature rise at 1.5°C by reducing Scope 1 and 2 emissions, and limit it to well-below 2°C by reducing Scope 3 emissions

4 Covering a minimum of five years and a maximum of 10 years from the date of target publication

5 Examples include the United Nations Climate Change (UNFCCC) **Recognition and Accountability Framework**

6 See latest climate science definition above.

7 **Climate Change 2022**, Mitigation of Climate Change IPCC report

8 **EU Taxonomy** - Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance)

9 Note that while transitional activities and direct fossil fuel applications may be included in this source, they are not covered by this Guidance and should be addressed separately from AE.

10 https://drawdown.org/solutions/table-of-solutions

11 Measurement system designed to assess the maturity level of a technology. Each technology project is evaluated according to the parameters defined for each technology level and is subsequently assigned a TRL rating based on its progress. There are nine TRLs, with TRL 1 representing the lowest level of maturity and TRL 9 the highest.

12 Peer reviewed journals, authoritative reports from trusted organizations like government agencies or international bodies, scientific literature, including published studies, research papers, or credible publications such as industry reports, academic articles, or white papers from recognized institutions.

13 https://ghgprotocol.org/corporate-standard; https://www.iso.org/standard/71206.html

14 https://www.wbcsd.org/resources/avoided-emissions-climate-investing-a-guide-for-investors-and-businesses/

15 Primary data are first-hand collected and therefore site-specific, company-specific or supply chain-specific. Secondary data are not first-hand collected but obtained from third-party databases or other external sources (see Table 7).

16 Since both solution and reference scenario will need to adapt the same FW-looking scenarios, this would effectively normalize any potential overstating.

17 Cf. Chapter 5 of GHG Protocol: A corporate accounting and reporting standard and Chapter 11 of the GHG Protocol for Project Accounting

18 Both the GHG Protocol and PCAF are refining their guidance on AE at the moment of publication of this Guidance. We aim to contribute to, build on, and harmonize the emerging landscape for AE standards in real economy and finance as closely as possible.

19 ISO 14071:2024, (Edition 1, 2024), Environmental management — Life cycle assessment — Critical review processes and reviewer competencies, https://www.iso.org/standard/86264.html

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21 A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains (2014) United Nations Global Compact. https://unglobalcompact.org/library/791

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Independent Advisory Group

We would like to thank the members of the Independent Advisory Group that contributed to the update of this document:

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The Independent Advisory Group provided feedback and expert input throughout the process of updating this document. Responsibility for the content lies with the authors. The recommendations and feedback expressed by the Independent Advisory Group members were considered as individual views and not as a reflection of the views of the respective organizations or employers.

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About WBCSD

The World Business Council for Sustainable Development (WBCSD) is a global community of over 225 of the world's leading businesses driving systems transformation for a better world in which 9+ billion people can live well, within planetary boundaries, by mid-century. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality. We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships, and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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2024 Corporate Sustainability Report

Baker Hughes

Our purpose

We take energy forward, making it safer, cleaner and more efficient for people and the planet.

About this report

This report contains information about the sustainability performance of Baker Hughes Company ("Baker Hughes," "the Company," "we," "us," or "our") and is the primary mechanism by which we report investor-grade data and hold ourselves accountable to stakeholders. The report includes real-world stories to illustrate the impact of our work as well as data-driven insights, for the calendar year ended December 31, 2024.

Our frameworks

This sustainability report was created in reference to Global Reporting Initiative (GRI) Standards and the Greenhouse Gas (GHG) Protocol, which provide the foundation of our report. The Task Force on Climate-Related Financial Disclosures (TCFD), CDP, and Sustainable Accounting Standards Board (SASB) disclosures for the Gas Services Industry Standard–Extractives and Minerals Processing Sector are in the appendix.

Accessibility and usability

This report delivers enhancements designed to improve usability including a color palette to support accessibility for visually impaired readers, digital reading accommodations for migraine sufferers and supplementary digital media.

Reports and policies

Our reports and policies are accessible on our *website*.

Who we are

We are an energy technology company.

Our purpose

We take energy forward—making it safer, cleaner and more efficient for people and the planet.

Sustainability vision

To be a sustainable pioneer in everything we do, positioning Baker Hughes as a leading energy technology provider of choice.

Our values

Grow
See challenge as opportunity and learn every day.

Lead
Make, invent and perform with impact.

Collaborate
Inspire, be inclusive and bring out the best in each other.

Care
Do the right thing always, for our customers, our people and the environment.

Figure 1-1 Our values guide our path as an organization.

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ON THE COVER: From left: Camilla Lazzini, Anna Christa Al Badawi, Saif Al Shukri, Marco Comida, Ercilia Cahanda, IET

A letter from our leaders

2024 was a tumultuous year. Amidst the global geopolitical changes, dynamic regulatory complexities, rise in technologies and even a shift in how companies talk about sustainability, the world continued to experience devastating impacts of climate change due to a warming planet.

Baker Hughes remains committed to sustainability as it is integrated into our commercial strategy in how we deliver sustainable solutions to our customers. We take a comprehensive view of the energy ecosystem, integrating both traditional and renewable energy sources while driving operational efficiency and emissions reduction across the energy value chain. We do this for our own sustainability progress, as well as how we deliver lower carbon energy solutions to the market. This holistic approach aims to meet global energy needs safely, securely and affordably.

In 2024, we combined economic development and environmental sustainability for the benefit of both our business and our customers. While we saw a marginal decrease in our absolute Scope 1 and 2 GHG emissions reductions, we achieved almost 40% reduction in emissions intensity for our operational emissions versus our base year – demonstrating our commitment and discipline to reduce our direct and indirect operational emissions at a time when our business activities continue to grow.

As climate change impacts human life globally, we continue to rigorously review our operations to mitigate risks and adapt to climate change locally, all while minimizing our environmental impact across our facilities in the communities where we conduct business. Despite the evolving shift in sustainability narrative, we remain focused on creating a fair and inclusive workplace where everyone feels valued and empowered to contribute their best.

Our strong corporate governance structure, along with strategic oversight from our Board of Directors, allows us to navigate the regulatory complexities while remaining competitive, resilient and sustainable in dynamic times. We are committed to upholding the highest ethical, safety and security standards. In 2024, nearly 100% of our employees completed our Code of Conduct training, including 93% of our governance body members, while 100% of our security personnel are trained in human rights.

People

We are dedicated to the well-being and development of our employees. This starts with a world-class work culture instilled with integrity, compliance and inclusion for all. In 2024, we launched our Eight Behaviors to unify a multicultural, global workforce and align our core values to how we work. You can read more about this initiative in the People section.

Planet

Our commitment to the environment is unwavering. We acknowledge the role we play in addressing climate change by incorporating sustainable practices in our business and helping our customers do the same. In 2024, we completed 590 emissions lifecycle assessments (LCAs) for our products and services, bringing our total to nearly 1,000 LCAs for commercial solutions. Such transparency enables our customers to make informed decisions to reduce or mitigate their emissions as well. Read more about LCAs in the Planet section.

Principles

We continue to remain vigilant about the safety of our workplaces. In 2024, our total recordable incident rate decreased by 11% compared to 2023, with 206 Perfect HSE Days. We continue to ensure visibility of our HSE performance across the enterprise, concluding the year with the first-ever external assurance over Principles data.



"At Baker Hughes, we design, build and deliver transformative, innovative solutions aimed at solving many of the world's complex challenges for a lower-carbon future. Our ability to simultaneously drive economic growth and achieve significant emissions reductions underscores our leadership in the energy sector and our impact towards sustainable energy development."

Lorenzo Simonelli,
Chairman, President and CEO

"We are holding the course to advance sustainability. People are at the center of what we do and who we do it for, demonstrated by our strong commitment to the Ten Principles of United Nations Global Compact and UN Sustainable Development Goals. We deliver value to our stakeholders by driving sustainability throughout our operations and across our value chain, with our employees leading the way in advancing a sustainable future for all."

Allyson Anderson Book,
Chief Sustainability Officer



Sustainability progress @ scale

People

Our global workforce included more than **57,000** employees

Our employees volunteered for a total of **44,613** hours

Our total voluntary attrition decreased to **6.0%**

Planet

We achieved a **39.5%** reduction in emissions intensity for scope 1 and 2 from our 2019 base year

We achieved a **29.3%** reduction of scope 1 and 2 emissions from our 2019 base year

Our operational waste decreased by **13.8%** from our 2022 base year

Principles

Our team recorded **206** Perfect HSE[1] Days

Our SSRP[2] closed **95%** of red flag audits within **90 days**

Our combined Tier 1 and 2 diverse supplier spend increased to **$632 million** in 2024

We are committed to the United Nations' Sustainable Development Goals

Global Impact Award by the UN Association of Houston

We were awarded the Global Impact Award for our sustainability progress and unwavering commitment to advancing the UN Sustainable Development Goals (SDGs) through impactful community initiatives. The award recognizes our exceptional contributions to environmental stewardship, affordable and clean energy, climate action and contributions in advancing sustainable communities, cities and life on land as well as our continued leadership in fostering positive change both locally and globally.

In 2019, we pledged to advance the Ten Principles of the UNGC into our strategy, culture and business practices. We were among the first in our sector to make a net-zero pledge, emphasizing the importance of meeting the world's energy demand sustainably. Sustainability is central to our corporate strategy, helping us transform our core business and drive profitable growth while we transition our energy system to a lower carbon state. Our sustainability strategy aligns with 11 of the 17 UN SDGs and connects our commercial strategy with voluntary reporting frameworks.

"We are committed to advancing the UN SDGs to create a cleaner, safer and fairer world through innovation and collaboration. By partnering with trade associations, non-governmental organizations, think tanks and academia, we accelerate progress at scale towards sustainable energy solutions."

Marie Merle Caekebeke,
Executive Sustainability Strategic Engagement



Awards and recognition

- JUST Capital Industry Leader 2024
- MSCI AA ESG Rating
- EcoVadis Bronze sustainability rating
- S&P Sustainability Yearbook
- S&P Platts Chief Executive of the Year
- S&P Platts Global Energy Transition Award for LNG
- The European Most Advanced Oilfield Services and Energy Technology Solutions Global 2024
- The European Outstanding Contribution to Sustainable Transformation US 2024
- Charge B2B Energy Innovator of the Year in 2024
- #1 on the Houston Chronicle's Top 100 Companies
- ALLY Energy People's Choice: Best Energy Workplace of the Year
- ALLY Energy People's Choice: Best ERG of the Year - Multicultural ERG
- President's Volunteer Service Award for Houston Food Bank Volunteerism
- Disability Equality Index Best Places to Work
- Society of Exploration Geophysicists Foundation's Thomas A. Smith Corporate Impact Award

[1] Health, safety and environment
[2] Supplier Social Responsibility Program

Who we are

Baker Hughes is a technology-driven energy company that operates in over 120 countries, offering a diverse array of products and services to both the energy and industrial sectors. Our mission involves the development and deployment of technology to address global energy demands and advance industrial progress. Our guiding principle is to move energy forward, making it safer, cleaner and more efficient for both people and the planet. In the face of the global energy trilemma, our purpose is more relevant than ever, and we have a critical role to play.

Our market-leading business segments enable us to deliver across the energy value chain. We provide the most comprehensive portfolio of technological solutions for energy and industry, aimed at enhancing productivity, reliability, and transforming outcomes for the better.

We collaborate closely with our customers, no matter where they are located, to achieve superior results. We take pride in the fact that our employees and our businesses are integral parts of the communities in which they operate.

Our workforce comprises trusted experts who are relied upon to tackle customer challenges, both large and small. We prioritize the health and well-being of our employees, invest in their training and development, reward talent and cultivate leadership at all levels to bring out the best in each other.

Table 1-1: Direct and indirect economic impacts (million USD) over a three-year period. Revenue has consistently increased in that time.

Our economic impact	2024	2023	2022
Revenue	$27,829	$25,506	$21,156
Total costs and expenses	$24,748	$23,189	$19,971
Payments to providers of capital[3]	$1,618	$1,633	$1,862
Payments to governments (net cash tax payments)	$1,040	$595	$498
Total charitable pledges and contributions	$28.6	$63.7	$75.3

One Baker Hughes

We deliver across the energy value chain through our market-leading business segments. We offer the broadest portfolio of technology solutions for energy and industry to improve productivity, reliability, and transform outcomes for the better.

Oilfield Services and Equipment (OFSE) is committed to ensuring that the oil and gas industry remains a vital and reliable source of energy for the planet by leading the way to drive greater efficiency and more predictable outcomes, leveraging new technology and digital solutions, while pursuing new markets in areas like geothermal and carbon sequestration.

Industrial and Energy Technology (IET) combines a broad array of domain expertise, technologies, and services to support industrial and energy customers with solutions that drive productivity and safety while enabling a reliable, efficient, net-zero energy system—from natural gas to hydrogen, clean power, refinery and petrochemical, aerospace, automotive, nuclear, and carbon capture, utilization and storage.

Figure 1-2 We are an energy technology company.

In 2024...

We reported revenue of **$27.8 billion**, underscoring our position as a leader in the energy technology sector.

New Energy orders reached **$1.3 billion**. This growth highlights the increasing synergies between our IET and OFSE business segments.

We supported innovation, with **more than 1,600 patents** granted worldwide and investing **$643 million in research and development**.

[3] Payments to providers of capital include dividends to all shareholders, plus interest payments made to providers of loans.

Who we are continued

At Baker Hughes, our strategy isn't just about adapting to change—it's about leading it.

We are focused on driving growth and sustainability in the evolving energy landscape. Our commercial and sustainability strategies are seamlessly integrated, aligning our operations with the global push for a net-zero future. This unified approach keeps us competitive and differentiates us in the market, attracting customers and investors who value strong sustainability performance. By focusing on sustainable energy development, advanced technologies and strategic partnerships, we fulfill our commitments and help our customers achieve theirs as well.

Our ambitions are big, but by grouping them into three manageable horizons, we have a clear direction on what needs to be achieved in the short term to realize our long-term ambitions.

The first horizon will see us through 2025

We focus on enhancing our core operations to be more efficient, reliable and sustainable. This involves leveraging advanced technologies and optimizing our processes to deliver better value to our customers.

The second horizon is the view through the mid to late 2020s

We actively invest in growth opportunities, particularly in areas like hydrogen, carbon capture, utilization and storage (CCUS) and industrial asset management. These investments help us expand our capabilities and meet the evolving needs of the energy and industrial sectors.

The third horizon looks to 2030 and beyond

We are committed to leading the energy transition by developing and deploying innovative solutions that support a cleaner, more sustainable energy future. This includes our efforts in emissions management, clean power solutions and other emerging technologies.

Our pathway to a sustainable and secure energy future

We aim to meet the world's growing energy demand while ensuring it remains affordable, secure and sustainable for the long term. We believe sustained energy development can supply the energy needed today without compromising future abundance and availability while protecting our planet for future generations.

To achieve this, we focus on three key areas:

Efficiency and effectiveness:
Enabling cleaner and more efficient use of hydrocarbons to meet today's demands.

Energy expansion:
Exploring every energy source and championing new ones, including natural gas and nuclear, which offer clear environmental benefits and efficiency.

Using energy responsibly:
Ensuring our infrastructure is efficient, recycling and reusing as much as possible and acting responsibly for people and the planet are essential.

Progress at scale is not just about doing more but doing better, transforming innovation into impactful, sustainable and secure energy solutions. By scaling up efforts, successful initiatives and operational efficiency, we can accelerate progress toward a net-zero future.

Table 1-2: Research and development funding (million USD) over a three-year period.

	2024	2023	2022
Research and development funding	$643	$651	$552

Our team uses engineering, data and science to innovate and meet global energy needs, focusing on sustainability, security and affordability.

We partner with research centers worldwide on projects that scale up the energy solutions of tomorrow, often joining with our customers to create diverse consortia that include the private sector, academic institutions and government. We aim to build on our technology portfolio by developing new products and patents that keep us at the forefront of the competitive market.

"Innovation is propelled by engineering, which leverages advanced technologies to create sustainable and efficient energy solutions."

Chris Pin Harry,
VP, IET Technology



Innovation guiding our path...

By advancing innovation and technology to meet future energy demands, we are focused on low-carbon solutions. Investing in new energy technologies and leveraging our strengths, we are well-positioned to grow in resilient industrial sectors. This allows us to provide comprehensive solutions to meet the rising global demand for energy while maintaining a strong focus on sustainability.

...Moving into horizon two

As we navigate through the beginning of horizon two, we have identified key priorities that are essential for achieving both commercial and environmental success. Our focus areas include providing mature assets solutions that maximize the value of existing infrastructure, delivering cutting-edge digital solutions that drive efficiency and innovation and pioneering new energy solutions that support the global transition to a low-carbon future. By concentrating on these priorities, we are committed to creating long-term value.

We enhance mature asset lifespan with advanced technology solutions

The revitalization of mature assets is a cornerstone of our sustainability strategy. Our state-of-the-art technologies ensure operational efficiency, demonstrating our commitment to both sustainability and economic viability. Customers have stressed the importance of extending the life of current assets for their economic functioning and the circularity of the industry. As a result, we employ advanced technologies in our mature assets solutions to enhance efficiency and prolong asset lifespan.

By boosting the performance of existing assets, we are able to help our customers optimize performance, maximize asset value, reduce operational interruptions, decrease carbon emissions and function more sustainably.

Our mature asset solutions maximize well productivity and longevity

By enhancing the performance of existing oil and gas fields, we reduce carbon emissions and conserve resources. This cost-effective approach boosts production and postpones the need for well abandonment.

Here's how our technology helps:

Asset surveillance and intervention
Our solutions, including smart deployment technologies, advanced logging suites and perforating services, boost productivity by ensuring well integrity diagnostics, well access and production readiness. This is crucial for maintaining and enhancing mature assets.

Production optimization
We use geoscience resources, liquid-loading solutions, stimulation techniques, chemical treatments and artificial lift systems to maximize the economic life of mature assets, ensuring they remain productive and profitable.

Sand, water and gas management
Our subsurface modeling, mechanical and chemical barriers, custom-sized screens, sand control systems and real-time monitoring enhance efficiency in managing mature assets, reducing operational risks and improving performance.

Access to bypassed resources
By employing through-tubing rotary drilling, casing exit technology and coiled tubing drilling, we enable more efficient access to reserves, optimizing the use of existing wells and extending the life of mature assets.

Well abandonment services
We deliver reliable, safe and cost-effective solutions through proven technologies, efficient planning and execution minimizing the time, costs and risks of plug and abandonment campaigns, ensuring that mature assets are managed effectively until the end of their life cycle.

"Our mature assets solutions at Baker Hughes deliver new levels of efficiency for operators of mature assets by combining our subsurface expertise with a rich mix of innovative technology, digital expertise and well strategy skills. Focusing on five key themes, our solutions for mature assets leverage our entire portfolio to create exceptional value."

Paul Madero,
SVP, Production Solutions, OFSE



SPOTLIGHT ON PROGRESS: Customer collaboration

Petrobras awarded three contracts in 2024 aimed at mature asset solutions
In 2024, Baker Hughes was awarded three major contracts with Petrobras for integrated mature assets solutions, well construction services and flexible pipe systems. These multi-year projects will deploy our OFSE portfolio at scale, highlighting our commitment to transforming mature assets.

First project: We will provide wireline, coiled tubing, cementing, tubular running, wellbore intervention, fishing and geosciences services across all of Petrobras' offshore fields. Integrating these capabilities with our deep understanding of localization is crucial for success. These services are essential for maintaining and enhancing the productivity of mature assets.

Second project: We will deliver well construction services over multiple years to three offshore rigs in the Buzios field, including drilling services, drill bits, wellbore clean-up, remedial tools and fluids. Initially, we supplied water and gas manifolds, turbomachinery, turbogenerators, motocompressors and over 240 km of flexible pipes. By improving well infrastructure and deploying advanced tools and fluids, we extend the life and efficiency of existing wells and provide access to bypassed resources.

Third project: We will provide 77 km of flexible pipes, risers and flowlines for hydrocarbon production and associated gas and water injection. These systems address stress-induced corrosion cracking from carbon dioxide (CO_2) in pre-salt fields with high gas concentrations. Our flexible pipes have a proven record of mitigating this issue, offering best-in-class solutions at scale. These systems are crucial for managing the production and injection processes in mature fields, especially those with challenging conditions like high gas concentrations.

Cost-effective light well interventions operations improve safety
We delivered our first fully integrated riserless light well intervention (LWI) project, collaborating with a Sub-Saharan Africa operator to complete an eight-well campaign in the Gulf of Guinea. The project integrated our strengths across multiple product lines to flawlessly deliver the mechanical and fluid intervention scope over 143 Perfect HSE Days. Innovative operational efficiencies reduced 13 days of execution time, highlighting LWI's cost-effectiveness, as well as the added value of reduced footprint offshore operations.

Terminator™: A game-changer in wellhead removal
Our Terminator™ vessel-deployed subsea wellhead cutting system is a ground-breaking solution that is redefining subsea wellhead removal. This vessel-deployed system helps overcome the limitations and costs of traditional offerings, providing a simple, safe and efficient solution. We reached a significant milestone: 50 wellhead removals completed, spanning operations across three continents. This achievement underscores our commitment to innovation, efficiency and environmental responsibility in the realm of subsea decommissioning.

Innovation guiding our path...Moving into horizon two continued

Delivering new energy technology

Leveraging our extensive and innovative technologies, we provide solutions to meet the demands of the energy expansion. We are investing in new energy solutions to address some of the most pressing challenges in the energy sector. Through advancements in CCUS, hydrogen technology, geothermal energy, clean power solutions and emissions abatement, we are empowering industries to reduce their operating costs, lower their emissions footprint and meet environmental targets. These efforts demonstrate our commitment to supporting global decarbonization while fostering reliable and efficient energy systems.

Carbon capture, utilization and storage

In our decades of experience in the CCUS space, we have developed groundbreaking technologies and solutions to accelerate development and adoption across the energy industry. Our CCUS solutions include pioneering advancements in direct air capture (DAC), mixed salt process technology and digital solutions like CarbonEdge™ to optimize our customers' CO_2 management.

SPOTLIGHT ON PROGRESS: Customer collaboration

Carbon Capture solutions for the first full-scale carbon neutral cement plant in the United States (U.S.)

The first full-scale carbon neutral cement plant in the United States will utilize CCUS well construction, reservoir evaluation and storage system development by Baker Hughes. The Mitchell Carbon Capture and Storage Project at the Heidelberg Materials' Mitchell Plant aims to significantly reduce greenhouse gas (GHG) emissions from cement production by capturing and storing CO_2. Our contributions will reduce uncertainty in the CO_2 storage system, which is necessary for the U.S. Environmental Protection Agency to approve of the CO_2 storage site. The initiative is projected to achieve approximately a 95% reduction in GHG emissions, equivalent to up to approximately two million metric tons carbon dioxide equivalent (MT CO_2e) per year not being released into the atmosphere.

SPOTLIGHT ON PROGRESS: Partnerships at work

Wabash Valley Resources supporting new energy venture

In 2024, we announced a long-term agreement with Wabash Valley Resources (WVR) to provide advanced technology services for their ammonia production project. This collaboration includes supplying compression systems, constructing injection wells and performing testing and monitoring services for the geological storage of carbon dioxide.

WVR's project aims to repurpose an existing gasification plant to become Indiana's first ammonia fertilizer plant capturing 1.65 million MT CO_2 per year. This collaboration highlights our commitment to advancing carbon capture and storage technology and supporting new energy ventures. The project will create high-quality jobs and build local expertise, contributing to the local economy. The WVR facility will serve as a model for advancing carbon capture and storage projects in the U.S.

Hydrogen

Playing a key role in accelerating the hydrogen economy, we develop and deploy technologies that enable the production, transportation, monitoring and utilization of hydrogen. Our portfolio includes high-efficiency gas turbines able to run on blends of natural gas and up to 100% hydrogen, advanced compressors and cutting-edge electrolyzer technologies for both blue and green hydrogen production. By providing integrated solutions across the hydrogen value chain, we are helping industries transition to alternative energy sources to power their operations.

SPOTLIGHT ON PROGRESS: Customer collaboration

Decarbonizing the Italian gas network with hydrogen-ready technology

Our IET business secured a contract from Snam to provide three NovaLT™12 gas turbine-driven compressor trains for a new gas compressor station in Italy. This compressor station is part of the Adriatic Line, a Snam pipeline project included in Italy's National Recovery and Resilience Plan under the REpowerEU Plan. The 425 km hydrogen-ready pipeline will transport additional energy supplies from Azerbaijan, Africa and the Eastern Mediterranean to northern Europe. The NovaLT™12 turbines, capable of running on 100% natural gas or hydrogen blends up to 10%, mark a significant step in decarbonizing Italy's gas network and align with Snam's goal of achieving carbon neutrality on direct emissions by 2040.

Geothermal energy

With more than four decades of experience in the geothermal industry, we are enabling the expansion of geothermal energy as a sustainable and renewable energy source. We provide energy-efficient power generation systems, drilling solutions and specialized well services tailored for geothermal applications. Our expertise in harnessing the heat from the Earth's core helps our customers tap into reliable and low-carbon energy resources, supporting their energy transition while diversifying their energy portfolio.

"Baker Hughes' dedication to promoting clean energy solutions is highlighted by our collaboration with Wabash Valley Resources. By providing state-of-the-art technology and proficiency in carbon capture and storage, we aid in generating low-carbon, low-cost ammonia fertilizers, thereby fostering an economical and sustainable future for the agricultural sector."

Ahmed Eldemerdash,
VP, New Energy, OFSE





Fatimah Almuallim, ASPIRE Associate
Hussain Al Hashem, Manufacturing Specialist - Production Supervision, IET

Innovation guiding our path...Moving into horizon two continued



Massa Site, Italy

Clean power solutions

Our broad portfolio of clean power solutions includes energy-efficient power generation systems, advanced steam turbines, turboexpander generators, industrial heat pumps and hydrogen-ready gas turbines. These technologies are designed to enhance grid resilience, facilitate the integration of renewable energy and promote sustainable practices across various industries. By leveraging our expertise and cutting-edge technology, we help our customers achieve their net-zero targets and build a cleaner, more sustainable future.

SPOTLIGHT ON PROGRESS: Customer collaboration

Enhancing reliability for the Dubai Petroleum Establishment

Last year, we received our largest ever Integrated Compressor Line (ICL) order from the Dubai Petroleum Establishment to enhance the reliability of their energy supply and support local carbon reduction efforts. We will supply ten ICL units, five for gas storage and five for gas export or injection boosting into the existing gas distribution system. The project will provide stability to Dubai's energy supply by strengthening the system's ability to switch between natural gas and solar power.

"With the window to meet Paris Agreement goals rapidly closing as the demand for energy grows, we must act now to reduce emissions and increase efficiencies. Our comprehensive emissions abatement solutions—including turbomachinery, methane detection and flare optimization technologies—enable our customers to track and mitigate GHG emissions in real-time today, contributing to a sustainable future."

Tiffany Pitts,
VP, Gas Technology Services, IET



Emissions abatement

Our turbomachinery solutions, methane detection and quantification tools, flare reduction and optimization solutions and flow and process solutions bring value and emissions abatement solutions to our customers. These technologies enable real-time tracking and mitigation of GHG emissions, ensuring compliance with evolving environmental regulations. GaffneyCline Energy Advisory, a business of Baker Hughes, is helping to drive this change by providing strategic energy advisory services to help clients navigate the complexities of the energy sector. The advisory services focus on delivering high-value projects with greater speed, certainty and efficiency. They help clients optimize their portfolios, minimize capital expenditures and maximize production through comprehensive technology knowledge and practical, real-world experience.

SPOTLIGHT ON PROGRESS: Customer collaboration

BP and the State Oil Company of the Azerbaijan Republic (SOCAR) to slash emissions using flare.IQ's emissions abatement technology

With our emissions abatement technology, flare.IQ, BP is quantifying methane emissions from its flares. There was previously no universally accepted solution to quantifying methane emissions from flares in the oil and gas sector, so BP and Baker Hughes conducted one of the largest ever full-scale studies of flare combustion, including testing a range of flares under challenging conditions to verify the accuracy of flare.IQ technology. Following this study BP is acting on real-time data from flare.IQ at 65 flares across seven regions and can carry out early interventions and reduce emissions from flaring.

In 2024, we collaborated with SOCAR to significantly reduce flaring and emissions at the Baku Oil Refinery. We signed a contract to implement an integrated gas recovery and hydrogen sulfide (H_2S) removal system. This system is designed to recover up to 7 million normal cubic meters (Nm^3) of methane per year and reduce CO_2 emissions by up to 11,000 MT annually. The recovered gas, which would have been flared, is now used as fuel within the refinery, improving efficiency and reducing operating costs. This project is a tangible step toward ending routine flaring by 2030 and demonstrates the benefits of our emissions abatement technologies.

Innovation guiding our path...Moving into horizon two continued

Innovative digital solutions for energy and industry

Delivering comprehensive digital solutions for customers in the energy and industrial sectors is a primary goal in Horizon Two of our commercial strategy. To accomplish this, we have partnered with stakeholders throughout the industry to tackle our customers' most urgent challenges. We have vast digital offerings, centered on data and automation, to supply the necessary insights for making economically viable
and sustainable decisions.

Our digital offerings deliver value and reliability

CarbonEdge™ by Cordant™: Transforming carbon capture, utilization and storage operations with real-time data

CarbonEdge™, powered by Cordant™, revolutionized CCUS operations by providing real-time data and alerts on CO_2 flows, supporting regulatory reporting and risk management. This uninterrupted connectivity during the project life cycle enables our customers to handle risks, make well-informed decisions, enhance efficiency and streamline reporting.

CarbonEdge™ seamlessly integrates with our subsurface and autonomous modeling solutions, providing thorough measurement, monitoring and verification frameworks. Designed for rapid deployment and easy scalability, CarbonEdge™ ensures uninterrupted connectivity and data synchronization. Suitable for any CCUS infrastructure, CarbonEdge™ assists customers in efficiently managing their operations using advanced technology and expertise, demonstrating our dedication to sustainability and innovation.

"Our digital solutions, like Leucipa and Flora™, revolutionize the energy and industrial sectors by enhancing operational efficiency and reducing environmental impact. By integrating advanced technologies and real-time data, we empower our customers to achieve their sustainability and business goals."

James Brady,
Chief Digital Officer, OFSE



Flare.IQ: Revolutionizing flare management with real-time monitoring and advanced analytics

Flare.IQ is an advanced flare management and optimization solution designed to help our customers achieve operational excellence and environmental compliance. By leveraging real-time monitoring, advanced analytics and automated control, flare.IQ enables more efficient and safer flaring operations while reducing emissions and ensuring compliance with regulatory standards.

Flare.IQ integrates seamlessly into existing systems, providing end-to-end support that enhances transparency, minimizes waste and supports our customers aiming to improve performance and reduce their environmental footprint.

Revolutionizing energy and industrial sectors with BHC3 AI

We partnered with C3 AI to deliver digital solutions that drive operational efficiency for our customers. By merging our deep knowledge of industrial and energy technology with sophisticated AI machine learning capabilities, we provide solutions that support predictive maintenance, improve asset efficiency and aid decision-making across the energy and industrial sectors. BHC3 AI empowers our customers to reduce costs, improve reliability and achieve their environmental and business goals, driving a more sustainable energy sector.

Flora™: The future of connection integrity and equipment workflows

Flora™ is a game-changer for sustainability in our industry. By enabling enhanced decision-making and real-time remote data transfer for pipe makeups, Flora™ reduces the need for on-site personnel, cutting down on travel and logistics-related carbon emissions. Our automated connection integrity service, based on decades of operational data, ensures consistent and reliable operations, preventing equipment failures and reducing waste. These advanced tools improve decision-making and operational workflows, leading to more efficient resource use, less downtime and fewer operational disruptions. With Flora™, we're not just enhancing operational efficiency; we're helping our customers minimize their environmental impact.



Manufacturing site at our campus in Florence, Italy

Innovation guiding our path...Moving into horizon two continued



Sub-sea tree assembly at our Aberdeen, UK manufacturing site

Our digital solutions are redefining how our customers look at data

SPOTLIGHTS ON PROGRESS: Customer collaboration

Leucipa field automation leveraged to generate $25M+ in savings
Leucipa's automated field production solution drives sustainability by enhancing operational efficiency and reducing environmental impact. By enabling proactive production management, Leucipa helped operators save over $25 million in operating expenses and reduced manual efforts by about 75%. Additionally, Leucipa extends the lifespan of electric submersible pumps by up to 10% and increases recovery by approximately 14% over baseline volumes. These improvements lead to more efficient resource use, lower emissions and reduced operational disruptions.

Cordant™ delivers up to 15% reduction in operating expenses and incremental improvements in production
Cordant enhances sustainability by optimizing industrial asset performance and process efficiency. By delivering up to a 15% reduction in operating expenses, improving reliability by approximately one to three percent and increasing production and yield by approximately one to two percent, Cordant helps our customers achieve their sustainability goals while boosting economic performance.

Cutting CO_2 emissions by up to seven percent with Carbon Optimizer
Carbon Optimizer is a digital solution that enables the reduction of fuel gas and CO_2 emissions by leveraging real data. Our IET iCenter™ gathers and stores data in our vault to combine it with control software, optimizing the efficiency of equipment at partial load. This technology was used by our customer to upgrade their turbogenerator train systems. Combined with an outcome-based service contractual framework, we estimate that this solution will enable the customer to achieve up to a seven percent reduction in CO_2 emissions per year.

Baker Hughes and Corva collaboration is delivering a 50% reduction in connection time through performance monitoring
Through our strategic collaboration with Corva, one of our customers achieved a 50% reduction in connection time through our digital performance monitoring. This partnership leverages Corva's 150+ applications to turn raw data into actionable insights, improving safety and efficiency. The collaboration also offers customizable solutions to address unique well construction challenges, reduce non-productive time and drive better results.

"Our innovative digital solutions like Cordant™, CarbonEdge™ and Flare.IQ, help our energy and industrial customers make sustainable and economically viable decisions."

Aravind Yarlagadda,
SVP, Industrial Solutions for IET



Sustainability at Baker Hughes

Sustainable practices are good for business

Sustainability is crucial for our customers and investors as it is aligned with the growing demand for efficient, less environmentally impactful technologies. We focus on the entire life cycle of energy extraction and production to optimize efficiency, minimize environmental impact and provide long-term value to our customers. Our sustainable solutions benefit the environment, economy and society by helping customers enhance their sustainability performance, which is essential for regulators, investors and the public.

Sustainability boosts the bottom line by reducing costs, enhancing brand image, managing risks, attracting investors and improving employee retention (figure 1-3).

At Baker Hughes, sustainability is everyone's responsibility

A sustainable and resilient energy future is a mutual obligation and opportunity for both energy creators and consumers, attained through teamwork, innovative solutions and steadfast commitment. We focus on decreasing our carbon intensity, utilizing low-carbon technology and developing new products and services to meet environmental goals.

We help our customers by improving their sustainability profiles, which is increasingly crucial to regulators, investors and the public. Through our sustainability solutions, customers can accelerate their energy transition progress, understand their carbon footprint and be prepared for upcoming regulatory reporting requirements, all while achieving financial benefits.

Our workforce drives change by promoting awareness and fostering a sustainable culture without interrupting business activities.

Embedded in our core values, and at the heart of what we are is our passion for sustainability and our continued drive to enable the energy transition

Accelerate Net-zero	Commercial differentiation	Low carbon	Talent and Culture	Sustainable Baker Hughes	Mitigate risk
Complement our sustainability strategy, while looking beyond the short-to-medium term horizon, and demonstrate **pathways to accelerate our journey to net zero**	Enable us to become the **partner of choice to our customers** in the energy transition as a **market leader in low carbon technologies**	Further enhance the Baker Hughes low carbon strategy through **sustainability focused tools and innovation**	**Attract and retain** a best pool of **talent**, while building **commercial differentiation** through sustainability culture & thought leadership	Create a defined set of **leading indicators** to track and measure progress for **becoming a sustainable company**	Help us **de-risk the energy transition** in a changing global market

Figure 1-3 Sustainability adds value for our investors and shareholders in six ways.

Sustainability strategy and implementation

Our sustainability strategy aligns with our growth and financial goals. In 2024, we continued to implement our sustainability strategy through a multi-faceted approach that ensures that sustainability is integrated into every aspect of our operations.

Here's how we are driving action:

Strategic projects and initiatives:
We delivered projects across 20 working groups with cross-functional experts, achieving 30 strategic outcomes. More details about these projects are in the people, planet and principles sections of this report.

Training and networks:
We established formal training modules and expanded our Carbon Out network, focusing on global emission reduction projects.

Employee engagement and empowerment:
We empower employees to drive sustainable change, fostering a culture that supports a low-carbon world. Voluntary project teams enhance knowledge sharing and action initiatives.

Cultural shift:
We have energized a cultural shift to embed sustainable behaviors and spotlight opportunities, aligning with stakeholder priorities and regulatory requirements.

Cross-functional collaboration:
Our organized working groups provide direction and resources to execute strategic outcomes.

Sustainability capabilities work stream:
This initiative identifies necessary roles and skills needed in our workforce, establishing a foundation for ongoing progress.

Change management and communication:
Teams collaborate on stakeholder analysis, strategic action planning and best practices implementation, increasing employee awareness and engagement.

Sustainability at Baker Hughes continued

Assessing sustainability topics- Global Reporting Index materiality[4]

We completed a GRI materiality assessment in 2024 of sustainability topics, affirming our commitment to being a sustainability leader and addressing growing stakeholder demands for transparency. By regularly identifying and aligning with key stakeholder priorities, we are able to mitigate risks and deliver on our strategic business goals.

Our GRI materiality assessment enables us to:

- Evaluate sustainability practices to identify improvement areas.
- Develop sustainability strategies with clear goals and targets.
- Implement systems for accurate sustainability data collection and reporting.
- Engage employees in impactful sustainability projects and embed sustainability in our culture.
- Communicate sustainability efforts transparently to stakeholders.

Our methodology

By integrating sustainability into our business strategy and linking sustainability materiality processes with enterprise risk management, we were better equipped to inform investors, regulators and other stakeholders about sustainability-related impacts, risks and opportunities in addition to risks and impacts related to climate change. We conduct and publish a biennial GRI materiality assessment to inform our sustainability strategy on our engagements with internal and external stakeholder groups. This assessment helps us align our strategic sustainability priorities with our commercial strategy.

Measuring stakeholder pulse

Our GRI materiality assessment is central to measuring the pulse and sentiment of our stakeholders. The feedback we solicit from key stakeholders is sent through surveys and interviews. Through this process, we identify and prioritize the sustainability topics most important to our diverse stakeholders, including employees, customers, investors, academia, trade associations, non-government organizations (NGOs) and suppliers. Topics of interest are shown on a chart based on stakeholder concern or opportunity. More information about our stakeholder groups is in Appendix C: Stakeholder Engagement.

Expanding scope and leveraging technology

In 2024, we expanded the breadth of our research by using our proprietary BHC3 AI tool to review online content for our in-scope stakeholders and extracting meaningful insights to inform our sustainability strategy. The diversity in open-source data was accounted for by the AI tool through the association of weights based on stakeholder and document type. This new materiality tool archived all reviewed documents, making this process repeatable and auditable.

Our BHC3 materiality tool significantly improved the assessment timeliness and reduced labor hours. Using our BHC3 materiality tool, we trained large language models to complement our GRI materiality process by:

- Ingesting thousands of relevant stakeholder documents;
- Training natural language processing machine learning pipelines to identify and label paragraphs;
- Deploying a workflow to compute time series GRI materiality scores;
- Configuring an interface to visually represent sustainability scores, analysis, evidence packages and benchmarks;
- This technological integration has enhanced the rigor, precision and scope of our materiality assessment;

Alignment with global frameworks

Our materiality assessment strictly adheres to internationally recognized frameworks, including GRI and SASB. This dual alignment ensures that our reporting is credible and aligned with the latest sustainability benchmarks. By adhering to these frameworks, we demonstrate our commitment to transparency, accountability and global best practices in sustainability reporting.

- GRI standards guide us in identifying material topics that are significant to our stakeholders while ensuring our process addresses any concerns they may have.
- SASB framework helps us focus on industry-specific material topics, ensuring relevance to our operational and financial performance.

Plotting key topics

As part of our materiality process, we internally plotted key sustainability topics based on their importance to stakeholders and their impact on our business strategy. Each topic was evaluated using a stringent methodology aligned with international standards and guidelines to ensure accuracy and relevance. These topics were analyzed and the top five priorities within the people, planet and principles topics are presented in (figure 1.5). This transparent approach not only clarifies our strategic priorities but also provides a roadmap for engaging with stakeholders and addressing critical sustainability topics.

Emphasizing transparency and rigor

Transparency is the cornerstone of our materiality assessment. We meticulously documented our methodology, stakeholder engagement processes and decision-making criteria. By openly sharing this information, we reinforce trust with stakeholders and ensure our sustainability priorities are clearly understood. The rigor of our approach, guided by international standards and bolstered by advanced AI tools, ensures that our process is thorough and equitable.

Delivering a more robust and actionable assessment

The insights gained from our 2024 materiality assessment have provided a comprehensive understanding of the continued alignment of our sustainability priorities. By integrating advanced technology, aligning with global frameworks and adhering to international standards, we developed a robust, data-driven and actionable assessment. This process allows us to focus on the most critical sustainability topics while maintaining alignment with stakeholder needs and global sustainability goals. Our 2024 assessment not only strengthens our corporate sustainability initiatives but also underscores our role as a leader in driving progress toward a sustainable energy future. Together with our stakeholders, we are shaping a future that reflects the values, aspirations and priorities of all those we serve.

[4] The Global Reporting Initiative (GRI) defines materiality as the significance of an organization's impacts on the economy, environment and people and how those impacts influence stakeholders' decisions and assessments.

Sustainability is integral to business success, emerging as a key differentiating capability as we work to take energy forward, making it safer, cleaner and more efficient for people and the planet.

Our sustainability vision—to be a sustainable pioneer in everything we do—positions Baker Hughes as a leading energy technology company of choice.

People

We are attracting, retaining and developing the best talent while thoughtfully engaging with our people and communities.

Our people objectives

- Ensure we attract, retain and develop the best talent
- Foster a culture where everyone feels included and respected
- Actively engage with communities in which we live and work
- Embed sustainability as everyone's responsibility

Planet

We are pioneering low-carbon energy solutions, ensuring environmental stewardship and minimizing our footprint.

Our planet objectives

- Enable our partners to thrive in a low-carbon world
- Became a net-zero business by 2050
- Reduce spills and report them transparently
- Minimize the resources we use

Principles

We are taking energy forward responsibly, with integrity and transparency – doing the right thing always.

Our principles objectives

- Champion compliance and ethics
- Ensure sustainable governance
- Uphold the highest health, safety and environment standards
- Strive for principled, differentiated and inclusive supply chains

Figure 1-4 Our sustainability strategy is separated into the three topics of people, planet and principles



Houda Hazim
and Maria Jose Ovejon Sotelo
Repair shop operators, IET



Co-generation area on our campus in Florence, Italy



Baker Hughes headquarters, Texas, United States

GRI materiality assessment – 2024

We identified the **top five topics** our stakeholders find important within each sustainability topic out of a total of 33 significant subjects.

People priorities

Diversity and inclusion
Non-discriminatory and equal opportunity talent acquisition practices.

GRI topics 11.10, 11.11

Attracting retaining, developing talent
Attracting and retaining new talent, developing employee value proposition and learning.

GRI topic 11.10

Employee engagement
Employee and community engagement from employees and leadership.

GRI topic 11.10

Employee benefits and well-being
Total employee rewards, well-being and work-life balance.

GRI topics 11.10, 11.13

Stakeholder engagement
Company impact and involvement in local community and organizations.

GRI topic 11.15, 11.16, 11.17

Planet priorities

Energy transition strategy
Company strategy for energy transition to be effective and accelerated.

GRI topic 11.14

Air and GHG emissions reduction
Business priorities of GHG emissions in scopes 1, 2 and 3.

GRI topics 11.1, 11.3

Climate-related risks
Physical risk to sites and risk in energy transition strategy.

GRI topic 11.2

Renewable energy sourcing
Company use of renewable energy in operations.

GRI topic 11.1

R&D investment – energy transition
R&D spend on new energy solutions to accelerate the energy transition.

GRI topics 11.1, 11.2

Principles priorities

Corporate governance
Sustainable business development from company leadership.

GRI topic 11.14

HSE management
Occupational health and safety, critical incident management and environmental protection.

GRI topics 11.9, 11.18

Sustainability reporting and transparency
Transparently reporting on sustainability aligned with public and regulatory requirements.

GRI topic 11.2

Ethics and compliance
Business ethics and doing the right thing beyond compliance.

GRI topic 11.22

Anti-corruption
Anti-corruption and trade-corruption (including training and government relations).

GRI topics 11.20, 11.21

33 Sustainability topics were assessed:

People
- Diversity and inclusion
- Attracting, retaining and developing talent
- Employee engagement
- Employee benefits and well-being
- Stakeholder engagement
- Collaboration with academia and NGOs
- Community impact
- Supplier diversity
- Just transition principles

Planet
- Energy transition strategy
- Air and GHG emissions reduction
- Climate-related risks
- Renewable energy sourcing
- R&D investment - energy transition
- Product emissions
- Biodiversity impact
- Circular economy and waste management
- Publicly stated net-zero pathways
- Emissions reporting
- Water management

Principles
- Corporate governance
- HSE management
- Sustainability reporting and transparency
- Ethics and compliance
- Anti-corruption
- R&D
- Global health and emergency response
- Labor rights
- Physical security
- Cybersecurity and data production
- Allegations closure rate
- Human rights and modern slavery
- Sustainable supply chain

Figure 1-5: Top five priority topics identified for each sustainability pillar out of a total of 33 significant topics from GRI 11: Oil and Gas Sector 2021 and the GRI Standards based on stakeholder sentiment.

People

What's new for 2024?

In the following section, you will learn about actions we have taken to advance our strategy and the impactful initiatives that demonstrate our progress against our people-centric goals.

Launched our "Eight Behaviors," which aligns our core values to *HOW* we work. The initiative was translated in 15 languages, reaching approximately **97%** of our people.

Launched a unified talent strategy aligned to our employee value proposition to attract, identify, engage, develop, recognize and reward talent across our organization.

Strengthened our focus on leadership and professional development through initiatives like career weeks, People Leader Week and our individual development plan campaign.



Kristian Wahl Jensen, Field Operator and Shadi Ibrahim, Field Engineer, OFSE

Meet Sarah.



Sarah Tones,
VP HR Solutions and Governance

As the executive accountable for the people topic of sustainability, I take great pride in sharing the progress our team has accomplished in 2024. At Baker Hughes, our dedication to sustainability and innovation is rooted in our people. The people section of our sustainability strategy focuses on fostering a diverse, inclusive and respectful workplace. It covers areas such as professional development, health and safety and employee well-being.

This section highlights our commitment to attracting, engaging and developing the best talent, promoting a culture of collaboration and innovation and engaging with the communities where we operate. Together, we strive to build a brighter future.

Our People strategy

Our sustainability strategy begins and ends with our people, enabling us to attract, engage and develop the most talented people worldwide who drive our mission forward. Our priorities in people sustainability are clear: we aim to create a workplace where everyone feels valued and empowered to contribute their best. This includes a strong focus on talent recruiting, retention and promotion, and employee well-being and community engagement.

We recognize that our success as a company is intrinsically linked to the well-being and development of our employees. By maintaining our focus on our people, inclusion and belonging, professional development and community engagement, we are confident that we can build a more sustainable world.

We have implemented various programs to support these priorities, such as our Employee Resource Groups (ERGs), which provide a platform for our workforce to connect, share experiences and drive positive change within the Company. Furthermore, we are committed to giving back to the communities in which we operate, with significant contributions to local initiatives and volunteer efforts.

We have made measurable progress in our talent management, with an increase in the representation of women and people of color within our workforce. Additionally, we are committed to supporting our employees' professional development, as evidenced by the thousands of hours spent on learning and development initiatives each year. These efforts not only enhance our employees' skills but also contribute to a more innovative and resilient organization.

Goals what we aim to deliver	Objectives how we will deliver success	Strategic outcomes how we will track progress
Attract, retain and develop the most talented workforce	Ensure we attract, retain and develop the best talent Foster a culture where everyone feels included and respected	• Retention parity • Best-in-class talent management and acquisition • Achieve top quartile inclusion index rating annually • Invest to support global communities • YOY increase on employee volunteer hours • Company-wide plan aimed at driving habits of sustainability
Actively engage our people and our communities	Engage with communities in which we live and work Embed sustainability as everyone's responsibility	

Figure 2-1: Our people-focused sustainability strategy cultivates a high performing, employee-centric environment, creating value for our shareholders.

We measure the success of our people-focused initiatives in several ways:

Employee engagement

We survey our employees to gauge their satisfaction, identify areas for improvement and measure the effectiveness of our initiatives. High engagement scores indicate a positive work environment and strong alignment with our Company values.

Diversity and inclusion

We constantly review our talent selection, retention and promotion processes, aiming for continuous improvement. This includes attracting, retaining and developing the best people globally, providing opportunities for all employees and investing in the right people to foster innovation.

Belonging

One way we track belonging is to measure voluntary attrition as a proxy indicator. A low voluntary attrition rate often indicates that employees feel valued, engaged and satisfied with their work environment.

Training and development

We measure the number of hours employees spend on learning and development programs, as well as the percentage of employees discussing their achievements and development opportunities with their leaders. This measurement helps us assess if our workforce is continuously growing and acquiring the skills to progress at scale.

Community engagement

We track our contributions to local communities, including volunteer hours and financial support provided by both the Company and employees for community initiatives. This information reflects our commitment to making a positive impact beyond our immediate business operations.

Collecting this data enables us to stay focused on our priorities and make sure we are advancing our people strategy in a meaningful way. By consistently monitoring and enhancing these aspects, we can foster a more inclusive, supportive and nourishing environment for all our employees.

Our people

The energy sector's ongoing transformation emphasizes sustainability and digitalization. As we expand beyond our traditional markets, our employees' ability to adapt is essential for fostering creativity and developing cutting-edge solutions that keep us at the forefront of the industry.

Our global workforce of 57,349 employees (figure 2-2), with almost 46,000 team members outside of the United States, has a strong international presence and ability to attract employees from diverse backgrounds. We conduct business in over 120 countries and our employees, representing 151 nationalities, work in 88 countries. This blend of global perspectives makes us stronger, more resilient and better equipped to serve our customers worldwide. Overall, the number of employees has remained steady compared to 2023, with the only dip occurring in the Americas. This stability highlights our resilience and adaptability in a dynamic global market. Full-time roles represent 98.5% of our total employees' roles, of which 86% are permanent contracts. Non-permanent contracts are mainly offered in the United States for roles that drive production of our products and services, including field operations, logistics, manufacturing and client support services.

Non-employee workers supplement the skills of our people by providing on-demand outsourced services, which enable us to react flexibly to business and economic requirements. In 2024, we collaborated with our suppliers, who employed 22,760 non-employee workers that fulfilled various roles across all business segments and regions where we operate.

Generations:
Our transformation as a company is reshaping the age distribution of our workforce. As we expand our deployment of new energy solutions and digital innovations, we attract younger talent, particularly Millennials (Gen Y) and Generation (Gen) Z, who excel with emerging technologies and are passionate about sustainability. In 2024, the percentage of people belonging to Gen Z (figure 2-3) increased by 2.4% points, from 7.4% to 9.8%. At the same time, we value the experience, expertise, critical industry knowledge and mentorship provided by the Silent Generation, Baby Boomers and Gen X. This blend of generational strengths ensures a balanced, highly experienced workforce capable of navigating the complexities of the energy sector's future.

Employees in leadership roles:
Employees in leadership roles include senior level managers, seasoned managers and specialized individual contributors who possess a thorough knowledge of their business or function. These roles encompass a range from senior professional to vice president levels, including executive roles along the way. By definition, senior professional band and above (SPB+) include SPB employees and executive band and above (EB+) ones. In 2024, our workforce comprised 8,727 SPB+ representing 15.2% of the total workforce, a decrease of 0.3% points compared to 2023 (figure 2-4). A similar pattern was observed for the subgroup of the EB+ group. The slight decrease in the number of people in leadership roles is primarily due to recent organizational changes aimed at streamlining operations and by putting leaders closer to the customer interface.

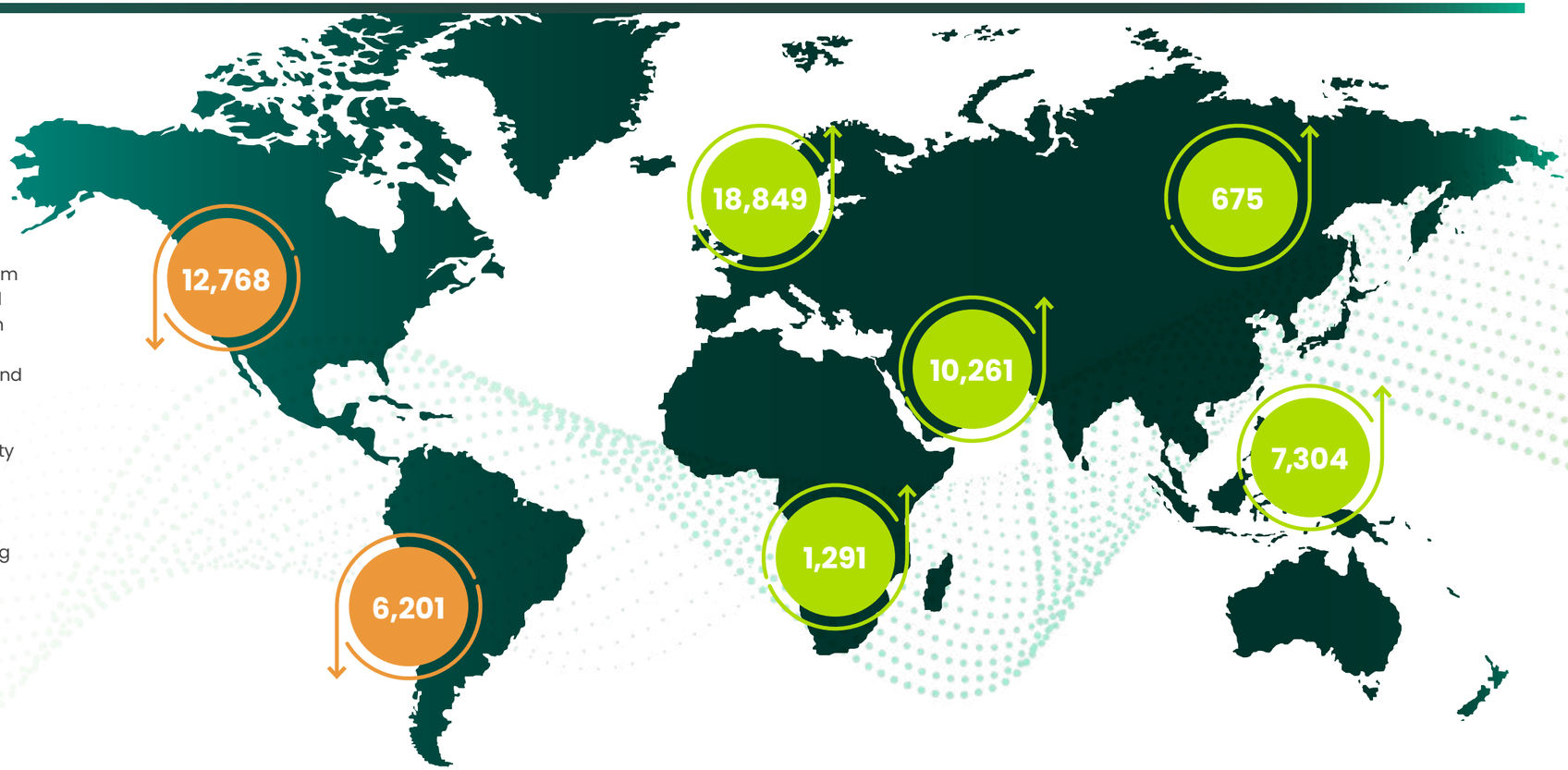


Figure 2-2: Number of employees by region. The total number of employees has remained consistent compared to 2023; however, the regional distribution of our employee population has shifted.

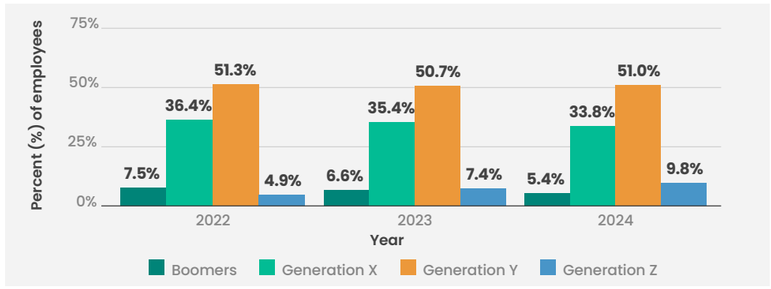


Figure 2-3: Percent of employees in our workforce by generation over a three-year period.

Note: the Greatest generation is 0.00% from 2022 to 2024 and the Silent generation is 0.01% from 2022 to 2024.

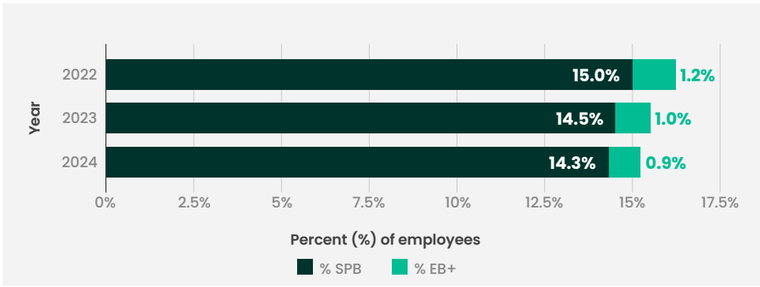


Figure 2-4: Percent of employees in leadership roles over a three-year period has decreased due to recent organizational changes aimed at streamlining operations and enhancing strategic growth.

Note: Senior Professional Band (SPB) is the difference between SPB and above (SPB+) and Executive Band and above (EB+).

Our people continued

Representation of women

Encouraging trends in 2024 underscore our efforts to cultivate a diverse workplace where all employees have the opportunity to thrive and grow. We understand that including women in the workplace is not merely about fairness; it is a strategic advantage that fosters innovation, enhances performance and leads to a more dynamic and successful organization. In 2024, the percent of women in the workforce (figure 2-5) increased by 0.5%[5] points, from 19.5% in 2023 to 19.9%.

Hiring and retention of women:

We continue to attract the most highly-qualified candidates. Women made up 26.0% of our external hires, a 3.1% point increase from 2023 (figure 2-4). Women choose to stay at Baker Hughes due to our training programs, competitive salaries, excellent career progression opportunities and flexible working conditions. This is evident from the decline in voluntary attrition rates for women, which decreased from 7.5% in 2023 to 6.1% in 2024.

Women in leadership:

As we continued to transform our Company this past year, there was a reduction in the percent of employees holding SPB+ positions (figure 2-3), yet the trends related to women in leadership roles diverged somewhat from the overall corporate trend.

- **Women on the Board:** The percent of women on our Board of Directors remained unchanged in 2024 at 33.0%.
- **EB+ leadership:** In 2024, the percent of women in EB+ roles decreased 0.6%[6] points YoY.
- **SPB+ leadership**: The percent of women in SPB+ roles increased by 0.4%[7] point YoY.

Women in science, technology, engineering and mathematics:

In 2024, the percent of women in science, technology, engineering and mathematics (STEM) positions rose by 0.6% points, from 14.2% to 14.8% (figure 2-7). Women in STEM are represented across various job families, including engineering, data science, technology development and manufacturing, but the significant growth in the number of women in STEM is primarily due to the surge of women taking on roles in field operations. This progress reflects our ongoing commitment to creating opportunities for all.

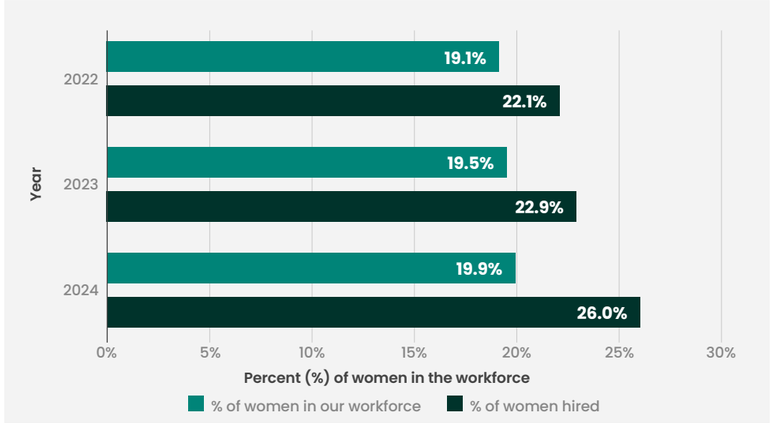


Figure 2-5: Percent of women in the workforce and percent of women hired from outside Baker Hughes (external hire) have increased over a three-year period.

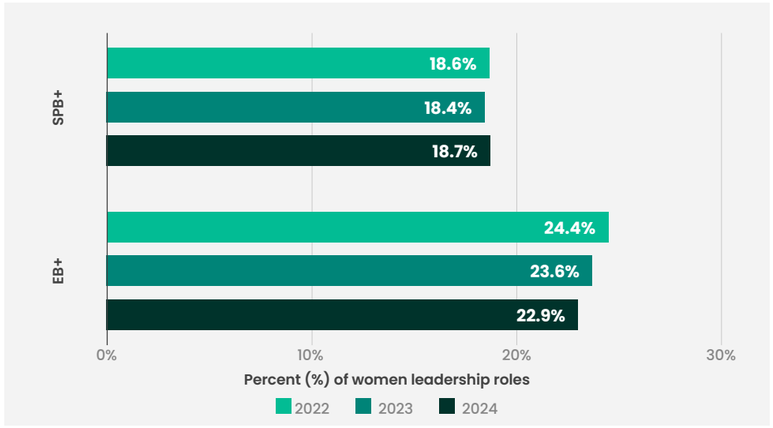


Figure 2-6: Percent of women in leadership roles in the respective SPB+ and EB+ population over a three-year period.



Figure 2-7: Percent of women in STEM roles has increased over a three-year period.

SPOTLIGHT ON PROGRESS:

GirlsGetSET empowers the future workforce

While working for GE in the United Kingdom (U.K.), Kim Larham established the GirlsGetSET program, a volunteer-run organization that aimed to change the way that girls in the U.K. experience STEM during this pivotal time of their lives. Since then, the program has expanded to the U.S. and Italy and helped more than 12,000 girls embrace STEM education and the exciting careers that follow. The GirlsGetSET program, lasting 12 or 24 months, combines online interactions, face-to-face mentoring from women with careers in STEM and hands-on projects in all-girl group environments. The curriculum culminates in a graduation event known as "Girls' Day" that helps solidify a sense of belonging among STEM-minded girls.

In 2024, the GirlsGetSET program:

- Organized approximately 200 events
- Hosted six "Girls Days"
- Volunteered more than 1200 hours from Baker Hughes employees
- Spotlighted 14 career types in local languages featuring women role models from Baker Hughes, who shared their personal stories working in STEM fields

Meet Kim.



Kimberley (Kim) Larham,

Integrated Supply Chain Optimization Leader, OFSE

[5] The percent of women in the workforce increased by 0.46% but is shown as 0.5% due to rounding.
[6] The percent of women in EB+ roles decreased by 0.64% but is shown as 0.6% due to rounding.
[7] The percent of women in EB+ roles decreased by 0.35% but is shown as 0.3% due to rounding.

Our people continued

People of color representation

The overall increase in people of color (PoC) representation, coupled with specific improvements among women and within senior and executive leadership roles, highlights the success of our talent strategy and inclusive culture. We believe that a diverse and inclusive workforce is a vital driver of organizational success, innovation and resilience.

PoC in Leadership

- **EB+ leadership:** The percent of employees who identify as PoC in EB+ leadership positions increased from 28.8% to 29.2% (figure 2-8). Our executive leadership team is committed to fostering an inclusive environment where diverse voices are heard and valued. We have implemented policies and practices that ensure fair and unbiased evaluations, promotions and compensation, thereby encouraging a more inclusive executive leadership landscape.
- **SPB+ leadership:** The percent of employees who identify as PoC in SPB+ roles increased from 33.2% to 33.6% (figure 2-8). This growth underscores our commitment to fair and unbiased talent management. We recognize that diverse leadership teams bring unique perspectives, drive innovation and enhance decision-making processes.

Women PoC employees:

The percent of women employees who identified as PoC increased slightly from 23.4% to 23.6%. We introduced mentorship and ERGs specifically tailored to address the unique challenges faced by women of color.

PoC in the US:

In 2024, the percent of U.S. employees who identified as PoC increased from 38.3% to 39.0% (figure 2-9). This increase is a testament to our efforts to recruit, engage, retain and develop a diverse workforce by providing equitable opportunities for career advancement and fostering a culture of respect and belonging across our enterprise.

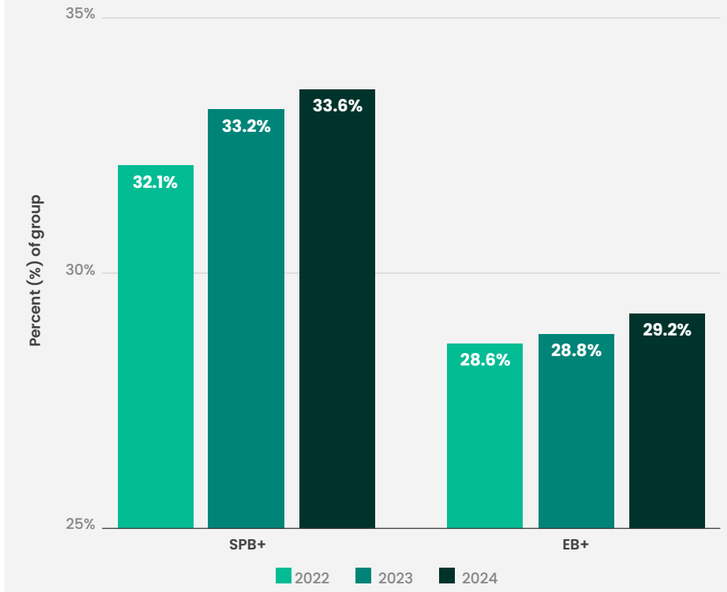


Figure 2-8: Percent of PoC in leadership roles in the respective SPB+ and EB+ population over a three-year period.



Figure 2-9: Percent of U.S. employees who identified as People of Color (PoC) increased slightly over a three-year period.

SPOTLIGHT ON PROGRESS:

Outstanding Diversity Champion

Xchelsia Jennings advances diversity within Baker Hughes through her leadership and working in ERGs. She partnered to lead efforts to continue to build the Black Employee Network (BEN) ERG from the ground up, including rebuilding the framework and strategy, soliciting leaders, building committees and engaging members. Her ability to make others feel valued and included made her a natural leader. Xchelsia was a driving force behind a $100,000 grant to support the Emancipation Park Conservancy, which she presented alongside Baker Hughes' CEO Lorenzo Simonelli and other leaders. Her passion for the Enabled ERG stemmed from having a visually impaired brother and two nephews. She ensured the new Houston global headquarters was equipped with state-of-the-art accommodations, leading the creation and promotion of a video highlighting equitable access for Enabled employees.

Xchelsia extended her knowledge and insight to many women at Baker Hughes to help them achieve their career aspirations. Growing up as an African American woman with a visually impaired brother in a southern state, her connection with diversity was personal. Despite challenges in her career, she became more assertive and now leads by empowering her teams through empathetic and collaborative leadership. Throughout her career at Baker Hughes, Xchelsia drove numerous initiatives related to diversity, inclusion, belonging and allyship. She quietly lifted and empowered others behind the scenes, ensuring everyone felt included and valued.



Meet Xchelsia.



Xchelsia Jennings,
Executive Channel Enablement, OFSE

Our culture, values and behaviors

In 2019, we reintroduced Baker Hughes to the world as an energy technology company to reflect our contributions and ambitions more accurately. We built a strong foundation with four values – LEAD, GROW, COLLABORATE and CARE. Along with an unwavering commitment to integrity, HSE and quality, these values represent what our Company stands for today.

Our values

Grow
See challenge as opportunity and learn every day.

Lead
Make, invent and perform with impact.

Collaborate
Inspire, be inclusive and bring out the best in each other.

Care
Do the right thing, always for our customers, our people and the environment.

Our commitment to integrity, HSE and quality remains as strong as ever.

We know it is not enough to enhance the framework that supports our culture. The successful evolution of our culture requires our leaders to invest, both personally and through our businesses, in active, compelling and effective communications about our culture and specifically about our day-to-day behaviors. But this is no ordinary task; it is a challenge that requires a considered and comprehensive engagement strategy.

In 2024, we enhanced our organizational culture by more clearly outlining the behaviors that align with our core values. Through contributions from more than 400 employees throughout our Company, we identified "Eight Behaviors," which help employees understand their responsibilities and the expectations for their performance. To ensure all employees are introduced to these behavioral expectations simultaneously, an enterprise-wide educational campaign was launched in 15 different languages. With 97% of the people leaders holding conversations within their teams, employees were introduced to the eight behaviors and targeted action plans to ensure the new behaviors are deeply embedded into our culture.

Our Eight Behaviors are foundational to our strategy implementation and reflect another step in advancing our high-performance culture.

- We trust and respect one another.
- We are inclusive and take care of each other.
- We listen and communicate transparently.
- We embrace change and learn continuously.
- We strive to improve and innovate courageously.
- We keep sustainability top of mind in everything we do.
- We create value for customers, ensuring satisfaction at every point in their journey.
- We drive performance, celebrate successes and win together.

SPOTLIGHT ON PROGRESS:

Keeping sustainability top of mind with "People First"

Every employee has an opportunity and responsibility to make an impact. We continuously work to improve sustainability tools and resources, providing valuable support to our employees on demand, when they need it. Making energy safer, cleaner and more efficient for people and the planet is dependent on our people working together to action our sustainability commitments.

In 2024, in support of growing strong sustainability behaviors, we deployed the "People First: Bringing our Culture to Life in Local Languages" initiative. The purpose was to improve employee engagement and inclusivity. Spearheaded by over 200 participants from our IMPACT and CULTIVATE programs and endorsed by executive leadership and HR, this initiative sought to enhance our corporate culture in the nine languages spoken by 95% of our workforce. Our focus was on culture and behavior frameworks, our business and sustainability strategy and our inclusivity commitment. The program reached at least 30% of our global employees, especially those at manufacturing and customer sites, in their native languages.

The initiative's results went beyond all expectations, with more than 33,000 attendees and 490 engagements within four weeks, over 60% of which were held in person. "People First" exemplifies how our employees can support each other, fostering a sense of inclusion, belonging and collective achievement.



'PEOPLE FIRST' IN ACTION: Maivy Orozco, OFSE. As a member of the People First Spanish language team, she met with 23 OFSE employees during a Field Services Specialist training session in Comodoro Rivadavia, Argentina.

Our unified talent strategy

By attracting and developing the best talent, we ensure that we have the right mix of skills and ideas to tackle the world's most complex challenges. However, without a cohesive approach to talent management, we risk missing out on the full potential of our workforce. At the end of 2024, we launched a new unified talent strategy (figure 2-10).

Here's how our unified talent strategy adds value:

Consistency across businesses:
Our unified talent strategy ensures that we maintain consistent standards and practices across all our global operations. This consistency is crucial for aligning our diverse workforce with our core values, eight behaviors and strategic objectives.

Attracting and retaining top talent:
In a competitive global market, our talent strategy helps us attract high-quality candidates and retain our top performers by offering clear growth opportunities and a positive work culture.

Enhanced employee experience:
By integrating our talent management processes, we provide our employees a seamless and positive experience. This includes development opportunities for upskilling and a supportive work environment that fosters growth and innovation.

Improved agility:
In the energy sector, agility is key. Our talent strategy allows us to quickly adapt to changing market conditions by having a flexible and skilled workforce ready to meet new challenges.

Promotion from within:
We routinely promote talent from within the organization. This reflects our confidence in our talent development and identification processes, demonstrating that building a career at Baker Hughes is real and achievable.

Our talent strategy helps us provide equal opportunities for growth and development in leadership, while also strengthening our governance around succession planning, talent assessment and talent mobility. To achieve our goals, we need well-defined capabilities at the organizational level.

"'People First, Energy Forward' is not just a slogan—it's our guiding principle. We understand that our most valuable asset is our people. Placing the right talent in the right role at the right time is crucial to achieving our business and talent strategies. It's our incredible employees across the globe that makes Baker Hughes exceptional and helps us to reach our goals and strengthen our vibrant culture."

Melody Kelleher,
VP Talent Empowerment



Attract and identify
with passion and purpose

- Activate our Employee Value Proposition.
- Identify internal employees who are ready for their next career challenges.
- Spotlight potential successors to our critical roles.
- Foster diversity through global talent recruitment.

Engage and develop
to strengthen and grow

- Provide feedback to strengthen performance.
- Build skills and potential through development opportunities.
- Offer communities and programs to build leadership and belonging.
- Provide non-linear career opportunities to create a more agile workforce.
- Empower our talent to be the architects of their respective careers.

Reward and recognize
powerful accomplishments

- Provide fit-for-market rewards plans.
- Recognize and reward individual achievement with programs and awards.
- Support individuals in the discovery of dynamic and rewarding career paths.
- Promote talent at the right time.

Figure 2-10: Our three-phased talent strategy promotes agility and enables Baker Hughes to meet the evolving business needs.

Attract and identify

To ensure long-term success and profitable growth, we focus on cultivating the right skills and capabilities while embracing diverse perspectives. This helps us navigate and thrive in an ever-changing business landscape. We have focused on four key capabilities—Solution Selling, Engineering Technology, Digital and Sustainability. These are crucial for delivering on our goals. By understanding the skills needed across our business units, we can place the right people in the right roles. This aligns with our commitment to innovation, legal compliance and top-notch talent management practices like the talent mobility process.

During 2024, we successfully attracted talented candidates and prioritized the development and growth of our existing employees. A total of 11,820 positions were filled in 2024. External candidates filled 7,656 roles and internal candidates filled 4,164 positions (figure 2-11) an increase of 4% points from 2023. The increase in internal hiring was the result of improved talent assessment practices, strengthened succession planning and internal mobility. Our approach to identifying and attracting the most talented people enables us to build a capable team to lead in this evolving landscape and advance our mission.

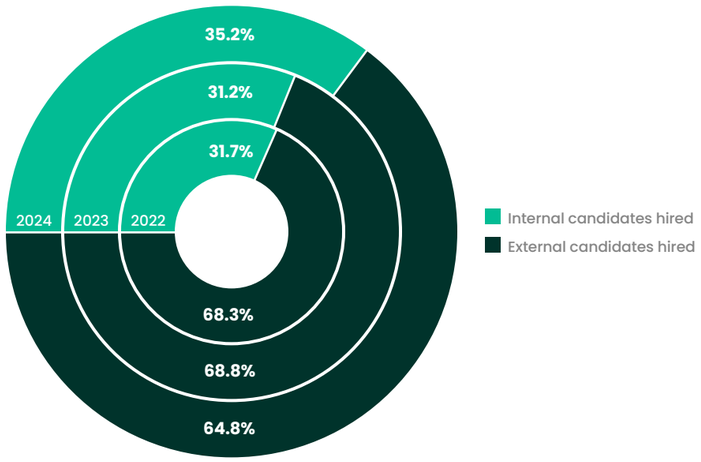


Figure 2-11: Percent of internal and external candidates filling open positions over a three-year period.

Attracting talent for STEM Roles

Our dedication to supporting the energy transition through innovative and sustainable solutions is unwavering and we recognize that STEM fields, regardless of gender, are crucial to delivering shareholder value. Therefore, recruiting individuals skilled in these areas is a significant competitive advantage, irrespective of gender. Collaborating with educational institutions is essential to initially inspire and educate future professionals in STEM disciplines and then attract them.

Our employee value proposition

To the outside world, a strong employee value proposition helps us attract new talent to Baker Hughes, including those who might not have previously considered a career in the energy sector. More and more, new graduates with technical degrees are drawn to companies with a purpose that aligns with their values. By showcasing our unique culture and aspirations, our employee value proposition becomes a powerful tool to engage and inspire both current and potential employees, reinforcing our commitment to excellence and innovation.

Your passion, our purpose:
What drives our employees is the chance to tackle the toughest challenges facing the global community today. Our purpose—to take energy forward, making it safer, cleaner and more efficient for people and the planet—resonates throughout our organization. It's why many of us come to work each day.

Your vision, our innovation:
We have a rich history of innovation and we're excited to use our expertise to reduce the environmental impact of our traditional business and explore new pathways to a more sustainable energy future.

Your potential, our growth:
Employees value being part of a global organization filled with diverse voices. They seek challenges and opportunities to advance.

Your individuality, our inclusivity:
Our differences make us stronger and unique perspectives fuel innovation. When people thrive, we all move forward. Our employees' safety and well-being are our priority. We offer flexible options to help our people find a work-life balance between that suits them.

We have several initiatives to support our global goals of attracting and retaining the best talent at Baker Hughes. We are committed to fair and respectful treatment for all, ensuring we live out our Baker Hughes values and behaviors.

To learn more **watch video**.

Engage and develop

Employee engagement and development are keys to reducing voluntary attrition. When employees feel engaged, they are more connected to their work and the organization, leading to higher job satisfaction, productivity and loyalty. Engagement initiatives, such as recognition programs and opportunities for meaningful work, help employees to feel valued and motivated.

In 2024, total voluntary attrition (figure 2-12) decreased by 1.0% points YoY to 6.0% and attrition rate of employees under 30 age decreased by 1.6% points to 9.9%. Furthermore, the voluntary attrition rate of women decreased by 1.4% points YoY (7.5% to 6.1%). These trends serve as strong indicators of employee satisfaction and the effectiveness of our talent strategy. We foster an inclusive workplace built on trust and respect, where our employees feel valued and motivated to stay.

While voluntary attrition decreased, total attrition increased by 1.6% points from 10.2% in 2023 to 11.8% in 2024. This increase was primarily driven by shifts in our OFSE business model and operating structure to increase efficiency and agility.

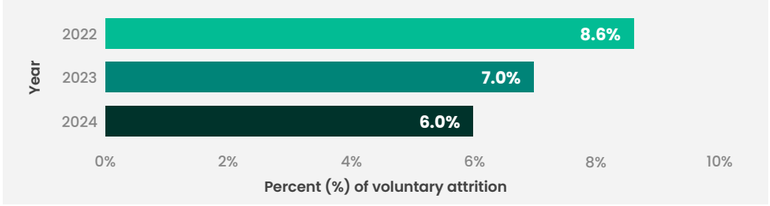


Figure 2-12: Percent total voluntary attrition has decreased over a three-year period.

Engage and develop continued

Develop

Employee development is key to individual and organizational success. We empower employees to be the architects of their careers and we support them through learning programs, mentorship, career advancement initiatives, assessment of their performance, fostering a culture of continuous learning and development to drive growth and innovation in the evolving energy sector.

Our training portfolio includes in-person and online options, with over 85,000 on-demand courses available via our Learning Management System, focusing on leadership, technical and functional skills. In 2024, employees averaged 22.6 hours of training through this system, with additional hours spent utilizing external learning portals not quantified.

Functional and technical development is essential for operational excellence, offering comprehensive training on equipment, technologies, digital transition and efficiency through various approaches. In 2024, the Company has improved learning opportunities to focus on job-related skills, maintaining its leadership in energy technology. Investments include technical training in native languages and using AI to enhance content quality.

Sustainability awareness is fundamental to execute our strategy. We need to provide our employees basic training resources as well as updates on markets, commercial insights, initiatives to reduce emissions and policies. With this goal in mind, in 2024 we enhanced our Sustainability Knowledge Center and we launched the Sustainability Sales Enablement Hub.

Leadership and personal development programs create well-rounded professionals proficient in their technical roles and capable of leading and inspiring others. Some of the opportunities offered include:

- **CORE and JOURNEY**: Our social learning communities are designed to offer collaborative, self-directed learning experiences respectively for employees at any career stage and people leaders. We provide our communities' participants with learner-driven training opportunities, including web-based learning, virtual sessions, mentoring, buddy circles for networking, employee-led discussions and deliver-back sessions to practice and demonstrate newly acquired skills.

In 2024, CORE expanded to over **6,700 members** and JOURNEY to **1,900 members**.

- **In-person learning opportunities**: We support our talented employees on their own and unique career development journey. With a nomination-based attendance model, fully aligned with our unified talent strategy, the high satisfaction reported by over 600 employees in 2024 across regions serves as proof of success. These learning opportunities focused on targeted leadership skills, strategic thinking, creating a vision, innovation, business and financial acumen, effective communication, leading change and transformation, operational excellence, people management and more.
- **Talent development programs**[8]: Our initiatives aim to furnish all employees with the essential skills and knowledge required to thrive in a swiftly changing industry.
  - **ASPIRE** is a two-year rotational leadership program for recent graduates and early-career employees to grow functional and leadership skills through challenging assignments, learning plans and global cross-functional projects. It aims to accelerate development and retain early-career top talent. In 2024, we had 173 members in the program, of which 82 members were women.
  - **IMPACT** is a three-year rotational program for top-performing mid-career talent, designed to advance the succession pipeline for senior leadership roles. It focuses on critical skills needed to deliver on our strategic goals through challenging assignments. In 2024, 21 members participated in the program globally.



Claudia Santini
HSE Specialist, IET

Performance development process
Timely performance reviews are crucial for employee development and recognition, guiding career progression and understanding of the needed steps an individual should take to reach full potential. Our performance development process empowers employees by setting clear priorities annually, facilitating regular manager touchpoints and collecting feedback. The year-end summary touchpoint is a formal discussion between managers and their employees to review contributions and identify future development needs.

In 2024, employees in the Professional Band and above (PB+) were required to complete an end-of-year touchpoint, with an impressive 97.6% completion rate. While not all employees are mandated to have an end-of-year touchpoint, 74.0% of all employees completed it with their manager in 2024, a 5.6% point increase from 2023.

A new performance development and talent identification approach, designed in 2024, is being implemented to align evaluations with new behaviors and emphasize the importance of "HOW" goals are delivered. This updated process aims to engage employees through more frequent and meaningful touchpoints, enhancing clarity and transparency of expectations.

SPOTLIGHT ON PROGRESS:

People leader and employees weeks
In 2024, our talent management team hosted career weeks for employees and people leaders, connecting our people resources to support career development. These weeks demonstrated the high level of employees' engagement and desire for skills enhancement in alignment our business strategy, as well supporting of career progression of their organizations.

- **Employees weeks:** Led by IET and OFSE, employee weeks supported participants in exploring development opportunities and planning their career progression. Approximately 25,000 employees across all regions participated in more than 40 sessions, 50 watch parties and 20 mentoring circles.
- **Supply chain days**: Aimed to unify the global supply chain for better collaboration and address key operational topics. The 2024 theme, "Strengthening our Supply Chain Network," emphasized efficiency, transparency, security and sustainability. Around 6,900 employees attended the sessions.
- **People leader week:** Baker Hughes allowed leaders to explore team leadership, develop skills and connect globally. The event included toolbox talks on change management, compensation, hiring and mentoring circles for small group discussions with leaders. About 42% of people leaders participated, making the week impactful.

[8] In 2024, CULTIVATE was a 12-month international leadership program for women, had 59 participants and will be sunset in 2025.

Engage and develop continued

Individual development plans

Our individual development plans (IDPs) are personalized plans intended to help employees enhance their skills and achieve long-term career goals, aligning with Baker Hughes' objectives.

Our IDPs include:

- **Self-assessment:** Employees evaluate their current skills, strengths and areas for improvement.
- **Goal setting:** Employees set specific, measurable, achievable, relevant and time-bound goals for their professional development, in alignment with their interests and aspirations.
- **Action plan:** Employees outline the steps they need to take to achieve their goals, including training, mentorship and on-the-job experiences.
- **Regular review**: Employees and their managers regularly review progress and make adjustments to the plan as needed.

Enterprise Talent Exchange

The Enterprise Talent Exchange encourages internal mobility, enabling employees to explore different projects and roles across departments and regions. This initiative helps staff acquire new skills, aligns with their career goals and allows the Company to deploy talent effectively. This strategy enhances organizational flexibility, innovation and competitiveness, fostering continuous career development and innovative solutions.

Engage

Employee engagement is a priority for us because a motivated workforce spurs innovation, excellence and has a positive impact on all stakeholders.

There is a strong link between high employee engagement and enhanced organizational performance, as engaged employees tend to be more productive, deliver exceptional results and collaborate efficiently. Such collaboration taps into the collective skills and knowledge of the workforce, allowing our Company to acheive excellence.

Nevertheless, we recognize that engagement encompasses more than just job satisfaction; it involves an emotional and psychological commitment to the organization. When employees feel valued, they generate creative ideas, pursue improvements and go beyond expectations, fostering a culture of innovation and leading to groundbreaking solutions.

Here are some of the ways we engage our people:

Inclusive culture and diversity initiatives:

We are committed to attracting, retaining and developing the most talented people by investing in recruiting and development programs, inclusive culture and diversity initiatives.

Community engagement and volunteerism:

We encourage community engagement and volunteerism, contributing significantly to communities through increasing volunteer hours.

ERGs:

ERGs are designed to provide employees with personal support, professional development and a sense of belonging. Our eight ERGs are instrumental in fueling our culture and supporting our strategic goals. They offer networking opportunities, mentorship and advocacy for various employee communities, ensuring everyone feels valued and empowered.

In 2024, we had 9,418 employees, representing 16% of our workforce, enrolled in at least one ERG. Our ERGs nominated charitable organizations for grants from the Baker Hughes Foundation, which donated $750,000 to these causes.



Figure 2-13: Our eight ERGs provide employees with personal support, opportunities for professional growth and a strong sense of community.

Communities of interest:

Our communities of interest (COI) also promote collaboration and knowledge sharing, encouraging employees to engage in meaningful projects that drive social change and support charitable initiatives. Our COI groups focus on topics, such as environmental quality, education and opportunity and health, safety and well-being.

In 2024, we strengthened our six communities, helping to build a positive, engaged and dynamic work environment. Our COI partnered with the Baker Hughes Foundation, which contributed $129,000 to charities nominated by these groups.



Figure 2-14: Our six COI foster a sense of purpose and belonging among employees by aligning their passions and interests with Company initiatives.

SPOTLIGHT ON PROGRESS:

Women's network ERG supports the Women Empowerment Program

An inclusive workplace where employees feel valued and can grow is key to retaining our talented people. The Women Empowerment Program, established within OFSE in 2022 by Evelyn Fabiano, aims to enhance women's career development by offering personal support, professional growth opportunities and fostering a sense of belonging among women employees. Through the years and always led by Evelyn's perseverance, a group of amazing women in Baker Hughes turned this initiative into a global and formal two-year program. Monthly virtual meetings moderated by women leaders to discuss important strategic topics and share personal experiences are offered. More than 600 people participated throughout the world, with over 200 in Brazil.

Meet Evelyn.



Evelyn Fabiano,

Commercial Director - Americas, OFSE

Recognize and reward

After we have successfully attracted, developed and engaged our workforce, identified the finest talent and prioritized a succession plan to secure a strong talent pipeline for critical roles, it is imperative to reward and acknowledge their contributions.

We guide individuals in finding dynamic and rewarding career paths through top-notch processes and practices, promoting talent at the right time. Our total rewards program is tailored to recognize and compensate the hard work and dedication of our employees with competitive salaries, bonuses and comprehensive benefits. Our market-aligned total rewards and benefits plans effectively tie performance to rewards in a meaningful way.

Total rewards

We offer a comprehensive suite of rewards designed to recognize performance and enhance the well-being of our employees. Our rewards and benefits programs cater to the diverse needs of our global workforce and are structured to grow with employees throughout their careers. We regularly benchmark our total compensation and benefits programs against industry peers and local markets to ensure fairness for all employees. Core benefits include healthcare plans and life insurance, provided in most locations. We also offer various leave options for quality-of-life needs, including family care. Additionally, we continue to assess and provide flexible work arrangements such as flexible schedules, compressed work weeks, hybrid work, remote work and other options to support our employees' work-life balance. We comply with country-specific regulations by establishing limits on working hours and overtime, as well as offering paid annual leave.

"Our Total Rewards program at Baker Hughes is designed to recognize and reward the performance, excellence and dedication of our employees. By offering competitive compensation, comprehensive benefits and opportunities for personal and professional growth, we ensure our team feels valued and motivated to drive our success."

Baghir Akhundov,
VP Enterprise Total Rewards



Here's how we reward our employees:

Salary and bonus:
We offer more than just a competitive base salary. We provide a range of bonus opportunities tailored to each role, including corporate bonuses, field remuneration, sales incentives and long-term incentives. These rewards are designed to recognize hard work and dedication, ensuring our team feels valued and motivated.

Financial benefits:
We want to help employees plan for a secure future. That's why we offer life insurance, disability benefits, educational support, tuition reimbursement, retirement savings plans and an Employee Stock Purchase Plan. In cases of involuntary workforce reductions, we comply with local notice period laws and works councils, provide severance payments that meet or exceed requirements and offer outplacement assistance in many locations.

Energize rewards and recognition:
In 2024, we launched the new Energize Reward and Recognition Program. Through Energize, the employees have the power to say thank you for day-to-day achievements and celebrate each other for going above and beyond their scope of responsibility to drive business results while living our corporate behaviors and values. Over 60% of employees received a recognition during the year and over 70% of those were done at peer level, demonstrating the desire of our workforce to reward and celebrate their colleagues.

Lifestyle support:
We understand the importance of work-life balance. Our flexible work and working-from-home arrangements and tailored policies are designed to meet the unique needs of our employees, no matter where they are.

Global mobility:
With our global presence, selected employees have the chance to take on international assignments and grow their careers across different countries and regions. We provide financial and logistic benefits to facilitate their mobility.

Parental leave:
In 2022, we approved a minimum parental leave of 18 weeks for a primary parent and two weeks for a secondary parent at full base pay in all countries. In 2023, we began the phased implementation of our Global Parental Leave policy. As of the end of 2024, we had completed implementation in 46 of 88 countries, expanding our ability to track to more than 65% of our total employees.

Health and well-being:
We truly care about our employees' health and well-being. That's why we offer a range of comprehensive healthcare and wellness benefits, including private medical, dental and vision insurance and a 24/7 Employee Assistance Program that provides confidential support whenever they need it. In 2024, we deepened our focus on mental health and emotional well-being of our employees.

Living well at Baker Hughes

"Living Well" is an enterprise initiative, backed by a COI sharing the same name, aimed at enhancing the overall well-being of our employees. This program is based on five pillars:

- **Connections:** Building relationships, a sense of belonging and psychological safety.
- **Physical health**: Focusing on nutrition, healthy habits, fatigue and sleep.
- **Safety and security**: Ensuring workplace and personal safety, financial well-being and travel safety.
- **Mental well-being:** Promoting mental health, resilience and a positive mindset.
- **Sense of purpose**: Connecting employees to volunteering, career development and valued work.

In November, we launched our first global well-being survey in support of our talent and people first strategy. The objectives were to understand employees' overall well-being, analyze our strengths and opportunities and improve Living Well. We measured social well-being, mental health and stress, physical environment and organizational drivers. The results will shape our long-term strategy and actionable items for 2025 and beyond. With nearly 35% of our global workforce participating, representing all job types from 76 different countries, we've confirmed the engagement and interest of our employees on this matter.

SPOTLIGHT ON PROGRESS:

Mental Health Week
We recognize the importance of caring for our employees' mental health because it empowers them to be their best at work and at home, driving overall well-being and productivity.

In October, the World Mental Health week was celebrated through a series of interactive virtual sessions. Our Multicultural ERG and Living Well COI hosted guest speaker, Gregory Caremans, a TEDx speaker and founder of the Brain Academy, led a dynamic discussion on brain health and productivity. Participants were invited to try some brain-boosting activities and learned how to avoid "brain-killing activities."

Belonging at Baker Hughes

At Baker Hughes belonging is more than just a buzzword—it is an essential component of our success. When we bring together the most talented people with different backgrounds and perspectives, we spark creativity and drive more innovative solutions. This is crucial in the energy technology sector, where staying ahead of the curve is key. Our differences make us stronger. We value diversity in all its forms—gender, race, ethnicity, age, gender identity, sexual orientation, ability, cultural background, religion, veteran status, experience, thought and more.

In 2024, we took the next step in our cultural transformation towards diversity, inclusion and belonging as core to our unified talent strategy. We knew that diversity alone was not enough; inclusion ensured that every voice was heard and valued, while belonging created a sense of community where everyone felt accepted and integrated into our mission. We ensure our selection and retention processes are fair, aimed at attracting and retaining the most talented people, and empowering everyone to achieve their full potential.

Together, diversity, inclusion and belonging help drive our success and enable us to lead the energy transition with integrity and excellence. Our commitment to diversity and inclusion also enhances our attractiveness as an employer. It enables us to recruit and retain top talent ensuring we have the best people on our team. This, in turn, strengthens our relationships with customers, partners and investors who prioritize these principles. Our customers and investors care about these values because they drive innovation, improve decision-making and help us better understand and serve our diverse customer base.

Diversity and inclusion are strategic advantages that benefit everyone—our employees, our customers and our investors.

We take pride in our efforts and remain dedicated to creating a workplace where everyone can thrive.

In 2024, we continued to make progress on several key initiatives, reflecting our ongoing commitment to fostering an inclusive workplace where all employees can thrive.

Here's how we show our commitment to diversity, inclusion and belonging:

Unified talent strategy:
We emphasized diversity, inclusion and belonging as core components of our unified talent strategy, ensuring these principles were integrated into all aspects of our operations.

Driving opportunity:
We continued to promote fairness in all our talent processes, such as talent acquisition, talent assessment, succession planning, profitability and talent mobility.

Learning on demand:
We continued to improve and deliver multiple learning experiences, including workshops on inclusive leadership.

ERGs:
We grew our ERGs and launched the #LetsTalkCulture series to promote open discussions about our corporate culture and inclusivity.

Parental leave:
We continued to deliver equitable parental leave, which covers 98.1% of our employees, supporting our employees' work-life balance and family needs.

How we define diversity, inclusion and belonging

Our commitment statement:
We are shaping the future of the energy industry—and that future belongs to all of us. We believe unique ideas and perspectives fuel innovation and our differences make us stronger. Together we are taking energy forward.

Diversity
The unique attributes that we bring as individuals

Inclusion
How we value difference, respect and interact with one another

Belonging
Ensuring all employees feel welcomed, safe, connected and appreciated

Diverse workforce
Ensure we have access to and support diverse pipelines of talent and prioritize development and retention

Inclusive culture
Cultivate a culture and environment where everyone feels they belong and can thrive and contribute

Supplier diversity
Support and build strong partnerships with a diverse array of local and global suppliers that share our values

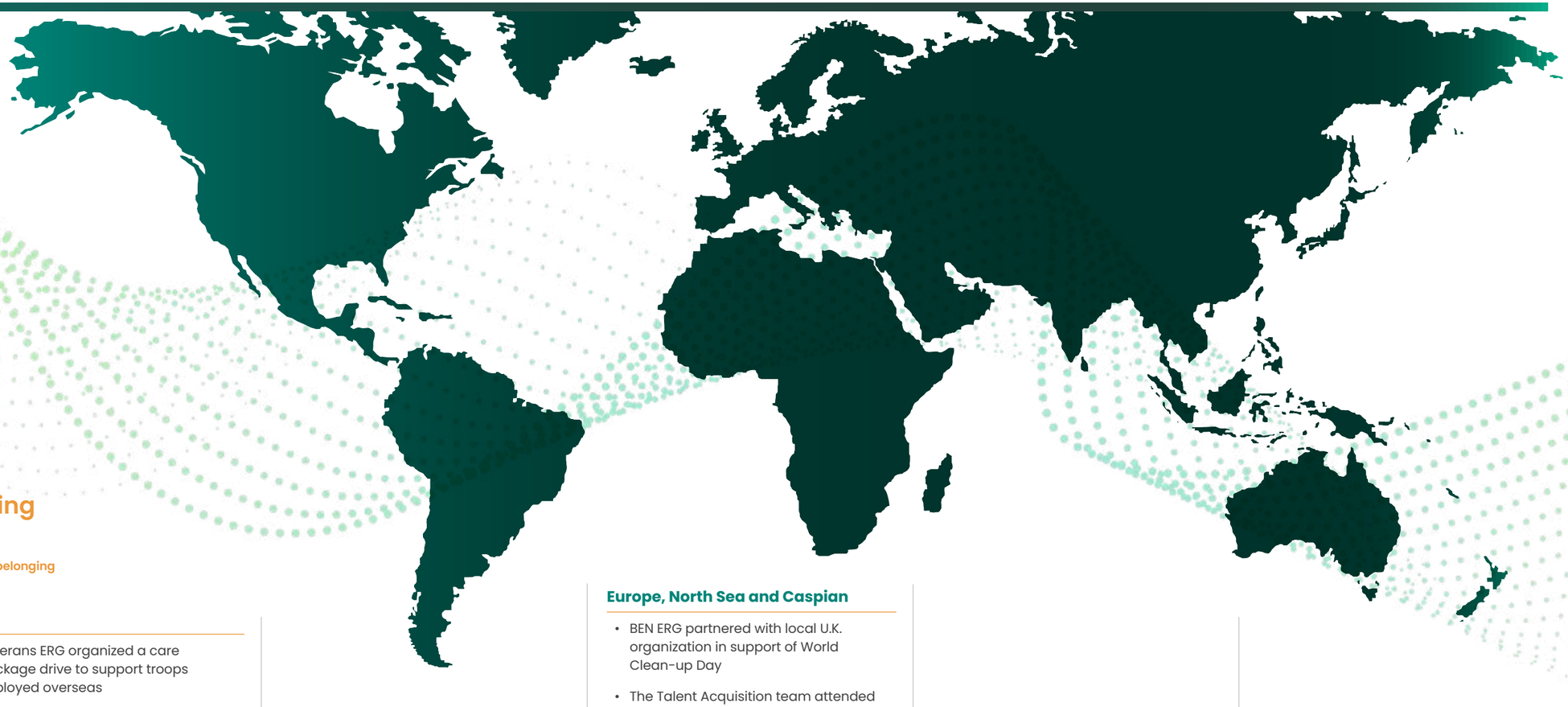
Customer relationships
Bring maximum value to our customers, channels and local partners, enabling all of us to win, grow and take energy forward

Community outreach
Support and be good stewards in the communities where we conduct business

Figure 2-15: Belonging is supported by five pillars.

Global initiatives champion diversity, inclusion and belonging

Figure 2-16: Our employees champion diversity, inclusion and belonging initiatives across the world.



North America

- Asia Pacific American Forum (APAF) and Enabled Employee Resource Groups (ERGs) organized a fundraising event in partnership with a local organization to support children and adults with intellectual and developmental disabilities
- Black Employee Network (BEN) ERG volunteered at Boys and Girls Club to provide mentoring and support activities for growth and development
- Multicultural ERG hosted a Ramadan celebration and international potluck to create a more inclusive culture
- APAF ERG organized Lunar New Year celebration and Diwali events
- Enabled ERG volunteered at a local Special Olympics event
- Veterans ERG organized a care package drive to support troops deployed overseas
- Women Network (WN) ERG actively participated to a conference in Houston led by Women's Energy Network Global, joining a panel about the envision of the future of the energy transition
- APAF ERG coached the next generation of STEM professionals
- Parenting Tribe COI contributed to lunch bag decorating for Kids' Meals
- Leaders for Tomorrow COI organized a hive of scientific discovery in Houston

Latin America

- LatinX ERG organized the Run4Education campaign to raise funds for college scholarships
- The "Women in the Shop" career development roundtable was held at the Brazil Service Center in Petrópolis
- LatinX ERG, in collaboration with GMI, launched a mentorship program for underserved college students, refugees and early career people

Europe, North Sea and Caspian

- BEN ERG partnered with local U.K. organization in support of World Clean-up Day
- The Talent Acquisition team attended industry technology summits in Germany and Poland to network with women in technology
- Multicultural ERG and OXFAM Italy discussed "The Art of Living in a Globalized World"
- Our Celle, Germany team took part in Jugend forscht, a nationwide network for promoting young people in STEM
- Veterans ERG supported the Careers Transition Partnership in U.K.
- WN ERG hosted a Breast Cancer Awareness initiative in Fot, Hungary
- Regional Diversity Week celebration, designed to celebrate and promote diversity and inclusion
- Our teams in Italy volunteered for Dynamo Camp to support children affected by serious or chronic illnesses

Middle East, North Africa and India

- Renew COI organized a tree planting in the UAE
- WN ERG organized Breast Cancer Awareness, yoga and music days in India

Sub-Saharan Africa

- Africa Day celebrations were organized across 11 countries with volunteerism and social events
- Multicultural ERG hosted a country spotlight on Kenya in partnership with Oxy
- WN and BEN ERG promoted Baker Hughes at the University of Ghana

Asia Pacific and Australia

- Baker Hughes showcased sustainability and inclusion at the Offshore Technology Conference in Asia
- A cultural competency training event was held to gain a deeper understanding about the Aboriginal and Torres Strait Islander cultures of Australia
- Our "Eight Behaviors in Four Week" campaign focused on developing more inclusive and diverse ways of working
- Pride@work ERG attended a diversity and inclusion summit in Perth
- Multicultural ERG celebrated the World Food Day in several countries

Belonging at Baker Hughes continued

Diversity in our workforce

Our corporate memberships with respected non-profits, such as Ally Energy, Catalyst, Disability:IN and the Women's Energy Network, provide partnership and guidance to support our goals. Our talent acquisition efforts, as well as our eight global ERGs, support the engagement, development and retention of our diverse workforce across the organization

The encouraging trends in 2024 underscore our continuous efforts to cultivate a workplace where our diverse workforce have the opportunity to thrive and grow. Please refer to "Our People" paragraph to learn more about PoC representation and women workforce.



Ahmed Almarhoon,
Mechanical Assembler, IET.

SPOTLIGHT ON PROGRESS:

Launch of the Women in the Field community of practice

We are committed to encouraging more women to work in the field, offering them opportunities for growth and breaking down cultural barriers. Baker Hughes' WN launched at the beginning of 2024 a new COI called Women in the Field (WIF), creating a space to bring together women and allies in field-related role. Through open discussions, podcasts, events and exciting initiatives the members of the community can openly share their needs as well as inspire colleagues.

The willingness to do something unconventional and take on challenges is driven by determination, curiosity, courage and passion.

Meet Zahra.

Zahra Alsalman is the first female well site supervisor in the Kingdom of Saudi Arabia.

"On the rigs, you have different challenges every day and you use a range of experiences to work as a team to deliver the well safely."

Read more here



Zahra Alsalman,
Lead Reliability Engineer, OFSE

Meet Niharika.

Niharika Sharma is the first in her family of teachers to study engineering. She is blazing a trail for women on offshore rigs in India. Read more here.



Niharika and her OFSE teammates on board an offshore rig, in India. From left to right: Amit Kumar, Anand Kishore, Arun Mani, Niharika Sharma, Yudhveer Chib, Hinglaj Singh.

SPOTLIGHT ON PROGRESS:

Celebrating cultural diversity

In support of World Day for Cultural Diversity on May 21, our Multicultural ERG hosted sessions on Baker Hughes' Culture and Inclusion Strategy, featuring discussions with top executives on cultural intelligence and its impact on personal, professional and business goals. Collaborative sessions with other ERGs and COIs explored emotional intelligence and supported initiatives like "Nurturing Minds," a charity for girls in Tanzania.

Senior leaders participated to emphasize our commitment to diversity, cultural recognition and the principle of mutual trust and respect.

Meet Zaher.

"Our global company thrives on cross-cultural understanding and open communication, recognizing them as strategic advantages. Personally, I'm passionate about this because I believe in the power of different perspectives. That's why I always make time to support the Multicultural ERG, join sessions and brainstorm ideas. By fostering an environment where every employee can develop cross-cultural understanding, we are better equipped to serve our global customer base and drive sustainable growth."



Zaher Ibrahim,
VP OFSE Surface Pressure Controls and Multicultural ERG Executive Sponsor

Inclusion

Inclusion and belonging go hand in hand. Inclusion involves creating an environment where individuals from diverse backgrounds feel respected, valued and integrated into decision-making processes. It ensures equal access to opportunities and resources for everyone. Belonging is the emotional experience of feeling accepted and valued as part of our workplace, with customers and in the communities where we live and work.

We strive to create an inclusive workplace that builds the foundation. Belonging is the result—where our people feel safe to be themselves and contribute fully. When our employees feel they belong, they are more likely to be engaged, committed and productive, leading to better workplace outcomes.

Here's how we build a culture of inclusion and foster the sense of belonging:

The Baker Hughes Culture and Inclusion Council is made up of executives who regularly review our progress and advance our inclusivity efforts.

Our diversity, inclusion and belonging Knowledge Center enables us to provide our workforce with tools, resources and learning opportunities that raise awareness, foster inclusive behaviors and build cross-cultural competencies.

ERGs and COIs play a big part in building our inclusive culture. These groups bring together employees with shared interests or experiences, helping to drive change and engage with our communities.

Culture ambassadors on voluntary basis, promote our culture, values and behaviors in their organization.

SPOTLIGHT ON PROGRESS:

Music for inclusion

Music for inclusion, launched by Multicultural, LatinX and BEN ERGs in occasion of Hispanic Heritage Month and UK Black Employee Month, was an event that put together Baker Hughes employees for a live concert with messages of love, care and hope. Our Baker Hughes employees performed 10 songs guided by the Fiesole School of Music experts. Music is considered a bridge among cultures as a universal language. The event is yet another milestone of our ERGs embracing inclusion and diversity.



Violin: Adel Heredi, saxophone: Antonio La Valle, guitar: Giampaolo Gabbi, all IET

SPOTLIGHT ON PROGRESS:

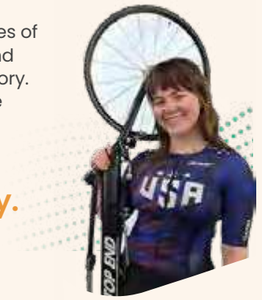
Eyes on LA2028

Abby Sams Dimock, is a dedicated advocate for sustainability and an aspiring athlete aiming for the LA2028 Paralympic Games. Over her four years at the Company, she has actively engaged with the Enabled ERG and Renew COI, sharing her journey with disability and commitment to sustainability.

In 2024, Abby participated in a panel hosted by Enabled ERG to celebrate the International Day of Persons with Disabilities, recognizing contributions of individuals with disabilities and providing resources to support colleagues with disabilities. Diagnosed with Congenital Myopathy as a teenager, Abby uses a wheelchair but excels in adaptive sports like wheelchair racing and basketball. Inspired by the 2024 Paris Paralympic Games, she is training for Iron Man races and para triathlon events.

Abby embodies Baker Hughes' values of growth, collaboration, leadership and care, inspiring others through her story. Her journey highlights perseverance and purposeful living.

Meet Abby.



Abby Sams,
Sustainability Strategy Analyst, HQ

Belonging at Baker Hughes continued

Inclusion and belonging extends to our communities

Inclusion is more than an internal effort

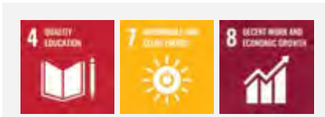
Our focus on inclusion extends beyond our internal operations. We actively engage with a diverse array of stakeholders, recognizing that these collaborations can lead to more effective and sustainable energy solutions as well as enhanced trust and loyalty.

By leveraging the strengths and expertise of a broad network of collaborators with shared values as customers, suppliers and local channels, Baker Hughes is better positioned to address the complex and evolving needs of the energy industry.

Baker Hughes University promotes energy transition and collaboration

Baker Hughes University, established in 2005, demonstrates our commitment to a just transition by partnering with customers and communities to foster growth and advance energy initiatives. The university accelerates learning by developing customer talents through high-quality training in a multicultural environment, focusing on lifelong learning, skills acquisition in energy topic. It offers a network for dialogue and knowledge sharing on future energy trends and technologies. Since its inception, over 1,650 professionals from more than 250 companies, primarily from low or middle-low-income regions, have been trained, addressing the gap in formal training provided by many energy companies.

The Climate Technology Program, launched in 2022, promotes cross-industry collaboration for net-zero progress. More than 130 experts have participated, forming a knowledge-sharing network. Each edition covers energy transition topics such as geopolitics, policy, business strategy and technology development, encouraging debate and networking. The 2024 editions focused on sustainable mobility in Florence and clean power generation in Houston, involving diverse stakeholders like energy producers, technology providers, buyers, academia and policymakers.



"We believe that collaboration is the key to accelerating progress towards net zero. Our Climate Technology University program brings together energy and industry leaders within a knowledge-sharing based network to foster greater cooperation on developing practical solutions to advance the energy transition."

Alessandro Bresciani,
SVP Climate Technology Solutions





Marwa Ataya,
Project Procurement Manager, IET

SPOTLIGHT ON PROGRESS:

Sustainability and inclusion at the Offshore Technology Conference in Asia
We leverage technical conferences to showcase our culture and commitment on diversity, inclusion and belonging.

The biennial Offshore Technology Conference Asia is where energy professionals meet to exchange ideas and opinions to advance scientific and technical knowledge for offshore resources and environmental matters. In 2024, Baker Hughes offered a unique experience to customers visiting our technical booth, allowing us to also attract those not traditionally interested in our products and services. A sustainability tree was placed at the booth, asking visitors to display their personal diversity, inclusion or belonging story on a tree. Building on this momentum, the team reached the goal to collect 500 pledges at the event and reinforced our commitment to sustainability through a beach clean-up in Malaysia, where approximately 100 Baker Hughes volunteers joined efforts to support our sustainability mission.



Lorenzo Simonelli, Baker Hughes CEO and Datuk Adif Zulkifli, Executive Vice President and CEO of Gas and Maritime Business at PETRONAS.

Belonging at Baker Hughes continued

Baker Hughes Foundation

We are dedicated to making a positive impact in the communities where we operate around the world. Consistent with our purpose and values, we strive to advance environmental quality, educational opportunities, health and wellness. We support our communities through financial contributions, in-kind donations of goods and services and volunteer projects.

The Baker Hughes Foundation has supported communities and philanthropic organizations since its establishment in 1994. Dedicated to advancing environmental quality, education, health, safety and wellness, the Foundation has contributed over $14 million to non-profits globally since 2020. By making strategic philanthropic contributions, matching employee donations and awarding volunteer recognition grants, the Foundation ensures its broad and deep impact. Through these efforts, the Baker Hughes Foundation supports immediate community needs and fosters long-term positive change, embodying the Company's core values and dedication to making a meaningful difference in the lives of many.

In 2024 alone, the Baker Hughes Foundation donated $2,426,500, with an additional $800,508 allocated for employee-matched contributions.

The Foundation's commitment to community service is also evident in its support for disaster relief and various charitable initiatives, including those promoted by our ERGs and COIs and those related to Earth Day celebrations and climate education, as well as contributions to Historically Black Colleges and Universities.

SPOTLIGHT ON PROGRESS:

Baker Hughes Foundation helps disaster recovery

In 2024, natural disasters were devastating, with extreme weather events such as hurricanes, wildfires and floods that caused widespread destruction and significant loss of life globally. The Baker Hughes Foundation was instrumental in supporting disaster relief agencies around the world, donating nearly $175,000 in 2024.

Brazil faced its worst climate disaster ever, with unprecedented rainfall and flooding affecting over 600,000 people. In response, Baker Hughes volunteers initiated a fundraising campaign, directing the collected funds to Parceiros Voluntários, a local non-governmental organization that bought essential supplies like water, non-perishable food, mattresses, hygiene kits and other necessities for those left without shelter.

Following Hurricane Beryl in June and the Derecho storm in May, the Baker Hughes Foundation donated $75,000 to the Houston Food Bank for critical food and water distribution, and another $75,000 given to the American Red Cross. Additionally, our headquarters office was opened to our employees' families during working hours, providing a safe space for them to cool off, charge devices and care for one another.



Flooding in Brazil, May 2024.

Watch video

Volunteerism

Volunteerism is more than just an activity—it is a core part of who we are. It's about putting 'Care'—one of our core values—into action. Our volunteer activity priorities include environment and climate, educational opportunities, health, safety and well-being.

Recognizing volunteerism as an integral part of our culture fosters a sense of community and belonging. It not only benefits the communities we serve but also enhances the morale and satisfaction of our team members. By giving back, we build strong relationships with local organizations and support our strategic goals of driving social change and addressing some of the world's toughest challenges.

In 2024, over **2,000** Baker Hughes employees volunteered with more than **520** charities globally, totaling **44,613** hours of volunteer service.

SPOTLIGHT ON PROGRESS:

World Clean-up Day 2024

Working together across the world, colleagues collaborated and endeavored to make a positive impact on our planet. In support of Environmental Awareness Month in October, employees across multiple countries, including India, Algeria, Brazil, Italy, Australia and the United States, collaborated with local organizations for a company-wide clean-up campaign. Our employees and their families participated in the global effort to clean natural habitats and raise awareness about waste management. In Florence, the Renew COI organized an event to create awareness about circular economy, inviting a non-profit focused on repair and reuse.

These activities fostered a sense of community and collective responsibility, encouraging our employees and residents to adopt sustainable practices in their daily lives.

Watch video

Planet

What's new for 2024?

In the following sections, you will learn about actions we have taken to advance our strategy and the impactful initiatives that demonstrate our progress against our planet-centric goals.

Absolute scope 1 and 2 emissions decreased **29.3**% from our 2019 base year.

Scope 1 and 2 emissions intensity decreased by **39.5%** compared to our 2019 base year.

Life cycle assessments increased by **79%**, covering **560** products and services.

Total waste generated was reduced **13.8%** from our 2022 base year.

We utilized the Integrated Biodiversity Assessment Tool to assess **100%** of our operational sites for biodiversity risks.

More than **650** employees participated in our Carbon Out program, identifying projects and initiatives aimed at reducing emissions.

Massa site, Italy

Meet Bridget.



Bridget Todd,
Enterprise HSE Leader

As the executive accountable for the planet topic of sustainability, I take great pride in sharing the progress our team has accomplished in 2024. The planet section of our sustainability strategy emphasizes our dedication to environmental stewardship and sustainable practices. We are committed to minimizing our environmental footprint, promoting energy efficiency and advancing technologies that support a low-carbon future. This section highlights our efforts in areas such as emissions reduction, waste and spill management, water conservation and biodiversity protection.

Our Planet strategy

Our planet-centered sustainability strategy encompasses a variety of innovative approaches and advanced technologies. Through the implementation of operational improvements and emissions reduction efforts, we are committed to lowering our environmental impact and promoting a sustainable future.

Our sustainability strategy is closely tied to our commercial strategy. We are actively working to decrease the environmental impacts of our operations while simultaneously expanding our low-carbon solutions offerings to better meet our customers' needs. This brings us closer to attaining our environmental sustainability goals and better serving our customers, community and the planet.

By advancing our sustainability strategy, we are enabling a lower carbon future.

Goals what we aim to deliver	**Objectives** how we will deliver success	**Strategic outcomes** how we will track progress
Pioneer low-carbon energy solutions to deliver value for our customers	Enable our partners to thrive in a low-carbon world Become a net-zero business by 2050	• Reduce scope 3 emissions by 2033 • YOY increase R&D funded by external sources • BH positioned early and recognized as key technology provider • Reduce scope 1 and 2 CO_2e emissions by 50% by 2030 • Complete life cycle assessments (LCAs) for the >95% emissions intensive products by 2026
Champion environmental stewardship and minimize our footprint	Reduce spills and report them transparently Minimize the resources we use	• Complete proactive strategic policy framework for all growth areas • Reduce spills at our sites • Reduce usage in water-stressed sites by 2030 • Reduce waste to landfill by 2030 • Assess 100% of sites for biodiversity risk by 2030 and implement risk management programs for high-risk sites

Figure 3-1: Planet-focused sustainability strategy ensures that our sustainability efforts are effective and aligned with our long-term environmental goals and our commercial strategy.

We ensure accountability by measuring and openly reporting progress on our planet-focused initiatives in several key ways:

GHG emissions:
We track reductions in scope 1, 2 and 3 GHG emissions, aiming for net-zero operational emissions by 2050, with an interim target of a 50% reduction by 2030.

Energy efficiency and renewable deployment:
We drive improvements in energy efficiency across our operations, including the adoption of renewable electricity and energy-saving technologies.

Leveraging data:
We track the completion of emissions life cycle assessments, known as *Fast*LCAs, that provide a cradle-to-grave GHG profile for our products.

Employee engagement through Carbon Out:
Our strategy involves engaging with employees and stakeholders to drive emissions reductions across the entire value chain. Our Carbon Out champions drive continuous improvements through the implementation of emissions savings projects throughout our value chain.

Environmental footprint:
We measure the reduction in resource consumption, such as water and raw materials, to minimize our environmental impact.

Waste management:
We track the reduction and proper disposal of waste, focusing on increasing recycling, driving product circularity and reducing landfill use.

Spill management:
We report and strive to minimize spills to ensure environmental protection and compliance with regulations.

Our commitment to achieving net-zero

Since 2010, we have been monitoring and voluntarily reporting our GHG emissions to drive change in the energy industry toward net-zero emissions.

We support the Paris Agreement's objectives and believe the private sector is crucial in limiting global temperature rise to 1.5°C. Our net-zero goal aligns with the Paris Agreement and the IPCC's recommendations. Our scope 3 emissions reduction goal is science-based and supported by expert-developed plans executed by our employees.

Our commitment to emissions reduction helps to mitigate climate risks, enhance our physical and business resilience while creating long-term commercial value in our product offering to customers who seek emissions abatement solutions.

We published our emissions reduction roadmap in 2021 to illustrate the pathways for reducing scope 1 and 2 emissions. Our employee-driven Carbon Out program has led the change in operationalizing these pathways.

Our Planet strategy continued

follow our
Emissions Reduction Journey

Baker Hughes has been monitoring and reporting our CO_2 equivalent emissions since 2010, enhancing our sustainability programs and commitments year-over-year to drive real change in the energy industry and progress towards a net-zero emissions world.

In **2019** we relaunched as an **energy technology company** making energy safer, cleaner and more efficient for people and the planet.

14% electricity from zero-carbon sources

57K metric tons of waste recycled



Net-zero carbon emissions by 2050
Baker Hughes was among the first companies in the industry to commit to achieving net-zero scope 1 and 2 emissions by mid-century.

50% reduction in emissions by 2030
An interim goal was set at 50% reduction in scope 1 and 2 CO_2 equivalent emissions by 2030.

Introduction of LCA
Lifecycle assessments (LCA) on several products and services helped reduce manufacturing and supplier footprints.

Energy "treasure hunts"
More than 230 energy treasure hunts and weekend walkthroughs completed, highlighting improvement opportunities.

Supplier emissions program
The supplier emissions program was piloted ready for launch next year, helping quantify emissions across our supply chain.

Zero-carbon electricity in UK
UK became the first country to run all sites on 100% zero-carbon electricity sources, using a mix of wind and nuclear power.

14.5% reduction in scope 1 and 2 CO_2e emissions from 2019 base year

In **2020** we **reset our base year to 2019** providing a more accurate view of the company and its emissions profile.

214K metric tons of waste recycled

22% electricity from zero-carbon sources

All In. Carbon Out.
Our Carbon Out employee engagement program was launched to operationalize emissions reductions at scale.

Scope 1 and 2 strategic levers
To achieve net-zero scope 1 and 2 emissions by 2050, reduction efforts were actively focused on 4 strategic levers: operational efficiency, facility efficiency, renewable energy and vehicles.

Renew community launched
We enabled our sustainability culture via a virtual community of employees engaged in sustainability, environment and energy transition.

Supply chain focus
Supplier surveys helped us understand emissions upstream of our operations, and our virtual supplier conference facilitated exchange of best practices.

Sustainability design prize
Innovators, engineers and technologists proposed designs, solutions and processes that drove sustainability of operations.

22.8% reduction in scope 1 and 2 CO_2e emissions from 2019 base year

24% electricity from zero-carbon sources

125K metric tons of waste recycled

In **2021** we took steps to advance our sustainability strategy and drive **engagement of employees in a sustainable culture**.

Baker Hughes @ COP27
Participation in the UN Climate Change Conference fostered dialogue with governments and developed partnerships and opportunities.

***Fast*LCA™ launched**
Our proprietary LCA tool enabled quantification of Baker Hughes product and service emissions enabling customers to define their footprint.

Full scope 3 inventory report
First reported full scope 3 inventory, covering all value chain emissions from purchased goods and services to sold products.

Tackling fleet emissions
We delivered 35% emission reduction from fleet activities compared to our 2019 base year.

Less landfill by 2030
Increased focus on asset reuse aligned with a new internal commitment to reduce waste to landfill by 2030.

27.6% reduction in scope 1 and 2 CO_2e emissions from 2019 base year

In **2022** we committed to reducing scope 3 emissions by 2033, resulting in **lower carbon solutions that help reduce our customers' footprint.**

57K metric tons of waste recycled

26% electricity from zero-carbon sources

Baker Hughes @ COP28
Participation as an Associate Pathways Partner reflected the company's commitment to building partnerships that drive change.

$750M new energy orders
New energy orders exceeded expectations, supporting the company's strategic commitment to providing lower carbon solutions.

Hart Energy ESG award
The company was recognized for demonstrating ESG leadership in goal setting, sustainability performance and investment in new solutions.

Scope 3 strategic levers
Analysis of emissions across our value chain helped identify 4 strategic levers for effectively reducing scope 3 emissions: supply chain, transport and logistics, waste management, and low-carbon products.

In **2023** we **enabled our customers to measure and reduce their impact** as they work towards their own sustainability goals.

30% electricity from zero-carbon sources

61K metric tons of waste recycled

33.0% reduction in scope 1 and 2 emissions intensity from 2019 base year as reported in 2023 CSR

28.3% reduction in scope 1 and 2 CO_2e emissions from 2019 base year

AM24 "Energizing Change"
2024's Annual Meeting thought leadership forum focused on the urgency and necessity of transformation across various sectors.

$1B new energy orders
Largest new energy order volume to date highlighted ongoing commitment to transforming the industry.

Baker Hughes @ COP29
Year 3 representing the energy industry at the event underpinned our place among leading solutions providers addressing climate change.

Accelerating progress with our scope 3 roadmap
With 99.5% of the company's emissions categorized as scope 3, our scope 3 roadmap was amplified across the organization with focus on strategic levers to maximise impact.

29.3% reduction in scope 1 and 2 CO_2e emissions from 2019 base year

39.5% reduction in scope 1 and 2 emissions intensity from 2019 base year.

2024 saw a pivotal juncture in our journey to net zero, **accelerating progress with our scope 3 roadmap** in parallel with scope 1 and 2 reduction.

63K metric tons of waste recycled

34% electricity from zero-carbon sources

continuing our scope 1 and 2 journey >>>>>

continuing our scope 3 journey >>>>>

Key

Waste types recycled
- Metals
- E-waste
- Non-hazardous
- Hazardous

Zero-carbon sources
Figures represent total zero-carbon electricity usage; this is the sum of renewable energy and nuclear energy - a non-renewable, zero-carbon source.

* Consistent with Greenhouse Gas Protocol's methodology, our baseline is reassessed annually.
** Emissions reduction performance percentages for each respective year are as previously disclosed.

Figure 3-2 Our emissions reduction journey from 2019 through the end of 2024.

Scope 1 and 2 emissions

In 2024, we maintained our focus on driving operational efficiency, enhancing facilities' energy efficiency, renewable energy adoption and fleet electrification.

As of year end close, we have reduced our scope 1 and 2 emissions by 29.3% (figure 3-3) to 564,728 MT CO_2e as compared to our base year (2019). Table 3-1 and figure 3-4 illustrate total scope 1 and 2 emissions (2024) changes compared to our base year.

Scope 1 emissions (table 3-1) which includes fleet, field activities and facilities, decreased by 22.6% to 386,367 MT CO_2e.

Scope 2 emissions, which cover purchased electricity, decreased by 40.6% to 178,361 MT CO_2e for market-based and 30.7% reduction to 212,476 MT CO_2e for location-based emissions (table 3-1). The method we used to calculate market-based GHG emissions considers emissions from our specific electricity sources, in contrast to the location-based method, which utilizes average grid emission factors. Refer to Appendix B: Statements and Notes on GHG CO_2e emissions for our detailed methodology.

We also report our emissions intensity, which normalizes our emissions to financial performance. In 2024, our revenue increased from $23.8 billion in 2019 to $27.8 billion. Due to aggressive Carbon Out programs, we were able to maintain a 39.5% scope 1 and 2 emissions intensity reduction. This represents a reduction from 33.5 MT CO_2e per million USD revenue in our 2019 base year to 20.3 MT CO_2e per million USD revenue (figure 3-5). This significant reduction in emissions intensity demonstrates our effectiveness in driving out emissions from our operations while still maintaining growth in our business.

Table 3-1: Scope 1 and 2 emissions (MT CO_2e) for 2024 compared to 2019 base year.

	2024	2019 (Base year)	MT CO_2e Change from 2019	Percent (%) change from 2019
Scope 1	386,367	499,168	-112,801	-22.6%
Scope 2 market-based	178,361	300,026	-121,665	-40.6%
Scope 2 location-based	212,476	306,757	-94,281	-30.7%
Total scope 1 and 2, market-based	**564,728**	**799,194**	**-234,466**	**-29.3%**

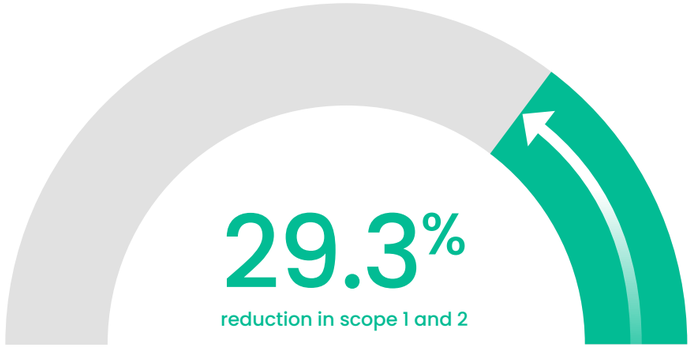


Figure 3-3: Total scope 1 and 2 emissions reduction compared to our 2019 base year.

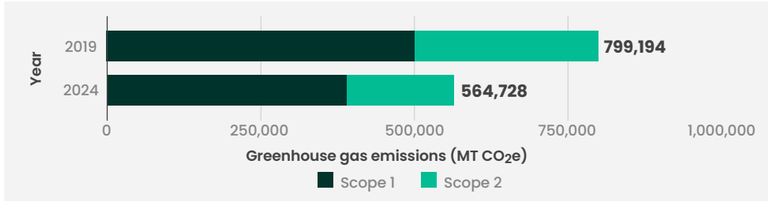


Figure 3-4: Total scope 1 and 2 emissions for 2024 compared to 2019 base year showing the 29.3% reduction over five years.

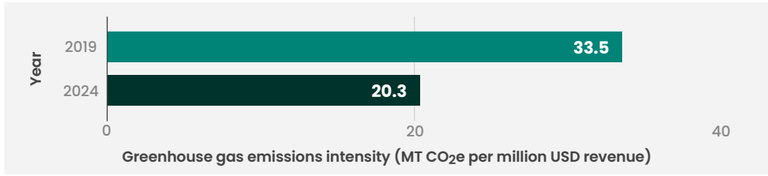


Figure 3-5: Scope 1 and 2 emissions intensity comparison of 2024 to 2019 base year.



Michelangelo Bellacci,
Senior Engineer, Materials Science, IET

Scope 1 and 2 emissions continued

Fleet emissions

Our fleet emissions encompasses all of our owned and leased vehicles. In 2024, we continued to make progress in transitioning our fleet to lower-emission hybrid and electric vehicles where possible. This transition supports our objective of reducing scope 1 emissions, resulting in a 22.8% reduction in fleet emissions compared to our 2019 base year (table 3-2 and figure 3-6). We are early in our journey in fleet transition, but continue to make steady progress in emissions reduction.

To improve reporting accuracy, we refined our methodology for calculating fleet emissions in 2024. These changes allow us to more accurately estimate emissions using actual fuel usage data from vendors. Additionally, we now consider five different powertrain options for vehicles: electric, hybrid, plug-in hybrid, flexible-fuel and internal combustion engines. These updates, along with other minor adjustments, have enhanced the accuracy of our data (Appendix B: Statements and Notes on GHG CO_2e Emissions).

Field emissions

Field emissions include operations and services provided outside of our facilities, such as wireline, pressure pumping (PP), marine vessels and our integrated wellsite solutions. In 2024, our field emissions were 8.0% lower compared to our 2019 base year (table 3-2 and figure 3-6).

Our recent business growth in field services has presented both a challenge and an opportunity. Despite a rise in operational activity, we achieved notable reductions in field emissions through Carbon Out. Field activities are shared with our customers and represent a clear opportunity for collaboration going forward.

Table 3-2: Scope 1 and 2 emissions (MT CO_2e) by category for years 2024 compared to 2019 base year.

	2024	2019 (Base year)	MT CO_2e Change from 2019	Percent (%) change from 2019
Scope 1 fleet	106,056	137,421	-31,365	-22.8%
Scope 1 field	181,885	197,667	-15,782	-8.0%
Scope 1 facilities	98,425	164,080	-65,654	-40.0%
Total	**386,367**	**499,168**	**-112,801**	**-22.6%**
Scope 2 facilities	172,933	300,026	-127,093	-42.4%
Scope 2 home emissions	5,273	0	5,273	100.0%
Scope 2 fleet	155	0	155	100.0%
Total	**178,361**	**300,026**	**-121,665**	**-40.6%**

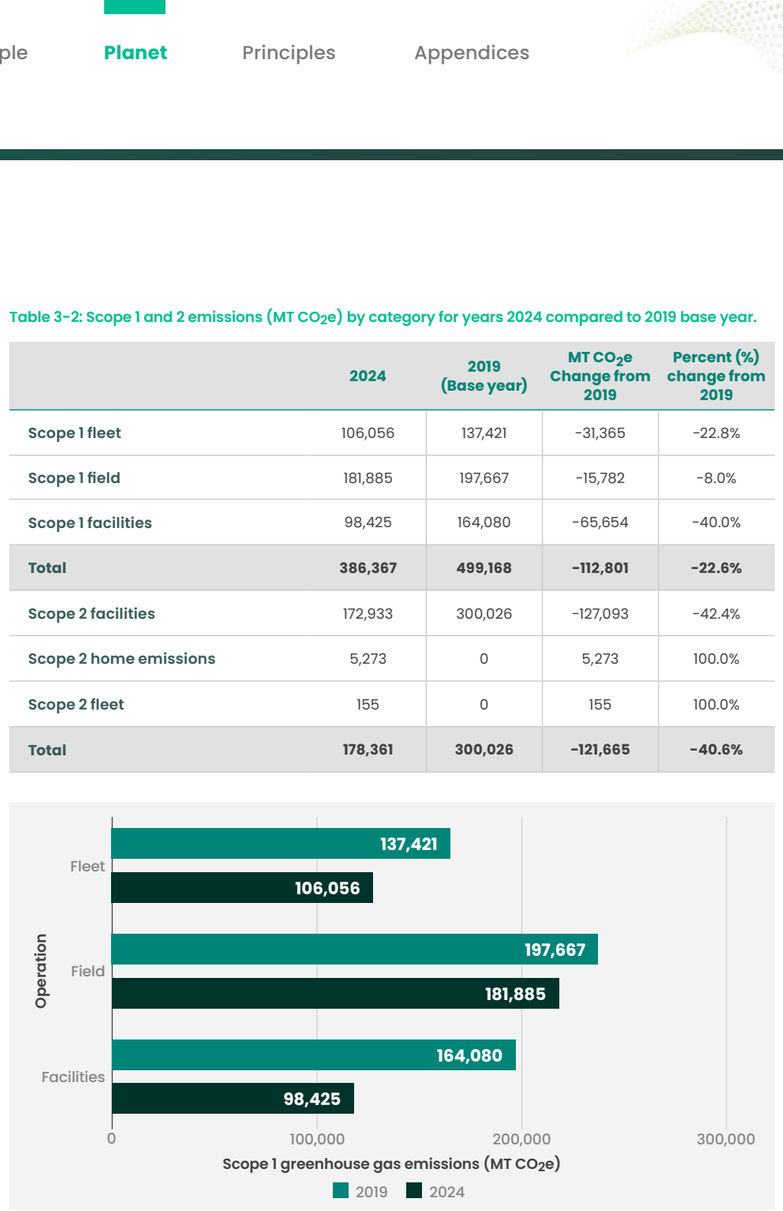


Figure 3-6. Scope 1 emissions for 2024 compared to 2019 base year. A decrease is shown in each of the three categories.

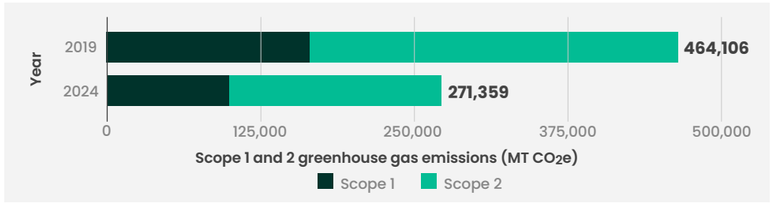


Figure 3-7. Facility emissions include both scope 1 and 2 emissions. Combined facility emissions have decreased by over 40% in five years.

Facilities emissions

Our facilities impact both our scopes 1 and 2 emissions. Scope 1 emissions are produced directly through our manufacturing and operations while scope 2 emissions are generated by the providers of the electricity we purchase. A main driver of how our facilities produce direct emissions is through use of natural gas in equipment testing. For example, gas turbines require tests that utilize natural gas to validate efficiency and operation of the turbine prior to installation at a customer's site. We also utilize natural gas and other fuels directly, in addition to purchased electricity, to power our operations and for heating and cooling.

In 2024, we achieved a 40.0% reduction in our scope 1 facilities emissions compared to our 2019 base year (table 3-2 and figure 3-6). We prioritized reducing natural gas consumption at our facilities through numerous Carbon Out projects.

A significant factor in the reduction of our scope 2 emissions in 2024 was our utilization of renewable and zero-carbon energy contracts at our facilities. These contracts included certified use of renewables and guarantees of origin. New sites were added across the regions of North America, Europe and Asia. Thanks in large part to this effort, we achieved a 42.4% reduction in scope 2 facilities emissions compared to our 2019 base year (table 3-2 and figure 3-7).

Scope 1 and 2 emissions continued

Emissions reduction levers

To reduce scope 1 and 2 emissions, we employ several key strategies, such as enhancing operational efficiency in our manufacturing and field operations, improving the energy efficiency of our facilities, increasing the share of renewables in our energy mix and transitioning our fleet to electric and low-carbon vehicles (figure 3-8). Although we cannot predict with certainty the extent to which each lever will be used, figure 3-9 demonstrates the anticipated impact of these levers on our progress.

SCOPE 1&2 LEVER A

Operational efficiency

Reduce emissions from our manufacturing processes and field operations.

SCOPE 1&2 LEVER B

Facility efficiency

Reduce emissions from energy use at our facilities.

SCOPE 1&2 LEVER C

Renewable energy

Increasing use of renewables in our electricity mix.

SCOPE 1&2 LEVER D

Fleet

Increasing electrification and low carbon fueling in our vehicle and vessel fleet.

Figure 3-8: Strategic emissions reduction levers for scopes 1 and 2 Carbon Out projects.

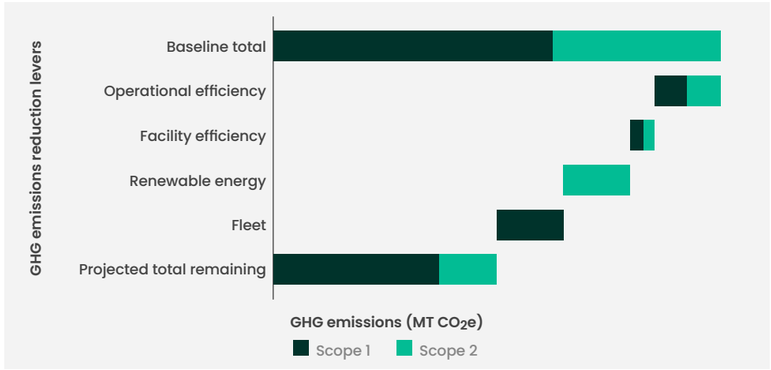


Figure 3-9: Key scope 1 and 2 emissions reduction levers for operationalizing net zero by 2050.

Some of our tools that enable our people to be successful:

Carbon Out project pipeline:
Driven by our network of Carbon Out Champions, the pipeline is a pathway through which emissions reduction projects are selected and funded.

Emissions reduction tracking dashboards:
We visualize our emissions measurements to drive stronger management of emissions, identify reduction opportunities and track impacts of our reduction efforts. Our scope 1 and 2 tracking dashboards provide our people with critical business intelligence required to drive Carbon Out initiatives in high impact areas of our operations.

Modeling tools:
Our proprietary *Fast*LCA tool allows us to model emissions across the entire life cycle for products and services. These LCAs serve as a heat map for high impact and actionable changes we can make during the design process to reduce emissions.



Qasem Alabbas,
Electronic Assembler, IET

Actions, not offsets, drive real change

We are committed to leading the energy transition by focusing on tangible, impactful actions. Our carbon offset policy is a testament to this commitment. Rather than relying on carbon offsets, we prioritize direct reduction of our GHG emissions. This means enhancing energy efficiency, integrating renewable electricity and implementing innovative solutions across our operations rather than relying the use of carbon offsets or virtual Power Purchase Agreements (PPAs).

Our direct action on emissions reduction is not only more sustainable but also more responsible. This approach ensures that we are making a real difference in the fight against climate change rather than simply balancing out our emissions. Read our Carbon Offset Policy. We do provide support for ecosystem projects that have a net positive impact on carbon removal through Baker Hughes Foundation, but do not use these for carbon credits.

Zero-carbon energy

We made significant progress in advancing our zero-carbon energy sources. We added 11 new sites that utilize grid-based renewable or zero-carbon electricity. In 2024, 88 sites, approximately 12% of our sites globally, used renewable or zero-carbon electricity from the grid. As a result, the proportion of zero-carbon electricity usage in total energy consumption at our sites rose to 34.2% from 13.5% from our 2019 base year (figure 3-10). Additionally, we increased our deployment of on-site solar energy production to 15 sites, an increase of four sites compared to 2023. The total usage of renewable and nuclear power increased by 89,734 MT CO_2e compared to our 2019 base year (figure 3-11).

Our strategic deployment of Renewable Energy Credits (RECs), Renewable Energy Guarantees of Origins, Zero-Emissions Certificates and Environmental Attribute Certificates from local electricity markets or PPAs enabled these advancements.

We have demonstrated notable progress in our transition to renewable energy, with prime examples being our facilities in The Woodlands, Texas and Broussard, Louisiana, which have both shifted 100% of their electricity consumption to locally sourced renewable energy guarantees of origin. Furthermore, we have continued to advance our agreement with Cleantech in Thailand, where on-site solar panels generate roughly 18% of the site's average annual electricity.

Alongside the executed PPAs, we have also entered into agreements with power producers in various regions worldwide, including North America, Latin America, Europe, the Middle East and Asia, to supply renewable energy to our sites beginning in 2025.

[9] Electricity from nuclear sources is a subset of non-renewable electricity that produces zero-carbon emissions.
[10] Due to rounding of displayed values, the total value shown for total electricity in 2023, total fuels in 2019 and 2023, and total purchased heating, cooling and steam in 2019 are off +/- 1 MWh.
[11] Other fuels include ethanol, kerosene and residual fuel oil.

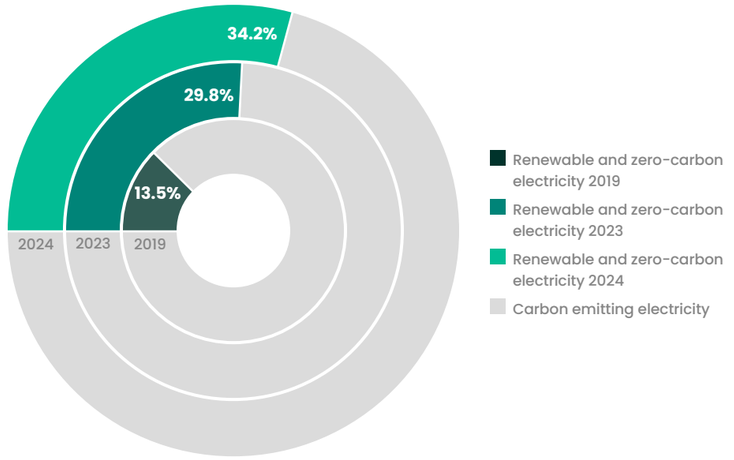


Figure 3-10: Percent of renewable and zero-carbon electricity as a portion of total electricity consumed by Baker Hughes over a five-year period. The percent of renewable and zero-carbon electricity has more than doubled in that time.

Nuclear energy plays a key role in our low-carbon future

Nuclear energy is crucial for reducing greenhouse gas emissions and promoting a low-carbon future. We support expanding traditional nuclear power and utilization of small modular reactors. Government policies should recognize nuclear energy's zero-emission benefits and support safe operations, community involvement and efficient waste management. Nuclear energy can also produce low-carbon hydrogen, helping reduce emissions in sectors like steel, cement and chemicals. We are committed to innovation and safety, offering products and services to ensure reliable nuclear power plant and small modular reactor operations.

SPOTLIGHT ON PROGRESS: Panametrics and Reuter-Stokes secured major nuclear monitoring deals:

Panametrics won major nuclear monitoring deal in Romania

In 2024, Panametrics secured a major order in Romania to provide advanced measurement and monitoring solutions for the country's nuclear facilities. This deal supports Romania's efforts to modernize its nuclear infrastructure, which provides approximately 20% of the country's power. Panametrics' Optica and OptiSonde analyzers are used to maintain low radiation fields, detect leaks and prevent corrosion. Panametrics' solutions provide precise measurements for early moisture detection, enabling quick interventions that improve safety and quality.

Reuter-Stokes won our largest nuclear instrumentation order to date as Japan continues its nuclear restart

In 2024, Reuter-Stokes won a $5.6 million order with a Japanese customer in the nuclear industry. As Japan continues its nuclear restart, Reuter-Stokes will supply essential monitoring equipment, including Local Power Range Monitors, Source Range Monitors and Intermediate Range Monitors. These advanced solutions will measure reactor neutron flux during full power operations and provide vital safety inputs to the reactor control system.

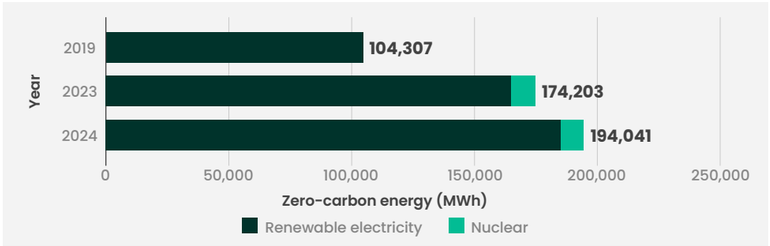


Figure 3-11: Use of renewable and nuclear energy usage over a five-year period. The amount of renewables has increased steadily, while nuclear deployment decreased slightly in 2024 from 2023.

Table 3-3: Energy (MWh) breakdown by category and year.

	2024	2023	2019
Renewable electricity	185,078	164,597	104,307
Non-renewable electricity excluding nuclear	372,932	410,961	670,716
Nuclear[9]	8,963	9,606	N/a
Total electricity (MWh)[10]	**566,973**	**585,165[11]**	**775,023**
Diesel/distillate	939,847	915,946	1,043,151
Natural gas	431,608	449,520	744,141
Gasoline/petrol	273,807	261,206	390,241
Propane	4,998	5,769	2,129
Other fuels[11]	719	1,266	0
Total fuels	**1,650,979**	**1,633,706[11]**	**2,179,661[11]**
Purchased heating	1,103	0	405
Purchased cooling	339	118	98
Purchased steam	17,234	8,713	7,134
Total purchased heating, cooling and steam[10]	**18,676**	**8,831**	**7,638[3]**
Total energy	**2,236,628**	**2,227,702**	**2,969,322**

Note: The 2023 emissions are presented as previously reported for the year ended December 31, 2023, and have not been recalculated to be consistent with the 2024 and 2019 base year presentation in Appendix B: Statements and Notes on Planet Metrics.

Scope 3 emissions

We understand the critical importance of addressing scope 3 emissions as part of our sustainability efforts. By developing a roadmap for reducing scope 3 emissions, we are concentrating on indirect emissions within our value chain to significantly influence our overall GHG reductions. Our roadmap identifies strategic levers for accelerating reductions across all categories (figure 3-12). By fostering an excellence-focused ecosystem, we create processes and tools that enable accurate accounting and reduction of GHG emissions across the entire value chain.

Scope 3 emissions

Our products' emissions, categorized as scope 3 category 11 of the GHG Protocol (use of sold product), represent the scope 1 and 2 emissions of our customers. This classification is part of a global standard that underscores the interconnected nature of emissions across the value chain. This reduction is crucial to our overarching strategy of becoming a leading low-carbon technology provider. Our commitment to emissions reduction across our value chain, combined with our broader sustainability strategy, is designed to drive significant progress in the deployment of new energy technologies and emissions-advantaged services.

As illustrated in figure 3-13, the majority of our emissions are from the use of our products by customers. Category 11 makes up 97.63% of the total value chain emissions, with category 1 (supply chain) comprising 1.96% of scope 3 emissions. By comparison, scopes 1 and 2 make up less than 1% of our total emissions.

SCOPE 3 LEVER A

Supply chain

Reducing upstream emissions from supply chain and sourcing activity.

1 2 3

SCOPE 3 LEVER B

Transport and logistics

Reducing emissions from commuting, travel and haulage.

4 6 7 9

SCOPE 3 LEVER C

Third party managed waste

Reducing emissions from third party disposal and treatment of waste.

5

SCOPE 3 LEVER D

Low-carbon products

Reducing downstream emissions from use of our products and services.

11 15

Figure 3-12: Strategic levers to reduce scope 3 emissions through our Carbon Out program.

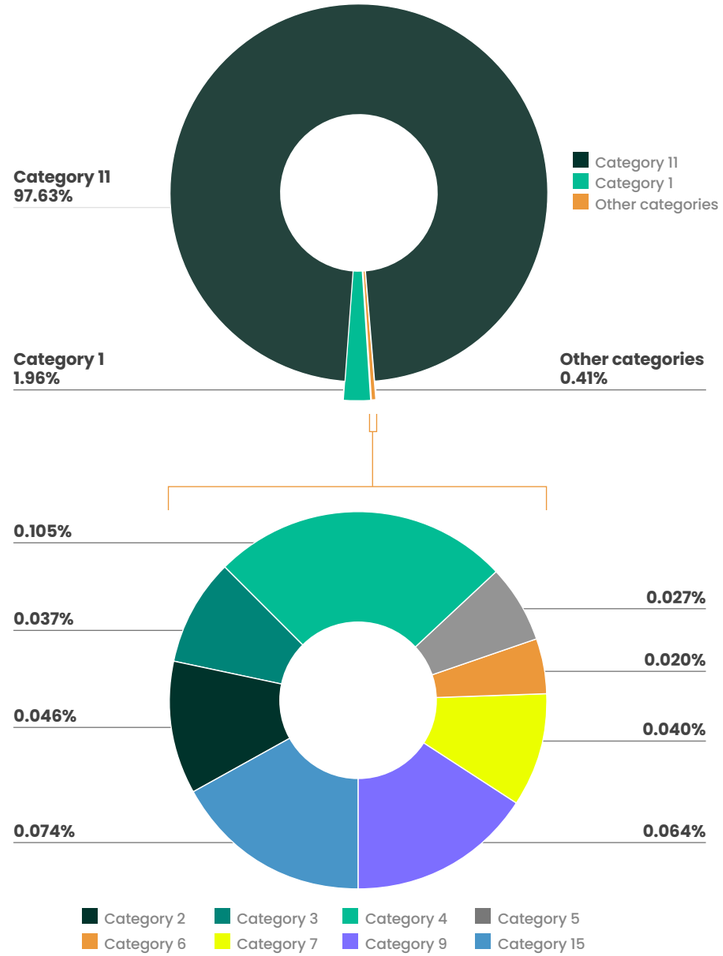


Figure 3-13: Total scope 3 emissions breakdown by category for 2024. The expanded view shows the other categories that represent less than one percent of Scope 3 emissions.

Categories 1 and 11 make up the overwhelming majority of our overall scope 3 emissions and are our primary targets for reductions. The remaining eight categories are still areas of interest and we are working across our supply chain to drive meaningful change.

Due to rounding of displayed values, total percentage does not equal 100%. Capital goods account for 0.046%, Fuel- and energy-related activities (not included in scope 1 or scope 2) accounts for 0.037%, upstream transportation and distribution accounts for 0.105%, waste generated in operations accounts for 0.027%, business travel accounts for 0.020%, employee commuting accounts for 0.040%, transportation and distribution accounts for 0.065% and investments account for 0.074%

Scope 3 emissions continued

Table 3-4: Scope 3 emissions (MT CO_2e) shown by category for 2024 compared to base year 2019. Explanation for the changes are outlined by category and show mixed results. Overall, total scope 3 emissions have increased due increased sales of our higher power gas turbines and electric motors, which are captured in category 11.

Scope 3 Category			2024	2019 (Base year)	Percent (%)	Key influences and driving factors for scope 3 results by category
	1	Purchased goods and services	7,346,257	5,535,931	+32.7	Increased business activity for our subsea production systems and gas technology products drove an increase of our category 1 emissions since our base year. This was driven by business demand for manufacturing components, supplies and accessories; however, our business still had an overall decrease in emissions related to structure and building components.
	2	Capital goods	172,789	106,850	+61.7%	To exceed the expectations that our customers have for us, there was an increase in spend on product and facility enhancements, which resulted in an increase of our category 2 emissions from the base year.
	3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	139,608	185,620	-24.8%	A notable reduction in emissions has been achieved through several key initiatives. These include natural gas reductions at multiple sites, a significant decrease in flaring and a slight increase in natural gas usage due to cogeneration. The overall reduction was also driven by changes in estimation methodology and reduced electricity purchases.
	4	Upstream transportation and distribution	392,524	676,589	-42.0%	Our supply chain professionals continue to utilize an emissions saving calculator to seek ways of continuing to drive excellence for our customers in a sustainable, cost-effective way. Due to these optimizations in our logistics, we have significantly reduced the usage of air freight, a highly emissive mode of transportation.
	5	Waste generated in operations	102,502	156,048	-34.3%	Our waste management initiatives aimed at lowering our contributions to landfills have led to increases in recycled or reused waste and thus is lowering our emissions for category 5. *Read more in our Waste management and circular economy section.*
	6	Business travel	76,580	100,588	-23.9%	We continued to implement our sustainable business travel policy that resulted in lower business travel emissions in 2024 compared to our base year.
	7	Employee commuting	150,290	186,559	-19.4%	As our headcount and average commuting distances stayed consistent year over year, we continued our success of keeping our emissions lower than the base year. This data, gathered from an employee survey, reflects our ongoing efforts to maintain sustainable commuting practices.
	9	Transportation and distribution	241,846	481,799	-49.8%	Due to changes in International Commercial Terms, more freight was paid for by Baker Hughes. This shift reduces emissions under category 9 and are now accounted for in category 4, where there was still a decrease in emission from our base year.
	11	Use of sold products	366,523,904	268,373,101	+36.6%	The increase in sales and changes in the sold product mix led to an emissions increase of 36.6% from our 2019 base year.
	15	Investments	276,357	126,032	+119.3%	Emissions related to companies that Baker Hughes has invested in have increased since the 2019 base year, primarily due to activity and revenue increases within these businesses. Revenue from other investments or those since divested also impacted the overall emissions.
Total reported scope 3 emissions			**375,422,658**	**275,929,118**	**+36.1%**	

Trends in 2024

Supply chain and procurement:
Purchased goods and services (category 1) and capital goods (category 2) emissions increased by 33.3% compared to our base year. This increase is due to a combination of factors including increased business activity and enhancements made to our calculation methodologies, which can be found in Appendix B: Statements and notes on GHG CO_2e emissions.

Transport and logistics:
Emissions related to our freight (category 4 and 9), business travel (category 6) and commuting (category 7) have decreased by 40.4% compared to our base year. Our employees and supply chain experts have driven success in reducing these emissions by optimizing cost-effective and sustainable modes of transportation while continuing to deliver on-time results for our customers.

Third party managed waste:
Our waste management experts collaborated in cross-business groups to improve our waste tracking and work to increase our proportions of recycled or reused waste. This has led to a reduction in our category 5 emissions by 34.3%. Read more in our section on how we are improving tracking and sustainable waste practices.

Low-carbon products:
We have had considerable growth in our sales of highly efficient gas turbines and electric motors compared to our base year. This year, our sales mix shifted away from our high power and most emissive products. Regardless, our category 11 emissions from use of sold products increased by 36.6% compared to our base year. We will continue to develop and deliver world-class, low-carbon products to our customers.

Investments:
Emissions related to investments (category 15) have increased by 119.3% compared to our 2019 base year. This is largely attributed to increased revenue in these businesses as they begin to scale operations.

Scope 3 emissions continued

Measuring emissions intensity for sustainable economic growth

We prioritize measuring economic intensity emissions to ensure sustainable growth and environmental responsibility. By reporting emissions intensity, we effectively track environmental impact while supporting sustainable business growth and innovation. Compared to our 2019 base year, there was an increase in our scope 3 emissions intensity of 16.5% (figure 3-14). This was largely driven by increased demand for our highly efficient gas turbines and electric motors.

The increase in revenue highlights the strong market demand for IET's Gas Technology Equipment, demonstrating the Company's strategic focus on innovative energy solutions that ultimately displaced higher emissions equipment, thus advancing the energy transition to a lower carbon state for many customers.

Here's why this approach is essential:

Adaptability:
Flexibility allows us to grow while still reducing our emissions and those of our customers in a carbon-constrained world.

Economic growth:
By focusing on emissions per unit of output, we can expand our operations without increasing our total emissions. This balance between environmental responsibility and economic development is essential for industries experiencing growth.

Benchmarking and comparison:
Emissions intensity provides a clear benchmark for comparing performance across different sectors and companies. This helps differentiate us as leaders in sustainability.

Regulatory compliance:
Measuring emissions intensity helps us align with regulatory requirements and market demands, ensuring we stay ahead of evolving environmental regulations and policies.

Stakeholder confidence:
Reporting emissions intensity enhances our reputation and builds confidence among stakeholders, including investors, customers and regulators.

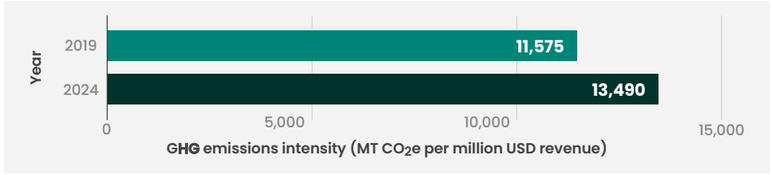


Figure 3-14: Scope 3 -Category 11 emissions intensity for 2024 compared to 2019 base year.

Our products help reduce our customers' emissions

Our greatest contributor to scope 3 emissions is our category 11 emissions. In 2024, category 11 emissions made up 97.6% of all scope 3 emissions. Since the majority of our emissions fall into category 11, there is a strong link between our product volume, mix, market conditions and overall emissions. Since 2019, there has been a shift in our orders to more powerful gas turbines and electric motors. While our gas turbines and electric motors are highly efficient, higher power units produced more emissions per dollar spent for our customers, which led to an increase in emissions intensity. We are actively exploring technological advancements to enhance the efficiency of our products, aiming to reduce their emissions throughout their long lifespans and, consequently, lower their impact on our total scope 3 emissions.

SPOTLIGHT ON PROGRESS:

Sustainable product development
Sustainable product development is key to reducing emissions for our customers. To achieve this, we have integrated *Fast*LCAs into the product development management process within the OFSE business segment. Within IET, the use of an emission intensity screening tool during the design-to-inquiry and inquiry-to-order phases demonstrates a commitment to reducing emissions from the outset. This deliberate approach has taken several years to mature, ensuring that the new processes are seamlessly integrated with existing ones.

Additionally, the business has incorporated emissions impact analysis as an embedded step in the long-range planning process, reflecting a proactive stance toward sustainability. By making emissions considerations a fundamental part of business planning, the organization ensures that environmental impacts are evaluated and addressed early in the decision-making process. This approach not only aligns with global sustainability goals but also enhances the Company's reputation as a responsible corporate citizen, while we work to reduce risks and mitigate the impacts of climate change.

Scope 3 emissions continued

Leveraging *Fast*LCA to provide emissions insights to our customers

We are committed to providing accurate and verifiable *Fast*LCAs for our products and services to guide our customers on their emission reduction journeys. To fulfill this mission, we created *Fast*LCA, our proprietary International Organization for Standardization (ISO) 14040/44 and ISO 14067:2018 certified LCA tool.

Through the use of *Fast*LCA, we are able to quickly and effectively provide insights into the emissions through all life stages for our products and services. We are also able to offer *Fast*LCA as a service to our customers to further drive a culture of sustainability in the energy and industrial sector. Our *Fast*LCAs are internally peer-reviewed and verified by our Emissions and Climate Analytics Center of Excellence and subject matter experts throughout the business segments. We are leveraging this tool to give our customers the data and guidance they need to lower their own carbon footprints, make informed decisions and help drive sustainability throughout their organizations.

To achieve this result, we have driven widespread adoption of the *Fast*LCA tool throughout our organization to ensure that LCAs are being completed for the products and services most valuable to customers. In 2024, we completed 560 *Fast*LCAs, a 78.9% increase year over year (figure 3-15). In alignment with this, we created strategic outcomes to have completed *Fast*LCAs for the products and services that account for the top 95% of all emissions by the end of 2026. The working groups for this strategic outcome have identified all products and services required to achieve this objective and many of the *Fast*LCAs are completed or are currently underway.

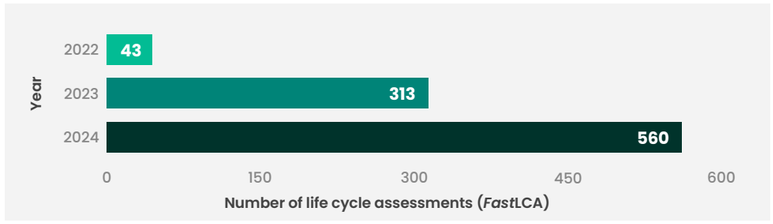


Figure 3-15: The number of *Fast*LCAs completed over the performance years 2022 to 2024. Significant progress was made in 2024 that resulted in an increase in completed LCAs by 78.9% from 2023.

Customer collaborations utilizing *Fast*LCA

In early 2024, we partnered with BHP Woodside to deliver *Fast*LCAs for a number of different products and services they offer. The LCAs were performed in our OFSE business for products and services within: Completions and Well Intervention, Pressure Pumping, Wireline Services, Drill Bits, Drilling and Completion Fluids and Subsea Projects and Services. These *Fast*LCAs will serve as a guide for our customers to better understand the carbon footprints for various products and services. This is just one example of how we are leveraging *Fast*LCA to provide emissions insights into our and our customers' emissions.

In 2024, we engaged in an emissions workshop with TotalEnergies to deliberate on fluid and cementing emissions in Iraq and Namibia. The event was also attended by three of our suppliers and two customers, who joined to discuss emissions outcomes for benchmarking purposes. Such collaborative workshops are vital for ensuring consistent measurement throughout the supply chain, aiding the industry's journey towards a low-carbon future.

"LCAs are crucial for our understanding to enable the reduction of emissions across all stages of a product's life, allowing informed decisions and fostering sustainability. By developing and applying tools like *Fast*LCA, we can provide accurate, verifiable insights that drive emission reduction and promote a culture of sustainability."

Holger Stibbe,
Science and Technology Director



Avoided and removed emissions

Avoided and removed emissions are emissions from products and services that can either be avoided through equipment upgrades, equipment servicing,improved efficiency or removed through technologies such as DAC. A quantification method for avoided and removed emissions is not reflected in the GHG Protocol. This drives the need for a methodology to account for avoided and removed emissions.

Our avoided and removed emissions methodology is enabled by comparative LCAs to calculate emission differences. We have aligned our avoided and removed emissions methodology to the World Business Council for Sustainable Development guidance on avoided emissions. The methodology details the selection criteria for the baseline to compare with an upgrade or new solution for appropriateness and consistency. Further, sensitivity assessments and peer reviews enable the accounting methodology by producing repeatable, auditable and verifiable data.

Improving our ability to avoid and remove emissions is critical for advancing emissions reduction and the energy transition more broadly. We have already begun projects to reach these goals, one of which is described below in our Gas Technology Services upgrades.

SPOTLIGHT ON PROGRESS:

Gas Technology Services upgrades to avoid customer emissions

At the request of our customer, we performed upgrades on six existing steam turbines and centrifugal compressors to increase overall production efficiency in line with modern designs. One of the key targets of the upgrade was to follow the principles of a circular economy by limiting the number of replaced components to be produced. The revamping was therefore limited to changes to the internal components of the steam turbines and compressors. These upgrades included new rotors with more aerodynamically efficient blades and a new design for the rotor components of the centrifugal compressors.

To confirm the environmental benefits of this upgrade, a comparative LCA was conducted utilizing our internal *Fast*LCA tool. The comparison looked at the original site working conditions as the baseline against the final performance of the upgraded plant. The results showed an impressive savings of approximately 18% of steam due to the improved efficiency.

All in. Carbon Out.

Carbon Out empowers employees to champion sustainability and cut GHG emissions globally.

ALL IN. CARBON OUT.

Carbon Out is our global employee engagement program launched in 2022 to empower employees to operate sustainably and provide sustainable solutions. Our passionate team, equipped with deep domain knowledge and technical proficiency across various energy sectors, finds innovative ways of reducing both operational and value chain emissions. Carbon Out connects our people with tools, funding and resources so they can champion emission reduction in all aspects of our business.

We understand that regulatory and market pressure are increasing and proactively managing scope 3 emissions helps us comply with emerging regulations and meeting investor expectations. Our stakeholders, including customer and employees, expect us to demonstrate our commitment to environmental responsibility. The generation of projects and ideas is employee-driven and funded by our business.

200+
Project owners leading sustainability initiatives

50+
Countries with projects initiated

650+
People engaged in our Carbon Out network

590+
Projects in our implementation pipeline

Key Carbon Out projects developed and driven by our employees to target scope 3 emissions reductions

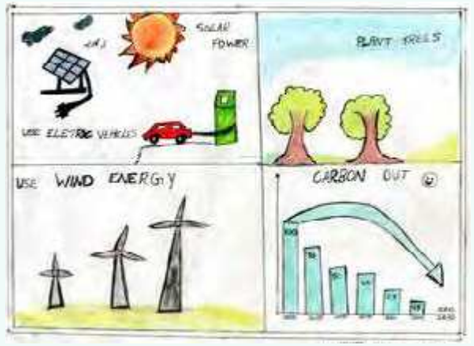
- **Employee remote training via augmented reality**
- **Shipment consolidation to reduce diesel usage**
- **Installation of electric vehicle charging points**
- **Shipping crate recycling**
- **Installation of new digital meters for water usage monitoring**
- **Usage of reusable containers with customers**
- **Transferring disposal waste to incineration with energy recovery**

SPOTLIGHT ON PROGRESS: Carbon Out projects

Hydropower eliminates 4,500 MWh of grid electricity use
To meet electricity needs, two sites in Norway have transitioned from using grid power to hydropower energy. Hydropower is a renewable energy source that generates electricity by harnessing the energy of flowing water without producing GHG emissions. This sustainable energy source not only provides a steady and reliable energy supply but also minimizes environmental impact compared to fossil fuels.

Previously, these sites required approximately 4,500 MWh supplied by grid electricity. This change resulted in 100% of the electricity supplied in 2024 from hydropower and zero emissions.

Carbon Out week spark over 100 energy efficiency opportunities
For the last four years we have run energy efficiency and Carbon Out employee engagement weeks across our Completions and Well Interventions (CWI) manufacturing sites. Across our sites, employees were walked through our goals and how they can contribute to our emission reduction journey. The teams were then encouraged to go on a Gemba walk — or energy treasure hunt — and log ideas and opportunities for improvement. This year there were over 100 opportunities identified, keeping the project backlog populated and setting the teams up for success in 2025. Each day had a different focus, such as lighting, heating ventilation and air conditioning and shut down procedures, to help the teams focus on target areas of opportunity. One project was from a family poster contest where employees are encouraged to take the ideas they learn home and to make sustainability personal and share with their families outside of work.



Carbon Out family poster contest entry

Shutting the door on wasted energy
In July 2024, the Saudi CWI engineering team automated the doors in all workshop areas by installing metal sensors. The sensors trigger doors to open automatically when a forklift or trolley enters the ground range of the sensors and the doors close automatically one minute after the forklift or trolley leaves the range. This helps maintain the working environment, reduced over 70% of CO_2 emissions and achieved an annual cost savings of approximately $192,000.

Enhancing supply chain emissions reporting through the Baker Hughes Supplier Emissions Platform
We believe in sharing our progress with our stakeholders in a clear, easy-to-understand way and thus see real value in disclosing environmental metrics in a standardized way; however, we have decided to cease our CDP submissions effective as of the 2024 reporting period for our 2023 performance year. While we still support the mission of CDP, we will no longer submit information for evaluation and grading. As a supplier, we remain committed to our customers and suppliers and will continue to provide important environmental data upon request. We have included some CDP data in Appendix A.

In 2024, we collaboratively developed a hybrid methodology Supply Engagement software platform, which enabled us to digitize, manage, streamline and standardize emissions calculations. Our platform was designed to improve data fidelity by ensuring end-to-end data traceability and supports reporting and analysis.

Cutting emissions, innovating routes
We are keeping sustainability top of mind by identifying emissions reduction opportunities to enable our logistics strategy. This involves working on a pool of projects identified with internal customers and suppliers and collaborating across the global organization of sourcing and procurement leaders.

The logistics team continues to use shipment consolidation as one of the main levers, avoiding emissions in 2024 through this process. Additionally, the Amsterdam-Livorno rail route has been identified and applied for a pilot project showing strong emissions reduction compared to ground transportation. Another pilot project highlighted tremendous emissions reduction by shipping gas generators by ocean instead of air.

These initiatives demonstrate our commitment to sustainability and its proactive approach to reducing emissions in logistics.

Minimizing our environmental footprint

We design our operations to protect

Clean water
Clean air
Clean soil

As a company, we are committed to

Protecting habitats
Protecting wildlife
Producing less waste
Increasing recycling and reuse



Tomball, TX

We are committed to minimizing the environmental impact across our facilities, through the services we provide at our customer sites and in the communities where we operate. Our robust environmental policies and programs, which are part of our larger HSE Management System, provide a framework for continuous improvement that is built on stringent standards that we set for ourselves, meeting or exceeding global regulatory requirements.

Our environmental management system, policies and procedures are aligned to ISO 14001: 2015. Our management system is embedded in our business processes, supporting risk assessments, global procedures, training, reporting, assurance and control measures to reduce potential for environmental impacts.

Our Renew COI keeps sustainability top of mind

The mission of our Renew COI is to create and cultivate a volunteer community that provides resources through interactive engagement and encourages passionate employees to drive sustainability in their lives and work.

Renew is a global network for Baker Hughes employees to share information and ideas on sustainable living and working practices. It offers opportunities to participate in sustainability-focused philanthropy and volunteerism at Baker Hughes, which also helps our employees operate more sustainably. Members can learn best practices by engaging with like-minded colleagues who are passionate about promoting sustainability.

In 2024 the Renew COI expanded the scope of environmental topic-specific working groups by forming a waste reduction and circularity community of practice, as well as a biodiversity community of practice.

These new communities engage our employees globally to have impactful conversations that drive change on a local level. Waste scavenger hunts and biodiversity community awareness events like BioBlitz are just some of the initiatives that put sustainability top of mind. Walking the sites and surrounding communities gives perspective on our potential environmental impact and how we can leverage best practices from our global community to reduce and mitigate those impacts.

Renew helps us share, learn and engage to drive sustainable change

How we share

- Provide a forum for the exchange of information and ideas on how to participate in and contribute to a more sustainable future.
- Encourage the sharing of best practices for sustainable living at work and home.

How we learn

- Enhance knowledge in sustainability and the energy transition by providing internal and external tools and resources.
- Develop a greater understanding of these concepts and their current and future impact on the Company and the world.
- Teach participants how to become leaders in the energy transition.

How we engage

- Offer opportunities for employees to participate in volunteer and philanthropic events related to sustainability and energy transition.
- Connect employees with organizations whose mission aligns with Baker Hughes and our energy transition goals.

More than **1,200 Renew** members across Baker Hughes share a common desire to keep sustainability at top of mind, acting as catalysts for positive environmental and social impact.

Waste management and circular economy

Effective waste management is essential for sustainability. We aim to apply circular economy principles in our business by reducing materials and energy use, cutting waste and boosting recycling. We have a formal waste management procedure to identify, track and minimize waste and increase recycling and reuse. Our teams work to find ways to reduce waste and partner with disposal vendors for sustainable methods.

In 2024, we achieved a 13.8% reduction in the total volume of waste generated across our organization from 224,108 MT in our 2022 base year to 193,158 MT (figure 3-16-A and table 3-5). We also reduced the volume of hazardous waste generated at our sites, dropping by 51.5% with a moderate increase in the volume of non-hazardous waste and metals raising by 37.2% and 14.1% respectively compared to our waste base year 2022 (figure 3-16-B and table 3-5).

Table 3-5: Total waste generated (MT) for 2024 compared to our 2022 base year.

	Generated		Disposed		Recycled	
	2024	**2022**	**2024**	**2022**	**2024**	**2022**
Hazardous waste	58,938.5	121,574.1	55,250.7	113,947.4	3,687.9	7,626.7
Non-hazardous waste	103,252.2	75,280.7	74,870.0	53,053.7	28,382.2	22,227.0
E-waste	89.3	186.8	7.9	15.3	81.5	171.6
Metal waste	30,878.4	27,066.4	0.0	0.0	30,878.4	27,066.4
Total	**193,158.4**	**224,108.1**	**130,128.5**	**167,016.4**	**63,029.9**	**57,091.7**

The amount of disposed waste decreased in line with the reduction in waste generated and the increases in recycling. Overall, the total amount of waste disposed decreased by 36,888 MT and 22.1% compared to our 2022 base year (table 3-5 and figure 3-17).

We improved on the volume of waste that we recycled. In total, the volume of waste recycled increased by 5,938 MT (table 3-5), against the backdrop of decreases in the total waste generated. After normalizing the data, we see that the proportion of waste recycled has increased to 32.6% compared to 25.5% of our 2022 base year (figure 3-18 and figure 3-19).

We review and verify our waste management vendors for disposal, recycling and treatment to ensure these vendors comply with our strict waste management requirements. Our sites continued to follow our formal procedure for waste management and minimization, which requires that all waste types be identified and tracked. We provide guidance to promote efforts to minimize waste volumes and increase the recycling and reuse of materials at each facility.

Circularity through design for sustainability

In 2024, we prioritized waste reduction by designing products with circularity in mind, minimizing waste, increasing recycling, decreasing landfill usage, repairing end-of-life assets and repurposing waste materials as feedstock for other sectors. Leveraging our additive manufacturing capabilities and engineering expertise, we developed customized solutions to enhance equipment efficiency and reliability, optimize product design, consolidate systems and perform model simulations.

The use of additive manufacturing can impact material use up by decreasing material usage by up to 42%, while reducing also scope 1 and scope 2 emissions.

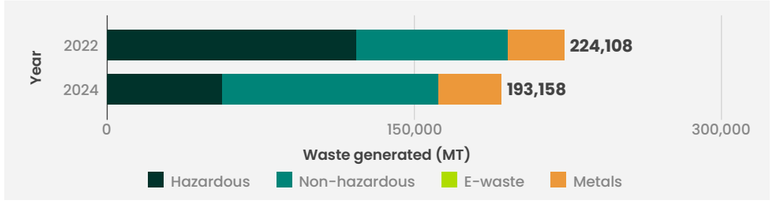


Figure 3-16-A: Total waste generated at Baker Hughes sites for 2024 compared to 2022 base year. Total waste has decreased by 13.8% points.

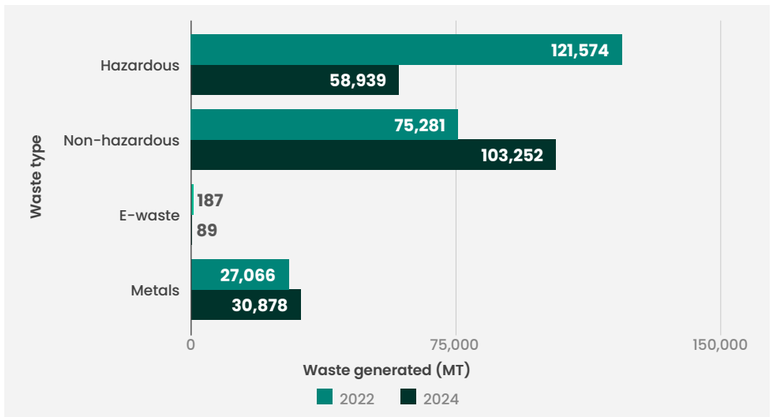


Figure 3-16-B: The type of waste generated at Baker Hughes sites for 2024 compared to 2022. A deliberate shift has occurred with waste shifted from hazardous waste toward more non-hazardous waste.

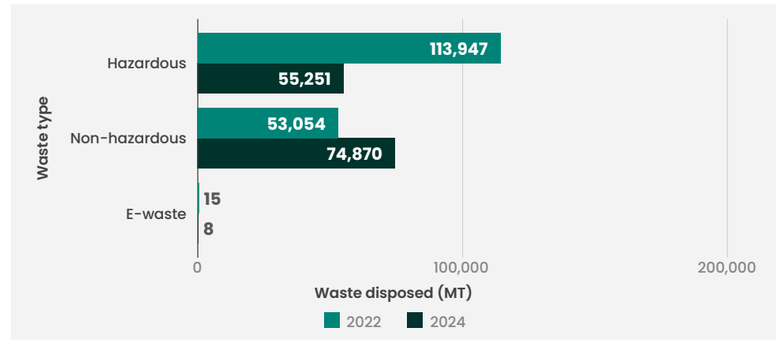


Figure 3-17: Total waste disposed by category for 2024 compared to base year 2022. Overall total waste has decreased due to increased recycling efforts.

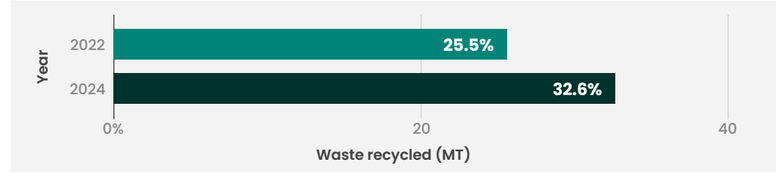


Figure 3-18: The percent of waste recycled from Baker Hughes operations for 2024 compared to 2022 base year. Recycled waste content has increased by 27.8% relative to our 2022 base year.

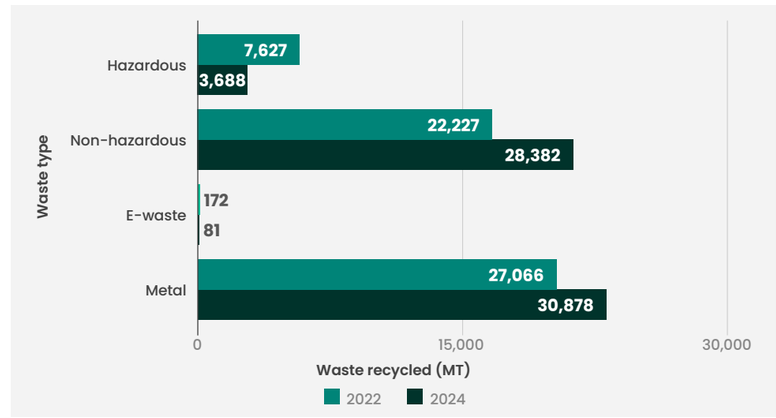


Figure 3-19: Total volume of non-hazardous and metal waste recycled increased in 2024.

Minimizing our environmental footprint continued

Water stewardship

Responsible water stewardship and the protection of water-stressed areas can help to mitigate the adverse effects of climate change. As an organization, we are committed to conserving and protecting natural resources throughout the water cycle and effectively managing our water withdrawal, consumption and discharge in water-stressed locations and elsewhere. Many of our operations require fresh water withdrawal and consumption. Due to the nature of our overall operations, these uses of water do not significantly impact water availability in the regions where we operate. To achieve our objective of minimizing the resources we use, we have committed to reducing our usage of water in our water-stressed sites by 2030.

In 2024, our total water withdrawal decreased by 16.5% to 2,687.5 Megaliters (ML) from 3,217.6 ML in our 2022 base year. Our total water discharge was down 17.5% to 2,190.7 ML in 2024 from 2,653.8 ML in our 2022 base year (table 3-6-A and figure 3-20). The decreases in our overall water withdrawal can largely be attributed to production and operational shifts throughout our portfolio, as well as consolidations of some of our facilities which resulted in a decrease of approximately 100 ML.

Water-stressed sites

We assessed areas of water stress using the World Resource Institute's Aqueduct tool. As of year-end 2024, 70 or approximately 9% of sites were in an area of high water risk and 47, or approximately 6%, of sites were located in an area of extremely high water risk based on their physical, regulatory and reputational risk profile.

In 2024, our water consumption in water-stressed areas increased by 2.6% compared to our 2022 base year, with our 2024 consumption at 19.4 ML. Our water withdrawn marginally decreased from 431.4 ML in our 2022 base year to 416.0 ML in 2024, water discharged in these areas decreased from 412.4 ML in our 2022 base year to 396.7 ML in 2024 (figure 3-21 and table 3-6-B). Overall, the percentage of water consumed at water-stressed sites increased from 4.4% to 4.7% (figure 3-22). This increase is attributed to an increase in production need at one of our sites where previously all water withdrawn was discharged. Site reclassifications made in 2024 also contributed to the observed increase in water withdrawal and consumption at water-stressed sites.

Risk identification and mitigation

The enterprise HSE team monitors water quality standards and equips site teams with tools to handle risks, improve water management and enhance conservation. Our global water quality protection procedure sets minimum standards for all sites and operations worldwide, regardless of risk profile. Sites with high or extremely high water risk are required to complete an additional assessment to evaluate their activities where water is used and identify options for conservation, improved efficiency and risk mitigation. In 2024, 17 water conservation and management assessments were completed. Additionally in 2024, working groups targeting the highest contributors to water-stressed sites were formed, with analysis into current practices at the sites, what areas need to be updated and focused on, as well as creating plans for executing increased management and measurement of water consumption at all identified water-stressed sites.

Table 3-6-A: Amount of water used from all areas (ML) for 2024 compared to base year 2022
3-6-B: Amount of water used in all areas with water stress (ML) for 2024.

	Water withdrawn			Water consumed			Water discharged		
	2024	2022	% change	2024	2022	% change	2024	2022	% change
Surface	0.0	0.1	-100.0%	496.8	563.8	-11.9%	41.2	55.1	-25.1%
Ground	709.1	616.9	14.9%				46.9	45.2	3.7%
Municipal	1,978.4	2,600.4	-23.9%				2,097.9	2,530.2	-17.1%
Sea	0.0	0.2	-100.0%				4.6	23.2	-80.0%
Total	**2,687.5**	**3,217.6**	**-16.5%**	**496.8**	**563.8**	**-11.9%**	**2,190.7**	**2,653.8**	**-17.5%**

Water stressed	Water withdrawn			Water consumed			Water discharged		
	2024	2022	% change	2024	2022	% change	2024	2022	% change
Surface	0.0	0.0	—%	19.4	18.9	2.6%	22.7	26.8	-15.2%
Ground	133.1	151.9	-12.3%				12.2	14.9	-18.3%
Municipal	282.9	279.5	1.2%				361.8	360.0	0.5%
Sea	0.0	0.03	-100.0%				0.0	10.7	-100.0%
Total	**416.0**	**431.4**	**-3.6%**	**19.4**	**18.9**	**2.1%**	**396.7**	**412.4**	**-3.8%**

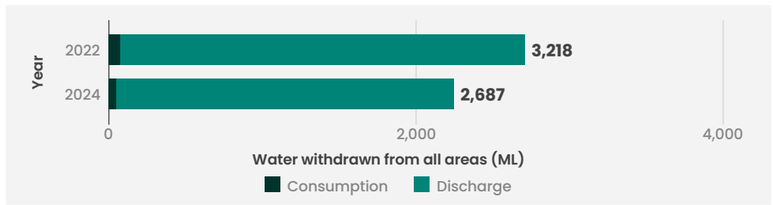


Figure 3-20: Megaliters of water withdrawn at all sites for performance year 2024 compared to our 2022 base year.

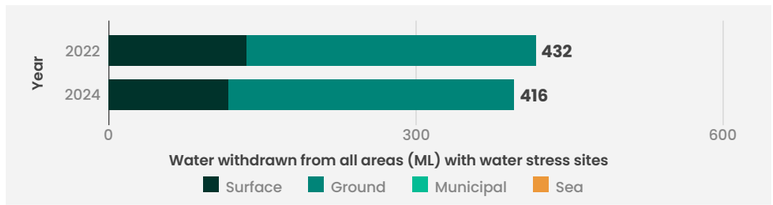


Figure 3-21: Megaliters of water withdrawn from Baker Hughes water-stressed sites for 2024 compared to 2022 base year. This has decreased slightly and we have shifted toward municipal water sources.

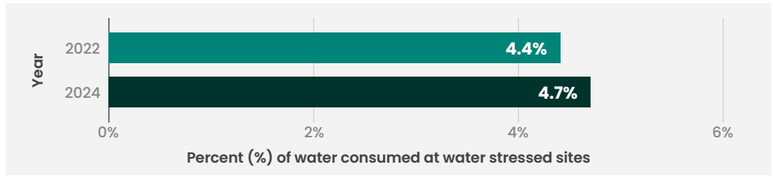


Figure 3-22: Percent of water consumed at water-stressed sites for 2024 compared to 2022 base year.

Minimizing our environmental footprint continued

Spills and releases

Our operations involve materials that require careful handling to avoid negative consequences. Our sites are required to report every spill or unplanned release of materials and categorize accurately, regardless of the volume and whether the contents were captured in secondary containment. We proactively prevent potential spills through risk assessments, spill response planning and regular equipment maintenance. These actions help prevent spills and reduce their impact, ensuring safety for our employees, communities and the environment. To mitigate potential impacts to the environment from spills, we have strict requirements related to secondary containment for chemicals.

Spill management

All reported spills undergo governance reviews to understand causal factors leading to the event, extent of impact and to confirm accuracy of reporting. Significant spill occurrences go through a stringent root cause analysis that identifies points of failure in processes which led to the spill. Detailed investigations are done immediately after a spill to document causes and actions to prevent future spills.

In 2024, we initiated a survey targeting our operational sites based on where the majority of our chemicals are produced, stored and used to evaluate our local operational knowledge of chemical handling best practices and identify areas of targeted improvement.

Our primary focus continues to be on enhancing the governance of spill reporting compliance and boosting data visibility throughout the organization, alongside conducting multiple safety and compliance campaigns across our business. Ongoing review of reported spills and data governance is also driving increased awareness and diligence in reporting from our employees. We implemented and drove business reviews, site audits, engagements and coaching. Information sessions and reference guides were provided to support our employees in classifying and reporting spills accurately.

Table 3-7: Spill volume (barrels) by type for 2024 compared to 2022.

	2024	2022	% change
Oil spills*	32	37	-13.5%
Fuel spills*	7	3	133.3%
Waste spills*	1	1	0%
Chemical spills*	215	378	-43.1%
Significant spills*	1,624	827	96.4%

*Denotes the subset of significant spills that have reached soil and/or water.
**Significant spill is a release of oil, fuel, waste or chemical into a contained or uncontained space, including inside buildings at facilities operated by Baker Hughes. Significant spills exclude spills of fresh water, inert gases released to air, clean sand, clean gravel and any other non-spills under Baker Hughes operational control.

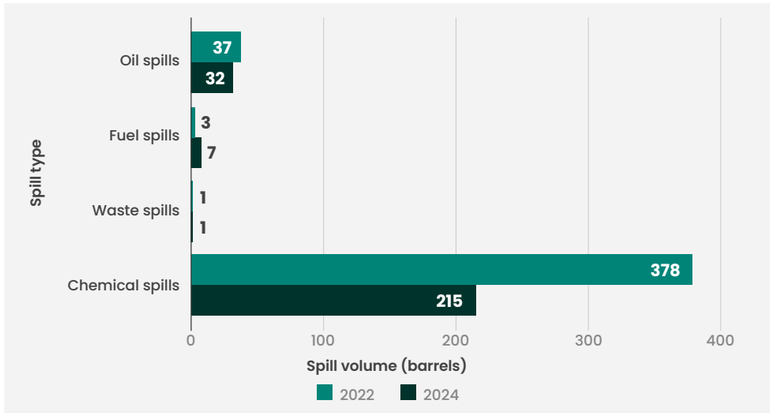


Figure 3-23: Spill volume by type for 2024 compared to base year 2022. Volume of chemical spills decreased by 43.1% when compared to our base year of 2022.

In 2024, the volume of chemical spills dropped by 43.1% when compared to our base year of 2022 (table 3-7 and figure 3-23.) This significant reduction highlights the success of the measures we have put in place to manage and control chemical spills within our operations. Although there were slight variations in the volume of oil, fuel, and waste spills, these incidents remained relatively low and stable when compared to the baseline year. This consistency indicates that our current protocols and preventive actions are effectively maintaining control over these types of spills.

We define significant spill as the release of oil, fuel, waste or chemicals into either a contained or uncontained area, including indoors at facilities managed by Baker Hughes. Significant spills do not include freshwater spills, inert gases released into the air, clean sand, clean gravel and other non-spills under Baker Hughes operational control.

While the total volume of significant spills in 2024 rose from 827 barrels in 2022 to 1,624 barrels (table 3-7 and figure 3-23), the highly effective performance of our secondary containment prevented over 80% of the total spill volume from being released. The most significant release in 2024 was a saltwater spill, entirely contained within secondary containment. This accounted for 46% of the total and prevented contamination of the natural environment. An investigation was conducted to identify the causes of the spill and to implement mitigation efforts to reduce the likelihood of a similar event occurring in the future.

Our commitment to reducing air emissions and chemical stewardship

We are committed to managing our air emissions aligned with industry best practices and regulatory standards. Through robust environmental practices, we aim to minimize routine air emissions and prevent emergency releases. We identify, assess, mitigate and control potential sources of air emissions from processes and operations, including both stationary and mobile sources. Where needed, we install emission-control devices, such as scrubbers, dust collection systems and paint booths to protect air quality and meet regulatory requirements. Across our business, employees have worked diligently to minimize the use of chemicals that may pose a threat to the environment. Our environmental procedures prohibit the use of certain chemicals in our operations including chlorinated hydrocarbon-based solvents or ozone-depleting chemicals. We monitor all unintended releases (i.e. spills, release of gases, etc.) and have had no reported ozone-depleting substances for the last several years, including 2024.

Managing chemicals

We follow our chemicals management procedure for the proper handling and management of chemicals at our sites and customer job locations. We are a longtime participant in ChemStewards®, a rigorous program to foster and improve upon a culture of facility safety, product stewardship, environmental safeguards, risk reduction and stakeholder engagement.

SPOTLIGHT ON PROGRESS:

Proactive equipment inspections drives culture of environmental protection

Through routine inspections and maintenance, we persistently advance initiatives aimed at decreasing the frequency and magnitude of spills at our locations and operations, thereby safeguarding the health and safety of our workforce, surrounding communities and the environment. To mitigate potential releases of chemicals, our Oilfield Industrial Chemicals (OIC) product line has a robust preventative maintenance program including regular inspections. These routine inspections serve a vital role as they protect our employees, sites and communities from possible impacts.

Baker Hughes' OIC product line was presented with five Safety Recognition Awards during the 2024 Society of Chemical Manufacturers and Affiliates (SOCMA) Summit, an exclusive event for executive business leaders in the specialty and batch chemical sector. SOCMA's Safety Recognition Program honors companies that not only prioritize safety in their operations but also champion a culture of continuous improvement in safety practices.

Minimizing our environmental footprint continued

Protecting biodiversity and natural capital

We are dedicated to reducing our impact on biodiversity and protected areas at or near our operational sites and to demonstrate our commitment, we set a strategic objective of assessing 100% of our sites for biodiversity risks by 2030. Our efforts include minimizing our environmental footprint, conserving natural habitats and restoring ecosystems through nature-based solutions. We focus on sound environmental practices, employee volunteer efforts and foundation grants to support conservation initiatives. Through our work in 2024, with the Integrated Biodiversity Assessment Tool (IBAT), we were able to complete our goal of assessing all of our operations sites for biodiversity risks far ahead of our 2030 timeline. We will accelerate our biodiversity work, with the first milestone having been achieved six years early.

IBAT is a web-based map and reporting tool that provides fast, easy and integrated access to three of the world's most authoritative global biodiversity datasets: International Union for Conservation of Nature (IUCN) Red List of Threatened Species, World Database on Protected Areas and World Database of Key Biodiversity Areas. IBAT allows us to assess all of our operational sites that were determined to have potential biodiverse risk.

During our assessment, we identified 199 sites within five kilometers of protected areas and 98 high-risk sites within five kilometers of a key biodiversity area. These high-risk sites will undergo risk-management programs to limit environmental impact. We chose the five kilometer boundary to align with the UN's conservative recommendation, which has shifted our baseline from previous years. Therefore, we will use 2024 as a new baseline for comparison.

These site assessments inform the creation of mitigation plans, create mitigation plans, specific to each site that address the risk due to proximity to protected habitats or species.

In 2024, we identified 137,876 species listed on the IUCN Red List of Threatened Species which are within 50 km of our sites. Included in the species identified are 120,981 (87.7%) species of least concern, 5,515 near threatened species, 5,856 vulnerable species, 4,203 endangered species and 1,321 critically endangered species (table 3-8 and figure 3-24). A range of 50 km was selected in line with IBAT standards to ensure the migration patterns of affected species would be taken into account.

Table 3-8: Number of IUCN Red List species by category within 50 km of our sites.

Category	2024
Least concerned species	120,981
Near threatened species	5,515
Vulnerable species	5,856
Endangered species	4,203
Critically endangered species	1,321
Total	**137,876**

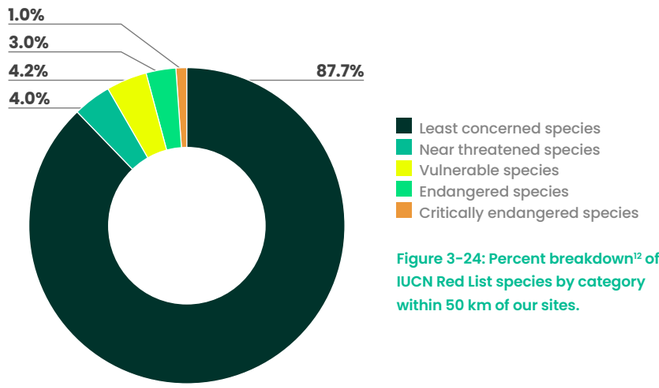


Figure 3-24: Percent breakdown[12] of IUCN Red List species by category within 50 km of our sites.

We recognize the UNESCO "No-Go" commitment for Natural World Heritage sites as an important program for the protection of unique and valuable locations. We are concerned about the potential effects that industrial operations could have on protected and ecologically sensitive sites. In 2024, we continued our methods of engaging internal stakeholders to complete in-depth reviews of our sites.

We have integrated biodiversity assessments for all new or potential facilities within the past three years. We aim to ensure that all facilities are thoroughly assessed to understand possible impacts on surrounding communities, protected areas or species.

For our industrial sites, the review of environmental risks includes sensitive habitats, such as wetlands and the potential presence of protected species. We conduct formal environmental impact assessments as required by local regulations. This is particularly important for new business activities worldwide due to the continuing changes to our real estate portfolio.

SPOTLIGHT ON PROGRESS:

BioBlitz initiative uncovers rare butterfly in Italy

Preserving local biodiversity is a key outcome of our sustainability strategy. In this spirit, Baker Hughes and the University of Florence's Department of Natural Science organized a BioBlitz, to engage the public in biodiversity preservation.

BioBlitz is a citizen science initiative that empowers citizens to understand and protect biodiversity by working alongside scientists. Approximately 10 scientists, 40 zoology students and 30 Baker Hughes employees participated the event.

Over 200 records were registered in the iNaturalist app, which connects people to nature and advances biodiversity science and conservation. Notably, a Baker Hughes employee recorded the rare Zerynthia Cassandra butterfly, the first sighting in that area in over 100 years. This event highlights the impact of citizen science in promoting sustainability and applying knowledge in action.

Team from the IET Florence facility at the BioBlitz event in Pian del Mugnone, Italy

Zerynthia Cassandra butterfly found during BioBlitz event in Pian del Mugnone, Italy

[12] Due to rounding of data, the total of figure 3-23 sums to 99.9%. Exact breakdown can be seen in table 3-8.

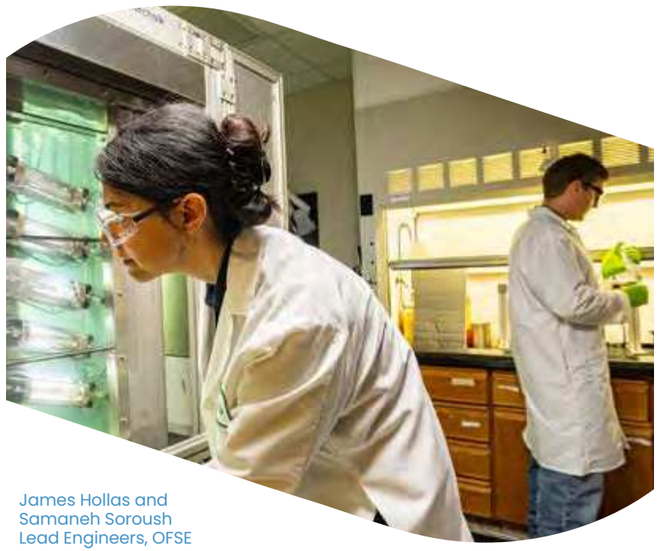
Minimizing our environmental footprint continued

Managing opportunities and risks due to climate change and transition to low-carbon economy

We recognize the challenges of climate change but also see the opportunities for growth that stem from the world's transition to a more sustainable, low-carbon economy. We made it a priority to enhance our business resiliency by pursuing new commercial opportunities while managing physical risks to the Company.

To position ourselves for long-term success in accordance with the Task force for Climate-related Financial Disclosures (TCFD) recommendations, we developed quantitative analyses of physical and transition risks due to climate change. These analyses helped provide more insight on climate issues that could potentially impact the business, both positively and negatively and outlined the potential impact over the short, medium and long term to the year 2050.

In line with the TCFD recommendations, we divide our risk assessment into two major categories: risks related to the physical impacts of climate change and risks and opportunities related to the transition to a lower-carbon economy. We are continuously working on improved methodology and data accuracy, while embedding this analysis and subsequent results into business planning.



James Hollas and
Samaneh Soroush
Lead Engineers, OFSE

Physical risk management

A comprehensive and robust physical risk assessment is necessary to satisfy the requirements of governments and regulatory bodies in a growing number of geographies. This assessment enables informed decisions on where and when to allocate our capital and resources to prevent or mitigate the impact of climate change. Our physical risk assessment determines specific weather peril risk and financial exposure for all of our facilities worldwide. In addition, we determine the risk of diverse weather perils and potential losses due to business disruption for our critical suppliers. We highlight the risk of severe weather events for 10 diverse types of weather using Jupiter ClimateScore™ predictive climate data analytics for three Intergovernmental Panel on Climate Change's (IPCC) fifth revision of projected socioeconomic global changes scenarios (IPCC SSP5): RCP2.6, RCP 4.5 and RCP8.5. We then specifically model potential losses related to damages, business disruptions and productivity losses for the four most impactful weather perils: flood, wind, extreme heat and wildfires between 2020 and 2050. In 2024, in anticipation of future regulatory disclosure obligations, we worked to drive greater accuracy, completeness and reproducibility of the raw data used in the analysis. In addition, our latest report ran on the new, further improved Jupiter ClimateScore 3.1 database revision that features updates for flood, wind, wildfire and heat risk scores for our sites. Simultaneously, we also continue distributing insights and training to our functional managers to provide them with access to data and promote its use.

Based on the current TCFD physical risk assessment, we estimate that long term in 2050, 8% of all of our operational sites worldwide will be at either chronic or acute material risk, assuming a greater than 4°C IPCC climate scenario (SSP5-RCP8.5). This is subject to change as we continue to drive risk reduction measures across our portfolio.

Total long-term losses due to damage or business disruption are estimated at $293M if no preventive actions are taken, which represents 1.2% of the revenue generated by the sites at material risk in 2024. Similarly, total short-term losses are estimated at $203M, or 0.8% of the same revenue.

Higher long-term risk exposure is driven by increasing probability of extreme weather events or their rising severity for some locations in the next 25 years. Insights derived from our analyses are incorporated into our enterprise risk management, business continuity and facility response planning, prioritizing our mission-critical sites and sole source suppliers in locations with moderate-to-high risk. Furthermore, the data is beneficial in mid- and long-term strategic business planning, helping to identify and mitigate risk exposures to our infrastructure and logistics. Data is also considered in our environmental impact investment decisions and due diligence for mergers and acquisitions to ensure that we are managing cost and risks using all available information.

Transition risk and opportunity

Transition risk assessment derives estimated financial impact on our business from modeled portfolio responses to three energy market scenarios as published by the International Energy Agency (IEA): the 1.5°C Net-Zero Emissions, the Announced Pledges and the Stated Policies Scenarios. These scenarios lay out three distinctive trajectories for future energy markets based on differing adoption speeds for the reduction of anthropogenic GHG. When applied to our existing portfolio, these might drive wide revenue impacts across different businesses.

As importantly, the analysis also provides a better understanding of new markets and helps estimate yield potential from future portfolios. While we recognize the potential for transition risk, we are resolved to play a key role in enabling an orderly low-carbon transition. Our future success may depend upon our ability to effectively execute on our energy transition strategy, which depends on our ability to develop additional innovative technologies and work with customers and partners to advance new energy portfolios such as CCUS, hydrogen, geothermal and other carbon abatement solutions. If the energy landscape changes faster than anticipated or faster than we can transition, or if we fail to execute on our energy transition strategy as planned, demand for our technologies and services or access to capital could be adversely affected.

Transitioning to a low-carbon economy will likely require extensive policy, legal, technology and market changes. There is increased focus by governments, customers, investors and other stakeholders on climate change, sustainability and other energy transition matters. Concerns and perceptions of industry or fossil fuel products and their relationship to the environment have led governments, non-governmental organizations and companies to implement initiatives to conserve energy and promote the use of alternative sources. These initiatives may help reduce the demand for and production of oil and gas in areas of the world where our customers operate and thus reduce future demand for our products and services. In addition, initiatives by investors and financial institutions to limit funding to companies in fuel-related industries may adversely affect liquidity and access to capital.

In the long-term scenario, we predict that even under the conservative Stated Policies Scenario, our traditional portfolio related to oil and gas exploration and production will generate negative growth. This proves the critical importance of our strategy that is focused on increasing revenue contributions from growing our energy transition portfolio. We estimate that any potential material declines in revenue from our current portfolio under the Stated Policies, Announced Pledges or the Net-Zero Scenario will be more than offset by revenue growth from our energy transition portfolio.

Principles

What's new for 2024?

In the following section, you will learn about actions we have taken to advance our strategy and the impactful initiatives that demonstrate our progress against our principles-centric goals.

We have continuously improved our processes to deliver the highest quality data. In 2024, we have obtained assurance over more metrics than ever before (Appendix B).

Security is a top priority. We progressed toward using drone technology for security surveillance at select locations in the United States.

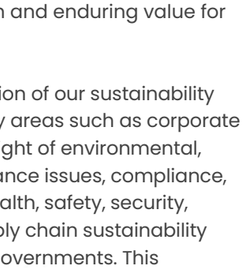
Our cybersecurity team continued to train and educate our employees on cyber risks throughout the year, heightening awareness for our employees to remain vigilant on the protection of our integrated digital systems.

Our Supplier Social Responsibility Program closed **95.0%** of Red Flag Audits within 90 days, exceeding our goal of **90%**.



Ercilia Cahanda,
Field Service Engineer, IET

Meet Fernando.



Fernando Contreras,

VP, Chief Compliance Officer and Corporate Secretary

As the executive accountable for the principles topic of sustainability, I take great pride in sharing the progress our team has accomplished in 2024. At Baker Hughes, we are steadfast in our commitment to integrity, transparency and respect for every stakeholder. These guiding principles shape our corporate governance, environmental management and social responsibility initiatives, fostering a culture of accountability and ongoing improvement. By embracing these values, our goal is to positively influence communities, the environment and the global economy, guaranteeing sustainable growth and enduring value for stakeholders.

The principles section of our sustainability strategy covers key areas such as corporate governance, oversight of environmental, social and governance issues, compliance, anti-corruption, health, safety, security, human rights, supply chain sustainability and working with governments. This section underscores our commitment to strong governance practices, ethical conduct and maintaining high standards in HSE performance.

Our principles strategy

We are committed to delivering on our corporate strategy ethically and sustainably to instill trust in our employees, customers, shareholders and local communities. To deliver on this promise, we must be transparent about the challenges we face and how we mitigate them. Since the release of our principles strategy in 2022, we endeavored to uphold industry leading HSE standards while championing compliance and ethics throughout our business. We will continue to lead with integrity while fostering a culture of transparency throughout our day-to-day operations.

Goals what we aim to deliver	**Objectives** how we will deliver success	**Strategic outcomes** how we will track progress
Drive a culture of transparency and integrity—doing the right thing beyond compliance	Champion compliance and ethics Ensure sustainable governance	• 100% of targeted personnel training annually on human rights policies and procedures • Specialized human rights training completed for >80% SSRP* auditors and sourcing by 2025 • Process to record, track and monitor human rights grievances in place Q1 2024 • 100% completion of annual board training and select executive staff for sustainable topics • Align annual executive compensation to sustainable outcomes by 2025 • 100% of employees including governance body members completed Code of Conduct training annually by 2024
Take energy forward responsibly and with integrity and transparency	Uphold the highest health, safety and environmental standards Strive for principled, differentiated and inclusive supply chains	• Total Recordable Incident Rate <0.3 • All Perfect HSE Days • Active* suppliers assessed for environmental criteria every three years • Track spend in our differentiated supply chain • 90% of SSRP audit red-flag findings closed within 90 days • 90% completion rate for SSRP planned audits • 80%* of suppliers agreeing to Baker Hughes Integrity Guide by 2030

Figure 4-1: Principles-focused sustainability strategy helps advance our commitment to doing business in an ethical, transparent and principled way.

We measure the success of our principles-focused in initiatives several ways:

Board oversight

The Board of Directors help to ensure that the Company remains competitive and resilient in a rapidly changing industry by providing strategic direction and oversight. The Board sets high standards for our officers, directors and employees, emphasizing the importance of doing the right thing beyond mere compliance.

Code of Conduct, training and compliance

We have a comprehensive Code of Conduct that all employees must adhere to, covering ethical behavior, compliance with laws and our core values. We emphasize continuous training on ethical conduct and compliance, with 99.4% of employees completing the annual Code of Conduct training.

Audit and risk management

We conduct regular audits to identify and address potential risks. In 2024, we identified 1,773 supplier audit red flag findings, with 95% of these findings closed within 90 days.

Sustainability

We integrate environmental, social and governance factors into our framework. This includes sustainability-specific training for the Board and assessing operations for compliance risks.

HSE

We maintain high HSE standards to protect employees' well-being. This includes metrics such as Total Recordable Incident Rate (TRIR) and the number of Perfect HSE days.

*As defined by SSRP criteria

We promote sustainable governance

Corporate governance

Our framework for corporate governance is set forth in our governance principles, committee charters and our Sixth Amended and Restated Bylaws, which can be found on our website.

Our governance principles provide guidelines for Board matters, including the leadership structure of the Board. Written charters for the Board's Audit Committee, Human Capital and Compensation Committee, Governance and Corporate Responsibility Committee and Finance Committee describe the roles and responsibilities of each committee.

The Board of Directors

Our Board of Directors sets high standards for the Company's officers, directors and employees to do the right thing, always. These standards include our Code of Conduct, policies and procedures. Strong corporate governance is the cornerstone of our strategy and helps guide our business in a principled, ethical way. The duty of the Board is multifaceted. The Board serves as a prudent fiduciary to maximize shareholder value, champion compliance and ethics and foster sustainable governance. Our Board of Directors believes that safety, health, integrity, compliance and human rights are foundational elements of our culture, driven by our core values of Grow, Collaborate, Lead and Care.

Operating responsibly and with accountability to serve the best interests of our stakeholders requires sound corporate governance. Our Board recognizes that minimizing environmental impacts of our operations, fostering employee engagement and respecting human rights by creating an environment of respect, integrity and fairness for our employees, customers and other stakeholders wherever we do business are fundamental. These principles are essential to the long-term success of our Company.

Board of Directors management meetings

Meetings of the Board are scheduled quarterly each calendar year. During meetings, the Board reviews and discusses the performance of the Company, our plans and prospects, as well as immediate issues facing Baker Hughes. Directors are expected to attend all scheduled Board and committee meetings and the annual meeting of shareholders. Our Board has established the following committees to assist the Board in discharging its responsibilities and general oversight of management, including:

- Audit Committee
- Finance Committee
- Governance and Corporate Responsibility Committee
- Human Capital and Compensation Committee

The responsibilities of these committees are available in our Proxy statement.

Our Board exhibits a broad mix of skills, experience, diversity and perspectives, collectively demonstrating leadership and a substantive understanding of our strategy as an energy technology company. Our directors' sustainability expertise includes direct experience with human resources and talent development, legal and corporate governance issues, environmental and safety regulations, along with risk oversight including cybersecurity, finance and operations. Our Governance and Corporate Responsibility Committee, which recommends director candidates for annual election, evaluates the composition of the Board annually and identifies desired skills, experience and capabilities. The committee strives to maintain a Board with varied expertise and perspectives.

Our Board of Directors received sustainability-related training in 2024 to further enhance their knowledge and understanding of evolving sustainability matters. Our director education program assists Board members in fulfilling their responsibilities. In addition to the onboarding program, directors are provided ongoing education through in-depth presentations on topics such as: strategy; operations; energy transition; cybersecurity; sustainability-related topics; risk management; diversity, inclusion and belonging along with legal and regulatory matters. These presentations can be from management or outside experts as needed. Our Board of Directors periodically holds its meetings at our facilities or other sites important to the business where they engage with employees in a more informal setting. Directors are also encouraged to attend third-party educational programs and training.

Contacting the Board

You can reach out to our Board by sending written communication to our Corporate Secretary, c/o Baker Hughes Company, 575 N Dairy Ashford Rd, Suite 100, Houston, TX 77079, United States or by email at boardofdirectors@bakerhughes.com.



Florence site, Italy

We promote sustainable governance continued

Governance of sustainability

Our Board's Governance and Corporate Responsibility Committee has oversight responsibility of our sustainability matters including monitoring our sustainability strategy and initiatives and management of sustainability-related risks. The Committee receives regular reports from management on our environmental, health and safety, corporate responsibility and sustainability activities and risks, including progress on our emission reduction commitments, our reporting frameworks and ratings. The Committee also oversees the publication of this report.

The primary responsibility for developing, managing and executing our sustainability strategy rests with our management team. Our chief sustainability officer (CSO) oversees our sustainability strategy and chairs our Sustainability Steering Team. The Steering Team works with subject matter experts to manage our sustainability priorities, set goals, monitor our progress and coordinate our reporting. We also have a formalized sustainability management structure with designated executive sponsors, including the chief legal officer, the chief people and culture officer and the senior vice president of Enterprise Operational Excellence (EOE) that report to the chairman of the Board and CEO. Additionally, we have a legal sustainability group that collaborates with the CSO to embed the developing sustainability focused legal obligations into policies and to promote effective implementation.

Accountability through reporting

As one of the first energy companies to make a public net-zero commitment, it is crucial for us to model our sustainability leadership throughout our value chain activities. We are continuously improving how we track, measure and report our sustainability data, following industry best practices. We recognize the need for data that is accurate and transparent in public disclosures and continue to fulfill that responsibility by reporting against the leading sustainability accounting standards, including the GHG Protocol. Our data is reviewed by internal audit teams and are subject to assurance by our independent accountants. We expanded the reach of our data controllership consistent with best accounting practices.

Buffering sustainability risks through our Enterprise Risk Management process

We identify risks to our strategic and business objectives utilizing an enterprise risk management (ERM) process—a risk-based management and continuous monitoring program that is aligned to the business cycle, leading to more informed decision-making and building resilience across the organization.

Our ERM process includes an annual risk review with representatives across our enterprise to proactively identify and monitor key risks and opportunities that may significantly impact our business or strategy. Key risks are rated according to probability, impact and preparedness. Those that are identified as material require enhanced monitoring and mitigation efforts.

The top identified risks are reviewed with executive leadership for validation and alignment. Executive sponsors are assigned to the top risks and key risk indicators and mitigation actions are established. The ERM Steering Committee has oversight of the ERM program and can recommend further analysis or, in some cases, specify improvements to strengthen our safeguards. The ERM Steering Committee meets at least once per quarter. The ERM program is reviewed annually by the Board of Directors and the top ERM risks are reviewed regularly at various committee meetings.

Given the interconnectedness of key risks, the ERM team works closely with employee representatives across various levels of the organization to introduce, support and promulgate risk management behaviors and to drive an integrated approach to risk management.

Oversight of sustainability strategy and initiatives

Audit Committee	Finance Committee	Governance and Corporate Responsibility Committee	Human Capital and Compensation Committee
Sustainability disclosures in SEC filings	Sustainability investments	Corporate Sustainability Report	Diversity, inclusion and belonging
Compliance program, including human rights concerns	Investor relations	Sustainability reporting standards and metrics	Compensation tied to sustainability
Cybersecurity		HSE program	Competitive benefits and compensation
Supplier audit program		Social responsibility	Talent retention
		Policy and regulatory updates	Succession planning
		Charitable giving	Training and development
		Political contributions	Talent planning and culture for the energy transition
		Board composition and governance	

Figure 4-2: Oversight of sustainability strategy and initiatives.

Championing ethics and compliance

We have a global ethics and compliance program designed to prevent, detect and appropriately respond to potential violations of law, our Code of Conduct and other Company policies and procedures. We believe this commitment to integrity across the entire organization is fundamental to running a sound, successful and sustainable business.

Our Code of Conduct underscores the criticality of regulatory excellence and acts as a guide to help employees make ethical decisions. In order to drive a culture of transparency and integrity, we developed a 3-in-1 Code of Conduct Compliance training. Through this training, we equip our employees to apply our core ethical values in their business decision-making processes. Our employees are required to complete annual online training on our Code of Conduct, which covers policies and procedures for human rights, anti-corruption, privacy, cybersecurity, conflict of interest, trade compliance and other compliance topics. As compliance champions, our employees are encouraged to report any ethics or compliance concerns. We provide several reporting pathways including a global network of trained employee ombudspersons; a dedicated website where employees can raise concerns anonymously; and a worldwide, 24-hour integrity helpline operated by a third party that is available in approximately 150 languages. We recently complemented our formal compliance training program with monthly campaigns intended to reinforce key messages about open reporting and other key integrity topics, including anti-bribery and anti-corruption awareness. Additionally, Integrity Moments are used to reinforce governance policies related to compliance during internal and external meetings.

We regularly review and update our Code of Conduct. In 2024, we updated our Code of Conduct to further weave sustainability into the fabric of our business. The revised Code of Conduct sets out the cultural integrity expectations that serve as the foundation for our sustainability framework, including people, planet and principles. Emerging legal risks, such as with respect to modern slavery, were also addressed. Our Code of Conduct is annually certified by our Board of Directors and is operationalized by our chief compliance officer. As part of our objective to champion compliance and ethics, each year we aim to reach 100% of our employee population, including governance body members[13], completing the Code of Conduct training. In 2024, 100.0% of governance body members[15] and 99.4% of the entire employee population completed the annual Code of Conduct training.

Anti-bribery and anti-corruption

In addition to our Code of Conduct training, which is aimed at preventing unethical behavior, we employ additional measures to monitor and mitigate high-risk areas. Our Code of Conduct includes a summary of our global anti-bribery and corruption policy, which prohibits bribery and facilitating payments in all business dealings, including with governments, employees of state-owned companies and private sector entities. We have internal controls to address bribery risks, including online and live trainings in countries where we operate and policies addressing compliance-sensitive activities, such as travel, expenses, charitable donations and transactions with third parties, including channel partners.

Each year, leaders from each business segment and function hold workshops to discuss and assess compliance risks and deploy risk mitigation plans. In 2024, our two business segments, comprising 100% of our operations, were assessed for risks related to compliance. Relevant risks identified as part of this process include bribery and corruption risks within our value chain.



Abdullah Dewani,
Mechanical Assembler, IET

Third party risk management

We interact with numerous third parties—to grow our business, service customer needs, enhance the Company's presence in global markets and interact with government officials. While they provide many benefits, third parties can also expose Baker Hughes to legal and reputational risk, particularly in respect of bribery, corruption and money laundering.

We recognize two main types of third parties that may pose risk to the Company:

Channel partners
Intermediaries authorized by the Company to market and sell our products and services to customers in specific territories.

Administrative service providers
Vendors who interact with government officials on our behalf while providing a service to Baker Hughes–for example, to obtain a permit or to transport products cross border and clear customs.

We have implemented a risk-based management process to mitigate the compliance and regulatory risks associated with our use of third parties throughout the relationship life cycle focusing on the following stages:

Onboarding and engagement
Provided there is a compelling commercial rationale for working with the third party, we screen, train and conduct due diligence prior to formally engaging the third party. Third parties are also required to sign our Code of Conduct.

Monitoring
We conduct ongoing monitoring of third-party performance and compliance with contractual provisions and our Code of Conduct through refreshed due diligence, audits and risk assessments.

Renewal and termination
We assess the third party's conduct and business performance, including review of the business relationship. If we choose to continue our relationship with the third party, we continue and maintain our due diligence.

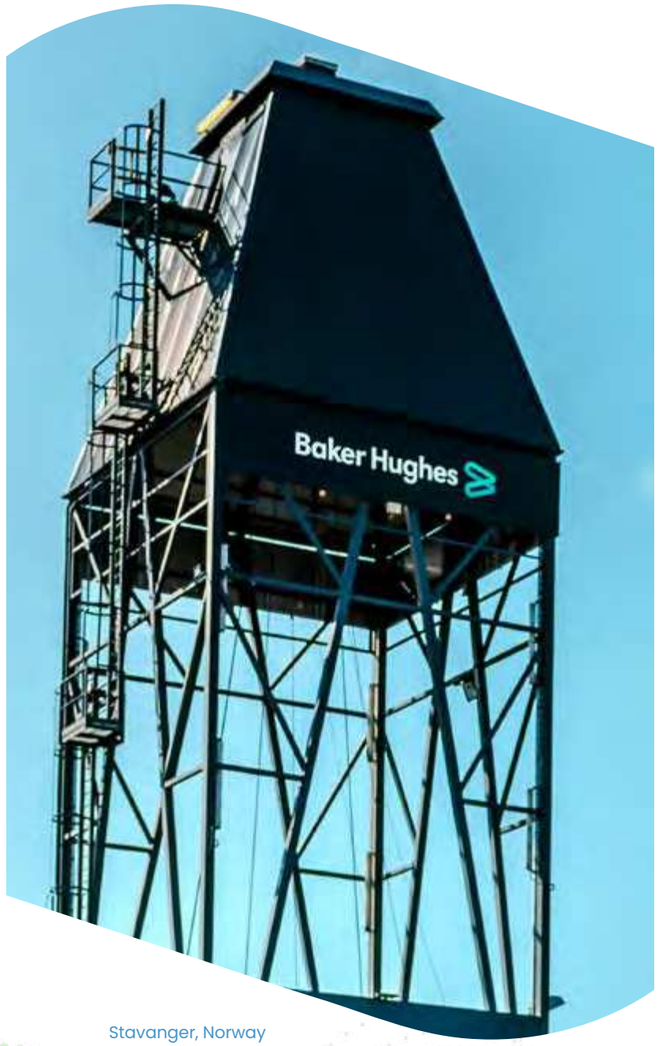
[13] Governance body members include 93 SEB+ and EB+ employees.

Championing ethics and compliance continued

International trade compliance

We comply with all applicable trade regulations. International Trade Compliance (ITC) is embedded into our processes and, where practical, into our systems. Compliance starts with our Know Your Customer/Know Your Supplier (KYC/KYS) processes. We conduct automated screenings for sanctions, corruption and other compliance concerns on all business entities we engage. Screenings are reviewed for potential concerns. At the opportunity stage within our sales process, an automated escalation to ITC personnel is triggered for all opportunities in high risk locations or with customers or suppliers flagged as high risk in the KYC/KYS process. Transactions are checked in our major Materials Management Planning Systems to verify export, customs and sanctions compliance. This includes automated checks, such as license requirements based on transaction details, or manual checks, such as validating that an End Use and User Certificate has been obtained when necessary.

Employees are trained annually on their role to ensure compliance with trade regulations. This includes a primer on their responsibilities with respect to various ITC related activities such as movement of goods (e.g., export controls and customs), technology controls (e.g., access controls and movement of technical information), technical assistance, financial restrictions and anti-boycott regulations.



Stavanger, Norway

Open reporting and consultation

We believe that a culture where all employees maintain high levels of integrity, conduct business professionally, treat one another with dignity and respect and support open communication without repercussions creates a better and more productive work environment.

Employees and other stakeholders have several ways to raise compliance concerns and are encouraged to report any ethics or compliance matters. We have a zero-tolerance policy against all retaliation. Our Fair Employment Practice policy prohibits retaliation against an employee for raising a concern about a potential violation of Code of Conduct, policy or law. Reporting mechanisms include: raising a concern with their direct manager or HR; a global network of Ombuds; a dedicated website where employees can report concerns or communicate with the global compliance team anonymously; and a worldwide, 24-hour helpline operated by a third party that is available in approximately 150 languages. All concerns raised are reviewed by trained investigators and treated confidentially.

We take all allegations regarding our Code of Conduct, policies and the law seriously. We investigate allegations with a rigor and discipline that drives consistency in the investigations process, outcomes reporting and communication about lessons learned. In addition, our segment-level Disciplinary Review Committees manage the implementation of disciplinary measures involving the potential of termination to ensure fair and consistent discipline is applied within the Company globally.

How to Report a Concern

- Call: 1-800-288-8475 (toll-free, U.S. only)
- Email: bakerhughes.Ombuds@bakerhughes.com
- Mail: 575 N Dairy Ashford Rd, Suite 100, Houston, TX 77079 United States

Aligning policies, customer needs and compliance

Our proactive approach to policy framework

Our proactive policy framework is designed to stay aligned with global sustainability trends and regulatory changes. By proactively engaging with key stakeholders, we are well-prepared to meet regulatory requirements, support sustainable technologies and provide valuable solutions to our customers in a rapidly evolving policy landscape.

Here's how it works:

Tracking policies worldwide
We monitor sustainability policies globally to remain a leader in providing solutions to our customers. This helps us anticipate policy developments and identify regions and sectors where supportive policies for technologies like carbon capture, hydrogen, geothermal and emissions management are emerging.

Understanding customer needs
By staying informed about sustainability policies, we better understand our customers' needs and how to address them. This knowledge allows us to align our solutions with regulatory requirements and market demands.

Compliance and transparency
Governments are increasingly setting targets and regulations to reduce emissions and require us to disclose our environmental impacts. We strive to stay ahead of these regulations. Our proactive approach to public policy helps us recognize the push for transparency and develop new ways to provide related information to our customers.

Preparing for new regulations

Preparing for new disclosures and due diligence requirements is crucial due to our expanding global presence. We aim to be transparent about our sustainability practices, manage environmental and social risks and avoid non-compliance penalties to enhance our reputation and long-term viability. Global disclosure requirements will prompt businesses to introspectively review their practices and seek opportunities to mitigate associated risks.

We remain dedicated to transparent and accurate disclosure information that aligns with new government regulations like the European Union's (EU's) Corporate Sustainability Reporting Directive (CSRD), the EU Corporate Sustainability Due Diligence Directive (CS3D), Australia's Treasury Laws Amendment Bill 2024 and California's Climate Disclosure (State Bill 253) requirements.

Our commitment to transparency fosters trust, accountability and sustainable decision-making, which are integral to our mission of making energy safer, cleaner and more efficient. This approach also aligns with our Company culture of sustainability, transparency and compliance. We will manage the disclosure requirements across all existing and future disclosure regulations applicable to our business.

To promote regulatory readiness, we assess our organizational design, controls, governance and performance metrics. Our double materiality assessment is a cornerstone of our sustainability framework, helping to drive our desire to remain responsive to the evolving challenges and opportunities in our industry. This dual-focused evaluation process helps us identify and prioritize the issues most significant to our stakeholders and our long-term success. By considering both the inward potential financial impacts and the outward potential societal and environmental effects, we can develop strategies that are holistic and resilient.

MySupport Sustainability

As we continued to better understand our customers' needs and meet the increased demand for verified sustainability data, we focused on enhancing our internal sustainability services platform, MySupport Sustainability. MySupport Sustainability is our one-stop shop for employees to request validated sustainability information for commercial or regulatory inquiries, external engagements and more.

One of the main achievements this year was expanding and transitioning our services onto the Baker Hughes enterprise platform MySupport so that sustainability-related support is readily available and accessible for our entire employee population.

- Anticipating further growth in sustainability-related queries, we proactively trained additional team members to provide dedicated assistance to MySupport Sustainability practitioners.
- We introduced and implemented new service offerings within MySupport Sustainability, such as requests to find available public funding for research and development or emissions reduction projects.
- These improvements helped us to streamline workflows and provide timely completion of the requests we receive, while enhancing the overall user experience and positioned us to meet future needs more effectively.



Aaronica Patterson and Marissa Dickerson, Lead Engineers, OFSE

Aligning policies, customer needs and compliance continued

Tax

We are committed to ensuring compliance with tax laws and requirements worldwide and maintaining an open and constructive relationship with tax authorities. We have zero tolerance for tax evasion and maintain procedures to prevent the facilitation of tax evasion.

We acknowledge that, as part of our responsibilities to our shareholders, we are obligated to pay only the taxes required by the laws and regulations of the countries where we operate.

In 2024, we reported income taxes paid, net of refunds, to governments totaling $1,040 million. Our income tax payments are disclosed as part of our audited financial statements.

The chief accounting officer (CAO), who reports directly to the chief financial officer (CFO), is responsible for implementation of our tax strategy. The CAO is supported by a team of in-house tax professionals based in primary operational locations.

The commercial needs of the Company are paramount and all transactions must have both a clear business purpose and commercial rationale and be undertaken in accordance with our Code of Conduct. We understand that sometimes there can be more than one tax outcome in commercially motivated transactions as well as different interpretations of the law. However, we do not willfully engage in tax schemes nor structure transactions in such a way that we consider the transactions contrary to the clear intentions of the tax legislation concerned.

Tax incentives and exemptions are sometimes offered by governments and fiscal authorities in order to support investment, employment and economic development. Where these exist and are applicable to our business, we seek to apply them in the manner intended, taking external professional advice where necessary.

We consistently and diligently monitor changes in tax laws and practices. This is a key responsibility of focus of our in-house tax professionals and is supported with regular training from both internal subject matter experts and external advisors, with the aim to train the team on the skills needed to identify and address tax risks. Knowledge is shared among the tax team via the discussion of relevant tax technical information.

Our approach to cooperation and transparency is beneficial to our stakeholders and investors, as well as to the governments in countries in which we do business. Transparency initiatives, such as Advanced Pricing Agreements (APAs), promote several advantages for both ourselves and governments, such as providing access to business information and strategies while achieving certainty on tax treatment, as well as efficient staffing of audit resources. We have several APAs in process with key jurisdictions where we operate.

We strive to achieve low-risk designations, which allows us to focus the resources of our tax team on material transactions while enabling effective and efficient ongoing tax compliance. Pursuant to the United States Generally Accepted Accounting Principles (GAAP), companies typically are required to establish relevant tax reserves to cover instances where tax positions are uncertain, subject to audit or under dispute. We expect our ongoing efforts to engage in broader transparency with tax administrations to result in lower tax reserves over time.

It is our policy to be compliant, transparent and proactive in interactions with tax authorities. Where appropriate, we will engage with tax authorities to assist with the shaping of future legislation and tax policy. We make fair and accurate disclosures in correspondence and returns and respond to queries and information requests in a timely manner. Where disputes arise with tax authorities, in areas of doubt or where legal interpretations differ, we endeavor to address the matter promptly, provide support for the position taken and resolve it in a responsible, open and timely manner.

The tax department plays a critical role in delivering value for the organization in four key areas of our sustainable development strategies: guidance on available funding initiatives through grants, credits and discretionary incentives; understanding how to unlock value in indirect tax, property tax and excise tax; identifying value chain opportunities; and evaluating mergers and acquisitions through a sustainable business value lens.

Questions or concerns about issues related to tax can be reported through our public website, or by calling 1-800-288-8475 (toll free, U.S. only) to anonymously speak with a third-party agent.

"While we focus on the commercial needs of the business, we aim to ensure compliance and commit to working transparently to optimize benefits and resolve uncertainties. This approach allows us to navigate complex tax landscapes effectively."

Rebecca Charlton,
SVP Controller and Chief Accounting Officer



Human rights

Human rights are fundamental rights and freedoms to which every individual is equally and inalienably entitled. We recognize human rights as universal and a core principle to our business practices. As a signatory of the UNGC, we are committed to advancing the Ten Principles of the UNGC and the SDGs.

Our Human Rights Policy applies to all employees, business partners, vendors, suppliers and contractors. This policy is informed by the UN Guiding Principles on Business and Human Rights and our Code of Conduct. It is supported by a framework of policies and guidelines, setting forth the expectations that we do what is right and safe, considering the well-being of our people, suppliers, customers, communities and environment.

We integrate onboarding, training, management, due diligence and reporting systems to identify, prevent, mitigate and take corrective action where appropriate to address identified compliance issues. Due diligence tools we rely on include, but are not limited to, legal and regulatory compliance reviews and supplier audits. When adverse human rights impacts are identified relating to our business activities or those of other business entities directly in our supply chain, we are committed to taking swift and appropriate steps, including, where relevant, to remediate them in a fair and equitable manner. Grievance mechanisms are available for individuals across our value chain. Confidentiality is respected and individuals may choose to remain anonymous.

Our human rights pledge

We commit to responsible business practices, high standards of integrity and ethical conduct, compliance with all applicable laws and respect for the rights and dignity of all people. We respect human rights as expressed in the International Bill of Human Rights and the fundamental conventions of the International Labour Organization Declaration on Fundamental Principles and Rights at Work. In situations where there is a conflict between internationally recognized human rights and national laws, we strive to honor the principles of international human rights.

The importance we place on respecting human rights is reflected in the fact that human rights are incorporated into our sustainability strategy, underpinning our commitment to integrity and ethical conduct.

We prohibit slavery, servitude, forced and compulsory labor, human trafficking and child labor—collectively "modern slavery."

Aligning policies, customer needs and compliance continued

Commitment at Baker Hughes

We consistently endeavor to serve as a role model for high ethical conduct and to promote a culture of responsibility, sustainable development and respect for human dignity throughout our global operations and value chain. We place integrity first and value the trust of our employees, customers, business partners, suppliers, contractors, vendors and the broader communities where we operate and serve. Compliance with high ethical standards, good business practices and respect for local laws and regulations is a cornerstone of developing and sustaining this trust.

Consistent with our longstanding principles, we stand firmly against all forms of exploitation including modern slavery. We have and will continue to take measures to prevent and detect modern slavery and other human rights abuses in our operations and our supply chain. Read our Modern Slavery Statement for more information.

We prohibit discrimination or harassment against any employee or applicant based on race, color, religion, national or ethnic origin, sex (including pregnancy), sexual orientation, gender identity or expression, age, disability, veteran status or other characteristics protected by law.

We are committed to furthering workplace health and safety

We respect the freedom of association and the right to collective bargaining

We respect individual privacy rights and commit to processing, collecting, handling and protecting personal information responsibly, in compliance with applicable privacy and information security laws, our Data Privacy Policy and related policies, guidelines and notices.

We respect the human rights of local communities, including vulnerable, marginalized and indigenous groups. Our businesses engage with communities, customers, local governments and other key stakeholders to integrate local considerations into operational plans. In instances where local communities may be adversely impacted by our activities, our businesses are supported by functional teams and processes which work to manage and mitigate potential impacts on public well-being.

SPOTLIGHT ON PROGRESS:

Enhanced human rights governance with new leadership in 2024

In 2024, we continued to enhance our human rights governance program. We identified a human rights program leader and a multifunctional human rights working group to guide the operationalization of our human rights program. We further developed processes for recording and monitoring the resolution of human rights grievances.

We provided our direct suppliers with training on human rights issues and the process of conducting due diligence within their own supply chains. We also engaged with the Responsible Minerals Initiative to address the potential for systemic human rights issues further up the supply chain.



Rayson Hew, HR Specialist and Irene Innocenti, Technical Leader, Digital Transformation, IET

"As the Global Head of Security at Baker Hughes, I am committed to championing human rights. These rights are central to our identity and operations, ensuring the dignity, safety and well-being of everyone we touch. At Baker Hughes, respecting human rights is not just our duty—it's our promise to humanity."

Andy Tosh,
Enterprise Security Executive



Aligning policies, customer needs and compliance continued

SSRP enhances supply chain integrity and compliance

Our SSRP helps us monitor our supply chain with the aim of addressing concerns in a timely manner. Bolstering integrity within our supply chain helps our business to drive a high level of accountability with our stakeholders. Governments across the world are beginning to pass new legislation requiring companies to identify, prevent and address the adverse impacts of their activities and those of their supply chain on human rights, the environment and good governance. These types of legislation aim to promote responsible business conduct and contribute to sustainable development goals.

Our SSRP is intended to set standards for and monitor compliance of HSE performance, ethical conduct relating to human rights, fair treatment of workers and security. In addition, the program seeks to prevent, detect and appropriately respond to any potential violations of the law or Company policies. By 2030, we aim to have 80% of our suppliers agreeing to our Supplier Integrity Guide or equivalent.

As a part of the SSRP, all new direct material suppliers are screened and assessed for social risks. Suppliers flagged as "high-risk" in these topics are further audited. If we find a supplier in violation of the responsibilities outlined in the Supplier Integrity Guide, we take immediate action. As of December 31, 2024, we exceeded our 90% goal, closing 95.0% of SSRP audit red-flag findings within 90 days.

As a major equipment manufacturer and service provider, we aim to raise the bar of our industry and supply chain through our policies and programs. Our Supplier Integrity Guide governs key aspects of our relationships with suppliers, contractors, consortium partners and consultants throughout our global supply chain.

Supplier diversity

Our goals are to expand a differentiated supply base, drive innovation and gain cost efficiencies, all while supporting the communities where we work and live. This also helps us stay competitive by building strong relationships with key suppliers and customers. Our supply chain leaders are crucial in identifying potential small and diverse suppliers and setting priorities for sustained growth, with a strong focus on governance and data accuracy.

Here's how we increased participation in our Supplier Diversity Program:

Strategic relationships:
Collaborating with external parties like WeConnect International, Minority Supplier Development UK and Houston Minority Supplier Development Council has amplified the program's reach and effectiveness. These collaborations provide valuable resources for supplier training and development, creating more opportunities for small and diverse-owned businesses.

Focused leadership:
Supply chain leaders play a crucial role in identifying and prioritizing small and diverse suppliers. Their focus on governance processes and data accuracy ensures that the program is both effective and sustainable.

Global reach:
The program's growth in countries like Italy, India and Brazil highlights its global impact. Engaging with over 650 diverse and small businesses globally shows the program's extensive reach and influence.

We continued to expand our supply base and drive innovation

We made significant progress in diversifying our supply chain by actively engaging more than 650 diverse and small businesses globally in 2024. We experienced substantial growth in both the number of diverse suppliers and amount spent (figure 4-3) with diverse suppliers in key markets such as Europe and India. With a Tier 1 spend of $591,989,909, an increase of 56.3% year over year, and a combined Tier 1 and Tier 2 spend of $632,078,253, we demonstrated our strong commitment to fostering a diverse supply chain and advancing equitable opportunities. Key growth in diverse supplier spend in Italy, Brazil and India was largely attributed to the expansion of our comprehensive training programs and outreach.

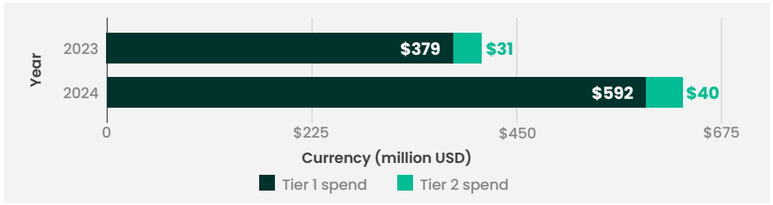


Figure 4-3: Total amount spent with diverse suppliers compared to the previous year. Our diverse supplier spend has increased by 56.3% compared to 2023.

SPOTLIGHT ON PROGRESS:

Supplier diversity engagement
Our teams hosted Supplier Diversity Days throughout Italy to educate our suppliers on the significance of supplier diversity within the country and to highlight our initiatives at Baker Hughes to support this cause. This enhanced education and understanding among both our internal teams and our supplier portfolio have led to an increase in the identification of diverse and small suppliers. Additionally, Anna Strachan collaborated with local teams to identify micro, small and medium-sized businesses in India as per our continued efforts of expanding into the Middle East, North Africa and India region.



WEConnect Conference in Paris, April 2024
From left to right: Luciano Marcantonio and Maria Cristina Martini from M.C Martini SNC, Susy Di Stasio from Baker Hughes, IET, Anna Strachan from Baker Hughes, HQ and Jerome Flint from WEConnect International

Aligning policies, customer needs and compliance continued

Safety and security

We are committed to protecting our people, workplaces and operations and respecting communities globally through proactive risk-based, intelligence-led, data-driven security programs and mitigation measures. Our security team supports business segments, functions and regions in accordance with our global risk and operational structure. The security team oversees the administration, governance and implementation of the crisis management and business continuity programs through global standards and processes, training, exercises and ongoing engagement.

At the center of our security operations is the Global Intelligence and Travel Security Operations Center (GITSOC) focused on monitoring global developments, issuing timely updates, administering the travel security program for high-risk locations and operating the emergency notification system for critical communications and operational impact.

Other priorities include monitoring global developments while educating and equipping employees to recognize, report and prevent an array of potential risks at our workplaces, while traveling or across our operations. Workplace violence, natural disasters, terrorism and broader socioeconomic or geopolitical risks are some of the potential risks monitored and managed.

Our security personnel focus on human rights

As a signatory to the UNGC, we align with the principles outlined in the Voluntary Principles on Security and Human Rights. In 2021, internal training and awareness resources were developed by our security team with the purpose of embedding these principles into our operations. Enterprise security personnel and embedded security contractors are required to complete annual training on human rights and adhere to our Supplier Integrity Guide, which includes guidelines on human rights.

Aligned with our strategic objective, 100% of our enterprise security personnel, including full-time security personnel and embedded contractors, received training on human rights in 2024. We integrate principles of security and human rights into our requests for proposals and tenders, encouraging all security suppliers and contractors to understand and adhere to our commitments to ethical business conduct.

SPOTLIGHT ON PROGRESS :

Indoor drones advance sustainability and human rights

The Enterprise Security team seeks to align with Baker Hughes' sustainability goals by utilizing innovative, cost-effective solutions that decrease carbon emissions while improving efficiencies.

Our security team is progressing toward deploying drones in certain facilities, increasing security capability and providing cost effective and sustainable security risk mitigation measures. While monitoring construction progress in the U.S. during 2024, we integrated our security service's sensors and alarms with our drones' onboard control software. This increases our security alarm detection capabilities and further enhances our ability to assess events occurring within the facility.



Madeline Woody, Lead Field/ Site Account Specialist, OFSE

Aligning policies, customer needs and compliance continued

Enhanced data protection, privacy and cybersecurity processes

We respect rights to data protection and privacy. In 2024, we enhanced our cybersecurity, data privacy detection and review procedures from the prior year. We did not identify any breaches, thefts or losses of customer personal data in 2024. We received zero substantiated complaints from external bodies or regulatory authorities concerning breaches of customer privacy. We are confident that our enhanced detection and review processes will continue to provide us with strong management capabilities to help in identifying and combating future cybersecurity threats and data privacy incidents.

We maintain cybersecurity (including data governance and data protection) and data privacy compliance programs, to protect our systems and information, comply with relevant laws and regulations and maintain a high level of trust. Our programs are focused on building digital trust through sound oversight of cybersecurity and privacy protections and the responsible use of data and technology. We protect our digital systems and data through a comprehensive cybersecurity management program and we operate an integrated Cyber Fusion Center to coordinate resources, reduce incident response time and shift toward a proactive cyber-defense model.

Oversight responsibilities for our cybersecurity and data privacy compliance digital trust compliance programs and risks lie with the Audit Committee of our Board of Directors. To emphasize the Board's commitment to cybersecurity, Director Rice obtained the National Association of Corporate Directors' computer emergency response team certificate in Cyber-Risk Oversight in 2023. The Board recognizes the rapidly evolving nature of cyber threats and is committed to the prevention, timely detection and mitigation of the effects of any such incidents on the Company and our stakeholders. Our Audit Committee receives reports on the Company's cybersecurity program and developments from our chief information officer and chief information security officer at scheduled Board meetings. These reports include analyses of recent cybersecurity threats and incidents across the industry, review of our own security controls, assessments and program maturity and risk mitigation status.

Our executive leadership is actively engaged in the oversight and strategic direction of our cybersecurity and data privacy compliance programs along with our risk mitigation efforts.

Incident reporting and management

Employees and stakeholders can report cybersecurity threats, privacy incidents or other concerns through external and internal reporting channels. We have established policies and procedures for responding to cybersecurity and privacy incidents, including protocols for escalating to executive leadership, engaging external stakeholders and reporting incidents. In response to new regulations adopted by the Securities and Exchange Commission (SEC) requiring registrants to disclose material cybersecurity incidents experienced and to annually disclose material information regarding their cybersecurity risk management, strategy and governance, Baker Hughes has developed a Cybersecurity Incident Checklist for SEC Materiality Assessments and Disclosures.

Cybersecurity

We leverage the United States National Institute of Standards and Technology cybersecurity framework to inform strategic direction and prioritize maturity improvement. We engage third-party security experts for risk assessments and program enhancements, including vulnerability assessments, cybersecurity tabletop exercises and internal phishing awareness campaigns. We also maintain information security risk insurance coverage. We did not experience a material cybersecurity incident in 2024.

SPOTLIGHT ON PROGRESS:

Cybersecurity Champions

The Cybersecurity Awareness Champions Program is a group of coworker ambassadors dedicated to bringing valuable information, knowledge and tips to their respective departments to drive our organization's cybersecurity. This program is centered around the organization's awareness theme of: Know. Do. Share. These ambassadors share best practices throughout the organization to help educate and sensitize our employees on spotting cybersecurity risks and learning the best ways to protect themselves and our enterprise systems.

Privacy and digital trust compliance

Our Global Digital Trust Compliance Program facilitates our business and personal information is protected and handled in accordance with applicable laws, standards for privacy, cybersecurity and information governance, our policies and applicable contractual obligations. The mandate and goal of our Digital Trust Compliance Program is to mitigate risks with a trust-centered purpose and to drive accountability for compliance business obligations and responsible use of data and technology through our Company's values, our Code of Conduct and our integrity programs. The program includes policies and procedures, enterprise risk assessment, privacy impact assessments, incident response and management, regular internal reviews, mandatory cybersecurity and privacy training and ongoing awareness campaigns for our employees to understand our policies and compliance requirements relevant to their functions.

"Cybersecurity is vital to our operations at Baker Hughes. As the chief information security officer, I recognize that in an era where digital threats are ever-evolving, safeguarding our data and systems is paramount. By prioritizing cybersecurity, we protect our intellectual property, strengthen the integrity of our operations and maintain the trust of our stakeholders. At Baker Hughes, cybersecurity is not just a technical requirement—it's a fundamental aspect of our commitment to excellence and resilience."

Alan Daines,
Chief Information Security Officer



Uphold high HSE standards

Our approach to health and safety

HSE principles are embedded in everything we do and how we work—from protecting the safety of our teams, operations and the environment, to maintaining compliance with external parties, customers and regulatory requirements.

Our commitment to HSE starts at the top levels of our Company and is embedded throughout all layers of the organization. Our SVP of Enterprise Operations Excellence, in partnership with our Enterprise HSE Leader, is responsible for our HSE systems and standards. Everyone at Baker Hughes plays a role in driving our culture to promote a safe, clean and productive environment to protect our team, deliver for our customers and minimize our environmental impact. Continuous learning, strong leadership and ongoing dialogue are essential to this process and our leaders play a critical role. Leadership engagements are one way we do this. These required monthly sessions aim to drive accountability while providing a consistent format for leaders to engage with their teams and track progress to make improvements over time.

In 2024, we implemented additional measures for leaders including providing targeted messaging for engagements and reference materials. Our leaders champion HSE and compliance by logging leadership engagements and monthly scorecards monitor progress throughout the year. An expanded system allowed us to track a wider selection of engagement categories and introduced a mobile application, which allows us to monitor engagements in real-time.

All employees and contractors have a responsibility and are empowered to actively own HSE to help in ensuring the health and safety of everyone around them. In 2024, we logged 1,673,134 HSE observations, a 16.0% increase in observations from the prior year. One of the ways employees participate in owning HSE is by submitting observations for behaviors or conditions that should be recognized as best practices or if there is a concern and intervention is required.

The health and safety of our employees and contractors is non-negotiable. We strive to instill a continuous improvement mindset in everything we do, utilizing numerous sources of data to drive a reduction in the frequency and significance of incidents. These leading and lagging indicators provide tremendous value in terms of targeting improvement areas and maturing our safety culture enterprise wide. In addition to the goals stated within our sustainability strategy, we have also included new goals aimed at reducing hand and line-of-fire incidents, as well as reducing the occurrence of Fatality and Permanent Impairment incidents.

Here's how we performed in 2024:

- **Average hours of HSE training** for employees increased to 6.5 hours, a 4.9% increase YoY, indicative of a positive trend towards enhancing employee safety and health education.
- **Leadership engagements** remained high at 66,784, which showed a strong commitment from leadership towards HSE initiatives. Engagement levels often correlate with better implementation of safety practices and policies.
- **ISO 45001:2018 certified sites** increased to 71 sites. This certification focuses on occupational health and safety management systems, exemplifying our robust framework for managing workplace safety.
- **Our EMS** reflects our commitment to sustainable practices and environmental responsibility. In total, we had 90 sites certified to ISO 14001:2015.
- **TRIR** decreased by 10.7% YoY to 0.25 demonstrating that the safety measures and training are effectively reducing the number of incidents.
- **Total Recordable Illnesses** increased to 23 cases in 2024. Improvements to our evaluation process and rigor did result in a higher number of recordable illnesses, but helped us with accuracy in our reporting.

"In an ever rapidly evolving energy market, our pledge to drive safety, health and environmental stewardship stands at the forefront of our mission. We strive for excellence in our HSE practices, exploring innovative solutions to mitigate risks and ensure sustainability. Nurturing a proactive safety culture and championing environmental responsibility, we set the stage for a greener, healthier and safer future for everyone."

Saverio Gradassi,
IET Global HSE and Sustainability Director



SPOTLIGHT ON PROGRESS:

Enhanced HSE training and risk management in 2024

Our HSE training helps to educate and maintain our employee's knowledge of safe working practices and procedures, increase awareness of risks and lower our incident rate. Our management maintains a goal of all Perfect HSE Days for our operations annually, helping to maintain vigilance for our safety culture. Measuring and analyzing impacts that reduce our Perfect HSE Days enable us to reflect and improve.

We are committed to acting responsibly and promoting a healthy, secure and respectful environment for our people, customers, partners and communities in which we operate. Our HSE Management System is an enterprise-wide framework that drives continuous improvement in our performance and legal compliance across our operations globally. It includes more than 50 global operational control procedures that detail minimum requirements for managing HSE risk in our operations, which apply to all our employees, sites and operations globally, including contractors and third parties working on behalf of Baker Hughes. These policies and procedures conform to recognized ISO requirements.

We use a risk-based approach to identify hazards that could lead to adverse HSE impacts or cause processes to deviate from planned results. Our risk management process includes hazard identification, risk analysis and risk mitigation. The hazards identified as contributing to cases of illness during the reporting period are associated with exposure to extreme environmental temperatures and repetitive motion work activities. Continued governance and focus on implementing a work and rest schedule for extreme heat environments and educational communications have been developed to alert the organization of the hazard and potential risk control options. Although the occurrence of repetitive motion musculoskeletal disorders is not common for our work, efforts are underway to improve occupational ergonomics for our teams.

Uphold high HSE standards continued

Our comprehensive process safety management aligns with industry best practices

Our process safety management program is aligned to industry standards and best practices to prevent or mitigate uncontrolled releases of hazardous material and energy that can result in catastrophic safety or environmental consequences. The program is underpinned by process safety operations fundamentals and includes global and business-specific procedures, risk assessments, barrier verification checklists, training and threat response drills, as well as core management system elements customized for process safety such as management of change, audits and incident management.

Process safety projects are ongoing within both business segments. Process safety audits are conducted for performance assurance, including execution of an audit strategy targeted at high-risk or critical operations within specific business units. These audits help to maintain sustainable performance of process safety risk management across the enterprise. Learnings from incidents are used to improve the quality of task execution for safety critical operations as a key to reducing risk as low as reasonably practicable. Process safety operations fundamentals were designed as a human performance aid to continually reinforce the most foundational requirements and behaviors necessary to prevent fatal process safety events.

Process safety events include challenges to the overall barrier system, loss of primary containment and well control incidents, all of which included in our leading and lagging performance indicators. We place strong emphasis on our leading indicators, which enables us to proactively measure risk and extract actionable insights without the impacts of high consequence events.

Project-based process safety collaboration occurs internally and externally. Engagement with customers, industry and regulatory agencies occur continually to advance process safety performance through learnings and sharing of best practices. Other contributions to industry include technical publications, presentations, chairing technical sessions and active contribution to industry committees and workgroups.

Our ambition to achieve zero consequence process safety events drives our strategy and approach, which is centered around the following principles:

- Process safety hazards and risks are understood across the Company.
- Process safety is intrinsic to product and service delivery.
- Sound risk mitigation is applied through operational and asset integrity.
- Process safety is sustained through continual learning and improvement.

Enhancing global occupational health programs

Baker Hughes continued to invest in the occupational health risk identification of our workers in 2024. Our medical staff lead global programs such as Fit for Remote Assignment Medical Exam (FRAME) and Malaria Prevention Program, which are designed to reduce risk by assessing fitness for duty and to help keep our employees healthy so that they can safely deliver our services and products for our customers. We also oversee policies and procedures around medical surveillance and maintain relationships with medical vendors globally to support the needs of the enterprise.

Global disability accommodation

Within our Global Occupational Health team, our medical staff are developing policy and procedure guidance that will ensure all employees with disabilities have access to an interactive process to discuss options for reasonable accommodations in the workplace. Our employee well-being is linked to how we address matters of privacy, compliance and discrimination.

The team continues to assess and support activities globally and to collaborate with professionals across the business to develop the necessary information and documents for people leaders, employees and candidates with regards to disability accommodation. Our discussions factor in confidentiality, worker safety, local laws and regulations, business needs and essential job functions.

Our U.S. Accommodation policy is based on the Americans with Disabilities Act and the new Pregnant Workers Fairness Act. New policies and tools under development will enhance guidance for existing processes related to supporting women's health, transitional work and travel. Plans for the coming year include finalizing documents, tools, position statements, communicating and educating leaders and employees. This helps us to support efforts to recruit and retain diverse talent.

Fit for Remote Assignment Medical Exam Program

The FRAME program establishes a global standard process for employees who are assigned to work offshore, at onshore remote locations or at customer sites requiring medical clearance. This program requires employees undergo a comprehensive medical examination to assess their readiness to work in remote environments. The program is managed by third-party administrators who promote the use of quality occupational medical providers and standardized medical protocols to drive consistency against industry standards and help ensure that medical privacy is maintained. Workers contracted by us to do remote or offshore field services work are required to undergo an equivalent medical examination.

Here are the benefits from FRAME:

- We confirm field employees are authentically ready for remote assignment mobilization versus "having a certificate."
- We align and arrange supporting exams to assure compliance to customer and country requirements.
- Mobilization teams can schedule in advance and avoid mobilization interruptions.
- Health, safety and medical teams can focus on leading indicators, detecting and mitigating health risks to workers in remote assignment locations.
- Certificate outcomes clearly include any restrictions to help ensure safe assignments.
- Reduced risk of negative outcomes from serious medical events occurring in remote or offshore locations with delays to medical care.



Teresa Caruso, Niccolo Puliti, Aspire associates, IET

Uphold high HSE standards continued

Employee health and privacy

We emphasize the protection of personal information, including personal health data. We do not routinely house or capture personal health-related information unless required, such as for medical accommodations or as they may relate to work incidents. In situations where we collect personal health information, we implement strict access control and confidentiality policies including, but not limited to, our Personnel Privacy Notice and our Data Privacy Policy. All personal health information on workers is maintained through our independent and highly vetted third-party vendors that administer our benefit programs. Should any personal health-related information be collected, we have strict access control measures designed to limit visibility and management of data to only those required for the business process.

Malaria Prevention Program

The Malaria Prevention Program establishes requirements for a malaria control plan (MCP) to protect personal health. The program focuses on educating and preparing employees who are traveling to malaria-risk areas and outlines prevention measures that should be taken by Baker Hughes worksites located in malaria-risk areas. Travelers are provided ABCD education (Awareness, Bite Prevention, Chemoprophylaxis and early Diagnosis) through the travel booking process. In addition, travelers are informed about how to obtain preventive medication and supplies, personal behaviors to avoid mosquito bites and how and when to seek medical attention. Worksites are required to have controls in place to prevent breeding grounds for mosquitoes. Site-based Malaria Control Officers assist with providing training to local employees, distributing prevention supplies to incoming employees and visitors and supporting the investigation of confirmed malaria cases.

In 2024, we added important educational information to our program regarding G6PD deficiency, an inherited enzyme deficiency that affects red blood cells. G6PD is the most common metabolic deficiency globally but has a unique connection to malaria as it can put an employee at risk during malaria treatment. This new educational material allows employees and providers to understand the importance of knowing G6PD status, risk of taking certain malaria chemoprophylaxis or treatment medicine and the necessity to communicate their status if being tested or treated for malaria. We require customer-controlled facilities to have a Malaria Control Officer in place. Where possible, the customer should implement or support the Baker Hughes Malaria Prevention Program per the terms of the Baker Hughes and customer master contract.

Tuberculosis

We recognize the global risk and prevalence of Tuberculosis (TB). This year we began the development of a Company policy regarding TB testing and case management. This procedure will contain guidance for teams and employees regarding customer required testing compliance as well as clinically indicated testing. We are working to develop educational materials to provide to employees about the risks of TB and the circumstances to report exposure. These materials will also give guidance to teams and stakeholders about case management, compliance to local public health guidance and will document safe handling of TB medical records.



Alaa Albusaeedi, Field Engineer, IET

Appendices

We are constantly enhancing our methods for tracking, measuring and reporting sustainability data, adhering to the best practices in sustainability reporting. We ensure the data we report is reliable and verified, and we remain dedicated to maintaining transparency regarding the quality of our data. The processes and controls that govern the information in this report are well-defined. Once the process owners review and approve each Key Performance Indicator (KPI) and metric, the report is drafted and the data is then reviewed by our internal audit team. Our internal auditors employ stringent monitoring procedures that reflect financial data governance and internal auditing standards to improve the accuracy of our reporting.

Appendix A – Standard Alignment Tables

The indices below demonstrate how we report with reference to or in alignment with specific frameworks relevant to our industry and recognized sustainability standards. This information relies on the best available data at the time of publication and may be updated. In certain instances, the data is estimated and relies solely on our interpretation and judgment.

The tables are presented as follows:

Metrics retired in 2024

In conjunction with our commitment to reporting reliable investor-grade data, we are simultaneously committed to providing transparency in what we disclose and how we decide to retire metrics and key performance indicators (KPIs) that are no longer in line with the changing regulatory landscape. We conduct a thorough review following documented processes, requiring the approval of our Chief Sustainability Officer to determine if and when to retire metrics or KPIs. The below denotes the metrics retired as of this cycle and the reasoning.

Global Reporting Initiative (GRI) Index

Disclosures are prepared with reference to or in accordance with with select GRI standards or GRI 11: Oil and Gas Sector Standard 2021 when identified with an asterisk (*).

Sustainability Accounting Standards Board (SASB) Index

Disclosures are prepared with reference to or in accordance with SASB Gas Services Industry Standard–Extractives and Minerals Processing Sector Standard.

Task Force on Climate related Financial Disclosures (TCFD) Index

Disclosures are prepared using Baker Hughes 2024 financial and sustainability disclosures and with reference to TCFD recommendations.

CDP Index

The index aligns to to CDP's questionnaire and disclosures are prepared with reference to or in accordance with CDP's guidance and structure.

Appendix B – Statements and Notes with Independent Accountants' Report

An Independent Accountants' Report precedes the related People, Planet and Principles reporting.

Our People, Planet and Principles data are presented as follows:

People:

- Statements and Notes on People Metrics

Planet:

- Statements and Notes on GHG Carbon Dioxide Equivalent (CO_2e) Emissions
- Statements and Notes on Planet Metrics
- Statement and Notes on TCFD Metrics

Principles

- Statements and Notes on Principles Metrics

Glossary of Terms

Appendix C – Stakeholder Engagement

Our stakeholder engagement table provides transparency and accountability by describing the various methods and processes by which a broad spectrum of both internal and external stakeholders are engaged. The table identifies key stakeholder groups, methods of engagement including frequency and examples.

Appendix A:

Standard Alignment Tables

Metrics retired in 2024

Metric	KPI	Reasoning
Local Spend	# Local spend	Due to system constraints, data analysis for certain suppliers is not possible, necessitating the discontinuation of reporting.
Local Spend	% Local Spend	Due to system constraints, data analysis for certain suppliers is not possible, necessitating the discontinuation of reporting.
Customer Data Privacy	# of identified leaks, thefts, or losses of customer data	Data disclosure has been suspended to mitigate security risks and ensure the protection of sensitive information.
Professional development planning with manager	# of employees completing professional development planning with their manager	Due to lack of alignment with GRI requirements, these KPIs were retired.
Employees in leadership programs	# of employees participating in each leadership development program - ASCEND	The ASCEND program was sunsetted in 2023.
Regular performance and career development reviews	% of PB+ employees receiving regular performance and career development reviews by gender - Men	Due to lack of alignment with GRI requirements, these KPIs were retired.
	% of PB+ employees receiving regular performance and career development reviews by gender - Women	
	% of PB+ employees receiving regular performance and career development reviews by gender - Gender undeclared	
	% of PB+ employees receiving regular performance and career development reviews by gender - No gender selected	

GRI Index

GRI Topic Standard	Disclosure No.	Disclosure title	Location and data
General disclosure	2-1	Organizational details	Baker Hughes Company 575 N. Dairy Ashford Rd., Suite 100, Houston, Texas U.S. Form 10-K
	2-2	Entities included in the organization's sustainability reporting	Form 10-K
	2-3	Reporting period, frequency and contact point	January 1, 2024 through December 31, 2024; Annual reporting: April 29, 2025; SustainabilityTeam@bakerhughes.com
	2-4	Restatements of information	Base year Appendix B: Statements and Notes on GHG CO_2e Emissions Appendix B: Statements and Notes on Planet Metrics
	2-5	External assurance	Refer to Appendix B Independent Accountants' Report
	2-6	Activities, value chain and other business relationships	a: Who we are, pp. 6-16 b: Information unavailable d: Who we are, pp. 6-12
	2-7	Employees	a:b (iv:v): People, pp. 17-33 b:c: Appendix B: Statements and Notes on People Metrics d:e: Our People, pp. 19-21
	2-8	Workers who are not employees	a: Our People, p. 19 b:c Information unavailable
	2-9	Governance structure and composition	2025 Proxy Statement
	2-10	Nomination and selection of the highest governance body	2025 Proxy Statement
	2-11	Chair of the highest governance body	2025 Proxy Statement
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance, p. 54
	2-13	Delegation of responsibility for managing impacts	Corporate governance, p. 54
	2-14	Role of the highest governance body in sustainability reporting	Governance of sustainability, p. 55
	2-15	Conflicts of interest	2025 Proxy Statement
	2-16	Communication of critical concerns	Open reporting and consultation, p. 57 b: Data not available due to confidentiality constraints
	2-17	Collective knowledge of the highest governance body	Our Board of Directors consists of corporate leaders with expertise in substantive areas that guide our corporate strategy and objectives, including our sustainability strategy. In furtherance of its responsibility to oversee the Company's position on corporate social responsibility and public issues of significance that affect investors and other key stakeholders, the Governance and Corporate Responsibility Committee reviews the composition of the Board on an annual basis in order to ensure that the collective knowledge, skills and experience of the Board aligns with the Company's sustainability goals. In addition, the Committee recommends director candidates for annual election, and identifies desired skills, experience and capabilities. The Committee strives to maintain a Board with varied expertise and perspective and one that reflects diversity, including but not limited to gender, ethnicity, background and experience.

GRI Topic Standard	Disclosure No.	Disclosure title	Location and data
General Disclosure	2-18	Evaluation of the performance of the highest governance body	Our Board of Directors is committed to overseeing the integration of sustainability principles throughout the organization. The Board receives updates around our sustainability strategy and long-term sustainability objectives on a periodic basis. While our full Board is tasked with sustainability oversight, some of its committees have responsibility for certain aspects of the sustainability strategy. The Human Capital and Compensation Committee reviews human capital management metrics. The Governance and Corporate Responsibility Committee oversees the Company's positions on corporate social responsibility and has been charged by the Board with oversight responsibility of the Company's environmental matters as well as assessing its sustainability strategy and initiatives, including the publication of our Corporate Sustainability Report. In addition, the Governance and Corporate Responsibility Committee receives regular reports from management on the Company's environmental risk and sustainability priorities, including progress on achieving our net-zero emission goals, our sustainability reporting frameworks and sustainability ratings. The Audit Committee monitors compliance, human rights concerns and ethics risks. As reflected in our Governance Principles, the Board performs an annual self-evaluation led by the lead independent director. As a component of the annual evaluation, each director is asked to provide an assessment around the effectiveness of the Board and its committees. The Board utilizes the results of its annual self-evaluation to identify areas of improvement and strengthen corporate governance practices. The Governance and Corporate Responsibility Committee monitors the process to assess the effectiveness of the Board. On a periodic basis, the lead independent director has engaged independent governance experts to facilitate the evaluation process.
	2-19	Remuneration policies	a:b The Human Capital and Compensation Committee reviews the executive and director compensation each year to ensure that compensation aligns with the Company's long term strategies. Our policies around executive compensation reinforce market-aligned and pay for performance compensation programs. The Human Capital and Compensation Committee has responsibility for reviewing the relationship between our risk management policies and practices, corporate strategy and senior executive compensation and assessing whether any such risk is reasonably likely to have a material adverse effect on the Company. Additional details on our Board of Director's compensation and our executive compensation policies and programs, including the process for determining remuneration, can be found in the Compensation, Discussion and Analysis section of our 2025 Proxy Statement as filed with the Securities and Exchange Commission.
	2-20	Process to determine remuneration	2025 Proxy Statement
	2-21	Annual total compensation ratio	2025 Proxy Statement
	2-22	Statement on sustainable development strategy	A letter from our leaders, p. 4
	2-23	Policy commitments	Championing ethics and compliance, pp. 56-57
	2-24	Embedding policy commitments	Championing ethics and compliance, pp. 56-57
	2-25	Processes to remediate negative impacts	Championing ethics and compliance, pp. 56-57
	2-26	Mechanisms for seeking advice and raising concerns	Open reporting and consultation, p. 57
	2-27	Compliance with laws and regulations	Material legal actions, if any, are reported in our Form 10-K
	2-28	Membership associations	Assessing sustainability topics- GRI materiality, p. 14 Appendix C: Stakeholder Engagement
	2-29	Approach to stakeholder engagement	Assessing sustainability topics- GRI materiality, p. 14 Appendix C: Stakeholder Engagement
	2-30	Collective bargaining agreements	a: Appendix B: Statements and Notes on Principles Metrics b: Data not available due to confidentiality constraints
Material topics	3-1	Process to determine material topics	Assessing sustainability topics- GRI materiality, p. 14
	3-2	List of material topics	GRI materiality assessment - 2024, p. 16
	3-3*	Management of material topics	People, pp. 17-33; Planet, pp. 34-51; Principles, pp. 52-66
Economic performance	201-1*	Direct economic value generated and distributed	Our economic impact, p. 6 Tax by country and economic value generated are not reported due to confidentiality constraints.
	201-2*	Financial implications and other risks and opportunities due to climate change	Managing opportunities and risks due to climate change and transition to low-carbon economy, p. 51
	201-4*	Financial assistance received from government	Information unavailable
Market presence	202-2*	Proportion of senior management hired from the local community	Information unavailable
Indirect economic impact	203-1*	Infrastructure investments and services supported	Information unavailable
	203-2*	Significant indirect economic impacts	Information unavailable
Anti-corruption	205-1*	Operations assessed for risks related to corruption	a: Appendix B: Statements and Notes on Principles Metrics All business segments assessed. Anti-bribery and anti-corruption, p. 56
	205-2*	Communication and training about anti-corruption policies and procedures	a,b,d,e: Appendix B: Statements and Notes on Principles Metrics Data not provided by region or employee category. Data regarding business partners (205-2c) is unavailable.
	205-3*	Confirmed incidents of corruption and actions taken	Data is not available due to confidentiality constraints
Anti-competitive behavior	206-1*	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Form 10-K

GRI Topic Standard	Disclosure No.	Disclosure title	Location and data
Tax	207-1*	Approach to tax	Tax, p. 59
	207-2*	Tax governance, control and risk management	Tax, p. 59
	207-3*	Stakeholder engagement and management of concerns related to tax	Tax, p. 59
	207-4*	Country-by-country reporting	Information unavailable
Energy	302-1*	Energy consumption within the organization	Zero-carbon energy, p. 40 Appendix B: Statements and Notes on Planet Metrics Appendix B: Statements and Notes on GHG CO_2e Emissions c: Information unavailable
	302-2*	Energy consumption outside the organization	Information unavailable
	302-3*	Energy intensity	a: Appendix B: Statements and Notes on Planet Metrics b:d: information unavailable
	302-4	Reduction of energy consumption	a:b: Actions, not offsets, drive real change, p. 40 c:d: Appendix B: Statements and Notes on GHG CO_2e Emissions
Water and effluents	303-1*	Interactions with water as a shared resource	a: Water stewardship, p. 48 b: information unavailable c: Water stewardship, p. 48 d: Information unavailable
	303-2*	Management of water discharge-related impacts	a: Information unavailable.
	303-3*	Water withdrawal	a:b: Water stewardship, p. 48; Appendix B: Statements and Notes on Planet Metrics c. Information unavailable d: Appendix B: Statements and Notes on Planet Metrics
	303-4*	Water discharge	a: Water stewardship, p. 48; Appendix B: Statements and Notes on Planet Metrics b:d: Information unavailable e: Water stewardship, p. 48; Appendix B: Statements and Notes on Planet Metrics
	303-5*	Water consumption	a:b: Water stewardship, p. 48; Appendix B: Statements and Notes on Planet Metrics c: Information unavailable d: Water stewardship, p. 48; Appendix B: Statements and Notes on Planet Metrics
Biodiversity	304-1*	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	Protecting biodiversity and natural capital, p 50
	304-2*	Significant impacts of activities, products and services on biodiversity	Information unavailable
	304-3*	Habitats protected or restored	a: Information unavailable. b: Protecting biodiversity and natural capital, p. 50 c:d: Information unavailable.
	304-4*	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Appendix B: Statements and Notes on Planet Metrics
Emissions	305-1*	Direct (scope 1) GHG emissions	Emissions are reported in accordance with the GHG Protocol. a:g: Appendix B: Statements and Notes on GHG CO_2e Emissions
	305-2*	Energy indirect (scope 2) GHG emissions	Emissions are reported in accordance with the GHG Protocol. a:g: Appendix B: Statements and Notes on GHG CO_2e Emissions
	305-3*	Other indirect (scope 3) GHG emissions	Emissions are reported in accordance with the GHG Protocol. a:g: Appendix B: Statements and Notes on GHG CO_2e Emissions
	305-4*	GHG emissions intensity	Emissions are reported in accordance with the GHG Protocol. a:d: Appendix B: Statements and Notes on GHG CO_2e Emissions
	305-5*	Reduction of GHG emissions	Scope 1 and 2 emissions, p. 37 Emissions are reported in accordance with the GHG Protocol. a:e: Appendix B: Statements and Notes on GHG CO_2e Emissions
	305-6	Emissions of ozone-depleting substances (ODS)	Not reported, not applicable
	305-7*	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Information unavailable

GRI Topic Standard	Disclosure No.	Disclosure title	Location and data
Waste (2020)	306-1*	Waste generation and significant waste-related impacts	a: Waste management and circular economy, p. 47
	306-2*	Management of significant waste-related impacts	a:c: Waste management and circular economy, p. 47
	306-3*	Waste generated	a:b Waste management and circular economy, p. 47 a:b Appendix B: Statements and Notes on Planet Metrics
	306-4*	Waste diverted from disposal	a:d: Waste management and circular economy, p. 47 a:e: Appendix B: Statements and Notes on Planet Metrics
	306-4*	Waste directed to disposal	a:d: Waste management and circular economy, p. 47 a:e: Appendix B: Statements and Notes on Planet Metrics
Effluents and waste (2016)	306-3*	Significant spills	Spills and releases, p. 49 Appendix B: Statements and Notes on Planet Metrics
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Information unavailable.
	308-2	Negative environmental impacts in the supply chain and actions taken	c: Buffering sustainability risks through our Enterprise Risk Management process, p. 55 a,b,d,e: Information unavailable.
Employment	401-1*	New employee hires and employee turnover	a: Total number in Appendix B: Statements and Notes on People Metrics; rate information unavailable b: Appendix B: Statements and Notes on People Metrics
	401-2*	Benefits provided to full-time employees that are not provided to temporary or part-time employees	a: Recognize and reward, p.27; Baker Hughes Rewards and Benefits b: Our significant operations are those where we conduct manufacturing, assembly, maintenance and service operations.
	401-3*	Parental leave	a:c: Appendix B: Statements and Notes on People Metrics d:e: Information unavailable
Labor/Management relations	402-1*	Minimum notice periods regarding operational changes	a: We comply with local laws and collective bargaining agreements pertaining to operational changes. Notice periods vary by geography but are generally at least one month. b: Information unavailable
Occupational health and safety	403-1*	Occupational health and safety management system	Uphold high HSE standards, pp. 64-66 Our comprehensive process safety management aligns with industry best practices, p. 65
	403-2*	Hazard identification, risk assessment and incident investigation	Uphold high HSE standards, pp. 64-66
	403-3*	Occupational health services	Uphold high HSE standards, pp. 64-66 Our comprehensive process safety management aligns with industry best practices, p. 65
	403-4*	Worker participation, consultation and communication on occupational health and safety	Uphold high HSE standards, pp. 64-66 Our comprehensive process safety management aligns with industry best practices, p. 65
	403-5*	Worker training on occupational health and safety	Uphold high HSE standards, pp. 64-66
	403-6*	Promotion of worker health	Uphold high HSE standards, pp. 64-66
	403-7*	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Uphold high HSE standards, pp. 64-66 Our comprehensive process safety management aligns with industry best practices, p. 65
	403-8*	Workers covered by an occupational health and safety management system	Uphold high HSE standards, pp. 64-66
	403-9*	Work-related injuries	Appendix B: Statements and Notes on Principles Metrics Our comprehensive process safety management aligns with industry best practices, p. 65 Formula for calculating TRIR: number of recordable cases, multiplied by 200,000, divided by number of hours worked. Total hours worked is calculated using factors based on job family data for each employee, such as length of shift and overtime typical of job families. Data is not available due to confidentiality constraints and some information is unavailable for non-employees due to data limitations.
	403-10*	Work-related ill health	Appendix B: Statements and Notes on Principles Metrics Uphold high HSE standards, pp. 64-66
Training and education	404-1*	Average hours of training per year per employee	a: Appendix B: Statements and Notes on People Metrics
	404-2*	Programs for upgrading employee skills and transition assistance programs	a:b: Engage and develop, pp. 24-26
	404-3	Percentage of employees receiving regular performance and career development reviews	a: Appendix B: Statements and Notes on People Metrics
Diversity and equal opportunity	405-1*	Diversity of governance bodies and employees	a: 2025 Proxy Statement b: Appendix B: Statements and Notes on People Metrics
	405-2*	Ratio of basic salary and remuneration of women to men	Information not available due to confidentiality constraints
Non-discrimination	406-1*	Incidents of discrimination and corrective actions taken	Information not available due to confidentiality constraints
Freedom of association and collective bargaining	407-1*	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information unavailable

GRI Topic Standard	Disclosure No.	Disclosure title	Location and data
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	a:b: Information unavailable c: Human rights, p. 59; SSRP enhances supply chain integrity and compliance, p. 61
Forced or compulsory labor	409-1*	Operations and suppliers at significant risk for incidents of forced or compulsory labor	a: Information unavailable. b: Human rights, p. 59; SSRP enhances supply chain integrity and compliance, p. 61
Rights of indigenous peoples	411-1*	Incidents of violations involving rights of indigenous peoples	Information unavailable
Local communities	413-1*	Operations with local community engagement, impact assessments and development programs	Information unavailable
	413-2*	Operations with significant actual and potential negative impacts on local communities	Form 10-K.
Supplier social assessment	414-1*	New suppliers that were screened using social criteria	Information unavailable
	414-2*	Negative social impacts in the supply chain and actions taken	Appendix B: Statements and Notes on Principles Metrics c:e: Information unavailable
Public policy	415-1*	Political contributions	2024 Political Contributions Report
Customer health and safety	416-1*	Assessment of the health and safety impacts of product and service categories	Information unavailable
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Enhanced data protection, privacy and cybersecurity processes, p. 63

Index to SASB sector standards

Sector	Topic	Accounting metric	Code	Information reference
Oil and Gas Services	Emission reduction services and fuels management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles and (2) off-road equipment	EM-SV-110a.1	(1) Total Fuel Consumption: 5,943,523 GJ (2) 0% (3-1), (3-2) Data not available
		Discussion of strategy or plans to address air emissions-related risks, opportunities and impacts	EM-SV-110a.2	Planet, p. 34-51
		Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	EM-SV-110a.3	Data not available
	Water Management Services	(1) Total volume of fresh water handled in operations, (2) percentage recycled	EM-SV-140a.1	(1) Total water withdrawal: 2,687,495 m^3 Total water consumption: 496,837 m^3 Total water discharge: 2,190,658 m^3 (2) Standard not applicable
		Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts	EM-SV-140a.2	Water stewardship, p. 48
	Chemicals Management	Volume of hydraulic fracturing fluid used, percentage hazardous	EM-SV-150a.1	(1)(2) Data not available
		Discussion of strategy or plans to address chemical-related risks, opportunities and impacts	EM-SV-150a.2	Managing chemicals, p. 49
	Ecological Impact Management	Average disturbed acreage per (1) oil and (2) gas well site	EM-SV-160a.1	(1)(2) Standard not applicable
		Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	EM-SV-160a.2	Protecting biodiversity and natural capital, p. 50
	Workforce Health and Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR) and (5) average hours of health, safety and emergency response training for (a) full-time employees, (b) contract employees and (c) short-service employees	EM-SV-320a.1	(1a) 0.25 (1b:c) Data not available (2a), (2b), (2c) Data not available (3a), (3b), (3c) Data not available (4a), (4b), (4c) Data not available (5a) 6.46 hours (5b) 1.10 hours (5c) 3.73 hours
	Workforce Health and Safety	Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	EM-SV-320a.2	Our comprehensive process safety management aligns with industry best practices, p. 65
	Business Ethics and Payments Transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-SV-510a.2	Championing ethics and compliance, p. 56-57
	Management of the Legal and Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-SV-530a.1	Managing opportunities and risks due to climate change and transition to low-carbon economy, p. 51 Assessing sustainability topics- Global Reporting Index materiality p. 14 Appendix C: Stakeholder Engagement
Oil and Gas Services	Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-SV-540a.1	Our comprehensive process safety management aligns with industry best practices, p. 65
Oil and Gas Exploration and Production	Biodiversity Impacts	(1) Number and aggregate volume of hydrocarbon spills, (2) volume in Arctic, (3) volume impacting shorelines with ESI rankings 8-10 and (4) volume recovered	EM-EP-160a.2	(1) 32 barrels of oil; 7 barrels of fuel (2) 0 barrels (3) 201 barrels (4) 36 barrels
Oil and Gas Services	Activity Metrics	Number of active rig sites	EM-SV-000.A	Standard not applicable
		Number of active well sites	EM-SV-000.B	Standard not applicable
		Total amount of drilling performed	EM-SV-000.C	Standard not applicable
		Total number of hours worked by all employees	EM-SV-000.D	Data not available

TCFD Index

1. Governance

TCFD Recommendations	Disclosure content and references
Describe the board's oversight of climate-related risks and opportunities.	Corporate governance, p. 54 Governance of sustainability, p. 55
Describe management's role in assessing and managing climate-related risks and opportunities.	Governance of sustainability, p. 55

2. Strategy

TCFD Recommendations	Disclosure content and references
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term.	• Assessing sustainability topics- GRI materiality, p. 14 • Managing opportunities and risk due to climate change and transition to low-carbon economy, p. 51 • Form 10-K, Risk Factors, p. 16
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	• A letter from our leaders, p. 4 • Assessing sustainability topics- GRI materiality, p. 14 • Managing opportunities and risk due to climate change and transition to low-carbon economy, p. 51
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Managing opportunities and risk due to climate change and transition to low-carbon economy, p. 51

3. Risk Management

TCFD Recommendations	Disclosure content and references
Describe the organization's processes for identifying and assessing climate-related risks.	• Assessing sustainability topics- GRI materiality, p. 14 • Our Planet strategy, p. 35 • Managing opportunities and risk due to climate change and transition to low-carbon economy, p. 51
Describe the organization's processes for managing climate-related risks.	• Planet, p. 34-51 • Managing opportunities and risk due to climate change and transition to low-carbon economy, p. 51
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	• Buffering sustainability risks through our Enterprise Risk Management process, p. 55

4. Metrics and Targets

TCFD Recommendations	Disclosure content and references
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Emissions are reported in accordance with the GHG Protocol. Refer to Appendix B: Statements and Notes on GHG CO_2e Emissions and Appendix B: Statement and Notes on TCFD Metrics.
Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emissions and the related risks.	• Emissions are reported in accordance with the GHG Protocol. Refer to Appendix B: Statements and Notes on GHG CO_2e Emissions and Appendix B: Statement and Notes on TCFD Metrics.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	• Our Planet strategy, p. 35

CDP Index

Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.				
Opportunity type and primary environmental opportunity driver	**Value chain stage where the opportunity occurs**	**Primary financial effect of the opportunity**	**Time horizon over which the opportunity is anticipated to have a substantive effect on the organization**	**Likelihood of the opportunity having an effect within the anticipated time horizon**
Development of new products or services through research and development and innovation	Direct operations	Increased revenues resulting from increased demand for products and services	Medium-term	Likely (66–100%)
Strategy to realize opportunity				
Our future success may depend upon our ability to effectively execute on our energy transition strategy. Our strategy depends on our ability to develop additional innovative technologies and work with our customers and partners to advance new energy solutions such as carbon capture utilization and storage (CCUS), hydrogen energy, geothermal and other integrated solutions. If the energy transition landscape changes faster than anticipated or faster than we can transition or if we fail to execute our energy transition strategy as planned, demand for our technologies and services or access to credit could be adversely affected.				

Does your organization have a board of directors or an equivalent governing body?	
Frequency with which the board or equivalent meets	**Types of directors your board or equivalent is comprised of**
Quarterly	Executive directors or equivalent
	Non-executive directors or equivalent
	Independent non-executive directors or equivalent

Positions of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.		
Positions of individuals or committees with accountability for this environmental issue	**Policies which outline the positions' accountability for this environmental issue**	**Frequency with which this environmental issue is a scheduled agenda item**
Board chair	Board Terms of Reference	Scheduled agenda item in every board meeting (standing agenda item)
Chief Executive Officer (CEO)	Board mandate	
Board-level committee	Individual role descriptions	
Chief Sustainability Officer (CSO)		

Governance mechanisms into which this environmental issue is integrated		**Explanation**
Overseeing the setting of corporate targets	Approving corporate policies and/or commitments	Refer to the **We ensure sustainable governance** section of the report.
Monitoring progress towards corporate targets	Monitoring compliance with corporate policies and/or commitments	
Overseeing and guiding major capital expenditures	Overseeing and guiding acquisitions, mergers and divestitures	
Overseeing and guiding scenario analysis	Overseeing and guiding the development of a business strategy	
Reviewing and guiding the assessment process for dependencies, impacts, risks and opportunities	Monitoring the implementation of the business strategy	
Overseeing reporting, audit and verification processes	Overseeing and guiding major capital expenditures	
Overseeing and guiding the development of a climate transition plan		

Does your organization's board have competency on environmental issues?	
Board-level competency on this environmental issue	**Mechanisms to maintain an environmentally competent board**
Yes	The Governance and Corporate Responsibility Committee evaluates Board composition regularly and identifies skills, experience and capabilities desirable for new directors in light of the Company's business and strategy, including sustainability and digital/AI experience.

Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Position of individual or committee with responsibility	Environmental responsibilities of this position		Reporting line	Frequency of reporting to the board on environmental issues
Chief Sustainability Officer (CSO)	Managing annual budgets related to environmental issues	Setting corporate environmental targets	SVP, Enterprise Operational Excellence	Quarterly
	Managing major capital and/or operational expenditures relating to environmental issues	Measuring progress towards environmental corporate targets		
	Providing employee incentives related to environmental performance	Managing public policy engagement related to environmental issues		
	Implementing a climate transition plan	Managing value chain engagement related to environmental issues		
	Implementing the business strategy related to environmental issues	Assessing environmental dependencies, impacts, risks and opportunities		
	Conducting environmental scenario analysis	Managing environmental dependencies, impacts, risks and opportunities		
Environmental, Social, Governance committee	Assessing environmental dependencies, impacts, risks and opportunities	Managing environmental dependencies, impacts, risks and opportunities	Reports to the board directly	Quarterly
SVP, Enterprise Operational Excellence	Implementing a climate transition plan	Conducting environmental scenario analysis	Reports to the Chief Executive Officer (CEO)	Quarterly

Explanation

The primary responsibility for developing, managing and executing our climate priorities rests with our management team. Our CSO oversees our sustainability strategy and serves as the primary point of contact on day-to-day sustainability matters. Additionally, the CSO chairs our Sustainability Steering Team that, together with subject matter working teams, manages our sustainability priorities, sets goals, monitors our progress and coordinates our sustainability reporting.

The Board Governance and Corporate Responsibility Committee has oversight responsibility for our environmental matters including monitoring our sustainability strategy and initiatives and management of sustainability-related risks. The Governance and Corporate Responsibility Committee receives regular reports from management on the Company's environmental, health and safety, corporate responsibility and sustainability activities and risks, including risks related to climate change, among others. The Governance and Corporate Responsibility Committee also oversees the publication of our Corporate Sustainability Report.

Our SVP, Enterprise Operational Excellence is responsible for leading the global Supply Chain Centers of Excellence as well as the Health, Safety, Environment and Quality and Sustainability functions.

Provision of monetary incentives related to this environmental issue	Please explain
Yes	Baker Hughes has a strong stated and demonstrated commitment to reduce Scope 1, 2 and 3 carbon emissions over time, alongside many additional sustainability-related objectives. The sustainability related metrics currently included in our short-term-incentive plan, as discussed and approved by the Human Capital and Compensation Committee each year and socialized with many of our investors during bi-annual engagement sessions, currently include HSE-related goals, diversity, inclusion and belonging goals across multiple employee groups and Scope 1 and 2 emissions reduction goals relative to our 2019 base year. Also included is development of the scope 3 emissions reduction roadmap for our internal scope 3 emissions reduction goal. We will continue to evolve these goals over time in conjunction with business strategy and company reporting capabilities. We will continually ensure/strengthen the alignment between our sustainability objectives and executive compensation.

Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Position entitled to monetary incentive	Incentives	Performance metrics	Incentive plan the incentives are linked to
Chief Sustainability Officer (CSO)	Bonus - % of salary	Progress towards environmental targets	Short-Term Incentive Plan, or equivalent, only (e.g. contractual annual bonus)
Chief Executive Officer (CEO)		Achievement of environmental targets	
Board or executive level		Implementation of an emissions reduction initiative	
Employees	Bonus - % of salary	Reduction in emissions intensity	Short-Term Incentive Plan, or equivalent, only (e.g. contractual annual bonus)

Further details of incentives

Baker Hughes has a strong stated and demonstrated commitment to reduce Scope 1, 2 and 3 carbon emissions over time. The short-term incentive plan includes Scope 1 and 2 emissions reduction goals relative to our 2019 base year. Also included is development of the scope 3 emissions reduction roadmap for our internal scope 3 emissions reduction goals. We will continue to evolve and further strengthen these goals in conjunction with Company reporting capabilities.
Our CSO also has priorities linked to incentive compensation which include: 1) overarching goal to develop and operationalize the Company's energy transition strategy, 2) quantify emissions impact of low carbon solutions including life cycle analysis (LCA), 3) further develop supporting policies, external engagement and security public research and development funding necessary to deploy CCUS technologies, hydrogen, geothermal and energy storage.

Baker Hughes has a strong stated and demonstrated commitment to reduce Scope 1, 2 and 3 carbon emissions over time. The short term-incentive plan includes Scope 1 and 2 emissions reduction goals relative to our 2019 base year. Also included is development of the scope 3 emissions reduction roadmap for our internal scope 3 emissions reduction goals. We will continue to evolve and further strengthen these goals in conjunction with Company reporting capabilities.
Our CEO and other named executives also have incentive-based compensation plans that balance financial metrics with quantitative and qualitative performance goals. Pay-outs under our annual bonus plan are weighted. The strategic objectives included several sustainability priorities, demonstrating our Board's commitment to our sustainability strategy. These include execution of our energy transition portfolio strategy and training on baseline emissions and waste.

Our Fullstream Bonus Plan applies to most employees globally. Baker Hughes has a strong stated and demonstrated commitment to reduce Scope 1, 2 and 3 carbon emissions over time. The short-term incentive plan includes Scope 1 and 2 emissions reduction goals relative to our 2019 base year. Also included is development of the scope 3 emissions reduction roadmap for our internal scope 3 emissions reduction goals. We will continue to evolve and further strengthen these goals in conjunction with Company reporting capabilities.

Various personnel have sustainability, HSE and/or emissions related goals that inform both non-monetary and monetary incentive plan awards such as recognition, development opportunities, promotion, etc.

Provide details of the scenarios used in your organization's scenario analysis.		
Scenario used	**Scenario coverage**	**Assumptions, uncertainties and constraints in scenario**
IEA NZE 2050	Organization-wide	Refer to Appendix A: TCFD Index and Appendix B: Statement and Notes on TCFD Metrics.
IEA SDS	Organization-wide	
IEA APS	Organization-wide	
IEA STEPS (previously IEA NPS)	Organization-wide	
RCP 2.6	Organization-wide	
RCP 4.5	Organization-wide	
RCP 8.5	Organization-wide	

Provide details of the outcomes of your organization's scenario analysis.

Refer to the Appendix A: **TCFD Index** section of the report.

Does your organization's strategy include a climate transition plan?			
Transition plan	**Mechanisms by which feedback is collected from shareholders on your climate transition plan**	**Description of feedback mechanism**	**Frequency of feedback collection**
Yes, we have a climate transition plan which aligns with a 1.5°C world	We have a different feedback mechanism in place.	Refer to the Materiality assessment (p.14) and TCFD (p.51) sections of the report.	Less frequently than annually

Describe where and how environmental risks and opportunities have influenced your strategy.		
Business area	**Effect type**	**Describe how environmental risks and/or opportunities have affected your strategy in this area**
Products and services	Risks Opportunities	We are positioned to support our customers' efforts to reduce their carbon footprint with a range of emissions-reduction products and services. This includes more efficient power generation and compression technology that reduces carbon emissions, including CCS, as well as hydrogen technologies. We also have a range of inspection and sensor technologies that can monitor and help reduce flaring and emissions. We have also invested in or acquired a range of solutions that address climate change mitigation through emissions avoidance, reduction and/or removal. Our Climate Technology Solutions (CTS) group further supports our strategy. CTS will include CCS, hydrogen, emissions management and clean and integrated power solutions.
Upstream/downstream value chain	Risks Opportunities	A truly sustainable and ethical company does not exist on its own. Supply chain resilience and innovation were critical to our performance through the year. Similarly, we recognize the importance of these relationships to help us advance the energy transition, reduce emissions, build ethical supply chains and promote diversity, inclusion and belonging in the global business community. We continue to advance our sustainable supply chain framework by working with our suppliers to support their sustainability performance. We have engaged with some of our supply chain to assess the climate-related risks and opportunities of our supply chain partners. We have also been engaged with EcoVadis regarding our suppliers and customers.
Investment in research and development	Opportunities	Our culture is built on a heritage of innovation and invention through research and development, with complementary capabilities. Technology remains a differentiator for us and a key enabler to drive the efficiency and productivity gains our customers require, as well as paving the way for longer term sustainable energy development. We also have a range of technologies that support our customers' efforts to reduce their carbon footprint. We remain committed to investing in our products and services to maintain our leadership position across our offerings, including $643 million research and development spend and being granted more than 1,600 patents worldwide in 2024.
Operations	Risks Opportunities	We continue to execute on our scope 1 and 2 roadmap and our key decarbonization pathways - through a combination of energy efficiency initiatives, facility consolidation, increasing electric power consumption from renewable energy sources and improvements in our vehicle fleet. Our first milestone for our scope 1 and 2 roadmap is in 2030, with a 50% reduction in GHG emissions, with our ultimate goal of having net-zero scope 1 and scope 2 GHG emissions by 2050.

Describe where and how environmental risks and opportunities have influenced your financial planning.		
Financial planning elements that have been affected	**Effect type**	**Describe how environmental risks and/or opportunities have affected these financial planning elements**
Revenues	Risks	Refer to **Appendix A: TCFD Index and Appendix B: Statement and Notes on TCFD Metrics.**
	Opportunities	
Direct costs	Risks	
	Opportunities	
Capital expenditures	Risks	
	Opportunities	
Capital allocation	Risks	
	Opportunities	
Acquisitions and divestments	Risks	
	Opportunities	
Access to capital	Risks	
	Opportunities	
Assets	Risks	
	Opportunities	

Indicate any mutually beneficial environmental initiatives you could collaborate on with specific supply chain members.

Life Cycle Analysis or assessment (LCA) is mutually beneficial to Baker Hughes and its customers by assessing carbon emissions associated with all life cycle stages of a product, process, system or service. Baker Hughes has developed a proprietary life cycle analysis tool, *Fast*LCA, to quantify emissions in a much shorter timeframe for Baker Hughes products than traditional methods and identify pathways to reduce GHG emissions. This tool is a web-based application using intergovernmental Panel on Climate Change (IPCC) global warming potentials (GWP) 100a methodology and has been critically reviewed by a third-party certifier to ensure compliance with ISO standards. As markets increasingly demand more sustainable products and services the *Fast*LCA tool may be used to develop valuable and fact-based sustainability strategies.

Expected benefits	Estimated timeframe for realization of benefits	Are you able to estimate the lifetime CO_2e and/or water savings of this initiative?	Please explain
Increased transparency of value chain GHG emissions offers insights to procurement decisions to reduce emissions.	Project-dependent	No, an LCA itself simply quantifies the emissions. A comparative LCA would be required to show savings. This tool does not currently quantify water savings.	Conducting LCAs provides the opportunity to assess and compare the emissions embedded in multiple product/ solution options.

Name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

American Petroleum Institute Compendium of GHG Emissions Methodologies for the Oil and Natural Gas Industry, 2009	IPCC Guidelines for National GHG Inventories, 2006	The GHG Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)	The GHG Protocol: Scope 2 Guidance	The GHG Protocol: Corporate Value Chain (Scope 3) Standard
U.S. Environmental Protection Agency (EPA) Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources	U.S. EPA Emissions & Generation Resource Integrated Database (eGRID)			

What were your organization's gross global Scope 1 emissions in metric tons CO_2e?

Year	Gross global Scope 1 emissions (metric tons CO_2e)	End date	Methodological details
Reporting year	386,367	12/31/2024	Refer to **Appendix B: Statements and Notes on GHG CO_2e Emissions**.
Past year 1	383,096	12/31/2023	
Past year 2	376,172	12/31/2022	
Past year 3	391,346	12/31/2021	
Past year 4	432,316	12/31/2020	
Past year 5 (base year)	499,168	12/31/2019	

What were your organization's gross global Scope 2 emissions in metric tons CO_2e?				
Year	**Gross global Scope 2, location-based emissions (metric tons CO_2e)**	**Gross global Scope 2, market-based emissions (metric tons CO_2e) (if applicable)**	**End date**	**Methodological details**
Reporting year	212,476	178,361	12/31/2024	Refer to **Appendix B: Statements and Notes on GHG CO_2e Emissions**.
Past year 1	217,941	191,417	12/31/2023	
Past year 2	210,902	193,933	12/31/2022	
Past year 3	247,991	215,996	12/31/2021	
Past year 4	315,950	252,069	12/31/2020	
Past year 5 (base year)	306,757	300,026	12/31/2019	

Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.				
Scope 3 category	**Evaluation status**	**Emissions in reporting year (metric tons CO_2e)**	**Emissions calculation methodology**	**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
Purchased goods and services	Relevant, calculated	7,346,257	Refer to **Appendix B: Statements and Notes on GHG CO_2e Emissions.**	0%
Capital goods	Relevant, calculated	172,789		0%
Fuel-and-energy-related activities (not included in Scope 1 or 2)	Relevant, calculated	139,608		47%
Upstream transportation and distribution	Relevant, calculated	392,524		0%
Waste generated in operations	Relevant, calculated	102,502		78%
Business travel	Relevant, calculated	76,580		82%
Employee commuting	Relevant, calculated	150,290		8%
Upstream leased assets	Not relevant, explanation provided	Not applicable		Not applicable
Downstream transportation and distribution	Relevant, calculated	241,846		0%
Processing of sold products	Not relevant, explanation provided	Insignificant		Not applicable
Use of sold products	Relevant, calculated	366,523,904		0%
End of life treatment of sold products	Relevant, not yet calculated	Not reported		Not reported
Downstream leased assets	Not relevant, explanation provided	Excluded category		Excluded category
Franchises	Not relevant, explanation provided	Not applicable		Not applicable
Investments	Relevant, calculated	276,357		0%
Please explain				
Refer to the Appendix B: **Statements and Notes on GHG CO_2e** section of the report.				

Provide the emissions from biogenic carbon relevant to your organization in metric tons CO_2.	
CO_2 emissions from biogenic carbon (metric tons CO_2)	
Ethanol	5.36

Break down your total gross global Scope 1 emissions by GHG type and provide the source of each used global warming potential (GWP).		
GHG	**Scope 1 emissions (metric tons of CO_2e)**	**GWP Reference**
CO_2	384,108	IPCC Sixth Assessment Report (AR6 - 100 year)
CH_4	1,209	IPCC Sixth Assessment Report (AR6 - 100 year)
N_2O	1,050	IPCC Sixth Assessment Report (AR6 - 100 year)
HFCs	0	N/A - no emissions
PFCs	0	N/A - no emissions
SF_6	0	N/A - no emissions
NF_3	0	N/A - no emissions

Break down your total gross global Scope 1 and 2 emissions by country/area.			
Region	**Scope 1 emissions (metric tons CO_2e)**	**Scope 2, location-based (metric tons CO_2e)**	**Scope 2, market-based (metric tons CO_2e)**
North America	114,438	80,304	34,672
Latin America	25,855	7,103	6,052
Europe	50,322	41,672	54,240
Asia Pacific	19,921	29,285	29,285
Other (rest of world)	175,831	54,112	54,112

Break down your total gross global Scope 1 emissions by business division.	
Business division	**Scope 1 emissions (metric ton CO_2e)**
Headquarters	733
Oilfield Services and Equipment	337,184
Industrial and Energy Technology	48,449

Break down your total gross global Scope 1 emissions by business activity.	
Activity	**Scope 1 emissions (metric ton CO_2e)**
Mobile combustion	106,056
Stationary combustion	96,290
Field activity	181,885
Other (direct emissions of CO_2 and HFCs)	2,136

Break down your total gross global Scope 2 emissions by business division.		
Business division	**Scope 2, location-based (metric tons CO_2e)**	**Scope 2, market-based (metric tons CO_2e)**
Headquarters	6,300	5,138
Oilfield Services and Equipment	137,884	103,706
Industrial and Energy Technology	68,292	69,517

Break down your total gross global Scope 2 emissions by business activity.		
Activity	**Scope 2, location-based (metric tons CO_2e)**	**Scope 2, market-based (metric tons CO_2e)**
Manufacturing	121,033	98,323
Mobile combustion	155	155
Light industrial	75,454	64,766
Offices	10,559	9,844
Home offices	5,273	5,273

Allocate your emissions to your customers listed below according to the goods or services you have sold them in the reporting period.
Please reach out to your Baker Hughes point of contact about obtaining emissions allocations.

What are the challenges in allocating emissions to different customers and what would help you overcome these challenges?	
Allocation challenges	**Please explain what would help you overcome these challenges**
Customer base is too large and diverse to accurately track emissions to the customer level.	Automation and artificial intelligence applied to both financial and emission reporting systems relating to our customer installed asset base.
Diversity of product lines makes accurately accounting for each product/product line cost ineffective.	Automation and artificial intelligence applied to both financial and emission reporting systems across product lines.
Doing so would require we disclose business sensitive/proprietary information.	Enforceable and durable confidentiality provisions.

Do you plan to develop your capabilities to allocate emissions to your customers in the future?	
Do you plan to develop your capabilities to allocate emissions to your customers in the future?	**Describe how you plan to develop your capabilities.**
Yes	Refer to the **Leveraging *Fast*LCA to provide emissions insights to our customers** section of the report.

Report your organization's energy consumption totals (excluding feedstocks) in MWh.				
Activity	**Heating value**	**MWh from renewable sources**	**MWh from non-renewable sources**	**Total (renewable and non-renewable) MWh**
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	23	1,650,956	1,650,979
Consumption of purchased or acquired electricity	-	174,445	381,895	556,340
Consumption of purchased or acquired heat	-	0	1,103	1,103
Consumption of purchased or acquired steam	-	0	17,234	17,234
Consumption of purchased or acquired cooling	-	0	339	339
Consumption of self-generated non-fuel renewable energy	-	10,632	0	10,632
Total energy consumption	-	185,100	2,051,527	2,236,628

State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.				
Fuels (excluding feedstocks)	**Heating value**	**Total fuel MWh consumed by the organization**	**MWh fuel consumed for self-generation of electricity**	**MWh fuel consumed for self-generation of heat**
Sustainable biomass	HHV	23	0	23
Other biomass	HHV	0	0	0
Other renewables	HHV	0	0	0
Coal	HHV	0	0	0
Oil	HHV	1,214,350	748,347	466,003
Gas	HHV	436,606	0	414,715
Other non-renewable fuels (e.g. non-renewable hydrogen)	HHV	0	0	0
Total fuel	HHV	1,650,979	748,347	880,741
Fuels (excluding feedstocks) (continued)	**MWh fuel consumed for self-generation of steam**	**MWh fuel consumed for self-generation of cooling**		
Sustainable biomass	0	0		
Other biomass	0	0		
Other renewables	0	0		
Coal	0	0		
Oil	0	0		
Gas	21,891	0		
Other non-renewable fuels (e.g. non-renewable hydrogen)	0	0		
Total fuel	21,891	0		

Provide details on the electricity, heat, steam and cooling your organization has generated and consumed in the reporting year.

Energy Carrier	Total gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	758,979	758,979	10,632	10,632
Heat	880,741	880,741	23	23
Steam	21,891	21,891	0	0
Cooling	0	0	0	0

Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO_2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure	Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO_2e)	Metric denominator	Metric denominator: Unit total	Scope 2 figure used
0.000020	564,728	Unit total revenue	$27,829,000,000	Market-based
% change from previous year	**Direction of change**	**Reasons for change**		
9.9%	Decrease	Refer to the **Scope 1 and 2 emissions** section of the report.		

Are you providing product level data for your organization's goods or services?

Response	Comment
No, we are not providing data.	With our LCA capabilities, we provide product-level data upon customer request.

Appendix B:

Statements and Notes with Independent Accountants' Report

Baker Hughes Company ("Baker Hughes", "the Company", "we", "us", or "our") is an energy technology company with a diversified portfolio of technologies and services that span the energy and industrial value chain. Built on a century of experience and conducting business in over 120 countries, our innovative technologies and services are taking energy forward.

Financial data are reported in U.S. dollars.

In Appendix B, you will find the Independent Accountants' Report providing limited or reasonable assurance over information in Appendix B, as summarized in the table below. Our Statements and Notes include information related to previous years. The Independent Accountants' Report within this Appendix B indicates the information assured in the current engagement. The Corporate Sustainability Report 2023 and the 2022 Corporate Responsibility Report each contain an Independent Accountants' Report. Additionally, the following markings in Appendix B clarify whether metrics were not assured, or are not presented on a consistent basis with the current period measurement approach.

An asterisk (*) denotes that the metric was not subject to assurance.

A double asterisk (**) denotes 2023 metrics are presented as previously reported for the year ended December 31, 2023, and have not been recalculated to be consistent with the 2024 and base year presentation.

	Subject Matter	2024 Assurance Level	Base year assurance level
People: Statements and Notes on People Metrics	People Metrics	Limited Assurance	Not applicable
Planet: Statements and Notes on GHG CO_2e Emissions	Scope 1 Emissions	Reasonable Assurance	Limited assurance
	Scope 2 Emissions	Reasonable Assurance	Limited assurance
	Scope 3 Emissions	Limited assurance	Limited assurance
Planet: Statements and Notes on Planet Metrics	Spills Metrics	Limited assurance	Limited assurance
	Biodiversity Metrics	Limited assurance	Limited assurance
	Waste Metrics	Limited assurance	Limited assurance
	Water Metrics	Limited assurance	Limited assurance
	Life Cycle Assessment Metrics	Limited assurance	Not applicable
	Energy Metrics	Limited assurance	Limited assurance
Planet: Statement and Notes on TCFD Metrics	TCFD Metrics	Limited assurance	Not applicable
Principles: Statements and Notes on Principles Metrics	Principles Metrics	Limited assurance	Not applicable

KPMG LLP
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Fort Worth, TX 76102-3105

Independent Accountants' Report

To the Board of Directors and Management of Baker Hughes Company:

Report on Baker Hughes Company's Statements and Notes on Greenhouse Gas CO2e Emissions, People Metrics, Planet Metrics, TCFD Metrics and Principles Metrics

Examination opinion and review conclusion

We have performed an assurance engagement on the following information within Appendix B of Baker Hughes Company's (the Company) 2024 Corporate Sustainability Report (the Sustainability Report):

Information subject to assurance	Reporting period	Type of assurance	The criteria relevant to the information subject to our examination / review
Scope 1 and 2 greenhouse gas emissions and related notes within the Statements and Notes on Greenhouse Gas CO2e Emissions (GHG Statements)	For the year ended December 31, 2024	Examination (reasonable assurance)	As described in Note 1 of the GHG Statements
	For the year ended December 31, 2019 (Base year)	Review (limited assurance)	
Scope 3 greenhouse gas emissions and related notes within the GHG Statements	For the year ended December 31, 2024 For the year ended December 31, 2019 (Base year)	Review (limited assurance)	As described in Note 1 of the GHG Statements
Statements and Notes on People Metrics (People Statements)	As of and for the year ended December 31, 2024	Review (limited assurance)	As described in Notes 1 and 3 of the People Statements
Statements and Notes on Planet Metrics (Planet Statements)	As of and for the year ended December 31, 2024 (All Planet metrics) For the year ended December 31, 2022 (Base year for Waste, Water, Spills metrics) For the year ended December 31, 2019 (Base year for Energy metrics)	Review (limited assurance)	As described in Notes 1 and 4 of the Planet Statements
Statement and Notes on Task Force on Climate-related Financial Disclosures (TCFD) Metrics (TCFD Statement)	For the year ended September 30, 2024	Review (limited assurance)	As described in Notes 1 and 4 of the TCFD Statement
Statements and Notes on Principles Metrics (Principles Statements)	For the year ended December 31, 2024	Review (limited assurance)	As described in Notes 1 and 3 of the Principles Statements

For the purposes of the remainder of our assurance report:

- "Examination Information" refers to the information identified above that was subject to reasonable assurance;
- "Review Information" refers to the information identified above that was subject to limited assurance;
- "Assured Sustainability Information" refers to all information subject to assurance (both reasonable assurance and limited assurance); and
- "Applicable Criteria" refers to the criteria relevant to the information subject to assurance as identified above.

Examination opinion

In our opinion, the Examination Information for the year ended December 31, 2024 is prepared in accordance with the Applicable Criteria, in all material respects.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Review conclusion

Based on our review, we are not aware of any material modifications that should be made to the Review Information as of and for the reporting periods stated above in order for it to be prepared in accordance with the Applicable Criteria.

Our examination opinion and review conclusion on the Assured Sustainability Information does not extend to any other information that accompanies or contains the Assured Sustainability Information and our report.

Basis for opinion and conclusion

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants in the versions of AT-C section 105, *Concepts Common to All Attestation Engagements* and AT-C section 205, *Assertion-Based Examination Engagements* that are applicable as of the date of our examination. Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants in the versions of AT-C section 105, *Concepts Common to All Attestation Engagements* and AT-C section 210, *Review Engagements* that are applicable as of the date of our review. We are required to be independent and to meet our other ethical requirements in accordance with relevant ethical requirements related to the engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our examination opinion and review conclusion.

Emphasis of matter

As noted in Note 2 of the GHG Statements, the Company recalculated its 2019 Scope 1, 2, and 3 emissions to account for recent structural changes and enhancements in methodology and data, in accordance with the Applicable Criteria as described in Note 1 of the GHG Statements.

As noted in Note 1 of the Planet Statements, the Company recalculated its 2019 Energy and 2022 Water and Waste metrics to account for recent structural changes and enhancements in methodology and data, in accordance with the Applicable Criteria as described in Note 1 of the Planet Statements.

Our opinion and conclusion are not modified in respect of these matters.

Other matter

We previously reviewed select metrics within the People Statements related to the years ended December 31, 2023 and December 31, 2022 and our reports dated May 13, 2024 and May 24, 2023 included unmodified conclusions, respectively.

We previously reviewed the Statement and Notes on Waste (now incorporated into the Statements and Notes on Planet Metrics) for the year ended December 31, 2023 and our report dated May 13, 2024 included an unmodified conclusion. As explained on the first page of Appendix B, a double asterisk (**) denotes 2023 waste metrics which are presented as previously reported for the year ended December 31, 2023, and that have not been recalculated to be consistent with the 2024 and base year presentation.

Our opinion and conclusion are not modified in respect of these matters.

Responsibilities for the Assured Sustainability Information

Management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Assured Sustainability Information such that it is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the Assured Sustainability Information and appropriately referring to or describing the criteria used; and
- preparing the Assured Sustainability Information in accordance with the Applicable Criteria.

Inherent limitations in preparing the Assured Sustainability Information

As described in Note 1 to the GHG Statements, Note 3 to the Planet Statements, and Note 3 to the TCFD Statement, energy use data, waste volume, water usage, and total loss and proportion of revenue, respectively, are subject to measurement uncertainties resulting from limitations inherent in the nature and methods used for determining such data. The selection by the Company's management of different but acceptable measurement techniques could have resulted in materially different measurements.

Our responsibilities

The attestation standards established by the American Institute of Certified Public Accountants require us to do the following:

- with respect to our examination:
  - plan and perform the examination to obtain reasonable assurance about whether the Examination Information is prepared in accordance with the Applicable Criteria, in all material respects and
  - express an opinion on the Examination Information, based on our examination.

- with respect to our review:
  - plan and perform the review to obtain limited assurance about whether any material modifications should be made to the Review Information in order for it to be prepared in accordance with the Applicable Criteria; and
  - express a conclusion on the Review Information based on our review.

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Assured Sustainability Information that is sufficient and appropriate to provide a basis for our examination opinion and review conclusion.

The nature of our examination engagement

The nature, timing, and extent of the procedures selected depended on our judgment, including an assessment of the risks of material misstatement of the Examination Information, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding the Examination Information and the engagement circumstances. We also obtained an understanding of the internal control relevant to the Examination Information in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal controls.

The nature of our review engagement and summary of the work we performed as the basis for our conclusion

Our procedures selected depended on our understanding of the Review Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our review engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria used by the Company in preparing the Review Information;
- interviewing senior management and relevant staff at corporate and selected locations;
- inspecting a selection of supporting records;
- performing analytical procedures;
- recalculating the Review Information based on the criteria; and
- evaluating the overall presentation of the Review Information to determine whether it is consistent with the Applicable Criteria and in line with our overall knowledge of, and experience with, the Company.

The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether the subject matter information is prepared in accordance with the criteria, in all material respects, in order to express an opinion. Because of the limited nature of the review engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed.

KPMG LLP

Fort Worth, Texas
April 24, 2025

Statements and Notes on People Metrics

Metric	KPIs	2024	2023	2022
Employee counts	# of total employees	57,349	57,570	55,235 *
	# of total employees by region - Asia Pacific (APAC)	7,304	7,199	7,081 *
	# of total employees by region - Russia and Commonwealth of Independent States (RCIS)	675	636	681 *
	# of total employees by region - Middle East, North Africa, Turkey and India (MENATI)	10,261	9,935	9,486 *
	# of total employees by region - North America (NAM)	12,768	13,566	14,080 *
	# of total employees by region - Latin America (LATAM)	6,201	6,421	5,828 *
	# of total employees by region - Sub-Saharan Africa (SSA)	1,291	1,152	1,006 *
	# of total employees by region - Europe	18,849	18,661	17,073 *
	# of total employees by gender - Men	45,909	46,343	43,535 *
	# of total employees by gender - Women	11,420	11,200	10,554 *
	# of total employees by gender - Gender undeclared	20	26	1,140 *
	# of total employees by gender - No gender selected	0	1	6 *
	# of total employees by age group - under 30	6,850	6,529	5,606 *
	# of total employees by age group - 30-50	37,997	38,675	38,352 *
	# of total employees by age group - over 50	12,498	12,365	11,274 *
	# of total employees by age group - No age selected	4	1	3 *
	# of total Senior Professional Band and above employees (SPB+)	8,727	8,959	8,944 *
	# of total Executive Band and above employees (EB+)	528	590	639 *
	# of total employees by job function - Commercial	5,055	4,900	4,968 *
	# of total employees by job function - Enabling	6,296	6,308	6,583 *
	# of total employees by job function - Production	34,909	33,445	32,112 *
	# of total employees by job function - Technical	10,974	10,898	10,389 *
	# of total employees by job function - Other	115	2,019	1,183 *
	# of employees by generation group - Greatest	0	0	0 *
	# of employees by generation group - Silent	6	7	8 *
	# of employees by generation group - Boomers	3,081	3,775	4,117 *
	# of employees by generation group - Generation X	19,385	20,367	20,092 *
	# of employees by generation group - Generation Y	29,231	29,164	28,311 *
	# of employees by generation group - Generation Z	5,642	4,255	2,704 *
	# of employees by generation group - No generation selected	4	2	3 *
	# of total full time employees	56,513	56,785	54,490 *
	# of total part time employees	836	785	745 *
	# of total full time employees by region - APAC	7,230	7,124	7,026 *
	# of total full time employees by region - RCIS	673	635	679 *
	# of total full time employees by region - MENATI	10,232	9,911	9,475 *
	# of total full time employees by region - NAM	12,739	13,538	14,046 *
	# of total full time employees by region - LATAM	6,099	6,298	5,745 *
	# of total full time employees by region - SSA	1,289	1,150	997 *
	# of total full time employees by region - Europe	18,251	18,129	16,522 *
	# of total part time employees by region - APAC	74	75	55 *
	# of total part time employees by region - RCIS	2	1	2 *
	# of total part time employees by region - MENATI	29	24	11 *
	# of total part time employees by region - NAM	29	28	34 *
	# of total part time employees by region - LATAM	102	123	83 *
	# of total part time employees by region - SSA	2	2	9 *
	# of total part time employees by region - Europe	598	532	551 *
	# of total full time employees by gender - Men	45,419	45,903	43,107 *
	# of total full time employees by gender - Women	11,075	10,855	10,238 *
	# of total full time employees by gender - Gender undeclared	19	26	1,139 *
	# of total full time employees by gender - No gender selected	0	1	6 *
	# of total part time employees by gender - Men	490	440	428 *
	# of total part time employees by gender - Women	345	345	316 *
	# of total part time employees by gender - Gender undeclared	1	0	1 *
	# of total part time employees by gender - No gender selected	0	0	0 *
	# of permanent employees - Total	49,328	Not available	Not available
	# of permanent employees - Male	39,482	Not available	Not available
	# of permanent employees - Female	9,830	Not available	Not available
	# of permanent employees - Gender undeclared	16	Not available	Not available
	# of permanent employees - No gender selected	0	Not available	Not available
	# of temporary employees - Total	3,327	Not available	Not available
	# of temporary employees - Male	2,434	Not available	Not available
	# of temporary employees - Female	892	Not available	Not available
	# of temporary employees - Gender undeclared	1	Not available	Not available
	# of temporary employees - No gender selected	0	Not available	Not available
	# of non-guaranteed hours employees - Total	4,694	Not available	Not available
	# of non-guaranteed hours employees - Men	3,993	Not available	Not available
	# of non-guaranteed hours employees - Female	698	Not available	Not available
	# of non-guaranteed hours employees - Gender undeclared	3	Not available	Not available
	# of non-guaranteed hours employees - No gender selected	0	Not available	Not available
Non-Employee workers	# of non-employees in own workforce	22,760	Not available	Not available

Metric	KPIs	2024	2023	2022
Employees by gender	% of employees by gender - Men	80.1%	80.5%	78.8%
	% of employees by gender - Women	19.9%	19.5%	19.1%
	% of employees by gender - Gender Undeclared	0.0%	0.1%	2.1%
	% of employees by gender - No gender selected	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Commercial and Men	75.0%	75.4%	75.6%
	% of employees by gender for each job function - Enabling and Men	48.3%	48.8%	49.0%
	% of employees by gender for each job function - Production and Men	87.5%	87.8%	88.2%
	% of employees by gender for each job function - Technical and Men	77.0%	77.7%	78.7%
	% of employees by gender for each job function - Other and Men	75.7%	85.7%	4.2%
	% of employees by gender for each job function - Commercial and Women	25.0%	24.5%	24.4%
	% of employees by gender for each job function - Enabling and Women	51.7%	51.1%	51.0%
	% of employees by gender for each job function - Production and Women	12.5%	12.2%	11.7%
	% of employees by gender for each job function - Technical and Women	23.0%	22.3%	21.3%
	% of employees by gender for each job function - Other and Women	19.1%	13.4%	0.5%
	% of employees by gender for each job function - Commercial and Gender Undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Enabling and Gender Undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Production and Gender Undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Technical and Gender Undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Other and Gender Undeclared	5.2%	0.9%	95.3%
	% of employees by gender for each job function - Commercial and No gender selected	0.0%	0.0%	0.0% *
	% of employees by gender for each job function - Enabling and No gender selected	0.0%	0.0%	0.0% *
	% of employees by gender for each job function - Production and No gender selected	0.0%	0.0%	0.0%
	% of employees by gender for each job function - Technical and No gender selected	0.0%	0.0%	0.0% *
	% of employees by gender for each job function - Other and No gender selected	0.0%	0.0%	0.0% *
	% of employees by gender for each seniority - SPB+ and Men	81.3%	81.6%	81.4%
	% of employees by gender for each seniority - SPB+ and Women	18.7%	18.4%	18.6%
	% of employees by gender for each seniority - SPB+ and Gender undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each seniority - SPB+ and No gender selected	0.0%	0.0%	0.0% *
	% of employees by gender for each seniority - EB+ and Men	77.1%	76.4%	75.6%
	% of employees by gender for each seniority - EB+ and Women	22.9%	23.6%	24.4%
	% of employees by gender for each seniority - EB+ and Gender undeclared	0.0%	0.0%	0.0%
	% of employees by gender for each seniority - EB+ and No gender selected	0.0%	0.0%	0.0% *
	% of employees that are people managers by gender - Men	80.1%	80.9%	79.2%
	% of employees that are people managers by gender - Women	19.9%	19.0%	18.8%
	% of employees that are people managers by gender - Gender undeclared	0.0%	0.0%	2.0%
	% of employees that are people managers by gender - No gender selected	0.0%	0.0%	0.0%
	% of women-identifying employees on the Board of Directors	33.0%	33.0%	33.0%

Metric	KPIs	2024	2023	2022
Employees by age group	% of employees by age group - under 30	11.9%	11.3%	10.2%
	% of employees by age group - 30-50	66.3%	67.2%	69.4%
	% of employees by age group - over 50	21.8%	21.5%	20.4%
	% of employees by age group - No age selected	0.0%	0.0%	0.0%
	% of employees by age group for each job function - under 30 and Commercial	7.1%	6.0%	6.1%
	% of employees by age group for each job function - under 30 and Enabling	10.9%	10.4%	10.9%
	% of employees by age group for each job function - under 30 and Production	12.7%	11.9%	11.0%
	% of employees by age group for each job function - under 30 and Technical	12.5%	12.0%	10.1%
	% of employees by age group for each job function - under 30 and Other	7.0%	14.7%	0.9%
	% of employees by age group for each job function - 30-50 and Commercial	65.8%	67.7%	68.8%
	% of employees by age group for each job function - 30-50 and Enabling	67.9%	69.3%	69.4%
	% of employees by age group for each job function - 30-50 and Production	66.2%	67.6%	68.9%
	% of employees by age group for each job function - 30-50 and Technical	66.0%	66.5%	68.2%
	% of employees by age group for each job function - 30-50 and Other	55.7%	56.6%	97.6%
	% of employees by age group for each job function - over 50 and Commercial	27.0%	26.3%	25.2%
	% of employees by age group for each job function - over 50 and Enabling	21.2%	20.3%	19.7%
	% of employees by age group for each job function - over 50 and Production	21.2%	20.5%	20.1%
	% of employees by age group for each job function - over 50 and Technical	21.5%	21.5%	21.7%
	% of employees by age group for each job function - over 50 and Other	37.4%	28.7%	1.5%
	% of employees by age group for each job function - Age group blank and Commercial	0.0%	0.0%	0.0% *
	% of employees by age group for each job function - Age group blank and Enabling	0.0%	0.0%	0.0% *
	% of employees by age group for each job function - Age group blank and Production	0.0%	0.0%	0.0%
	% of employees by age group for each job function - Age group blank and Technical	0.0%	0.0%	0.0% *
	% of employees by age group for each job function - Age group blank and Other	0.0%	0.0%	0.0% *
	% of employees by age group for each seniority - under 30 and SPB+	0.3%	0.3%	0.3%
	% of employees by age group for each seniority - under 30 and EB+	0.0%	0.0%	0.0%
	% of employees by age group for each seniority - 30-50 and SPB+	65.1%	66.0%	67.4%
	% of employees by age group for each seniority - 30-50 and EB+	63.1%	65.3%	65.7%
	% of employees by age group for each seniority - over 50 and SPB+	34.6%	33.7%	32.3%
	% of employees by age group for each seniority - over 50 and EB+	36.9%	34.8%	34.3%
	% of employees by age group for each seniority - No age selected and SPB+	0.0%	0.0%	0.0% *
	% of employees by age group for each seniority - No age selected and EB+	0.0%	0.0%	0.0% *

Metric	KPIs	2024	2023	2022
Employees by generation group	% of employees by generation group - Greatest	0.0%	0.0%	0.0%
	% of employees by generation group - Silent	0.0%	0.0%	0.0%
	% of employees by generation group - Boomers	5.4%	6.6%	7.5%
	% of employees by generation group - Generation X	33.8%	35.4%	36.4%
	% of employees by generation group - Generation Y	51.0%	50.7%	51.3%
	% of employees by generation group - Generation Z	9.8%	7.4%	4.9%
	% of employees by generation group - Generation left blank	0.0%	0.0%	0.0%
Country representation	# of employees working outside the U.S.	45,963	45,398	42,442
	# of countries with employees	88	88	89
	# of nationalities represented by employees	151	157	157
US employees - people of color	% of U.S. employees who identify as people of color	39.0%	38.3%	36.1%
	% of U.S. employees who identify as people of color by gender - Men	76.3%	76.6%	75.4%
	% of U.S. employees who identify as people of color by gender - Women	23.6%	23.4%	24.6%
	% of U.S. employees who identify as people of color by gender - Gender undeclared	0.0%	0.0%	0.0%
	% of U.S. employees who identify as people of color by gender - No gender selected	0.0%	0.0%	0.0% *
	% of U.S. employees who identify as people of color by seniority - SPB+	33.6%	33.2%	32.1%
	% of U.S. employees who identify as people of color by seniority - EB+	29.2%	28.8%	28.6%
Women in STEM roles	% of women in science, technology, engineering and mathematics (STEM) roles	14.8%	14.2%	12.1%

Metric	KPIs	2024	2023	2022
Employee attrition	# of total employee attrition	6,750	5,812	6,609
	# of total employee attrition by gender - Men	5,459	4,512	5,291
	# of total employee attrition by gender - Women	1,285	1,213	1,274
	# of total employee attrition by gender - Gender undeclared	6	82	44
	# of total employee attrition by gender - No gender selected	0	5	Not available
	% of total employee attrition (rate)	11.8%	10.2%	12.0%
	% of total employee attrition (rate) by gender - Men	11.9%	9.9%	12.0%
	% of total employee attrition (rate) by gender - Women	11.4%	11.1%	12.1%
	% of total employee attrition (rate) by gender - Gender undeclared	29.0%	191.4%	16.5%
	% of total employee attrition (rate) by gender - No gender selected	0.0%	85.7%	0.0% *
	# of total employee attrition by region - APAC	705	643	647
	# of total employee attrition by region - RCIS	61	105	1,019
	# of total employee attrition by region - MENATI	1,049	865	909
	# of total employee attrition by region - NAM	2,263	2,019	1,990
	# of total employee attrition by region - LATAM	955	602	505
	# of total employee attrition by region - SSA	88	78	67
	# of total employee attrition by region - Europe	1,629	1,500	1,472
	% of total employee attrition (rate) by region - APAC	9.8%	9.0%	9.4%
	% of total employee attrition (rate) by region - RCIS	9.4%	16.1%	34.9%
	% of total employee attrition (rate) by region - MENATI	10.4%	8.9%	9.9%
	% of total employee attrition (rate) by region - NAM	17.4%	14.7%	15.0%
	% of total employee attrition (rate) by region - LATAM	15.3%	9.6%	9.1%
	% of total employee attrition (rate) by region - SSA	7.3%	7.1%	7.1%
	% of total employee attrition (rate) by region - Europe	8.7%	8.3%	9.1%
	# of total employee attrition by age group - under 30	1,026	905	1,088
	# of total employee attrition by age group - 30-50	3,958	3,608	4,247
	# of total employee attrition by age group - over 50	1,766	1,299	1,274
	# of total employee attrition by age group - No age selected	0	0	0 *
	% of total employee attrition (rate) by age group - under 30	15.3%	14.4%	19.1%
	% of total employee attrition (rate) by age group - 30-50	10.4%	9.4%	11.1%
	% of total employee attrition (rate) by age group - over 50	14.4%	10.8%	11.6%
	% of total employee attrition (rate) by age group - No age selected	0.0%	0.0%	0.0% *

Metric	KPIs	2024	2023	2022
Voluntary attrition	# of voluntary attrition	3,428	3,992	4,714
	# of voluntary attrition by gender - Men	2,744	3,162	3,739
	# of voluntary attrition by gender - Women	683	823	974
	# of voluntary attrition by gender - Gender undeclared	1	5	1
	# of voluntary attrition by gender - No gender selected	0	2	0 *
	% of voluntary attrition (rate)	6.0%	7.0%	8.6%
	% of voluntary attrition (rate) by gender - Men	6.0%	6.9%	8.5%
	% of voluntary attrition (rate) by gender - Women	6.1%	7.5%	9.3%
	% of voluntary attrition (rate) by gender - Gender undeclared	4.8%	11.7%	0.4%
	% of voluntary attrition (rate) by gender - No gender selected	0.0%	34.3%	0.0% *
	# of voluntary attrition by region - APAC	444	469	556
	# of voluntary attrition by region - RCIS	53	54	391
	# of voluntary attrition by region -MENATI	681	656	657
	# of voluntary attrition by region - NAM	1,069	1,301	1,608
	# of voluntary attrition by region - LATAM	267	378	363
	# of voluntary attrition by region - SSA	48	61	49
	# of voluntary attrition by region - Europe	866	1,073	1,090
	% of voluntary attrition (rate) by region - APAC	6.2%	6.6%	8.1%
	% of voluntary attrition (rate) by region - RCIS	8.2%	8.3%	13.4%
	% of voluntary attrition (rate) by region - MENATI	6.8%	6.7%	7.2%
	% of voluntary attrition (rate) by region - NAM	8.2%	9.5%	12.1%
	% of voluntary attrition (rate) by region - LATAM	4.3%	6.0%	6.5%
	% of voluntary attrition (rate) by region - SSA	4.0%	5.5%	5.2%
	% of voluntary attrition (rate) by region - Europe	4.6%	5.9%	6.7%
	# of voluntary attrition by age group - under 30	665	724	858
	# of voluntary attrition by age group - 30-50	2,066	2,558	3,082
	# of voluntary attrition by age group - over 50	697	710	774
	# of voluntary attrition by age group - No age selected	0	0	0 *
	% of voluntary attrition (rate) by age group - under 30	9.9%	11.5%	15.1%
	% of voluntary attrition (rate) by age group - 30-50	5.4%	6.7%	8.0%
	% of voluntary attrition (rate) by age group - over 50	5.7%	5.9%	7.1%
	% of voluntary attrition (rate) by age group - No age selected	0.0%	0.0%	0.0% *

Metric	KPIs	2024	2023	2022
New candidates hired	# of internal candidates hired	4,164	4,620	4,983
	# of internal candidates hired by gender - Men	3,009	3,491	3,734
	# of internal candidates hired by gender - Women	1,155	1,128	1,247
	# of internal candidates hired by gender - Gender undeclared	0	1	1
	# of internal candidates hired by gender - No gender selected	0	0	1
	# of internal candidates hired by region - APAC	470	363	478
	# of internal candidates hired by region - RCIS	29	31	84
	# of internal candidates hired by region - MENATI	639	634	781
	# of internal candidates hired by region - NAM	1,107	1,346	1,615
	# of internal candidates hired by region - LATAM	386	514	428
	# of internal candidates hired by region - SSA	80	55	63
	# of internal candidates hired by region - Europe	1,453	1,677	1,534
	# of internal candidates hired by age group - under 30	781	758	807
	# of internal candidates hired by age group - 30-50	2,940	3,367	3,702
	# of internal candidates hired by age group - over 50	443	495	474
	# of internal candidates hired by age group - No age selected	0	0	Not available
	# of external candidates hired	7,656	10,171	10,733
	# of external candidates hired by gender - Men	5,660	7,793	7,182
	# of external candidates hired by gender - Women	1,989	2,333	2,377
	# of external candidates hired by gender - Gender undeclared	7	45	1,174
	# of external candidates hired by gender - No gender selected	0	0	Not available
	# of external candidates hired by region - APAC	1,001	1,022	1,166
	# of external candidates hired by region - RCIS	113	94	247
	# of external candidates hired by region - MENATI	1,551	1,697	1,707
	# of external candidates hired by region - NAM	1,445	1,994	3,157
	# of external candidates hired by region - LATAM	1,132	1,619	1,437
	# of external candidates hired by region - SSA	253	278	189
	# of external candidates hired by region - Europe	2,161	3,467	2,830
	# of external candidates hired by age group - under 30	3,764	4,007	3,515
	# of external candidates hired by age group - 30-50	3,453	5,224	6,353
	# of external candidates hired by age group - over 50	439	940	865
	# of external candidates hired by age group - No age selected	0	0	0 *
	# of external candidates hired by employee type - Effective employee	6,175	Not available	Not available
	# of external candidates hired by employee type - Trainee employee	1,481	Not available	Not available

Metric	KPIs	2024	2023	2022
Employees in leadership programs	# of employees participating in leadership development programs	253	401	527
	# of employees participating in each leadership development program - ASPIRE	173	257	300
	# of employees participating in each leadership development program - IMPACT	21	36	32
	# of employees participating in each leadership development programs - CULTIVATE	59	102	191
	# of ASPIRE program participants that identify as women	82	116	155
	# of IMPACT program participants that identify as women	9	16	16
Average hours of training per year per employee	Average hours of training per employee	22.6	21.9	37.0
	Average hours of training per employee by gender - Men	23.4	22.7	39.5
	Average hours of training per employee by gender - Women	19.5	18.8	29.9
	Average hours of training per employee by gender - Gender undeclared	13.7	7.7	5.9
	Average hours of training per employee by gender - No gender selected	0.0	8.5	Not available
	Average hours of training per employee by career band - Professional Band and above (PB+) employees including Lead Training Band (LTB)	17.6	16.7	Not available
	Average hours of training per employee by career band - PB+ excluding LTB	17.4	16.4	24.0
	Average hours of training per employee by career band - SPB+	15.3	13.5	17.1
	Average hours of training per employee by career band - EB+	16.2	16.3	11.7
	Average hours of training per employee by operating segment - Industrial and Energy Technology (IET)	19.1	16.1	18.4
	Average hours of training per employee by operating segment - Oilfield Services and Equipment (OFSE)	25.7	25.9	50.8
	Average hours of training per employee by operating segment - Headquarters	12.6	15.3	18.3
	Average hours of training per employee by job function - Commercial	19.2	12.9	15.6
	Average hours of training per employee by job function - Enabling	13.2	14.9	19.9
	Average hours of training per employee by job function - Production	27.1	27.7	51.0
	Average hours of training per employee by job function - Technical	15.6	15.3	18.2
	Average hours of training per employee by job function - Other	7.3	5.9	5.3

Metric	KPIs	2024	2023	2022
Regular performance and career development reviews	% of employees receiving regular performance and career development reviews	74.0%	68.4%	75.0%
	% of employees receiving regular performance and career development reviews by gender - Men	70.8%	65.1%	72.8%
	% of employees receiving regular performance and career development reviews by gender - Women	86.9%	81.8%	84.0%
	% of employees receiving regular performance and career development reviews by gender - Gender undeclared	80.0%	26.9%	31.0%
	% of employees receiving regular performance and career development reviews by gender - No gender selected	Not available	100%	100%
	% of employees receiving regular performance and career development reviews by career band - PB+ including LTB	97.6%	92.1%	Not available
	% of employees receiving regular performance and career development reviews by career band - PB+ excluding LTB	97.8%	92.1%	95.8%
	% of employees receiving regular performance and career development reviews by career band - SPB+	98.1%	92.9%	95.8%
	% of employees receiving regular performance and career development reviews by career band - EB+	94.3%	90.5%	94.1%
	% of employees receiving regular performance and career development reviews by job function - Commercial	95.2%	88.1%	93.4%
	% of employees receiving regular performance and career development reviews by job function - Enabling	94.1%	91.6%	95.3%
	% of employees receiving regular performance and career development reviews by job function - Production	60.0%	56.5%	95.5%
	% of employees receiving regular performance and career development reviews by job function - Technical	97.8%	95.0%	97.8%
	% of employees receiving regular performance and career development reviews by job function - Other	7.0%	1.5%	0.0%
Community contributions	Total amount of charitable pledges and contributions	$28,586,292	$63,694,410	$75,272,787
	Amount of employee-matched contributions made by the Baker Hughes Foundation	$800,508	$855,067	$756,121
	Amount of company and foundation financial pledges and contributions	$2,426,500	$2,427,500	$1,992,500
	Amount of company in-kind contributions	$25,359,284	$60,411,843	$72,524,166
	# of volunteer service hours	44,613	39,064	27,181
Diverse spend with suppliers	Amount spent with diverse suppliers and small businesses Tier 1	$591,989,909	$378,661,639	Not available
	Amount spent with diverse suppliers and small businesses Tier 2	$40,088,345	$31,090,700	Not available
	Amount spent with diverse suppliers and small businesses Total	$632,078,253	$409,752,339	Not available

Metric	KPIs	2024	2023	2022
Employee resource group membership	# of employees enrolled in at least one employee resource group	9,418	9,085	8,099
	% of employees enrolled in at least one employee resource group	16.0%	15.5%	14.4%
Parental leave	# of employees entitled to parental leave	56,288	54,518	50,283
	# of employees entitled to parental leave by gender - Men	44,881	43,561	39,824
	# of employees entitled to parental leave by gender - Women	11,393	10,950	10,440
	# of employees entitled to parental leave by gender - Gender Undeclared	14	8	13
	# of employees entitled to parental leave by gender - No gender selected	0	1	6
	# of employees that took parental leave	1,194	805	300
	# of employees that took parental leave by gender - Men	888	585	210
	# of employees that took parental leave by gender - Women	306	218	90
	# of employees that took parental leave by gender - Gender Undeclared	0	2	0 *
	# of employees that took parental leave by gender - No gender selected	0	0	0 *
	# of employees that returned from leave in the reporting period following leave	1,072	705	237
	# of employees that returned from leave in the reporting period following leave by gender - Men	840	543	160
	# of employees that returned from leave in the reporting period following leave by gender - Women	232	161	76
	# of employees that returned from leave in the reporting period following leave by gender - Gender Undeclared	0	1	0 *
	# of employees that returned from leave in the reporting period following leave by gender - No gender selected	0	0	1

The accompanying notes are an integral part of these statements.

Note 1 - Basis of presentation

For each year presented, the Statements have been prepared for the period January 1 to December 31, corresponding to the Company's fiscal year, unless otherwise stated in the methodology. The Notes presented in this report are for the current reporting period ended December 31, 2024. Related notes for comparative years can be found in the previous years' Statements and Notes. The information is based on the best available data as of the publication date. We base calculation methodologies on available information and various other assumptions believed to be reasonable. We regularly review calculation methodologies and best practices. Calculation methodologies for reporting metrics may be updated and previously reported metrics may be adjusted to reflect improvements in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other circumstances.

The Company prepared the Statements and Notes on People metrics:

- With reference to select GRI standards: GRI 2: General Disclosures 2021, GRI 401: Employment 2016, GRI 404: Training and Education 2016, and GRI 405: Diversity and Equal Opportunity 2016.

Key terms used are defined in the Statements and Notes - Glossary of Terms section and the GRI Standards Glossary.

Note 2 - Reporting boundary

The Company presents its KPIs from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. Minority-owned joint ventures not operated by the Company are excluded from the reporting boundary.

Parental leave: The Company defines "leave" as paid or unpaid time away from work. An employee is entitled to parental leave based on the eligibility criteria, utilizing the Baker Hughes country policies and/or statutory regulations, whichever is more encompassing. Data for each reporting year was tracked by country. The Company is expanding the metric boundary based on availability of data. We reported parental leave data for 46 countries for the 2024 reporting year. We reported parental leave data for seven countries for the 2023 reporting year. We reported parental leave data for one country for the 2022 reporting year.

Note 3 - Methodology

Women in STEM

- The Company identifies STEM roles consistent with the roles defined by the U.S. Bureau of Labor Statistics.

Employee attrition

- The term "attrition" aligns with and adheres to the GRI definition of turnover, which includes employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.
- Employees may be counted more than once if they are terminated more than once in the same year.

New candidates hired

- Employees can be counted more than once if they are hired more than once in the same year.

Average hours of training per year per employee

- Average training hours include online and in-person training completed during the year ended December 31, 2024, for effective employees as of December 31, 2024, which is recorded in our enterprise learning management system. The metric does not include training completions maintained outside of the enterprise system and may contain multiple course completions for the same course by the same employee.
- The estimated duration of each training, as designated by the training creator, was used for the calculation. Where an estimated duration is not available, the median estimated duration based on activity type of the training was used.

Community contributions

- Charitable contributions are to qualified charitable organizations defined as entities that holds active tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Service Code and classified as a public charity. This includes non-U.S. charities with international equivalent 501(c)(3) designations.

Employees in leadership programs

- This metric is calculated based on those participating in the program as of December 31, 2024.

Diverse spend with suppliers

- Baker Hughes' tier 2 spend is allocatable indirect spend in U.S. dollars. It is calculated based on Baker Hughes' suppliers' spending with diverse suppliers, as defined by the supplier with which Baker Hughes contracts and the dollar volume of Baker Hughes' business compared to the suppliers' total revenue with Baker Hughes.

Metric	Criteria	KPIs	Methodology
Employee counts	GRI 2-7, Management metric	• Number of total employees	Number of effective employees
		• Number of total employees by region	Number of effective employees by respective region
		• Number of total employees by gender	Number of effective employees by respective gender
		• Number of total employees by age group	Number of effective employees by respective age group
		• Number of total employees by seniority	Number of effective employees by respective seniority
		• Number of total employees by job function	Number of effective employees by respective job function
		• Number of total employees by generation group	Number of effective employees by respective generation
		• Number of total full time and part time employees	Number of full time effective employees Number of part time effective employees
		• Number of total full time and part time employees by each region	Number of full time effective employees by respective region Number of part time effective employees by respective region
		• Number of total full time and part time employees by each gender	Number of full time effective employees by respective gender Number of part time effective employees by respective gender
		• Number of permanent, temporary and non-guaranteed hours employees	Number of effective permanent, temporary and non-guaranteed hours employees
		• Number of permanent, temporary and non-guaranteed hours employees by gender	Number of effective permanent, temporary and non-guaranteed hours employees by respective gender
Non-employee workers	GRI 2-8	• Number of non-employee workers in own workforce	Number of active non-employee workers
Employees by gender	GRI 405-1	• Percentage of employees by gender	Number of effective employees in respective gender as of year end divided by total number of effective employees as of year end
		• Percentage of employees by gender for each seniority	Number of effective employees in respective seniority and gender as of year end divided by total effective employees in respective seniority as of year end
		• Percentage of employees by gender for each job function	Number of effective employees in respective function and gender as of year end divided by total effective employees in respective job function as of year end
		• Percentage of employees that are people managers for each gender	Number of effective employees designated as people manager of respective gender as of year end divided by total effective employees designated as people manager as of year end
		• Percentage of women-identifying employees on the Board of Directors	Number of employees on the Board of Directors who identify as women as of year end divided by total number of Board of Directors as of year end
Employees by age group	GRI 405-1	• Percentage of employees by age group	Number of effective employees in respective age group, divided by total effective employees
		• Percentage of employees by age group for each job function	Number of effective employees in respective age group and job function divided by total effective employees in respective job function
		• Percentage of employees by age group for each seniority	Number of effective employees in respective age group and seniority divided by total effective employees in respective seniority
Employees by generation group	Management metric	• Percentage of employees by generation group	Number of effective employees by generation group divided by total effective employees
Country representation	Management metric	• Number of employees working outside of the U.S.	Number of effective employees that are working outside of the U.S.
		• Number of countries with employees	Number of countries with effective employees
		• Number of nationalities represented by employees	Number of nationalities represented by effective employees, as self-reported in Human Resources enterprise system
U.S. employees - people of color (PoC)	GRI 405-1, Management metric	• Percentage of U.S. employees who identify as people of color	Number of effective employees in the U.S. who identify as people of color as of year end divided by total number of effective employees in the U.S. as of year end
		• Percentage of U.S. employees who identify as people of color by seniority	Number of effective employees in the U.S. who identify as people of color and are in respective seniority as of year end divided by total number of effective employees in the U.S. who are in respective seniority as of year end
		• Percentage of U.S. employees who identify as people of color by gender	Number of effective employees in the U.S. who identify as people of color in respective gender category as of year end divided by total number of effective employees in the U.S. who identify as people of color as of year end
Women in STEM roles	Management metric	• Percentage of women in STEM roles	Number of effective employees who identify as women and who are in STEM roles divided by all effective employees in STEM roles

Employee attrition	GRI 401-1	• Number and rate of total employee attrition	Number of effective employees who were voluntarily or involuntarily terminated Number of effective employees who were voluntary or involuntary terminated divided by the average monthly effective employee count
		• Number and rate of total employee attrition by gender	Number of effective employees in respective gender category who were voluntary or involuntary terminated Number of effective employees in respective gender category who were voluntary or involuntary terminated divided by the average monthly effective employee count in respective gender category
		• Number and rate of total employee attrition by age group	Number of effective employees in respective age group who were voluntary or involuntary terminated Number of effective employees in respective age group who were voluntary or involuntary terminated divided by the average monthly effective employee count in respective age group
		• Number and rate of total employee attrition by region	Number of effective employees in respective region who were voluntary or involuntary terminated Number of effective employees in respective region who were voluntary or involuntary terminated divided by the average monthly effective employee count in respective region
Voluntary attrition	Management metric	• Number and rate of voluntary employee attrition	Number of effective employees who were voluntarily terminated Number of effective employees who were voluntarily terminated divided by the average monthly effective employee count
		• Number and rate of voluntary employee attrition by gender	Number of effective employees in respective gender category who were voluntarily terminated Number of effective employees in respective gender category who were voluntarily terminated divided by the average monthly effective employee count in respective gender category
		• Number and rate of voluntary employee attrition by age group	Number of effective employees in respective age group who were voluntarily terminated Number of effective employees in respective age group who were voluntarily terminated divided by the average monthly effective employee count in respective age group
		• Number and rate of voluntary employee attrition by region	Number of effective employees in respective region who were voluntarily terminated Number of effective employees in respective region who were voluntarily terminated divided by the average monthly effective employee count in respective region
New candidates hired	GRI 401-1, Management metric	• Number of external candidates hired	Number of external candidates who were hired
		• Number of external candidates hired by gender	Number of external candidates by respective gender who were hired
		• Number of external candidates hired by age group	Number of external candidates by respective age group who were hired
		• Number of external candidates hired by region	Number of external candidates by respective region who were hired
		• Number of external candidates hired by employee type	Number of external candidates who were hired by employee type (effective employees and trainees)
		• Number of internal candidates hired	Number of internal candidates who were hired
		• Number of internal candidates hired by gender	Number of internal candidates by respective gender who were hired
		• Number of internal candidates hired by age group	Number of internal candidates by respective age group who were hired
		• Number of internal candidates hired by region	Number of internal candidates by respective region who were hired
Employees in leadership programs	Management metric	• Total number of participants in leadership development programs (ASPIRE, IMPACT and CULTIVATE)	Number of participants in leadership development programs including ASPIRE (early career leadership program), IMPACT (mid-career leadership program) and CULTIVATE (mid-career leadership program for women)
		• Number of employees participating in each leadership development program	Number of participants in each ASPIRE, IMPACT and CULTIVATE programs
		• Number of ASPIRE and IMPACT participants who identify as women	Number of participants who identify as women in ASPIRE and IMPACT
Average hours of training per year per employee	GRI 404-1	• Average hours of training per employee	Number of recorded learning hours completed divided by number of effective employees
		• Average hours of training per employee by gender	Number of recorded learning hours completed in respective gender divided by number of effective employees in respective gender
		• Average hours of training per employee by career band	Number of recorded learning hours completed in respective career band divided by number of effective employees in respective career band
		• Average hours of training per employee by job function	Number of recorded learning hours completed in respective job function divided by number of effective employees in respective job function
		• Average hours of training per employee by operating segment	Number of recorded learning hours completed in respective business segment divided by number of effective employees in respective business segment

Regular performance and career development reviews	GRI 404-3	• Percentage of employees receiving regular performance and career development reviews	Number of effective employees who have completed the annual performance and career development review divided by total number of eligible effective employees
		• Percentage of employees receiving regular performance and career development reviews by gender	Number of effective employees who have completed the annual performance and career development review in respective gender category divided by total number of eligible effective employees in respective gender category
		• Percentage of employees receiving regular performance and career development reviews by career band	Number of effective employees who have completed the annual performance and career development review in respective career band divided by total number of eligible effective employees in respective career band
		• Percentage of employees receiving regular performance and career development reviews by job function	Number of effective employees who have completed the annual performance and career development review in respective job function divided by total number of eligible effective employees in respective job function
Community contributions	Management metric	• Number of volunteer service hours	Number of self-reported volunteer hours by active full-time employees
		• Amount of employee-matched contributions made by the Baker Hughes Foundation	Amount of employee-matched contributions made by the Baker Hughes Foundation
		• Amount of company and foundation financial pledges and contributions	Amount of company and foundation financial pledges and contributions
		• Amount of company in-kind contributions	Amount of company in-kind contributions The value of in-kind donations is calculated by looking at product sales price of in-kind donations. Company in-kind contributions represent OFSE business segment software licenses only
		• Total amount of charitable contributions	Total amount of charitable contributions (sum of employee-matched contributions, Baker Hughes Foundation financial contributions, Company in-kind contributions)
Diverse spend with suppliers	Management metric	• Amount spent with diverse suppliers and small businesses by Baker Hughes – Tier 1 spend	Amount of money paid against invoices from suppliers' who are diverse or qualify as a small businesses
		• Amount spent with diverse suppliers and small businesses by Baker Hughes' suppliers – Tier 2 spend	Amount of money reported to Baker Hughes by suppliers as part of Tier 2 Diverse Supplier Program
		• Total amount spent – (Tier 1 and Tier 2)	Total amount spent (sum of Tier 1 spend plus Tier 2 spend)
Employee resource group (ERG) membership	Management metric	• Number of employees enrolled in at least one employee resource group	Number of active employees enrolled in at least one ERG
		• Percentage of employees enrolled in at least one employee resource group	Number of active employees enrolled in at least one ERG divided by total number of active employees
Parental leave	GRI 401-3	• Number of employees entitled to parental leave	Number of effective employees entitled to parental leave
		• Number of employees entitled to parental leave by gender	Number of effective employees entitled to parental leave by respective gender
		• Number of employees that took parental leave	Number of effective employees with an approved leave for maternity, paternity and/or parental
		• Number of employees that took parental leave by gender	Number of effective employees with an approved leave for maternity, paternity and/or parental by respective gender
		• Number of employees that returned from leave in the reporting period following leave	Number of effective employees with approved leave for maternity, paternity and/or parental that have returned to work
		• Number of employees that returned from leave in the reporting period following leave by gender	Number of effective employees with approved leave for maternity, paternity and/or parental that have returned to work by respective gender

Statements and Notes on GHG CO_2e Emissions

Statements on GHG CO_2e Emissions (MT CO_2e)

	2024	2019 (base year)
Total scope 1 emissions	386,367	499,168
Scope 1 - facilities emissions	98,425	164,080
Scope 1 - field emissions	181,885	197,667
Scope 1 - fleet emissions	106,056	137,421
Total scope 2 indirect emissions - location based	212,476	306,757
Total scope 2 Indirect emissions - market based	178,361	300,026
Total scope 1 and 2 emissions (Market Based)	564,728	799,194
Total reported scope 3 emissions	375,422,658	275,929,118

The accompanying notes are an integral part of these statements.

Note 1 - Basis of presentation

Baker Hughes Company ("Baker Hughes," "the Company," "we," "us," or "our") is an energy technology company with a diversified portfolio of technologies and services that span the energy and industrial value chain. Built on a century of experience and conducting business in over 120 countries, our innovative technologies and services are taking energy forward.

The Statements and Notes on GHG CO_2e Emissions have been prepared for the period January 1 to December 31, corresponding to the Company's fiscal year, unless otherwise stated in the methodology. The Notes presented in this report are for the current reporting period ended December 31, 2024 and base year when presented.

The Statements and Notes on GHG CO_2e Emissions do not include 2020-2023 emissions data since recalculated GHG emissions data for all years between the base year and the reporting year is optional, as noted in the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.

Scope 1

GHG emissions information has been prepared in accordance with the WRI/WBCSD GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition. Scope 1 represents direct GHG emissions that occur from sources that are owned or controlled by Baker Hughes.

- Scope 1, facilities: Where fuel quantity is known, stationary combustion source methodology is used as described in the Environmental Protection Agency (EPA) Mandatory Reporting Rule, 40 CFR Part 98 Subpart C based on actual purchases during the year. Where fuel quantity is unknown, estimation methodology is based on size of occupied space and type of operation using the U.S. Energy Information Administration (EIA) Commercial Buildings Energy Consumption Survey (CBECS) data.
- Scope 1, field activities: Where fuel quantity is known, stationary combustion source methodology is used as described in the EPA Mandatory Reporting Rule, 40 CFR Part 98 Subpart C based on actual purchases during the year or actual consumption in instances where fuel was not purchased. Where fuel quantity is unknown, fuel quantity is calculated using known fuel purchase records, operating hours and an average hourly consumption rate for field equipment.
- Scope 1, fleet activities (vehicles and marine vessels): Where fuel quantity is known or based on fixed usage contracts, mobile combustion source methodology is as described in the EPA Center for Corporate Climate Leadership GHG Inventory Guidance on Direct Emissions from Mobile Combustion Sources. Where vehicle fuel quantity is unknown, estimation methodology is based on regional averages of similar vehicles with known fuel usage.

Scope 2

GHG emissions information has been prepared in accordance with the WRI/WBCSD GHG Protocol scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard. Scope 2 accounts for GHG emissions from the generation of purchased electricity, heating, steam and cooling consumed by the Company.

- Scope 2, facilities: Emissions from electricity use are calculated with U.S. EPA eGRID, Canada National Inventory, International Energy Agency and Association of Issuing Bodies (AIB) emission factors. We calculate market-based emissions based on electricity procurement decisions and details including contracts, renewable energy certificates (RECs) in the U.S. and renewable energy guarantees of origin (REGOs) in the United Kingdom (U.K.) and European Union. European residual mix factors are used where REGOs are unavailable. Location-based emissions are calculated using national grid factors by location for our global facility portfolio. Where electricity use data is unavailable, estimation methodology involves calculation of energy use based on square footage and facility type using the EIA CBECS data.
- Scope 2, remote work: Emissions associated with remote work are included in scope 2. This categorization deviates from the GHG Protocol; however, we take this approach to counterbalance reduced emissions resulting from fewer office-based employees working on-site at our facilities since the COVID-19 pandemic. The Company continues to offer flexible work arrangements to our global employees and remote working has continued at a somewhat lower rate. Emissions from home office electricity use were assessed in a Baker Hughes-specific home office study. The study assessed the actual electricity use by volunteer employee participants and calculated the corresponding emissions using IEA Emission Factors.
- Scope 2, vehicles and marine vessels: Emissions from electricity use are calculated with IEA Emission Factors based on the level of data granularity available. Both market-based and location-based emissions are calculated using national grid factors by location for our non-internal combustion engine (ICE) vehicles. Where electricity use data is unavailable for specific months, estimation methodology involves calculation of energy use based on actual electricity usage for non-ICE vehicles. Where electricity use data is not available for the full year, estimation methodology involves calculation of fuel consumption based on actual fuel usage for ICE vehicles under scope 1.

Scope 3

GHG emissions information has been prepared in accordance with the WRI/WBCSD GHG Protocol: Corporate Value Chain (scope 3), Accounting and Reporting Standard. Scope 3 includes indirect GHG emissions (not included in scope 2) that occur in the value chain of the Company, including both upstream and downstream emissions categories listed in Notes 7 and 8.

Collectively, the WRI/WBCSD GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard and the GHG Protocol: Corporate Value Chain (scope 3), Accounting and Reporting Standard are referred to as the "GHG Protocol" in this document.

Estimation uncertainties

The Company obtains energy use data from across our global operations for the calculation of our GHG inventory in accordance with the GHG Protocol. However, there are measurement uncertainties resulting from the limitations inherent in the nature and methods used to calculate energy and emissions for the subset of facilities and activities where actual use data is not available. These methodologies are described within the Statements and Notes on GHG Emissions for scope 1, 2 and 3 emissions categories. The selection by the Company's management of different but acceptable measurement techniques could have resulted in materially different measurements.

Note 2 – GHG reporting inventory boundaries

Organizational boundary

The Company presents its emissions under the operational control approach, accounting for emissions from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. We exclude minority-owned joint ventures not operated by the Company.

Scope 1 and 2 operational boundaries

We include scope 1 CO_2e emissions from the combustion of fuels onsite at our facilities, including natural gas, distillate, gasoline, kerosene, propane, residual fuel oil and hydrofluorocarbons (HFCs). Scope 1 also includes offsite activities associated with transportation in our company vehicle fleet and field activities related to stimulation work carried out on marine vessels, pressure pumping operations, integrated well services and solutions and offshore wireline activities.

Scope 2 includes CO_2e emissions from the purchase and self-generation of renewable and nonrenewable electricity, heating, steam and cooling used on-site across our global facility and vehicle portfolio. Emissions associated with remote work are also included in scope 2.

For both scope 1 and 2, the Company includes emissions from both owned and leased facilities, vehicles and equipment. The Company accounts for CO_2e emissions from long-term leased assets (equipment, vehicles and real estate) that are treated as wholly-owned assets in financial accounting and are recorded as such on the balance sheet. We account for emissions from all other leased vehicles based on operational fleet management inventories. Facilities subleased to third parties are excluded and scope 1 does not include emissions from process and pipeline services because robust methods to calculate these are not yet available.

Scope 3 operational boundaries:

Scope 3 includes the following GHG Protocol categories:

- Category 1 – purchased goods and services;
- Category 2 - capital goods;
- Category 3 – fuel and energy related activities (not included in scope 1 and 2);
- Category 4 – upstream transportation and distribution; shipments paid for by Baker Hughes and captured in transportation management systems;
- Category 5 – waste generated in operations;
- Category 6 – business travel;
- Category 7 – employee commuting;
- Category 9 – downstream transportation and distribution; outbound shipments not paid for by Baker Hughes;
- Category 11 – use of sold products; direct-use phase emissions from products and services; and
- Category 15 – investments; equity investments.

Base year

The GHG base year applies to scope 1, scope 2 and scope 3 CO_2e emissions and has been prepared in accordance with the GHG Protocol. The Company has established 2019 as the base year for scope 1, 2 and 3 emissions reduction comparison as it best represents the most recent year of business-as-usual operations prior to the COVID-19 pandemic. Baker Hughes has established a policy to recalculate base year emissions based on a 5% cumulative significance threshold applied to adjustments of scope 1, scope 2 and scope 3 emissions categories individually for any reporting year. Significant changes evaluated for recalculation include recent company structural changes, boundary enhancement and enhancements in methodology and data. The recalculation of our fixed-base year emissions is in accordance with the GHG Protocol's "same-year/all-year" approach.

Adjustments to the scope 1 and 2 2019 base year were made for:

- Acquisition of four businesses in 2023;
- Changes in accounting methodology for more accurate facility emissions estimations and enhancements in our fleet accounting;
- Enhancements in fleet accounting include a more accurate estimate methodology and the inclusion of new vehicle types that support the electrification and decarbonization of the fleet, with the inclusion of expanded powertrain options for vehicle emissions calculations.

Adjustments to the scope 3 2019 base year were made for:

- Acquisitions of four businesses in 2023 that affected all categories;
- Changes in accounting methodology for categories 1 and 2 to better separate emissions from capital goods; Category 1 to include non-purchase order spend data and category 2 that utilizes alternate data sources;
- Update to category 5 methodology to now include waste water treatment;
- Update to emissions factors (EFs) for category 6 for spend-based emissions estimates;
- Category 15 EFs updated using the EPA Supply Chain GHG Emissions Factors.

Market-based approach

GHG emissions can be reduced through energy efficiency and conservation measures and by increasing the use of zero carbon or low-carbon energy sources. The market-based approach calculates the carbon emissions based on our electricity procurement decisions, which include the use of renewables and zero-emissions energy sources such as nuclear. Details including contracts, RECs and REGOs are used in calculating market-based emissions. We apply Energy Attribute Certificates (EACs) only to the electricity consumption of specific facilities under the contract. Excess EACs are not applied to sites or regions other than those under contract. We use market-based values to assess our performance against our stated emissions reduction goals in the current reporting year as compared to our base year.

Global warming potentials

GHG emissions were calculated using the Global Warming Potentials (GWP) from the International Panel on Climate Change (IPCC) Sixth Assessment Report (AR6 – 100 year). Where emission factors are published with prior Assessment Report GWPs, we have adjusted the factors to use AR6 for consistency across our inventory.

GHG Emissions Factors

	Emissions scope	Emissions source	Emissions factors - source/years
Scope 1	Fleet (vehicles and marine vessels)	Distillate fuel, gasoline/petrol	2019: U.S. EPA Emission Factors for GHG Inventories (Table 1), March 26, 2020 U.S. EPA, Inventory of U.S. GHG Emissions and Sinks: 1990–2016 EPA 430-R-18-003, Annex 3.2 2024: U.S EPA, Inventory of U.S. GHG Emissions and Sinks: 1990–2022 | 2024 All Annexes (pdf) | Table A-68, Table A-71 and Table A-72. April 11, 2024 U.S. EPA Emission Factors for GHG Inventories (Table 1, 2 and 5). June 5, 2024
	Field activities (pressure pumping, wireline, integrated well services and marine vessels)	Distillate fuel	2019: U.S. EPA Emission Factors for GHG Inventories (Table 1 and 5), March 26, 2020 2024: U.S. EPA Emission Factors for GHG Inventories (Table 1), June 5, 2024
	Facilities	Natural gas, distillate, gasoline, kerosene, LPG, propane, residual fuel oil, HFCs	2019: U.S. EPA Emission Factors for GHG Inventories (Table 1), March 26, 2020 International Journal of Hydrogen Energy 46 – Global warming consequences of replacing natural gas with hydrogen in the domestic energy sectors of future low-carbon economies in the U.K. and U.S., July 8, 2021 2024: U.S. EPA Emission Factors for GHG Inventories (Table 1), June 5, 2024 International Journal of Hydrogen Energy 46 – Global warming consequences of replacing natural gas with hydrogen in the domestic energy sectors of future low-carbon economies in the U.K. and U.S., July 8, 2021
Scope 2	Facilities	Electricity	2019: U.S. EPA eGRID 2018, March 9, 2020; 2019 Canada National Inventory Report 1990-2017, Annex 13-2 through 13-14, 2019 IEA 2017 released 2019 AIB, European Residual Mixes 2019, Version 1.1, August 9, 2020 2024: U.S. EPA eGRID 2022, January 30, 2024 2024 Canada National Inventory Report 1990-2022, Part 3, Table A13.1-13.14, April 2024 IEA 2024 released October 2024 AIB, European Residual Mixes 2023, Version 1.0, Table 2, May 30, 2024
	Fleet (vehicles and marine vessels)	Electricity	2024: U.S. EPA Emission Factors for GHG Inventories (Table 1), June 5, 2024 2024: U.S. EPA Inventory of U.S. GHG Emissions and Sinks: 1990–2022 | 2024 All Annexes (pdf), April 11, 2024
	Remote work	Electricity	2019: IEA 2017 released 2019 2024: IEA 2024 released October 2024

	Emissions scope	Emissions source	Emissions factors - source/years
Upstream scope 3	Category 1	Purchased goods and services	2019: EXIOBASE 3 Environmentally Extended Multi-Regional Input-Output (EE-MRIO) tables, Version 3.7, December 18, 2019 2024: EXIOBASE 3 EE-MRIO tables, Version 3.8.2, October 21, 2021
	Category 2	Capital goods	2019: EXIOBASE 3 EE-MRIO tables, Version 3.7, December 18, 2019 2024: EXIOBASE 3 EE-MRIO tables, Version 3.8.2, October 21, 2021
	Category 3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	2019: Department for Environment, Food and Rural Affairs (DEFRA) U.K.Government GHG Conversion Factors for Company Reporting 2019 v 1. Fuels wheel to tank (WTT) IEA 2024 Life Cycle Upstream Emission Factors 2024, Total Upstream Factors and Life Cycle Transmission and Distribution (T&D) Factors tabs 2024: DEFRA 2024 U.K. Government GHG Conversion Factors for Company Reporting 2024 v 1. Fuels WTT IEA 2024 Life Cycle Upstream Emission Factors 2024, Total Upstream Factors and Life Cycle T&D Factors tabs
	Category 4	Upstream transportation and distribution	2019: DEFRA 2019 U.K.Government GHG Conversion Factors for Company Reporting 2019, v 1. Freighting Goods Table DEFRA 2019 UK Government GHG Conversion Factors for Company Reporting 2019 v 1. Freight WTT 2024: DEFRA 2024 U.K. Government GHG Conversion Factors for Company Reporting 2024, v 1. Freighting Goods Table DEFRA 2024 U.K. Government GHG Conversion Factors for Company Reporting 2024 v 1. Freight WTT
	Category 5	Waste generated in operations	2019: U.S. EPA Emission Factors Hub 2020 Table 9, March 26, 2020 DEFRA 2019 U.K. Government GHG Conversion Factors for Company Reporting 2019 v 1. Water Treatment 2024: U.S. EPA Emission Factors Hub 2024, Table 9, June 5, 2024 DEFRA 2024 U.K. Government GHG Conversion Factors for Company Reporting 2024 v 1. Water Treatment
Downstream scope 3	Category 6	Business travel	2019: U.S. EPA Emission Factors for GHG Inventories (Tables 2 and 10), March 26, 2020 India GHG Program 2015. V 1, Passenger Car Table, p. 9 2024: DEFRA 2024 U.K. Government GHG Conversion Factors for Company Reporting 2024 v1.1 (hotel stay, Business travel- air, Business travel- land) U.S. EPA Emission Factors for GHG Inventories (Table 2 and 10), June 5, 2024 India GHG Program 2015. V 1, Passenger Car Table, p. 9 U.S. EPA Environmentally-Extended Input-Output (U.S. EEIO) v1.1
	Category 7	Employee commuting	2019: U.S. EPA Emission Factors for GHG Inventories (Table 10), March 26, 2020. DEFRA 2019 U.K. Government GHG Conversion Factors for company reporting 2019 v 1. Business Travel Land and WTT - passenger vehicles and travel - land India GHG Program 2015. V 1, Passenger Car Table, p. 9 2024: U.S. EPA Emission Factors for GHG Inventories (Table 10), June 5, 2024 DEFRA 2024 U.K. Government GHG Conversion Factors for company reporting 2023 v 1. Business Travel Land and WTT - passenger vehicles and travel - land India GHG Program 2015. V 1, Passenger Car Table, p. 9
	Category 9	Downstream transportation and distribution	2019 and 2024: Same as category 4
	Category 11	Use of sold products	IEA 2019 Life Cycle Upstream Emission Factors 2024, Total Upstream Factors and Life Cycle T&D Factors tabs, Released October 2022 SimaPro 9.0.0.30 with Ecoinvent 3.5 database 2024: EcoInvent 3.6 database. IEA 2024 Life Cycle Upstream Emission Factors 2024, Total Upstream Factors and Life Cycle T&D Factors tabs, Released October 2024
	Category 15	Investments	2019 – 2024: U.S. EPA U.S. EEIO v1.3 - Supply Chain GHG Emissions Factors v1.3, July 10, 2024

Note 3 - CO_2e intensity

Market based: MT CO_2e per $ revenue

Total scope 1, scope 2 (market-based) and scope 3 emissions per dollar of revenue for the year ended December 31.

	2024	2019 (base year)
Scope 1 per $ revenue	0.0000140	0.0000210
Scope 2 per $ revenue	0.0000060	0.0000130
Total scope 1 and 2 per $ revenue	**0.0000203**	**0.0000335**
Scope 3 per $ revenue	0.0134900	0.0115750
Total per $ revenue	**0.0135106**	**0.0116087**
Total revenue (millions USD)	**$27,829**	**$23,838**

Note 4 - CO_2e Emissions data by GHG

GHG emissions by gas

Emissions data for all seven GHGs in metric tonnes and in tonnes of CO_2e include only scope 1 and 2 emissions. The GHG emissions disclosed in the Statements and notes on GHG CO_2e Emissions include the following seven GHGs: CO_2, methane (CH_4), nitrous oxide (N_2O), HFCs, perflourocarbons (PFCs), nitrogen trifluoride (NF_3) and sulfur hexafluoride (SF_6).

in MT CO_2e

		CO_2	CH_4	N_2O	HFCs	PFCs	NF_3	SF_6
2024	Scope 1	384,108	1,209	1,050	0	0	0	0
	Scope 2, Location-Based Approach	211,564	334	578	Not applicable	Not applicable	Not applicable	Not applicable
	Scope 2, Market-Based Approach	177,736	214	412	Not applicable	Not applicable	Not applicable	Not applicable

in absolute MT gas

		CO_2	CH_4	N_2O	HFCs	PFCs	NF_3	SF_6
2024	Scope 1	384,108	43	4	0	0	0	0
	Scope 2, Location-Based Approach	211,564	12	2	Not applicable	Not applicable	Not applicable	Not applicable
	Scope 2, Market-Based Approach	177,736	8	2	Not applicable	Not applicable	Not applicable	Not applicable

Note 5 - Emissions data on direct or biogenic CO_2 emissions from biologically sequestered carbon

There are no material emissions applicable to biologically sequestered carbon (e.g., CO_2 from burning biomass or biofuels).

Note 6 - Information on offsets

It is the Baker Hughes sustainability policy to exhaust all carbon emissions reduction pathways prior to starting to use offsets. Carbon offsets are not included in our short to mid-term net-zero roadmap (see Note 2, Market-based approach).

Note 7 - Scope 3 reporting boundaries

Scope 3 reporting (MT CO_2e)

			2024	2019 (base year)	Notes
Upstream scope 3 emissions	Category 1	Purchased goods and services	7,346,257	5,535,931	Includes purchase order and non-purchase order spend related to purchased goods and services, except for capital goods (category 2), utilities (category 3), logistics (category 4), waste (category 5) and business travel (category 6). Spend considered relates to raw materials, finished and semi-finished goods and services provided to the Company.
	Category 2	Capital goods	172,789	106,850	Includes emissions from the upstream production of plant, property and equipment, as defined at the point of purchase by sourcing.
	Category 3	Fuel and energy-related activities (not included in scope 1 or 2)	139,608	185,620	Includes emissions from fuel and energy-related activities not already accounted for in scope 1 and scope 2 emissions.
	Category 4	Upstream transportation and distribution	392,524	676,589	Includes domestic and international third-party owned or operated transportation via land, sea or air purchased by Baker Hughes.
	Category 5	Waste generated in operations	102,502	156,048	Includes emissions from the disposal of waste types, wastewater, hazardous and non-hazardous waste and disposal methods, such as recycling, landfill or re-use.
	Category 6	Business travel	76,580	100,588	Includes business travel booked within and outside of Baker Hughes' third-party booking system and out-of-pocket business travel expenses. This includes business travel activities such as air, rail, bus and automobiles (including employee-owned and rental cars), as well as hotel stays when employees travel.
	Category 7	Employee commuting	150,290	186,559	Includes commuting emissions from active employees except for home office emissions for employees who work remotely. This includes travel by personal vehicle, public transportation or other zero emission transportation methods. Optional home office emissions are reported under scope 2.
	Category 8	Leased assets	Not applicable	Not applicable	Over 99% of emissions from the operation of leased assets are included in scope 1 and 2, or scope 3 category 11.
Downstream scope 3 emissions	Category 9	Downstream transportation and distribution	241,846	481,799	Includes domestic and international third-party owned or operated transportation related to Baker Hughes products, via land, sea or air, purchased by value chain partners.
	Category 10	Processing of sold products	Insignificant	Insignificant	Over 99% of Baker Hughes revenues are from finished goods.
	Category 11	Use of sold products	366,523,904	268,373,101	Includes in-use emissions from products and services sold by Baker Hughes. These direct use-phase emissions originate from the combustion of fuel or consumption of electricity, steam and leakage of GHGs during the operation of sold products and services.
	Category 12	End-of-life treatment of sold products	Not reported	Not reported	Further engagement with customers is needed to understand how products are disposed/dispositioned.
	Category 13	Leased assets	Excluded category	Excluded category	Baker Hughes does not distinguish between products sold and leased and therefore accounts for leased assets within category 11 - use of sold products.
	Category 14	Franchises	Not applicable	Not applicable	Baker Hughes does not operate franchises.
	Category 15	Investments	276,357	126,032	Includes equity investments that are not consolidated into Baker Hughes financial statements. Certain equity investments are not included as the Company is limited in its ability to collect data.
	Total reported scope 3 emissions		**375,422,657**	**275,929,117**	

Note 8 - Scope 3 data source, assumptions and methodology

Summary of the category scope, types and sources of data used, data quality, methodology, allocation methods and assumptions used to calculate emissions.

	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS AND ASSUMPTIONS USED TO CALCULATE EMISSIONS
Upstream scope 3 emissions		
Category 1, Purchased goods and services	Activity data: (Primary data) direct and indirect purchasing activity in the reporting year Emissions factors: (Secondary data) cradle-to-gate emission factors for purchased goods and services were obtained from EXIOBASE3	The calculation uses the spend-based methodology. Where spend cannot be mapped to a United Nations Standard Products and Services Code (UNSPSC), emissions are estimated through extrapolation of mapped spend. Emissions = (spend by UNSPSC) x (mapped EEIO factor)
Description of the data quality of reported emissions		Very Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%
Category 2, Capital goods	Activity data: (Primary data) direct and indirect purchasing activity in the reporting year (Secondary data) cradle-to-gate emission factors for purchased goods and services were obtained from EXIOBASE3	The calculation uses the spend-based methodology. Where spend cannot be mapped to a UNSPSC code, emissions are estimated through extrapolation of mapped spend. Emissions = (spend by category) x (mapped EEIO factor)
Description of the data quality of reported emissions		Very Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%
Category 3, Fuel- and energy-related activities	Activity data: (Primary data) scope 1 and scope 2 usage (MWh) data by fuel or energy source Emissions factors: Fuels and purchased heat - DEFRA Conversion Factors for Company Reporting table on WTT Emission Factors, as well as Electricity - IEA Emission Factors.	This category uses scope 1 and 2 activity data in MWh and applies appropriate upstream and transmission and distribution emissions factors as applicable. Emissions = (Scope 1 or 2 usage by energy source) x (upstream emissions factor)
Description of the data quality of reported emissions		Very Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		47%
Category 4, Upstream transportation and logistics	Activity data: (Primary data) Details from the Company's transportation management system including the freight spend, origin and destination of the shipment, the mode of transport and weight for domestic and international movements. Emissions factors: (Secondary data) The emission factors are from DEFRA Conversion Factors for Company Reporting, Freighting Goods table for each mode of transport.	The calculation uses a combination of the distance-based and spend-based methodology. Where activity data is not available, freight spend is used to extrapolate emissions. Emissions = (Emission factor by mode x distance of movement x weight of shipment by mode)/(% of total freight spend with activity data)
Description of the data quality of reported emissions		Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%

Note 8 - Scope 3 data source, assumptions and methodology (continued)

Summary of the category of the scope, types and sources of data used, data quality, methodology, allocation methods and assumptions used to calculate emissions.

	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS AND ASSUMPTIONS USED TO CALCULATE EMISSIONS
Category 5, Waste generated from operations	Activity data: (Primary data) The quantities of wastewater, hazardous, non-hazardous, recycled and e-waste generated during operations were obtained from the Company's HSE data management system. The data also includes the treatment methods recycling, landfill, incineration without energy recovery and others.	The calculation uses the Waste-Type-Specific methodology. Where data is unavailable (does not meet reporting threshold of 10,000 square feet facility or some rental facilities), activity data is extrapolated considering region and facility type. For 2019, we backcast emissions based on 2022 waste quantities, the 2019 DEFRA Conversion Factor and 2019 revenue. The back-casting of 2022 waste quantities is based on the facilities under operational control in 2022.
	Emissions factors: (Secondary data) The emission factors are from the U.S. EPA GHG Emission Factors Hub, Table 9 as well as DEFRA Conversion Factors for Company Reporting table on Water Treatment	Emissions = (emission factor by waste type and disposal method) x (amount of waste by type and disposal method)
Description of the data quality of reported emissions		Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		78%
Category 6, Business travel	Activity data: (Primary data) Distance per mode of transportation and number of hotel nights Baker Hughes employees booked in the reporting year is collected by Baker Hughes external partners, namely our travel management partner and preferred rental car providers.	The calculation uses the distance-based methodology for travel and hotel stays and spend-based methodology for expenses.
	(Primary data) Distance travelled by personal use of car for business travel as reported in Baker Hughes expense management system.	Emissions = ∑ (distance travelled by vehicle type (vehicle-km or passenger-km) × vehicle specific emission factor (kg CO_2e/vehicle-km or kg CO_2e/passenger-km)) + ∑ (annual number of hotel nights (nights) × hotel emission factor (kg CO_2e/night)) + ((∑ (expenses claimed for public transport) - ∑ (expenses covered by other reports)) x EEIO emission factor (kg CO_2e/$))
	Emissions factors: (Secondary data) Emission factors for rental cars are from EPA by car class and GWP values as reported within the IPCC Fifth Assessment Report.	Reports used for other travel expenses include reports from third party travel vendors.
	(Secondary data) Emission factors for hotel are from DEFRA GHG Conversion Factors for Company Reporting – "hotel stay". Where data is not available by country, an average emission factor is applied.	
	(Secondary data) Emission factors for air are from DEFRA's GHG Conversion Factors considering flight types (short haul, long haul) and cabin class.	
	(Secondary data) Emission factors for rail are from DEFRA's GHG Conversion Factors considering national and international rail.	
	(Secondary data) Emission factors for personal cars used for business travel are from country-specific sources. U.S. – EPA Emission Factors Hub; India GHG Program; U.K. and all other countries – DEFRA Conversion Factors.	
	(Secondary data) Emission factor for public transportation spend is from U.S. EEIO matrices	
Description of the data quality of reported emissions		Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		82%

Note 8 - Scope 3 data source, assumptions and methodology (continued)

Summary of the category of the scope, types and sources of data used, data quality, methodology, allocation methods and assumptions used to calculate emissions.

	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS AND ASSUMPTIONS USED TO CALCULATE EMISSIONS
Category 7, Employee commuting	Activity data: (Primary data) Employee count from human capital management system and direct employee commuting data (mode, distance, frequency) taken by a company wide survey (Secondary data) Estimated one-way commute miles from U.S. Department of Transportation, Federal Highway Administration, – For 2019: 2010 Status of the Nation's Highways, Bridges and Transit: Conditions and Performance Table for U.S. one-way commute miles, privately owned vehicle: 2019 data: https://www.fhwa.dot.gov/policy/2010cpr/execsum.cfm – For 2024: 2022 National Household Travel Survey: Table 7-4: Commute patterns by mode of transportation, 2022, privately owned vehicles (https://nhts.ornl.gov/assets/2022/pub/2022_NHTS_Summary_Travel_Trends.pdf) (Secondary data) Annual vehicle distance traveled in miles and related data by highway category and vehicle type from U.S. Department of Transportation, Federal Highway Administration, – For 2019: https://www.fhwa.dot.gov/policyinformation/statistics/2018/pdf/vm1.pdf – For 2024: https://www.fhwa.dot.gov/policyinformation/statistics/2022/pdf/vm1.pdf Emissions factors: (Secondary data) Emissions factors from EPA GHG Emissions Factors Hub – Table 10 Scope 3 Category 6 and 7	This calculation uses the average-data method and assumes an average distance travelled each day, number of employees working from home and 48 working weeks in a year with a 5-day work week. Assumes car travel is representative of employee commuting behaviors as other data is not available. We aspire to improve the data quality in the future by surveying our employee base. Emissions = total distance travelled by vehicle type x Σ ((# employees - # employees working remotely) x distance travelled from work to home/day (one-way) x 2 x number of commuting days per year) OR emissions = distance travelled x emission factor per vehicle type x frequency of commute. Only applicable to employees who responded to the survey.
Description of the data quality of reported emissions		Good
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		8%
Category 9, Downstream transportation and distribution	Activity data : (Secondary data) Category 4 emissions from upstream transportation and distribution and estimated percentage of Baker Hughes purchased shipments vs. third-party purchased shipments, based on Incoterms weighted by activity. (Secondary data) Revenue data, along with Incoterm weighting, is used to estimate emissions for category 9.	This calculation uses a combination of distance-based and spend-based methods. Emissions are estimated for category 9 by extrapolating emissions from category 4 based on revenue. Emissions = (emissions from outbound category 4) x (ratio of BH-purchased vs. not purchased)
Description of the data quality of reported emissions		Fair
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%
Downstream scope 3 emissions		
Category 11, Use of sold products	Activity data: (Primary data) Sales data, ERP system shipment data for products and operating hours for service delivery. (Primary data) Product specifications and subject-matter expert testimony. Emissions factors: (Secondary data) See GHG Emission Factors table in Note 2 above.	We calculate direct use-phase emissions for products and services. Energy consumption, gas leakage, product utilization and estimated lifetime of products is based on product expert knowledge and technical calculations. Emissions are recognized once for the entire lifetime of products. Emissions = sum of emissions (MT CO_2e) x quantity sold in reporting year (functional unit) x expected life (years) x allocation factor
Description of the data quality of reported emissions		Fair
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%

Note 8 - Scope 3 data source, assumptions and methodology (continued)

Summary of the category of the scope, types and sources of data used, data quality, methodology, allocation methods and assumptions used to calculate emissions.

	DESCRIPTION OF THE TYPES AND SOURCES OF DATA USED TO CALCULATE EMISSIONS	DESCRIPTION OF THE METHODOLOGIES, ALLOCATION METHODS AND ASSUMPTIONS USED TO CALCULATE EMISSIONS
Category 15, Investments	Activity data: (Primary data) Revenue and industry of equity investments which are not consolidated into the Company's financial statements. Emissions factors are U.S. EEIO Emission Factors - which are mapped to the primary business purpose for each investment.	This estimation uses the average data method by taking reported revenue data from the invested companies and applying an emissions factor based on the purpose of the business. Where investments do not report revenue (e.g. due to being pre-revenue or inactive), no emissions are calculated. Emissions = ($ revenue) x (EEIO Emissions Factor)
Description of the data quality of reported emissions		Fair
Percentage of emissions calculated using data obtained from suppliers or other value chain partners		0%

Statements and Notes on Planet Metrics

Planet metrics include waste, water, spills, biodiversity, energy and life cycle assessment metrics.

Metric	KPIs	2024	2023**	2022 (base year)
Waste	Waste generated (MT)	193,158.4	216,808.8	224,108.1
	Waste generated - Hazardous waste (MT)	58,938.5	80,293.3	121,574.1
	Waste generated - Non-hazardous waste (MT)	103,252.2	106,844.4	75,280.7
	Waste generated - E-waste (MT)	89.3	124.2	186.8
	Waste generated - Metals (MT)	30,878.4	29,547.0	27,066.4
	Waste recycled (MT)	63,029.9	60,919.7	57,091.7
	Waste recycled - Hazardous waste (MT)	3,687.9	5,660.2	7,626.7
	Waste recycled - Non-hazardous waste (MT)	28,382.2	25,601.2	22,227.0
	Waste recycled - E-waste (MT)	81.5	111.3	171.6
	Waste recycled - Metals (MT)	30,878.4	29,547.0	27,066.4
	Waste disposed (MT)	130,128.5	155,889.1	167,016.4
	Waste disposed - Hazardous waste (MT)	55,250.7	74,633.1	113,947.4
	Waste disposed - Non-hazardous waste (MT)	74,870.0	81,243.2	53,053.7
	Waste disposed - E-waste (MT)	7.9	12.9	15.3
	Waste disposed - Metals (MT)	0.0	0.0	0.0
	Hazardous waste - Offsite preparation for reuse (MT)	527.3	559.0	659.9
	Hazardous waste - Offsite reclamation (MT)	33.2	4.3	3.2
	Hazardous waste - Offsite recycling (MT)	0.0	0.0	0.0
	Hazardous waste - Offsite material recovery operations (MT)	0.0	0.0	0.0
	Hazardous waste - Other offsite recovery options (MT)	3,127.3	5,096.9	6,963.5
	Non-hazardous waste - Offsite preparation for reuse (MT)	1,393.7	1,154.6	801.3
	Non-hazardous waste - Offsite reclamation (MT)	98.0	349.2	242.2
	Non-hazardous waste - Offsite recycling (MT)	0.0	0.0	0.0
	Non-hazardous waste - Offsite material recovery operations (MT)	0.0	0.0	0.0
	Non-hazardous waste - Other offsite recovery options (MT)	26,890.5	24,097.4	21,183.5
	E-waste - Offsite preparation for reuse (MT)	2.1	1.8	6.0
	E-waste - Offsite reclamation (MT)	0.0	0.0	0.0
	E-waste - Offsite recycling (MT)	79.4	109.5	165.6
	E-waste - Offsite material recovery operations (MT)	0.0	0.0	0.0
	E-waste - Other offsite recovery options (MT)	0.0	0.0	0.0
	Metals - Offsite preparation for reuse (MT)	0.0	0.0	0.0
	Metals - Offsite reclamation (MT)	0.0	0.0	0.0
	Metals - Offsite recycling (MT)	0.0	0.0	0.0
Waste	Metals - Offsite material recovery operations (MT)	30,878.4	29,547.0	27,066.4
	Metals - Other offsite recovery options (MT)	0.0	0.0	0.0
	Total waste prevented (MT)	2,592.5	2,462.5	1,266.0
	Hazardous waste - Offsite incineration with energy recovery (MT)	12,609.9	14,239.4	996.8
	Hazardous waste - Offsite incineration without energy recovery (MT)	2,458.6	867.6	2,153.0
	Hazardous waste - Offsite landfilling (MT)	2,434.3	3,133.7	3,707.5
	Hazardous waste - Other offsite disposal operations (MT)	37,747.9	56,392.3	107,090.1
	Hazardous waste - Disposal (MT)	55,250.7	74,633.1	113,947.4
	Non-hazardous waste - Offsite incineration with energy recovery (MT)	3,070.1	3,001.4	2,010.6
	Non-hazardous waste - Offsite incineration without energy recovery (MT)	821.0	1,013.0	1,017.2
	Non-hazardous waste - Offsite landfilling (MT)	19,368.0	22,878.8	22,204.8
	Non-hazardous waste - Other offsite disposal operations (MT)	51,610.9	54,350.0	27,821.2
	Non-hazardous waste - Disposal (MT)	74,870.0	81,243.2	53,053.7

Metric	KPIs	2024	2023*	2022 (base year)
Water	Water withdrawn (ML)	2,687.5	2,984.5	3,217.6
	Water withdrawn from surface water (ML)	0.0	0.0	0.1
	Water withdrawn from groundwater (ML)	709.1	646.6	616.9
	Water withdrawn from municipal water supply (ML)	1,978.4	2,337.8	2,600.4
	Water withdrawn from seawater (ML)	0.0	0.0	0.2
	Water consumed (ML)	496.8	654.7	563.8
	Water discharged (ML)	2,190.7	2,329.7	2,653.8
	Water discharged to surface water (ML)	41.2	41.6	55.1
	Water discharged to groundwater (ML)	46.9	34.5	45.2
	Water discharged to municipal water supply (ML)	2,097.9	2,239.1	2,530.2
	Water discharged to seawater (ML)	4.6	14.5	23.2
	Water withdrawn in water-stressed areas (ML)	416.0	409.2	431.4
	Water withdrawn from surface water in water-stressed areas (ML)	0.0	0.0	0.0

Metric	KPIs	2024	2023*	2022 (base year)
Water	Water withdrawn from groundwater in water-stressed areas (ML)	133.1	137.3	151.9
	Water withdrawn from municipal water supply in water-stressed areas (ML)	282.9	271.9	279.5
	Water withdrawn from seawater in water-stressed areas (ML)	0.0	0.0	0.0
	Water consumed in water-stressed areas (ML)	19.4	23.4	18.9
	Water discharged in water-stressed areas (ML)	396.7	385.7	412.4
	Water discharged to surface water in water-stressed areas (ML)	22.7	15.2	26.8
	Water discharged to groundwater in water-stressed areas (ML)	12.2	8.1	14.9
	Water discharged to municipal water supply in water-stressed areas (ML)	361.8	353.3	360.0
	Water discharged to seawater in water-stressed areas (ML)	0.0	9.1	10.7

Metric	KPIs	2024	2023*	2022 (base year)
Spills	Significant spills (barrels)	1,624	535	827
	Oil spills (barrels)	32	14	37
	Fuel spills (barrels)	7	1	3
	Waste spills (barrels)	1	0	1
	Chemical spills (barrels)	215	110	378
	Hydrocarbon spills in the Arctic (barrels)	0	0	0
	Aggregate spill volume impacting shorelines with ESI rankings 8-10 (barrels)	201	0	0
	Hydrocarbon spill volume recovered (barrels)	36	10	37
	Number of hydrocarbon spills	22	26	19
	Volume of hydrocarbon spills (barrels)	39	15	40

Metric	KPIs	2024
Biodiversity	Number of IUCN Red List Species	137,876
	Number of species - Least concern	120,981
	Number of species - Near threatened	5,515
	Number of species - Vulnerable	5,856
	Number of species - Endangered	4,203
	Number of species - Critically endangered	1,321
	Operational sites owned, leased, managed in, or adjacent to protected areas of high biodiversity value outside protected areas	98

Metric	KPIs	2024	2023*	2019 (base year)
Energy	% of electricity from zero-carbon sources	34.2%	29.8%	13.5%
	% of electricity from renewable sources	32.6%	28.1%	13.5%
	Total electricity (MWh)	566,973	585,165	775,023
	Renewable electricity (MWh)	185,078	164,597	104,307
	Non-renewable electricity (MWh)	381,895	420,567	670,716
	Total fuels (MWh)	1,650,979	1,633,706	2,179,661
	Diesel/Distillate (MWh)	939,847	915,946	1,043,151
	Natural gas (MWh)	431,608	449,520	744,141
	Gasoline/Petrol (MWh)	273,807	261,206	390,241
	Propane (MWh)	4,998	5,769	2,129
	Ethanol (MWh)	23	Not available	Not available
	Other fuels (MWh)	696	1,266	0
	Total purchased heating, cooling and steam (MWh)	18,676	8,831	7,638
	Purchased heating (MWh)	1,103	0	405
	Purchased cooling (MWh)	339	118	98
	Purchased steam (MWh)	17,234	8,713	7,134
	Total energy consumption within the organization (MWh)	2,236,628	2,227,702	2,962,322
	Energy intensity (MWh/ $ of revenue)	0.000080	0.000087	0.000124

Metric	KPIs	2024	2023*	2022*
Life Cycle Assessments	Number of product lifecycle assessments completed	560	313	43
	Number of product lifecycle assessments in progress	11	4	56

The accompanying notes are an integral part of these statements.

[1]Prior to 2023, the metric,"Total energy consumption within the organization (MWh)", was reported as "Total energy (MWh)"

Note 1 - Basis of presentation

For each year presented, the Statements have been prepared for the period January 1 to December 31, corresponding to the Company's fiscal year, unless otherwise stated in the methodology. The Notes presented in this report are for the current reporting period ended December 31, 2024 and base years when presented. Related notes for comparative years can be found in the previous years' Statements and Notes. The information is based on the best available data as of the publication date. We base calculation methodologies on available information and various other assumptions believed to be reasonable. We regularly review calculation methodologies and best practices. Calculation methodologies for reporting metrics may be updated and previously reported metrics may be adjusted to reflect improvements in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other circumstances.

The Company prepared the Statement and Notes on Planet Metrics:

- In accordance with select GRI standards: GRI 306 Waste 2020, and SASB EM-EP-160a.2
- With reference to select GRI standards: GRI 302 Energy 2016, GRI 303 Water and Effluents 2018, GRI 306-3 Waste 2016 (spills metrics), GRI 304-4 Biodiversity 2016 as further disclosed in Note 4.

Key terms used are defined in the Statements and Notes - Glossary of Terms section and the GRI Standards Glossary.

Base year

The Company has established 2022 as the base year for waste, water and spills metrics, as this was the year that new methodology was established and the increase of data availability due to utilization of third party waste consumption and water usage monthly data. The base year for energy metrics was established as 2019, similar to scope 1, 2 and 3 emissions, as it best represents the most recent year of business-as-usual operations prior to the COVID-19 pandemic.

Life cycle assessments (LCAs) are reported annually and do not have an established base year. Biodiversity metrics will apply the current reporting year, ending December 31, 2024, as the base year. Spills metrics use 2022 as the base year, and no adjustments were made this year

Baker Hughes has established a policy to recalculate base year metrics based on a 5% cumulative significance threshold applied to adjustments reported metric categories individually. Significant changes evaluated for recalculation include recent company structural changes, boundary enhancement and enhancements in methodology and data.

Adjustments to the water and waste 2022 base year were made for:

- Accounting for the acquisition of four businesses in 2023.
- Changes in accounting methodology to exclude sub-leased sites.

Adjustments to the energy metrics 2019 base year were made for:

- Accounting for the acquisition of four businesses in 2023.
- Changes in accounting methodology for more accurate facility emissions and energy estimations, and enhancements in our fleet accounting.
- Enhancements in fleet accounting include a more accurate estimate methodology and the inclusion of new vehicle types that support the electrification and decarbonization of the fleet, with the inclusion of expanded powertrain options for vehicle emissions and energy usage calculations.

Note 2 – Reporting boundary

The Company presents the key performance indicators in Statements and Notes on Planet Metrics from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. We exclude minority-owned joint ventures that are not operated by the Company and operating facilities subleased to third parties.

Waste

The Company includes waste volume if a facility must close for certain days during the month. The partial waste that occurred during that month is included in the reported metric. If a site closed but waste was removed after the closure date, the data will be included in site data to be reported but will not be used in the estimation process (waste factor). This may include ancillary operations such as remediation activities that the company is responsible for and directs, which can occur at third-party owned sites. Minority-owned joint ventures that are not operated by the company and operating facilities subleased to third parties are excluded.

Water

The Company includes water data from divestitures through final date of Baker Hughes control/close of sale of facility/site/location. If a facility has to close for certain days during the month, the water data for that month is still included in the reported metric and If there is partial water data reported, the data will be included in reported water; however, the partial water data will not be used in the estimation process.

Spills

The Company does not have any minimum reporting thresholds for spills; all spills must be recorded regardless of size, driven largely by very strict local/regional regulatory requirements with significant penalties for omissions of reporting. The Company excludes third party spills and those consisting of fresh water, inert gases released to the air, clean sand and clean gravel.

Biodiversity

The Company includes the impacts from sites that were active at any point during the reporting year. In addition to the excluded sites above, for biodiversity metrics we also exclude the following sites: third party logistics, third party storage, accommodations, client sites/operations, undeveloped land, office-only locations, registration offices and service offices.

Energy

The Company includes energy from the combustion of fuels onsite at our facilities, including natural gas, distillate, gasoline, kerosene, propane, residual fuel oil and HFCs. This also includes offsite activities associated with transportation in our company vehicle fleet and field activities. We also include energy from the purchase and self-generation of renewable (solar, wind and hydroelectric) and nonrenewable electricity, heating, steam and cooling used on-site across our global facility and vehicle portfolio. The operational boundary for energy mirrors the boundary for scope 1 and 2 emissions in the Statements and Notes on GHG CO_2e emissions.

LCAs

The Company includes LCAs completed using the Company's internal application *Fast*LCA, which is aligned to ISO 14040/44 and ISO 14067:2018. LCAs are performed across all product lines to assess the carbon emission impacts of the Company's products and services.

Note 3 – Use of estimates and estimation uncertainties

The Company bases its estimates and methodologies on historical experience, available information and various other assumptions that it believes to be reasonable. Energy use data, waste volume and water usage presented is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques could have resulted in in materially different measurements. The precision of different measurement techniques may also vary.

Waste

For facilities where waste data is unavailable or does not meet immaterial reporting thresholds, the waste estimates are based on facility type and square footage of the facility. Estimations are made for facilities under 10,000 sq ft, those lacking full-year data and leased sites without specific waste data. The Company uses average actual waste data per square foot for similar facility types to provide the most accurate estimates. This estimation process uses data from the current month and the previous 11 months.

Water

For facilities where water usage data is unavailable or does not meet immaterial reporting thresholds, the water usage estimates are based on facility type and square footage of the facility. Estimations are made for facilities under 10,000 sq ft, those lacking full-year data and leased sites without specific water data. The Company uses average actual water data per square foot for similar facility types to provide the most accurate estimates. This estimation process uses data from the current month and the previous 11 months. For sites that need estimation, water discharged is the same as water withdrawn.

Energy

Estimations are based on square footage where the site does not meet the immaterial reporting threshold or data is otherwise unavailable. Estimations are also used where utilities are included in lease or subleases and are not able to be segmented out of rent total.

Note 4 - Methodology

Waste

The volume (metric ton) and waste type is obtained from third party vendors using the Company's HSE data management system. Where data from third party vendors are not available for a certain location, the Company estimates the volume by extrapolating the square footage of the location and the actual volume for the waste type of a similar location.

Water

The volume (Megaliters) and water classification of water stressed areas is obtained from the following sources: bill payment system that provides monthly water, sewer and irrigation use and contains the utility invoices from the local providers as backup and data repositories used by the Company's employees to store data from third parties. The Company uses actual data that is available for facilities, categorized by facility type and uses the square footage of the facility for the period of estimation.

The classification of water-stressed sites is determined using the WRI's Aqueduct tool.

Spills

The Company requires all spills to be recorded, regardless of size. All data is based on actual data. The volume (barrels) and spill classification is obtained from entries submitted by employees logged into the Company's HSE data management system.

Biodiversity

The Company uses the Integrated Biodiversity Assessment Tool (IBAT) to evaluate the number of operational facilities within a 5km radius of a protected area or a Key Biodiversity Area (KBA). The source data for determining the number of sites within 5km of a protected area or KBA is now from the IBAT.

Energy

The electricity from renewables in megawatt hours and energy classification are obtained through third party utility contracts to determine the usage for solar, wind and hydroelectric and onsite renewable electricity generations. Non-renewable electricity in megawatt hours is classified as diesel/distillate, natural gas, gasoline/petrol, propane and other the fuels. The Company uses third party vendors from the local grid to obtain energy usage for purchased heating, cooling and steam.

LCAs

The number of completed and in progress LCAs is obtained from *Fast*LCA. This includes information about the LCA authors, internal peer review meeting dates and approval dates.

Product LCAs completed:

The total number of product LCAs that were finished in the *Fast*LCA tool, have been peer reviewed by an internal panel of experts and have been approved by the peer review panel for each respective reporting year. An LCA can fall into one of three categories; a basic LCA that consists of an assessment of one part or component alone, a system LCA that consists of the combination of multiple completed basic LCAs, or a comparative LCA that comprised of the assessment of the comparison between two basic LCAs or two system LCAs. As such, a completed basic LCA could be counted multiple times if it is represented in either a completed system or comparative LCA.

Product LCAs in progress:

The total number of product LCAs that have been finished in the *Fast*LCA tool, but that may not have gone through the internal peer review process or approval by the peer review panel for each respective reporting year.

Metric	Criteria	KPI	Methodology
Waste generated	GRI 306-3	• Total waste generated • Hazardous waste generated • Non-hazardous waste generated • E-waste generated • Metal waste generated	Total waste generated = ∑ Hazardous waste generated, non-hazardous waste generated, e-waste generated, metal waste generated
Waste diverted from disposal by waste type	GRI 306-4	• Total waste recycled • Hazardous waste recycled • Non-hazardous waste recycled • E-waste recycled • Metal recycled	Total waste diverted from disposal from Baker Hughes operations through recycling Total waste diverted from disposal = ∑ Hazardous waste diverted from disposal, non-hazardous waste diverted from disposal, e-waste diverted from disposal, metal waste diverted from disposal
Waste diverted from disposal by recovery operation	GRI 306-4	• Hazardous waste diverted from disposal by recovery operation • Non-hazardous waste diverted from disposal by recovery operation • E-waste diverted from disposal by recovery operation • Metal waste diverted from disposal by recovery operation	Total waste diverted from disposal from Baker Hughes operations Total waste diverted from disposal = ∑ Hazardous waste diverted from disposal, non-hazardous waste diverted from disposal, e-waste diverted from disposal, metal waste diverted from disposal Each respective component of this calculation is broken down in categories of recovery operations, preparation of reuse, reclamation, recycling and other recovery operations
Waste directed to disposal by waste type	GRI 306-5	• Total waste disposed • Hazardous waste disposed • Non-hazardous waste disposed • E-waste disposed • Metal waste disposed	Total weight of waste directed to disposal in metric tons by waste type Total waste directed to disposal = ∑ Hazardous waste directed to disposal, non-hazardous waste directed to disposal, e-waste directed to disposal, metal waste directed to disposal
Waste directed to disposal by disposal operation	GRI 306-5	• Hazardous waste disposed by disposal operation • Non-hazardous waste disposed by disposal operation • E-waste disposed by disposal operation • Metal waste disposed by disposal operation	Total waste directed to disposal from Baker Hughes operations Total waste directed to disposal = ∑ Hazardous waste directed to disposal, non-hazardous waste directed to disposal, e-waste directed to disposal, metal waste directed to disposal. Each respective component of this calculation is broken down in categories of disposal operation categories: incineration (with energy recovery), incineration (without energy recovery), landfilling and other disposal operations
Waste prevented	GRI 306-4	• Total waste that was prevented from waste disposal by converting into products	The sum of total waste prevented equals the volume of material that was converted from a waste to a product.
Water withdrawal	GRI 303-3	• Total water withdrawal	Total water withdrawn from local water sources by facilities operated by Baker Hughes. Sum of all water drawn from surface water, groundwater, seawater or a third party for any use over the course of the reporting period Total Water withdrawal = ∑ Surface water withdrawal + groundwater withdrawal + seawater withdrawal + municipal (third party) water withdrawal
		• Total water withdrawal (water stressed areas)	Total water stressed water withdrawn from local water sources by facilities operated by Baker Hughes Total water withdrawn from water stressed areas = ∑ Surface water withdrawal from water stressed areas + groundwater withdrawal from water stressed areas + seawater withdrawal from water stressed areas + municipal (third party) water withdrawal from water stressed areas
Water discharge	GRI 303-4	• Total water discharge	Total water discharged categorized by receiving water body types from facilities operated by Baker Hughes Sum of all water discharged to surface water, groundwater, seawater or a third party for any use over the course of the reporting period. Total water discharged = ∑ Surface water discharge, groundwater discharge, seawater discharge, municipal (third party) water discharge
		Note: For facilities where water usage data is not available or where the facility does not meet immaterial reporting thresholds, we automatically estimated water usage based on the type of facility and square footage of the facility.	
		• Total water discharge (water stressed areas)	Total water discharged in water stress areas categorized by receiving water body type from facilities operated by Baker Hughes Total water discharged from water stressed areas = ∑ Surface water discharged from water stressed areas, groundwater discharged from water stressed areas, seawater discharged from water stressed areas, municipal (third party) water discharged from water stressed areas

Water Consumption	GRI 303-5	• Total water consumption	Total water consumption from facilities operated by Baker Hughes: Water types include surface water, groundwater and municipal water Total water consumption = ∑ Total water withdrawal – (total water discharge + water consumed in production from chemical plants)
		• Total water consumption (water stressed areas)	Total water consumption from facilities operated by Baker Hughes located in water stress areas and categorized by type: water types include surface water, groundwater, municipal water Total water consumption in water stressed areas = ∑ Total water withdrawn from water stressed areas – (total water discharged from water stressed areas + water consumed in production from chemical plants located in water stressed areas)
		Note: Water consumption metrics include the impact of consumption during the chemical manufacturing process and these operations are the only type of facility where water is consumed during the manufacturing process.	
Spills	GRI 306-3 (2016)	• Significant spills	Significant spills = ∑ Total spill volumes less excluded spill volume
	GRI 306-3 (2016)	• Oil spills	Oil spills = ∑ Total oil spill volume outside of containment impacting soil, water or air
	GRI 306-3 (2016)	• Fuel spills	Fuel spills = ∑ Total fuel spill volume outside of containment, impacting soil, water or air
	GRI 306-3 (2016)	• Waste spills	Waste spills = ∑ Total waste spill volume outside of containment impacting soil, water or air
	GRI 306-3 (2016)	• Chemical spills	Chemical spills = ∑ Total chemical spill volume outside of containment impacting soil, water or air
	SASB EM-EP-160a.2	• Spills in the Arctic	Spills in the Arctic = ∑ Total spills in the Arctic volume outside of containment impacting soil, water or air
	SASB EM-EP-160a.2	• Aggregate spill volume impacting shorelines with ESI rankings 8-10	Aggregate spill volume impacting shorelines with ESI rankings 8-10 = ∑ Total aggregate spill volume impacting shorelines with ESI rankings 8-10
	SASB EM-EP-160a.2	• Hydrocarbon spill volume recovered	Hydrocarbon spill volume recovered = ∑ Total volume of recovered hydrocarbon spills directly impacted soil, water or air
	SASB EM-EP-160a.2	• Number of hydrocarbon spills	Number of hydrocarbon spills = ∑ Total count of oil spill occurrences + fuel spill occurrences
	SASB EM-EP-160a.2	• Volume of hydrocarbon spills	Volume of hydrocarbon spills = ∑ Total volume of oil spill occurrences + fuel spill volume
Biodiversity	Management Metric	• Operational sites owned, leased, managed in, or adjacent to, areas of high biodiversity value outside protected areas	Sum of sites within 5 km of a key biodiverse area
	GRI 304-4	• Number of IUCN Red List Species	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organization, by level of extinction risk: Each site's results are added together to calculate the total number a. Critically endangered b. Endangered c. Vulnerable d. Near threatened e. Least concern
	GRI 304-4	• Number of species - Least concern	Number of species - Least concern = ∑ Total number of IUCN Red List species with habitats in areas affected by the operations of the organization, by level of extinction risk: Least concern Each site's results are added together to calculate the total number
	GRI 304-4	• Number of species - Near threatened	Number of species - Near threatened = ∑ Total number of IUCN Red List species with habitats in areas affected by the operations of the organization, by level of extinction risk: Near Threatened Each site's results are added together to calculate the total number
	GRI 304-4	• Number of species - Vulnerable	Number of species - Vulnerable = ∑ Total number of IUCN Red List species with habitats in areas affected by the operations of the organization, by level of extinction risk: Vulnerable Each site's results are added together to calculate the total number
	GRI 304-4	• Number of species - Endangered	Number of species - Endangered = ∑ Total number of IUCN Red List species with habitats in areas affected by the operations of the organization, by level of extinction risk: Endangered Each site's results are added together to calculate the total number
	GRI 304-4	• Number of species - Critically endangered	Number of species – Critically Endangered = ∑ Total number of IUCN Red List species with habitats in areas affected by the operations of the organization, by level of extinction risk: Critically Endangered Each site's results are added together to calculate the total number

Energy	GRI 302-1	• Percent of electricity from zero-emission sources • Percent of electricity from renewable sources	Percent of electricity from zero-emission sources = ∑ renewable electricity and nuclear electricity divided by ∑ renewable, nuclear and non-renewable electricity Percent of electricity from renewable sources = ∑ renewable electricity divided by ∑ renewable and non-renewable electricity
	GRI 302-1	• Total electricity • Renewable electricity • Non-renewable electricity	Total electricity consumption = ∑ renewable electricity and non-renewable electricity
	GRI 302-1	• Total fuels • Diesel/distillate • Natural gas • Gasoline/petrol • Propane • Other fuels	Total fuel consumption = ∑ diesel/distillate, natural gas, gasoline/petrol, propane and other fuels
	GRI 302-1	• Total purchased heating, cooling and steam • Purchased heating • Purchased cooling • Purchased steam	Total purchased heating, cooling and steam = ∑ purchased heating, cooling and steam
	GRI 302-1	• Total energy consumption within the organization	Total energy consumption within the organization
	Management metric	• Number of HSE energy assessments completed	Total completed energy assessments = sum of completed energy assessments conducted at facilities operated by Baker Hughes in a given year
Number of LCAs	Management Metric	• # of LCAs completed • # of LCAs in progress	Number of LCAs completed: LCAs that were finished in the *Fast*LCA tool, have been peer reviewed by an internal panel of experts and have been approved by the peer review panel for each respective reporting year. An LCA can fall into one of three categories; a basic LCA that consists of an assessment of one part or component alone, a system LCA that consists of the combination of multiple completed basic LCAs, or a comparative LCA that is comprised of the assessment of the comparison between two basic LCAs or two system LCAs. As such, a completed basic LCA could be counted multiple times if it is represented in either a completed system or comparative LCA Number of LCAs in progress: LCAs that have been finished in the *Fast*LCA tool, but that may not have gone through the internal peer review process or approval by the peer review panel for each respective reporting year

Statement and Notes on TCFD Metrics

Metric	KPIs	2024
TCFD	Operational - short term - total potential loss per year at sites with material chronic and acute physical risk (defenses off)	$202,548,383
	Operational - short term - proportion of revenue at risk per year at sites with material chronic and acute material physical risk (defenses off)	0.8%
	Operational - long term - total potential loss per year at sites with material chronic and acute physical risk (defenses off)	$293,147,115
	Operational - long term - proportion of revenue at risk per year at sites with material chronic and acute material physical risk (defenses off)	1.2%

The accompanying notes are an integral part of this statement.

Note 1 - Basis of presentation

The Statement and Notes on TCFD Metrics have been prepared for the period October 1, 2023 to September 30, 2024. The information is based on the best available data as of the publication date. The Company prepared the Statement and Notes on TCFD Metrics based on the recommendation of the TCFD to disclose the metrics used by Baker Hughes to assess climate-related risks in line with its strategy and risk management process.

Note 2 – Reporting boundary

The Company has selected an organizational boundary based on operational control and includes operational short-term (one-year) and long-term (25 years) potential losses and proportion of revenue at risk. The Company presents its TCFD metrics from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. Minority-owned joint ventures not operated by the Company are excluded from the reporting boundary.

Note 3- Use of estimates and estimation uncertainties

The Company bases its estimates and methodologies on predictive climate data analytics, available information and various other assumptions that it believes to be reasonable. Total potential loss and proportion of revenue presented is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques could have resulted in materially different measurements. The precision of different measurement techniques may also vary.

Note 4 - Methodology

The Company uses Jupiter ClimateScore™ predictive climate data analytics to determine sites at material physical risk to model the potential loss. It evaluates risks and losses of each site in the reporting boundary using four weather perils: flood, wind, wildfire and heat. The Company evaluates physical risks under the assumption the site has no defenses against the identified weather perils (Defenses Off) and under the assumption of a 4° global warming scenario. Each site is assessed and scored for vulnerability and exposure. Those above a certain score are identified as sites with material chronic and acute material physical risk.

Total potential loss is calculated as disruption plus damage per site. Disruption is calculated using annual revenue for the reporting period. If revenue is not available for the site, the Company may use inventory or other benchmarks to estimate disruption. Damage is calculated using the site/building value as of September 30, 2024. If actual building value is not available, the Company uses the insured value of the building to estimate damage.

Proportion of revenue at risk is calculated as ((Total potential loss at sites with material chronic and acute physical risk)/(Total annual revenue generated by sites with material chronic and acute physical risk for the period October 1, 2023 to September 30, 2024)).

Statements and Notes on Principles Metrics

Metric	KPIs	2024	2023*	2022*
Ethics and governance	# of employees who completed the annual Code of Conduct training and anti-corruption	56,980	56,745	53,846
	% of employees who completed the annual Code of Conduct training and anti-corruption	99.4%	97.5%	96.7%
	% of governance body members who have received training on anti-corruption	100%	99.0%	99.1%
	% of operations assessed for risks related to corruption	100%	100%	100%
	# of operations assessed for risks related to corruption	2	2	4
	% of security personnel trained in human rights policies or procedures	100%	100%	100%
	# of substantiated complaints received concerning breaches of customer privacy	0	3	0
Supply chain	# of certified Social Supplier Responsibility Program (SSRP) auditors	108	99	84
	# of SSRP audits	416	461	408
	# of SSRP audit red flag findings	1,773	1,707	1,343
	% of audits that were re-audits	79.0%	80.0%	81.0%
	% of audit red flag findings closed within 90 days	95.0%	95.0%	95.0%
	# of suppliers rejected due to SSRP policy	23	25	23
Health and Safety	# of HSE leadership engagements	66,784	70,667	64,550
	# of HSE observations	1,673,134	1,442,048	1,071,845
	# of Perfect HSE days	206	199	217
	Average hours HSE trainings - employees	6.5	6.2	5.3
	Average hours HSE trainings - contractors	1.1	0.9	0.6
	# of near misses	889	1,051	1,017
	Total recordable incident rate	0.25	0.28	0.22
	Days away from work rate	0.12	0.15	0.11
	# of days away from work cases	94	119	86
	# of employee work-related fatalities	0	1	1
	# of contractor work-related fatalities	0	0	0
	# of total recordable illness	23	16	5
	# of musculoskeletal disorders	7	5	2
	# of diseases caused by physical agents	1	2	3
	# of vehicle incidents	219	218	213
	# of sites certified to ISO 14001:2015	90	87	87
	# of sites certified to ISO 45001	71	65	61
	# of sites certified to ISO 9001	239	238	245
	# of sites certified to ISO 50001	1	1	1
	% of employees covered under a collective bargaining agreement	28.4%	28.0%	26.0%

The accompanying notes are an integral part of these statements.

Note 1 - Basis of presentation

For each year presented, the Statements have been prepared for the period January 1 to December 31, corresponding to the Company's fiscal year, unless otherwise stated in the methodology. The Notes presented in this report are for the current reporting period ended December 31, 2024. We base calculation methodologies on available information and various other assumptions believed to be reasonable. We regularly review calculation methodologies and best practices. Calculation methodologies for reporting metrics may be updated and previously reported metrics may be adjusted to reflect improvements in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations and other circumstances.

The Company prepared the Statements and Notes on Principles metrics

- with reference to select GRI standards: GRI 2: General Disclosures 2021, GRI 205: Anti-corruption 2016, GRI 403: Occupational Health and Safety 2018, GRI 418: Customer Privacy 2016 and GRI 11: Oil and Gas Sector 2021.

Key terms used are defined in the Statements and Notes - Glossary of Terms and in the GRI Standards Glossary.

Note 2 - Reporting boundary

The Company presents its KPIs from operations over which it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies. Minority-owned joint ventures not operated by the Company are excluded from the reporting boundary.

Note 3 - Methodology

The table on the next page describes the methodology for each metric.

Metric	Criteria	KPIs	Methodology
Ethics and governance	GRI 205-2	# of employees who completed the annual Code of Conduct training, including training on ethics, compliance and anti-corruption	Number of effective employees who were assigned and have completed the annual Code of Conduct and 3-in-1 Acknowledgement.
	GRI 205-2	% of employees who completed the annual Code of Conduct training	Number of active employees who were assigned and have completed the annual Code of Conduct and 3-in-1 Acknowledgment divided by the total number of active employees.
	GRI 205-2	% of governance body members who have received training on anti-corruption	Number of active EB+ employees who are members of the governance body who completed the annual Code of Conduct and 3-in-1 Acknowledgement in the reporting year divided by the total number of active SEB+ and EB+ employees who are members of the governance body.
	GRI 205-1	% of operations assessed for risks related to corruption	Number of business segments that take part in the annual compliance risk workshop divided by the total number of business segments.
	GRI 205-1	# of operations assessed for risks related to corruption	Number of business segments that take part in the annual compliance risk workshop.
	Management Metric	% of security personnel trained in human rights policies and procedures	Number of enterprise security personnel and embedded contractors who have received training on human rights policies and procedures divided by the total number of security employees and contractors.
	GRI 418-1	# of identified leaks, thefts or losses of customer data	Number of leaks, thefts or losses of customer data.
	GRI 418-1	# of substantiated complaints received concerning breaches of customer privacy	Number of substantiated complaints received from outside parties and regulatory bodies.
	GRI 2-30	% of employees covered under a collective bargaining agreement	Number of employees covered by collective bargaining agreements divided by total number of effective employees.
Supply chain	Management Metric	# of certified SSRP auditors	Number of certified SSRP auditors.
	Management Metric	# of SSRP audits	Number of suppliers assessed for social impacts.
	Management Metric	# of SSRP audit red flag findings	Number of supplier red flag findings.
	Management Metric	% of audits that were re-audits	Number of audits that were re-audited divided by total audits.
	Management Metric	% of audit red flag findings closed within 90 days	Number of red flag findings closed within 90 days divided by total closed red flag findings.
	Management Metric	# of suppliers rejected due to SSRP policy	Number of suppliers rejected due to SSRP Audit.
Health and safety	Management Metric GRI 403-10	# of HSE leadership engagements	Number of the HSE leadership engagements at facilities operated by Baker Hughes, under Baker Hughes operational control.
	Management Metric GRI 403-10	# of HSE observations	Number of behaviors and conditions and closed concerns reported at facilities operated by Baker Hughes, under Baker Hughes operational control.
	Management Metric	# of Perfect HSE Days	Number of Perfect HSE Days at facilities operated by Baker Hughes, under Baker Hughes operational control.
	Management Metric	Average hours HSE trainings – employees	Number hours of HSE training activities completed by effective employees divided by sum of effective employees in specific reporting period.
	Management Metric	Average hours HSE trainings – contractors	Number of hours of HSE training activities completed by effective non-employee workers divided by sum of effective non-employee workers in specified reporting period.
	GRI 403-9	# of near misses	Number of near miss cases at facilities operated by Baker Hughes, under Baker Hughes operational control.
	GRI 403-9	Total recordable incident rate	Number of the number of recordable incidents, multiplied by 200,000 divided by the sum of the hours worked.
	Management Metric	Days away from work rate	Number of days away from work cases, multiplied by 200,000, divided by the number of hours worked.
	Management Metric	# of days away from work cases	Number of days away from work cases at facilities operated by Baker Hughes, under Baker Hughes operational control
	GRI 403-9	# of employee work-related fatalities	Number of the employee fatalities at facilities operated by Baker Hughes, under Baker Hughes operational control.
	GRI 403-9	# of contractor work-related fatalities	Number of contractor fatalities at facilities operated by Baker Hughes, under Baker Hughes operational control.
	GRI 403-10	# of cases of recordable work-related ill health	Number of recordable illness incidents at facilities operated by Baker Hughes, under Baker Hughes operational control..
	GRI 403-10	# of musculoskeletal disorders	Number of recordable incidents of musculoskeletal disorders at facilities operated by Baker Hughes, under Baker Hughes operational control..
	GRI 403-10	# of diseases caused by physical agents	Number of recordable incidents of diseases caused by physical agents at facilities operated by Baker Hughes, under Baker Hughes operational control.
	GRI 403-9	# of vehicle incidents	Number of high-potential work-related vehicle incidents classified with a severity of catastrophic, major, serious, light or third-party injury.
	Management Metric	# of sites certified to ISO 14001:2015	Number of sites certified to ISO 14001:2015.
	Management Metric	# of sites certified to ISO 45001	Number of sites certified to ISO 45001:2018.
	Management Metric	# of sites certified to ISO 50001	Number of sites certified to ISO 50001:2018.
	Management Metric	# of sites certified to ISO 9001	Number of sites certified to ISO 9001:2015.

Statements and Notes - Glossary of Terms

Term	Definition
Active employee	A person employed by Baker Hughes and is not on long-term leave of absence, identified as an inactive employee or contingent worker as of December 31 for each reporting year.
Age group	Effective employees are categorized by age. Age groups include under 30 years old, 30 to 50 years old and over 50 years old. Employees whose birthdate is not available are categorized as "age group left blank." Calculation for age group uses age as whole numbers as of December 31 in the reporting year.
Baker Hughes spills operational control	Activities that occur at Baker Hughes facilities, customer sites, or in transit by Baker Hughes employees or third-party contractors under the direct supervision of a Baker Hughes employee.
Business segment	Oilfield Equipment and Services (OFSE) or Industrial Energy and Technology (IET).
Career band	An internal classification of various jobs that considers variables including, but not limited to, level of responsibility and contribution to Baker Hughes.
Certified to ISO	Certified by independent third party company with ISO certification qualification. Our sites are counted six months after being granted certification.
Code of Conduct	Training and compliance that entails anti-bribery and anti-corruption policies.
Contingent worker	See non-employee worker definition.
Diverse supplier	An organization that is at least 51% owned, operated and controlled by an individual or group that is part of a traditionally underrepresented or underserved group. Some common classifications tracked by Baker Hughes include Minority-Owned (MBE), Women-Owned (WBE), LGBT-Owned (LGBT), Disabled-Owned (DOBE), Indigenous, Aboriginal, Veteran-Owned (VBE), Self-Certified, HUBZone (Historically Underutilized Business Zone, U.S. only).
Effective employee	A person employed by Baker Hughes and is not an intern, cooperative participant, trainee, apprentice, inactive employee or contingent worker as of December 31 of the reporting year.
Electronic waste (e-waste)	Loosely discarded, surplus, obsolete, broken, electrical or electronic devices including but not limited to computers, copiers and fax machines.
Embedded contractors	Non-employee worker whose work is controlled by the enterprise security and are specifically hired to perform work at the organization's workplace, in a public area or directly at the workplace of the organization's client.
Employee Resource Group (ERG)	A recognized group within Baker Hughes that may offer employees personal support, professional development or a sense of belonging. ERGs include Black Employee Network, Asian Pacific American Forum, Enabled, LatinX, Multicultural, Pride@work, Veterans and Women's Network.
Employee time type category	The grouping in which effective employees are organized. Categories include part-time and full-time.
Entitled to parental leave	Leave is defined as paid or unpaid time away from work. An employee is entitled to parental leave based on the eligibility criteria, utilizing the Baker Hughes country policies and/or statutory regulations, whichever is more encompassing.
Excluded spill	Spills of fresh water, inert gases released to air, clean sand, clean gravel and any other non-spills or 3rd party spills.
Executive Band and above (EB+)	A career band that includes active employees categorized as an EB or EB+ in a HR Enterprise System, and who are in office-based applying, leading and shaping roles and who are senior level managers, seasoned managers and senior individual contributors requiring in-depth understanding of their business or function. This includes EB, SEB, VP and SVP bands.
External candidate	
Facilities emissions	Emissions generated directly from the combustion of fuels (natural gas, diesel, propane and oil) at facilities that are owned or controlled by Baker Hughes (aligned with financial reporting).
Field emissions	Emissions generated directly from the combustion of diesel used in field activities owned or controlled by Baker Hughes, including Baker Hughes equipment operated at customer sites and customer-provided fuel.
Financial Year (FY) 2024	January 1, 2024 through December 31, 2024.
Fleet emissions	Emissions generated directly from the combustion of fuels from leased or owned transport (company cars, pickup trucks, benefit vehicles and heavy duty trucks used for pressure pumping, wireline and chemicals product lines) operated by Baker Hughes.
Gender	A person's identity as a man, woman, undeclared gender or "no gender selected" in a HR Enterprise System. Gender was self-identified for each respective reporting year.
Generation group	Effective employees are categorized by generation groups based on their birth year. Generation groups include Silent (1928 through 1945), Baby Boomers (1946 through 1964), Generation X (1965 through 1979), Generation Y/Millennials (1980 through 1995) and Generation Z (1996 through present); employees whose birth year is not available are categorized as "generation group left blank'.
Governance body members	Effective employees who are EB+ active employees and include the most senior-level managers and individual contributors, such as vice presidents and above.
Hazardous waste	Waste disposed that possesses any of the characteristics contained in Annex III of the Basel Convention or that is considered to be hazardous by national legislation.
HSE leadership engagements	Required monthly touchpoint or visit in which leaders host discussions with their teams, whether remote or in person, or frontline personnel at our facilities and customer job sites on a variety of topics including, but not limited to, security, quality, compliance, wellness, environment, social or governance.
HSE observations	Identification of potential hazards, assessing risks, unsafe behaviors, unsafe conditions or environmental concerns. Behavioral observations are identification of either a safe or an at-risk behavior. Conditional observations are Identification of either a safe or an at-risk behavior.
IBAT	Integrated Biodiversity Assessment Tool.
Internal candidate	An effective employee that filled an open internal position or requisition.
IUCN Red List species and national conservation list species with habitats in areas affected by operations	Total International Union for Conservation of Nature (IUCN) Red List species and national conservation list species with habitats in areas affected by operations of Baker Hughes facilities.

Term	Definition
Job function	An internal classification according to a job family group: commercial, enabling, production, technical or other. Technical: Encompasses roles that manage technology capabilities including technology engineering, project management and software development, among others. Commercial: Encompasses roles related to selling or advertising our organization including sales, marketing, product development and mergers and acquisitions. Enabling: Encompasses roles that enable the success of the organization including finance, sustainability, human resources, legal, sourcing and other support functions. Production: Encompasses roles that drive production of our products and services including field operations, logistics, manufacturing and client support services. Other: Represents roles that have not yet been aligned to the other job functions at the time of reporting, such as legacy roles from a merger or acquisition.
Key Biodiversity Areas (KBAs)	KBAs are determined to be sites contributing to the global persistence of biodiversity; includes terrestrial, freshwater and marine ecosystems. Sites qualify as a KBA if they meet at least one of the 11 criteria grouped into the five categories of threatened biodiversity, geographically restricted biodiversity, ecological integrity, biological processes and irreplaceability for each respective reporting year.
Life cycle assessments (LCAs) completed	LCAs that were finished in the FastLCA tool, have peer reviewed by an internal panel of experts and have been approved by the peer review panel for each respective reporting year. An LCA can fall into one of three categories; a basic LCA that consists of an assessment of one part or component alone, a system LCA that consists of the combination of multiple completed basic LCAs, or a comparative LCA that comprised of the assessment of the comparison between two basic LCAs or two system LCAs. As such, a completed basic LCA could be counted multiple times if it is represented in either a completed system or comparative LCA.
Life cycle assessments in progress	LCAs that have been finished in the FastLCA tool, but that may not have gone through the internal peer review process, or approval by the peer review panel for each respective reporting year.
Local	A location in same country as the location of the order issuances and may include sites with significant operations are those where we conduct manufacturing, assembly, maintenance and service operations.
Management roles or people manager	An effective employee who is in a people leader role. A manager or people manager may or may not have direct reports; however, they are identified in a HR Enterprise System as having active supervisory organization as of December 31 in the reporting period.
Metal waste	Materials that are hard, lustrous, malleable, ductile and sonorous, including, but not limited to, iron, copper, aluminum, calcium and magnesium.
Musculoskeletal	Relating to or denoting the musculature and skeleton together, as defined by the International Labour Organization.
Nationality	A person's status of belonging to a particular nation and is recorded in a HR Enterprise System. Nationality is self-identified for each respective reporting year.
Near miss	An incident that does not result in injury, death, property or environmental damage, but under slightly different circumstances, could have.
Non-employee worker	A person that is not employed by Baker Hughes. Their work is controlled by Baker Hughes and data are maintained in the Fieldglass system.
Non-hazardous waste	Waste not classified as hazardous, e-waste or metal waste.
People of color (PoC)	A person's status of belonging to a particular group including American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or other Pacific Islander, or two or more races. PoC was self-identified in the U.S. for each respective reporting year.
Perfect HSE Day	A day with no injuries, accidents, illnesses or harm to the environment for each respective reporting year.
Physical agents	We use the International Labour Organization's list of physical agents that can be found here.
Primary and secondary parent	A self-identified designation used for the parental leave benefit program to distinguish the amount of leave entitlement.
Professional Band and above (PB+)	A career band that includes active employees categorized as a PB or higher band in a HR Enterprise System, and who are in office-based developing, supporting, applying, leading and shaping roles and who are at professional, lead professional or functional tactical positions. This includes PB, Lead Professional Band (LPB), SPB, EB, SEB, Vice President (VP) and Senior Vice President (SVP) bands. For 2022 metrics, Leadership Training Band (LTB) was not included in PB+ because they have a separate performance management process. For 2023 metrics, a sub-metric for PB+ including LTB and PB+ excluding LTB was added to improve transparency. For all other metrics where PB+ is reported, LTB career band employees are included..
Protected areas and habitats	Terrestrial and marine protected areas determined by the World Database on Protected Areas (WDPA) for each respective reporting year.
Red flag finding	An issue identified during an SSRP audit that requires immediate attention and corrective action.
Region	A group of countries located in the same geographically specified area as determined by the Company. Regions include: Asia Pacific (APAC), Russia and Commonwealth of Independent States (RCIS), Middle East, North Africa, Turkey and India (MENATI), North America (NAM), Latin America (LATAM), Sub-Saharan Africa (SSA) and Europe.
Self-certified diverse organization	A business that claims to meet diversity ownership, operations and management criteria, but has not been formally certified by a third party.
Senior Professional Band and above (SPB+)	A career band that includes active employees categorized as an SPB or higher band in a HR Enterprise System and who are in office-based applying, leading and shaping roles and who are senior-level managers, seasoned managers and senior individual contributors requiring in-depth understanding of their business or function. This includes SPB, EB, SEB, VP and SVP bands.
Seniority	Effective employees categorized based on career band. Seniority groups include, but are not limited to, SPB+ or EB+.
Significant spill	A significant spill is a release of oil, fuel, waste or chemical into a contained or uncontained space, including inside buildings at facilities operated by Baker Hughes. Significant spills exclude spills of fresh water, inert gases released to air, clean sand, clean gravel and any other non-spills under Baker Hughes operational control.
Small business supplier	An organization that meets a relevant local government's small business standard criteria. Vetting or validation of small business criteria may be completed by a third party such as Supplier GATEWAY, Supplier.IO, Dun and Bradstreet or the Small Business Administration.
SSRP Audits	An assessment of a suppliers' adherence to social responsibility standards, including labor practices, environmental impact, health and safety, and ethical business conduct for each respective reporting year. Parameters include, but are not limited to, HSE impact, permit, program and performance; labor practice with respect to wage, working hours, child labor, forced labor, human trafficking and human rights; security and intellectual property protection.
STEM role	A job within the career fields of science, technology, engineering and mathematics. At Baker Hughes, this includes all roles in the job family groups of digital technology, engineering and technology, HSE, field operations, information technology (IT), product management, project management, quality and services. STEM roles also includes all roles in the job families of manufacturing engineering and finance IT.
Supplier	An organization or individual that enters into an agreement with the acquirer or integrator for the supply of a product or service. This includes all suppliers in the supply chain, developers or manufacturers of systems, system components, or system services; systems integrators; vendors; product resellers; and third-party partners.
Tier 1 spend	The dollar amount spent by Baker Hughes directly with suppliers who are identified as small or diverse. See definition of diverse supplier or small business supplier for each respective reporting year.
Tier 2 spend	Suppliers who have their own supplier diversity program in which spend with small and/or diverse businesses is tracked and reported to Baker Hughes through use of our third-party tracking tool for each respective reporting year.

Appendix C: Stakeholder Engagement

Interpreting this section

Stakeholder engagement provides us the opportunity to gain the valuable insights and impactful participation needed to be a global leader for a lower carbon future.

Our stakeholder engagement process allows us to identify organizations that align with our purpose, strategy, core values, corporate commercial and sustainability strategies and policy positions, facilitating collaboration to help advance our strategic goals and objectives. Each year, we re-evaluate the list of identified stakeholders to confirm we have identified relevant groups. Our contributions to associations, think tanks, consortia and academic partnerships across our businesses and geographies help shape the future of energy. To read more about the policies used to select our partners, please see our Strategic Engagement Policy. In 2024, we worked with several key organizations including:

- American Fuel and Petrochemical Manufacturers
- American Petroleum Institute
- Ammonia Energy Association
- Carbon Capture and Storage Association
- Confindustria
- European Geothermal Energy Council
- Geothermal Rising
- Global Carbon Capture and Storage Institute
- Hydrogen Council
- Hydrogen Europe
- IEA GHG Research and Development Program
- International Emissions Trading Association
- International Geothermal Association
- International Labor Organization
- International Association of Oil and Gas Producers
- International Renewable Energy Agency
- Ipieca
- Keystone Policy Center
- National Petroleum Council
- Oil and Gas Climate Initiative
- Offshore Energies U.K.
- Resources for the Future
- The Nature Conservancy
- United Nations Environmental Program
- World Cement Association
- World Resources Institute

Through various methods and processes, a broad spectrum of both internal and external stakeholders are engaged. The table below identifies key stakeholder groups, methods of engagement including frequency and examples.

Stakeholder	Forms of engagement	Frequency	Example engagement
Communities	Civic engagement through economic development groups, chambers of commerce and related forums. Collaboration and social investments where we operate and in support of broader society.	We have ongoing dialogue with community partners on charitable projects and planning for employee volunteerism.	Community engagements are outlined in the People section.
Customers	Global, regional and local industry events, forums and conferences. Proprietary Company events and meetings. Partnerships and working groups to advance best practices.	Our senior leaders and commercial teams actively participate in hundreds of customer events and meetings across the globe.	Baker Hughes and Repsol, a global multi-energy company, signed a memorandum of understanding to collaboratively develop and deploy next-generation artificial intelligence capabilities through the Leucipa™ automated field production solution. This collaboration leverages the shared knowledge, best practices and technical expertise of both companies to optimize production, improve efficiency and reduce emissions.
Employees	Town hall meetings and people leader engagement. Volunteer events, communities of interest (COIs) and employee resource groups (ERGs). Interactive online forums and online resources including our Sustainability Knowledge Center.	We exchange ideas and feedback with our employees across a wide array of communications channels weekly, monthly, quarterly and annually.	Employee engagement on sustainability is outlined in the People section.
Governments	Formal and informal bilateral and industry group meetings with public officials at all levels of government. Advocacy and other direct engagement in compliance with applicable laws and regulations.	Given the breadth and scope of our industry and the global footprint in which we operate, Baker Hughes senior leaders across our operations engage with all levels of government on a regular basis.	In the EU, we engaged with the International Association of Oil and Gas Producers on the EU Clean Industrial Deal and Omnibus Package and with the CCUS Association on the cross-border transfer of CO_2. We collaborated with Offshore Energies U.K. on two government consultations on the future of energy in the North Sea.
Investors	Public quarterly earnings calls, annual shareholder meeting, executive meetings and presentations. Outreach program led by our Investor Relations group, the Corporate Secretary's Office and Executive Compensation Team.	We inform our investors and analysts about our operations formally on a quarterly and annual basis, as well as proactively engage in year-round integrated outreach, to monitor developments in corporate governance and sustainability.	Please see our Investor Relations website for additional information on engagements in 2024.
Policy groups and associations	Global membership participation. Working groups, committees and public-private partnership activities in industry groups and associations. Leadership and committee positions that extend and strengthen organizational capabilities.	Our participation in industry groups includes monthly, quarterly and annual meetings, events and engagement to advance best practices and policy positions.	The United Nations Global Compact (UNGC) stands as the world's largest corporate sustainability initiative, dedicated to aligning company strategies and operations with universal principles. As committed signatories, we actively engaged with the UNGC, showcasing our advancements in sustainability and our support for the Sustainable Development Goals (SDGs) at various events, including the SDG Summit during Climate Week NYC.
Universities, institutions and NGOs	Connections, collaborations and partnerships on a variety of shared business, industry, social and environmental interests globally.	We participate in multiple opportunities to collaborate with institutions and organizations on public policy, regulations, technology roadmaps and a variety of research projects.	The Payne Institute at Colorado School of Mines offers research and dialogue to inform energy and environmental policy. We collaborate with Payne and Mines on sustainable sourcing to enhance transparency in supplier emissions.

Legal disclosures

We report our sustainability performance annually. This report was developed for the reporting period of January 1 to December 31, 2024. This report includes several restatements of data from prior years' reports. Those restatements and the reasons for them are identified as they appear. Our organizational boundary is based on an operational control approach. We report performance from the operation of our wholly owned companies and the subsidiaries over which we have operational control and exclude non-operated, minority-owned joint ventures. Our report is reviewed prior to publication by our Governance and Corporate Responsibility Committee as part of their regular review of sustainability and corporate responsibility topics and approved by the full Board of Directors.

Unless otherwise specifically stated, this report covers Baker Hughes's performance in 2024. Incremental information regarding our sustainability report has been included in our 2024 Annual Report on Form 10-K and our 2024 Proxy Statement, which can be found at https://investors.bakerhughes.com/investor-relations.

The goals and projects described in this report are aspirational; as such, no guarantees or promises are made that these goals and projects will be met or successfully executed. . The reporting of GHG Scope 3 emissions and related goals, aspirations, and/or ambitions are not to be understood as the assumption of any legal responsibility in relation to the actual and/or potential impacts of said GHG emissions. Achieving of any Scope 3 emissions goals, aspirations, and/or ambitions will require the development and deployment of breakthrough technologies at scale, some of which don't currently exist. Furthermore, data, statistics and metrics included in this report are not prepared in accordance with generally accepted accounting principles (GAAP), continue to evolve and may be based on assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees and may be subject to future revision. This report uses certain terms including those that GRI or others refer to as "material" to reflect the issues or priorities of Baker Hughes and its stakeholders. Used in this context, however, these terms are distinct from and should not be confused with, the terms "material" and "materiality" as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting.

Statements of future events or conditions in this report, including those that concern future circumstances and results and other statements that are not historical facts and are sometimes identified by the words "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "project," "predict," "continue," "target" or other similar words or expressions, are forward-looking statements. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others: changes in demand for oil and natural gas, as well as integrated products and services; expenditure reductions; changes in economic, political and business conditions; changes in laws, regulations, other requirements or the enforcement or interpretation thereof including those related to oil and gas exploration and production, natural resources and fossil fuels management and climate-related initiatives; technological developments of and substantial investments in, alternative energy; success of our CCUS and other initiatives; expectations regarding the energy transition and the role that we and our products and services can play in that transition; timing and impact of global adoption of policies that further the global energy transition, or the delay or lack of such adoption; inability to reduce environmental impact; involvement in litigation; inability to satisfy service, equipment and power purchase agreements; inability to obtain, maintain, protect or enforce our intellectual property rights; remedial or non-compliance actions; the financial and operating conditions of our supply chain; defects in risk management; losses from, or the inability to identify and mitigate, risks inherent in operating in the global energy industry; high cost or unavailability of infrastructure, materials, equipment, supplies and/or personnel; potential disruption of operations due to war, accidents, weather and seasonal factors, political events, civil unrest, cybersecurity, geopolitical, or terrorism threats, pandemics, economic downturns or other causes beyond our control; and the risk factors in the "Risk Factors" section of our 2024 Annual Report on Form 10-K and those set forth from time-to-time in other filings by the Company with the U.S. Securities and Exchange Commission (SEC), available through our website or through the SEC's Electronic Data Gathering and Analysis Retrieval (EDGAR) system at http://www.sec.gov.