

**BAKER
HUGHES**
a GE company



CORPORATE RESPONSIBILITY

2018 Report on People, Planet and Principles



Inventing Smarter Ways to Bring Energy to the World

For our shareholders, our customers, our employees and our communities.

We are BHGE

Only BHGE has fullstream capabilities: the portfolio, the people and the reach to deliver across the entire oil and gas value chain.

153

Perfect HSE Days

~\$23 billion

2018 Revenue

NET ZERO CO₂e

By 2050

Wall Street Journal

Management

Top 250

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On the cover: Ryan (Xuele) Qi, digital enablement leader at BHGE's Energy Innovation Center in Oklahoma City, OK, USA.



Taking Energy Forward

In 2017 we created Baker Hughes, a GE company with a mission to invent smarter ways to bring energy to the world. Guided by this purpose, grounded in our heritage of invention, and driven by the innovation and collaboration of our people, we embarked on a journey to address some of the biggest energy, social and environmental challenges of our time.

We take great pride in being part of an industry that for generations has contributed to some of the greatest advancements in economic and human development. BHGE's heritage dates back more than 100 years, founded by industry pioneers who conceived ground-breaking inventions that revolutionized the oil and gas industry. The company has been innovating ever since.

While the oil and gas industry will remain an important part of the energy landscape, global priorities are changing faster than ever. Climate change is one of the most significant challenges facing the world. It requires meaningful action by all of us to mitigate adverse impacts on the environment and society. As populations grow and progress, they will continue to need access to all forms of energy delivered safely, at lower costs and with greater efficiency to reduce carbon emissions.

Technology and digitalization are also disrupting how the world will respond to these shifting global priorities. This will not only transform what we make and how we make it, but also transform the future of work. Building and nurturing a diverse and entrepreneurial workforce must be a priority in order to respond to these forces of change with speed and agility.

As a global provider of energy services, equipment and digital solutions across the full energy value chain, we are prepared and positioned to take energy forward. We drive and support a more sustainable future by inventing innovative low-carbon technologies and by building a diverse workforce that collaborates without boundaries. Our work, in partnership with others, is accelerating solutions for future generations. This includes progressing disruptive technology and innovation to increase the competitiveness of diverse global energy markets. And we give back by supporting and contributing to efforts that make our communities safer, cleaner and better places to live and work.

*“We are a technology company that touches nearly every corner of the world. Our focus remains on **inventing and adopting more efficient and sustainable technologies** that will help bring energy to the world. This is how we will take energy forward.”*

Lorenzo Simonelli

Chairman, President and Chief Executive Officer



People, Planet and Principles

We take our responsibility as an energy solutions provider seriously. We hold ourselves and each other accountable to do the right thing, *always*. Our commitments, activities and investments are prioritized around **people, planet and principles**.



People

We value an inclusive culture that supports people and communities.

We foster a diverse and inclusive culture that enables collaboration and innovation. We invest in the health and well-being of our workforce, train and reward talent, and equip and empower the next generation of energy leaders. We also support the communities where we live and work and help create opportunities for others.



Planet

We join the global community in addressing climate risks.

We are stewards of the environment. We focus on energy efficiency and reducing our carbon footprint globally across our operations and with our employees. We support customers with low-carbon solutions to help them meet their environmental goals.



Principles

We operate with sound governance and ethical and responsible business practices.

Our non-negotiables include protecting people and the environment by operating safely and in compliance with all laws and regulations. We maintain ethical supply chains to safeguard human rights. We are guided by our code of conduct, detailed in [The Spirit and The Letter](#), and the company's comprehensive set of policies.

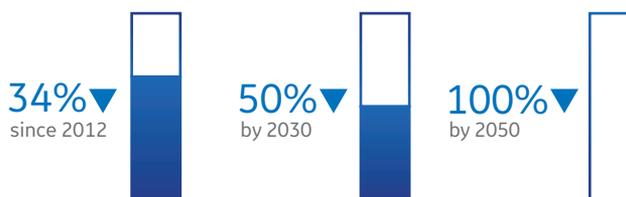
This 2018 Corporate Responsibility Report covers more fully our progress in these environmental, social and governance priority areas.

2018 Progress on Our Priorities

Reduced our environmental footprint on road to net-zero carbon emissions:

Since 2012, we have reduced our combined scope 1 and scope 2 emissions by 34%. At the beginning of 2019, we made a commitment to further reduce our CO₂ equivalent emissions by 50% by 2030, and to achieve net-zero CO₂ equivalent emissions by 2050. We are helping our customers reduce their carbon footprint by expanding our low-carbon technology solutions offering.

Path to Net Zero CO₂ Equivalent Emissions



Aligned our teams and focused on diversity and inclusion:

We are committed to building a culture that is a competitive advantage. In 2018, we focused on more fully integrating our teams, fostering an inclusive environment and strengthening our learning and development programs. We established clear criteria within our executive incentive compensation plan for how we measure and assess our leaders on performance, culture, and diversity and inclusion. We also launched recruiting campaigns to attract a more diverse workforce.

Achieved 153 Perfect HSE Days:

Our culture is built on safety, compliance, integrity and quality. We believe in doing the right thing always. And our teams strive to make every day one with no injuries, accidents or harm to the environment. We call it our *Perfect HSE Day*.¹ In 2018, we achieved 153 *Perfect HSE Days* and a 20% improvement compared to 2017.

153

Perfect HSE Days

▲ 20% improvement compared to 2017



Invested in global communities:

Whether it's supporting neighbors in times of disaster, giving time to teach the next generation of leaders or raising money to help support cancer or multiple sclerosis research, our employees around the world have been making an impact in causes close to home for decades.

In 2018, we established new partnerships that help to accelerate solutions to some of the world's biggest challenges. Through charitable grants, local investments and community service, we focused on supporting inclusive education and training, sustainability in communities, and public health and safety. The Baker Hughes Foundation advanced progress in communities with support to nonprofit organizations with global impact, such as *FIRST* Global (180+ countries) and The Nature Conservancy (70+ countries).

In Conclusion

I believe that business can advance societies and be profitable by delivering results that create shared value. Inventing smarter ways to bring energy to the world is why we work. There is still more to do as we continue on this journey. In 2019, we remain committed to delivering on our commitments to support our customers, employees and communities in taking energy forward.

I want to thank our employees and our customers for a successful 2018 and to all of those invested in our future.

Sincerely,

Lorenzo Simonelli
Chairman, President and Chief Executive Officer

The Communities We Call Home

BHGE's global network touches more than 120 countries around the globe, bringing innovation closer to customers. Our combination of innovation centers, regional technology centers and product technology centers is a powerful network that allows us to meet both short-and long-term industry technology needs.

We operate in
120+
 countries worldwide

~66,000
 employees worldwide



Our alignment with the United Nations Sustainable Development Goals

<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>4 QUALITY EDUCATION</p>	<p>5 GENDER EQUALITY</p>	<p>6 CLEAN WATER AND SANITATION</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>
<p>Through programs, policies and practices, we educate and encourage our employees on positive health and well-being at work, at home and in the community.</p>	<p>We support educational advancement in science, technology, engineering and math (STEM) curriculum and fields. We invest in youth and give educators and students access to technology and tools to help them thrive.</p>	<p>We value a diverse and inclusive workplace culture that supports and empowers women, especially in technical fields. We apply 50% gender diversity goals to our leadership programs.</p>	<p>We develop efficient processes to protect freshwater resources, from withdrawal to use and eventually to reuse or discharge. We protect water quality using stringent standards designed to minimize risks related to stormwater and wastewater to ensure compliance.</p>	<p>Our leading position in the global gas supply chain directly contributes to the world's move toward cleaner-burning natural gas. We are the leader in global LNG liquefaction, an important offering as overall demand for gas increases.</p>	<p>We employ ~66,000 people worldwide and create employment for many more indirectly through our supply chain. We set high expectations guided by our code of conduct that promotes a positive, safe and sustainable work environment with an emphasis on diversity and fair pay.</p>

Aberdeen, Scotland

Headquarters for Oilfield Equipment

London, England

- Corporate Headquarters
- Headquarters for Digital Solutions

Florence, Italy

Headquarters for Turbomachinery & Process Solutions



We continue to invest in research and development of new technology, supporting the creation of more than 100 new products and 2,700 patents globally. In 2018, BHGE launched its Energy Innovation Center to develop and test new technology.



We partner with certified minority- and women-owned businesses along with veteran-owned, LGBT and small business enterprises to stimulate economic growth, a cornerstone of our Supplier Diversity Program.



We are committed to delivering the best quality products, services and processes in the industry. In 2018, we implemented an Enterprise Quality Management System to standardize, track and manage the “cost of quality” to reduce waste and improve profitability.



We have committed to reduce CO₂ equivalent emissions 50% by 2030 and to achieve net zero CO₂ equivalent emissions by 2050, to mitigate the risks associated with climate change – one of the most significant environmental challenges facing society today.



Wetlands are productive and biodiverse habitats, but experiencing rapid decline. We are working to help restore wetlands by partnering with The Nature Conservancy on conservation projects in the USA and India.



We promote respect for human rights leading by example in our business capacity, with our business partners and in the communities where we operate. Our policies assure human rights protections, including supporting the elimination of all forms of modern slavery.

Our Foundation for a Sustainable Future

Our commitment to People, Planet and Principles is embedded at every level, and oversight rests with our board of directors.

Our Governance Structure

Baker Hughes, a GE company (BHGE) is governed by, among other things, a Stockholders Agreement between BHGE and GE implemented on July 3, 2017, as further amended, that incorporates significant minority stockholder protections. The BHGE Board of Directors and executive management team recognize that the long-term interests of shareholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, customers, suppliers, government officials, communities where we do business and the public at large.

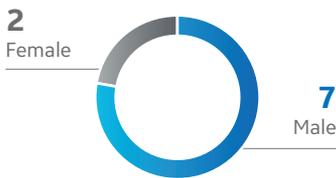
Our board believes that commitment to best practices in corporate governance and adherence to the highest standards of integrity are essential to maximize shareholder value. Our bylaws, board committee charters, governance principles, code of conduct, detailed fully in ***The Spirit and the Letter***, and **other policies** approved by our board serve as the principles of conduct by which we govern our business affairs to benefit the long-term interests of our shareholders and others.

Our board is led by Lorenzo Simonelli, who serves as our chairman, president and CEO. Our Governance Principles require the election, by the independent directors, of a lead director who leads meetings of the independent directors and regularly meets with the chairman. Our lead director, W. Geoffrey Beattie, has a clear set of comprehensive duties that provide an effective check on management. The BHGE Board has determined that this board leadership structure provides an effective balance between management focus on strategic execution and participation in the board process.

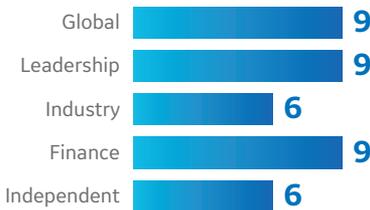
Board Snapshot

We believe that a diverse board that reflects a mix of gender, ethnicity, background, country of citizenship and experience, leads to greater board effectiveness. Our board is active and engaged, and supports a culture of open dialogue, collaboration and rigorous decision-making focused on creating long-term shareholder value.

Gender Diversity



Areas of Expertise



Average Director Age

59
Years Old

The Governance and Nominating Committee evaluates board composition annually and identifies skills, experience and capabilities desirable for new directors in light of our business and strategy. As part of ongoing refreshment efforts, the BHGE Board has prioritized the recruitment of new directors who can further contribute to the diversity of our board and bring expertise in the areas of our corporate responsibility priorities.

Board Level Oversight

Consideration of economic, social and environmental risks and opportunities are a vital part of the BHGE Board's strategic oversight function.

Primary oversight for corporate responsibility positions and governance matters has been delegated to the Governance and Nominating Committee, which reviews BHGE's actions around its corporate responsibility strategy and related impacts on

shareholders, employees and communities. In the early months following BHGE's formation, the Governance and Nominating Committee reviewed plans for BHGE's corporate responsibility framework that elevated the transparency of the company's corporate responsibility policies, practices and performance. Our corporate responsibility framework was published in the weeks following BHGE's one-year anniversary. The Governance and Nominating Committee receives regular updates to ensure progress continues. Our board's other committees oversee priorities within their subject matter.

Our culture of responsibility is pervasive throughout the company. Accordingly, cross-functional leadership is involved in managing our priorities, setting goals, monitoring our progress and communicating results to the relevant board committees and other stakeholders, including through issuance of our 2018 Corporate Responsibility Report.

Corporate Responsibility Role of the BHGE Board and Committees



For additional roles and responsibilities of the BHGE Board and its committees, see our [2019 proxy statement](#).

Risk Assessment

As part of our Enterprise Risk Management (ERM) Program, we annually seek input from every segment of our business to help us identify and prioritize the myriad risks, including operational, financial, strategic and reputational risks that may affect our business. Information collected from this global outreach is facilitated and consolidated by a third party and, together with our ERM Steering Committee, risks are categorized and rated based on probability and severity, with consideration given to current or proposed mitigation measures. Key risks and related mitigation actions are further analyzed by our executive leadership team. Risks related to our People, Planet and Principles framework, including HSE, compliance, talent management, and corporate governance, as applicable, are assessed and evaluated as part of this ERM review process.

Our Audit Committee is tasked with oversight of our risk management program and discusses the key risks on an annual basis at its committee meetings. In addition, each committee of the BHGE Board is responsible for the oversight of certain areas of risk that pertain to that committee's area of focus and receives regular updates at committee meetings throughout the year from management on each risk.

Aligning Compensation Practices with our Priorities

We are committed to a pay for performance philosophy, and we design our compensation programs to support our long-term strategy and to align the interests of our executives and our shareholders. Our executive compensation framework focuses our leaders on the achievement of certain financial goals and progress against strategic imperatives.

Our incentive-based compensation plans balance financial metrics with quantitative and qualitative performance goals. The performance metrics approved by the Compensation Committee focuses our team on safety, execution, technology innovation, leadership, and shareholder returns. Our People, Planet and Principles priorities are key criteria within our annual bonus program, demonstrating the BHGE Board's commitment to our sustainability framework. By assessing and rewarding executive performance against these goals, which include HSE and diversity and inclusion metrics, we further promote a culture that supports our priorities.

A more detailed discussion of our executive compensation program is available in our [2019 proxy statement](#).

Contacting the Board

To provide our shareholders and other interested parties with a direct and open line of communication to the BHGE Board, shareholders may communicate with any member of the Board, including our lead director, the chair of any committee or with the non-management directors of the company as a group, by sending such written communication to our Corporate Secretary, c/o Baker Hughes, a GE company, 17021 Aldine Westfield Road, Houston, Texas, 77073, USA.

Our Corporate Responsibility Framework

BHGE's People, Planet and Principles framework guides our responsibility to sustainable operations and enables us to accomplish our business priorities.

As the world's first and only fullstream provider of integrated products, services and digital solutions, we are uniquely able to help our customers acquire, develop, process, transport and refine hydrocarbons more efficiently, productively and safely, with a smaller environmental footprint and at a lower cost.

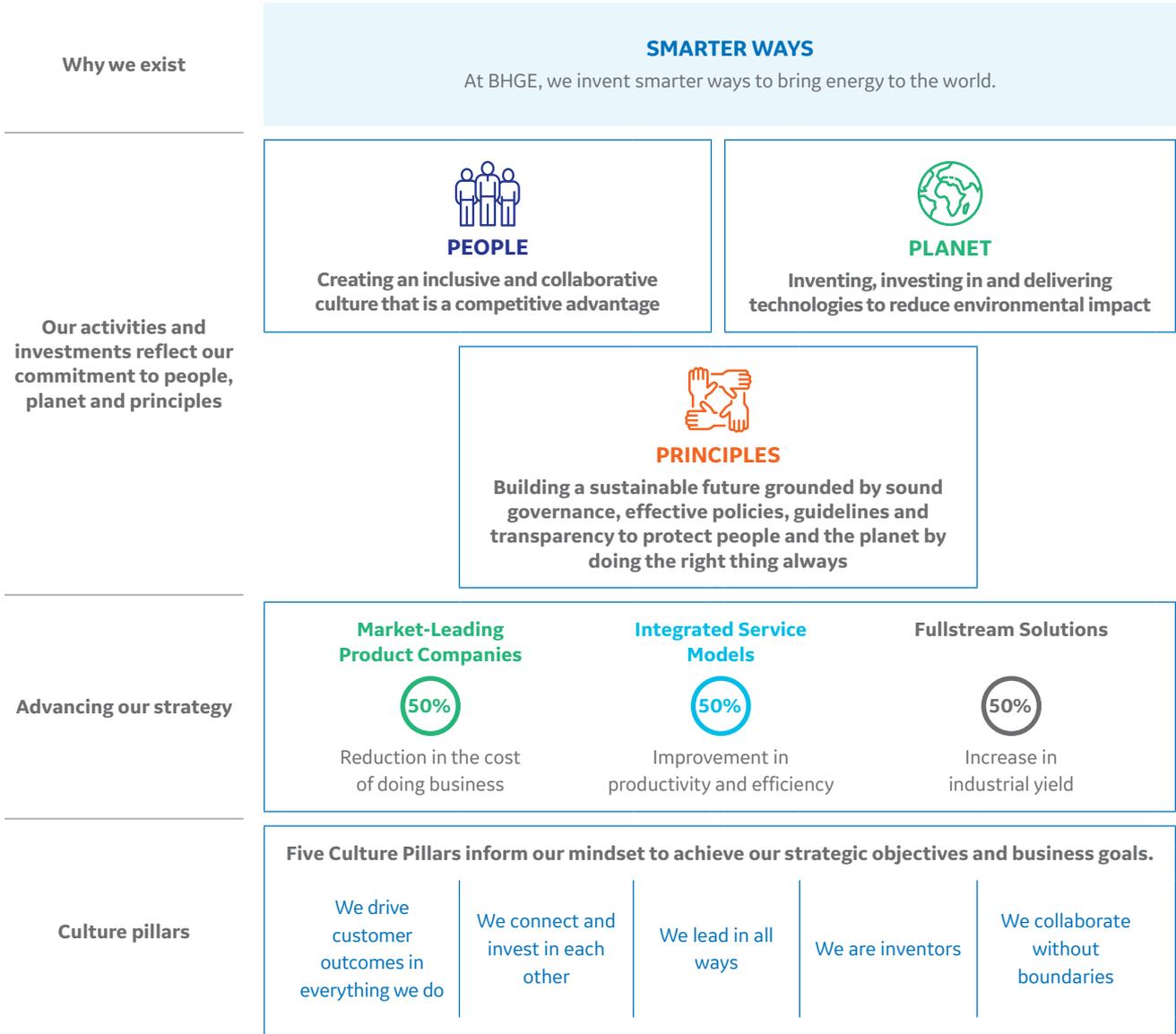


In 2018, we introduced our comprehensive, long-term *50-50-50 Strategy* to align our business to increase performance by 50% in three key areas:

- **Core competitiveness** by reducing the cost of doing business through market-leading product companies that provide innovative new technologies.
- **Productivity and efficiency** through integrated solutions and service modules that cut complexity.
- **Industrial yield** for our customers through our fullstream offering that includes innovative commercial models and strengthened partnerships with our customers, suppliers and teams.

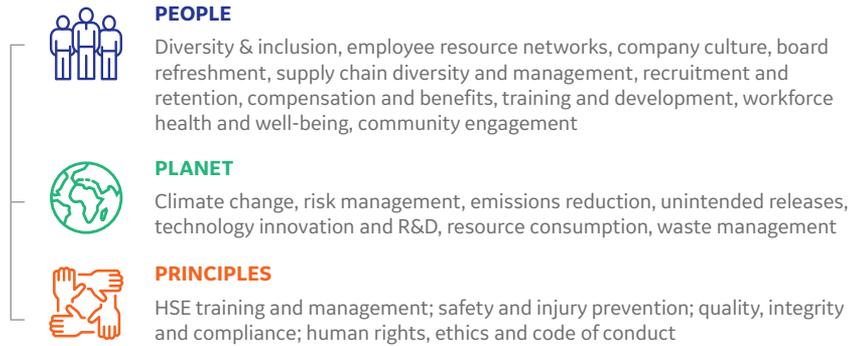
Prioritizing Smarter Ways – People, Planet and Principles

Fulfilling our mission to “invent smarter ways to bring energy to the world” requires continued advancement and improvement. We bring our mission to life by striving for new and better ways to *do more* with energy and to create *more from* energy, whether through our commitments to operational excellence, inventive commercial activations, daily employee engagement, strategic partnerships or community involvement. These commitments help advance our business objectives and strategies and are underpinned by our culture pillars.



Engaging with stakeholders

As leaders in the diverse energy environments where we operate globally, we know our success requires a network of partners and relationships built on trust, integrity and consistent collaboration. We consider input from multiple points of view to prioritize and report on issues and opportunities that matter most to the sustainability of our business.



Stakeholders	Form of Engagement	Frequency
 Customers	<ul style="list-style-type: none"> 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.
 Investors	<ul style="list-style-type: none"> Public quarterly earnings calls Annual shareholder meeting Executive meetings, presentations and operational tours Outreach program led by our Investor Relations group, 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, in consultation with the BHGE Board, to monitor developments in corporate governance and sustainability.
 Employees	<ul style="list-style-type: none"> Culture and pulse surveys Town hall meetings Interactive online forums People leader engagement Employee Resource Groups, many with senior leader sponsors 	We exchange ideas and feedback with our employees across a wide array of communications channels weekly, monthly, quarterly and annually.
 Governments	<ul style="list-style-type: none"> Formal and informal bilateral meetings with public officials at all levels of government Working groups, committees and public-private partnership activities Lobbying 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, BHGE senior leaders across our operations engage with public officials at all levels of government on a regular basis.
 Community	<ul style="list-style-type: none"> 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, and weekly as employees hold positions with local groups.
 Industry Groups & Associations	<ul style="list-style-type: none"> Membership participation across the globe 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.
 Universities, Institutions & NGOs	<ul style="list-style-type: none"> Connections, collaborations and partnerships on a variety of shared business, industry, social and environmental interests globally 	We take advantage of multiple opportunities to collaborate with institutions and organizations on public policy, regulations, technology roadmaps, and a variety of research projects.

GLOBAL INDUSTRY LEADERS

BHGE has hosted an annual event for 20 consecutive years as a forum for BHGE leadership and commercial teams to engage in open dialogue with key customers, non-governmental organizations and others about important industry issues. In 2018, more than 1,000 senior executives, industry influencers and environmental experts convened during a two-day event to discuss opportunities to take energy forward through a range of innovations, collaborative partnerships and shared commitments.

Our Corporate Responsibility Story

<More FROM energy:
cheaper, cleaner, more efficient>

Our commitments, activities and investments are prioritized around **People, Planet and Principles**.



People

- Increase diversity in leadership, our employee base and our supply chain to reflect the communities where we operate.
- Attract, equip and empower the workforce of the future by investing in early leadership development, supporting employee health and wellbeing, and creating opportunities for the next generation of talent.
- Collaborate with organizations on projects aligned with interests and needs of the communities where we live and work around the globe.



Planet

- Reduce BHGE's environmental footprint by minimizing emissions and waste each year.
- Partner with customers to help reduce their environmental footprint.
- Invent technologies and invest in a portfolio of low-carbon products and services.



Principles

- Make every day a *Perfect HSE Day*—a day with no injuries, accidents or harm to the environment.¹
- Do the right thing always, delivering the best quality products, services, processes and technologies in the industry.
- Maintain ethical practices, as well as supply chains through a risk-mitigation management approach across our global operations to ensure we are rigorous in safeguarding human rights.



Planet

In addition to reducing our own carbon footprint, a priority of BHGE's strategy is to help reduce our customers' carbon footprints. We believe that leadership in the energy transition to low-carbon solutions is both the right thing to do for the planet and good business.

10 years

carbon transparency and emissions reductions

On track to reduce

50%

CO₂e emissions by 2030

Commitment to achieve

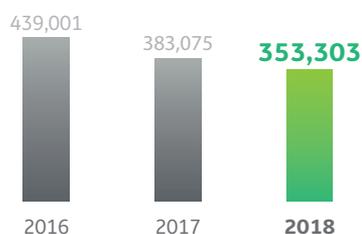
Net Zero

CO₂e emissions by 2050



Scope 1 (Direct) Emissions

Metric Ton CO₂e



Scope 2 (Indirect) Emissions

Metric Ton CO₂e



Combined Scope 1 and 2 emissions reduced by **34%** since 2012

Focusing on Climate and Energy

Our commitment to protect the environment has never been more important. Scientists are in broad consensus on the increasing risks from climate change and its potentially catastrophic consequences for the earth's ecosystems and species if left unchecked. As a company, we pledge to be part of the solution, as demonstrated by our commitment to achieve a 50% reduction in CO₂ equivalent emissions by 2030 and net zero CO₂ equivalent emissions by 2050. This commitment aligns us with the Paris Climate Accord and demonstrates we will do our part to limit global warming to 1.5 degrees Celsius.

We have been focused on energy efficiency and reducing the carbon footprint of our BHGE's operations for more than 10 years. This includes direct emissions from the use of natural gas and company vehicles, and indirect emissions from purchased electricity. We have completed more than 250 energy efficiency projects across the globe since we began tracking. We've completed more than 100 LED lighting installations, 120 building automation systems, heating and air conditioning system upgrades and other operational efficiencies. These combined projects remain integral to our overall plan, enabling us to reduce further our energy use, greenhouse gas emissions and operating costs.

Defining our Carbon Reduction Pathways

We have defined clear pathways to reduce our Scope 1 and 2 emissions from our operations. Scope 1 direct emissions include natural gas and fleet vehicle fuel use. Scope 2 emissions include indirect emissions from purchased electricity. Our reduction pathways include the following broad categories:



Building construction, renovation and retrofits – using sustainable building standards, facility consolidations and retrofits with energy efficient equipment, including LED lighting, building automation systems, heating/cooling equipment and building envelope.

 **Facility operational improvements** – identifying opportunities using energy “treasure hunts” and audits; installing smart meters; incorporating energy efficiency into Lean Six Sigma kaizen events; increasing use of variable frequency drives, automation, additive and intelligent manufacturing; and lowering emission refrigerants.

 **Transportation in company vehicles** – implementing a vehicle idling policy, optimizing scheduling and logistics, and enabling use of electric vehicles, including evaluating the potential for converting our existing fleet to lower emissions models.

 **Renewable energy sourcing** – incorporating an increased percentage of renewables in utility contracts and the increased use of onsite power generation through rooftop solar and other opportunities.

 **Tool and equipment redesign** – reducing energy consumption through use of less emissive materials, more recycled materials, lower quantities of materials, and streamlined manufacturing processes, as identified by the systematic use of lifecycle assessment to quantify emissions of our products and services.

In addition, we are embarking on emissions lifecycle assessments of key parts of our portfolio. Through such assessments, we will establish baseline emission levels for our products and services, allowing us to identify ways to reduce their carbon footprints on an ongoing basis. In addition, we plan to obtain third-party certification that our lifecycle assessments conform to the relevant ISO standards. This will allow our customers to document reductions in their carbon footprints arising from the use of our products and services, helping them attest to the achievement of their own carbon reduction targets.

As global leaders in our industry, we collaborate on efforts to improve energy efficiency and reduce greenhouse gas emissions through the International Oil & Gas Producers Association (IOGP) Environment Committee as well as the IPIECA Climate Change Working group and forums such as Society of Petroleum Engineers (SPE), American Petroleum Institute (API) and other national and local industry associations. In addition, in early 2019, BHGE became a signatory of the Methane Guiding Principles, joining other leading companies to enhance transparency, reduce methane emissions and advocate for effective and appropriate regulatory frameworks.

Ensuring Transparent Carbon Reporting

In 2018, BHGE was recognized for 10 years of reporting to the [Carbon Disclosure Project](#), continuing a legacy of transparency in the climate change arena. Each year, we strive to improve our carbon emissions tracking and reporting, and ensure accuracy using third-party verification. Going forward, a new carbon emissions dashboard will provide more detailed progress to internal and external stakeholders. The dashboard will include emissions for our direct operations, as well as track work that has been completed or is underway for our various carbon reduction pathways.

Setting Goals and Measuring Progress

To demonstrate ongoing progress and commitment to meeting our long-range targets, we will establish much shorter-term, interim milestones to ensure we are on track. We set goals as ambitious as 10% emissions reduction each year. For 2018, we achieved an 11% reduction in emissions associated with our BHGE direct carbon footprint. This was achieved through a combination of strategies, including 33 LED lighting building retrofits, the installation of solar panels on rooftops in Vibo, Italy, and on covered parking in Billerica, MA, as well as numerous other facility-specific energy efficiency projects worldwide.



Our teams of scientists and engineers develop, test and deploy innovative new technologies to support our customers from our Energy Innovation Center in Oklahoma City, OK, USA.

Energy Innovation Center

Our Energy Innovation Center (EIC) campus in North America is our latest success in applying sustainable building standards and design components, including natural lighting; energy efficient hardware, particularly for heating and air conditioning; and building automation systems. The EIC’s design also features energy efficient windows and motorized shades to reduce solar heat gain and minimize glare. We have installed 10 electric vehicle-charging stations in the parking garage. The building was designed to meet the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) Gold standards. The wide variety of energy savings strategies used throughout the facility reduces energy use by 25.4% over traditional building standards, eliminating 985 metric tons of CO₂ per year.

We also constructed or expanded six facilities that incorporated our sustainable building standards and completed 73 facility consolidation projects. These consolidations have improved the overall energy efficiency across our real estate portfolio by decreasing the energy intensity of the activities at our company locations and have improved the efficiency of our logistics network. With our progress to date, we are on track to achieve our 2030 carbon emissions target as compared to our 2012 baseline.

Leading the Industry to a Low-Carbon Future

In addition to reducing our own carbon footprint, a priority of BHGE's strategy is to help reduce our customers' carbon footprints. We believe that leadership in the energy transition to low-carbon solutions is both the right thing to do for the planet and is good business.

As a technology company, we are committed to developing and implementing solutions to help our customers reduce and one day reach net zero CO₂ equivalent emissions from fuel combustion, flaring, venting and fugitives from specific assets and operations.

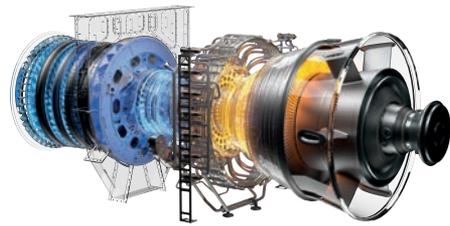
Many of BHGE's existing technologies are now being deployed faster, more efficiently, and with less waste, all of which reduces carbon emissions. For example, the new Aptara™ suite of subsea solutions uses less material and is designed to be deployed faster with smaller vessels. These add up to significant reductions in emissions.

BHGE's leading position in the global gas supply chain also directly contributes to the world's move toward cleaner-burning natural gas as a substitute for coal, diesel and heavy oil. With more than 500 compressors and 400 gas turbines in LNG applications, we are the leader in global LNG liquefaction, an important offering as overall demand for gas increases.

Following are highlights from our technology portfolio of low-carbon solutions solving some of our customer's toughest challenges:

- **LUMEN:** As part of our full-suite of methane monitoring and inspection solutions, LUMEN is capable of streaming live data from sensors to a cloud-based software for real-time results. Launched in January 2019, it is both a ground- and drone-based advanced methane detection and reduction system. When the system detects a methane leak, it will alert a central control system, the local operations team, or a BHGE remote monitoring center. Applications include drilling and production sites, compressor stations, underground storage facilities and others.

- **LM9000 Gas Turbine:** Introduced in 2017, the LM9000 is BHGE's most advanced aeroderivative gas turbine and was designed to reduce greenhouse gas emissions for liquified natural gas (LNG) production plants. Compared to standard technology, the LM9000's double spool architecture enables zeroing of venting at start up, its state-of-the-art combustion system reduces NOx/megawatt emissions by 40%, and its high efficiency reduces overall CO₂ equivalent/megawatt emissions by up to 25% compared to alternate turbines in its class, contributing to lower carbon LNG operations.



The LM9000 is the latest aeroderivative gas turbine from BHGE for LNG mechanical drive and power generation applications.

- **Electric Frac:** Many oil-producing shale basins yield excess natural gas, which is flared due to infrastructure constraints. BHGE is commercializing a series of high-efficiency, trailer-mounted gas turbines to power hydraulic fracturing fleets by converting flared field gas into electricity. Across North America, there are more than 500 frac fleets. The majority currently are powered by trailer-mounted diesel engines. Each fleet can consume up to 7 million gallons of diesel annually. Switching just one frac fleet from diesel to natural gas can reduce emissions by 24%, or 17,000 metric tons of CO₂ equivalent per year.

Innovating for the Future

Technology is a core differentiator for us. Our disciplined approach to product development allows us to continue our technology leadership and drive returns on our investments. Teams across our organization have adopted an agile approach to develop, test and commercialize new technologies with speed.

~2,700
global patents issued

100+
new product launches

In 2018, we increased our research and development investment by 10% to \$700 million, introduced more than 100 new products and received approximately 2,700 patents globally. We also launched our U.S. Energy Innovation Center, a fully functional R&D center focused on commercializing new technology through a network of start-ups and incubators.

There also is a tremendous opportunity for the energy industry to work together in partnership with others to accelerate the transition to a low-carbon future. For instance, we regularly collaborate with various NGOs, institutions and universities on topics of shared importance. This includes the Stanford University Natural Gas Initiative, designed to generate the knowledge needed to use natural gas to its greatest social, economic and environmental benefit.

Additionally, in early 2019, BHGE's Gaffney, Cline & Associates established a new Carbon Management Practice to help governments, energy companies and the financial community understand and solve energy transition issues related to oil and gas resources, assets and investments:

- set baseline emissions and quantifying the value of carbon management,
- assess the viability of carbon solutions that avoid, reduce, replace, offset or sequester greenhouse gas emissions, and
- validate performance for accreditation and benchmarking for the industry.

Ensuring Sound Environmental Practices

Although our primary focus is on enhancing energy efficiency and reducing greenhouse gas emissions, we remain dedicated to water quality and conservation, protecting our land and its biodiversity, using materials wisely, maximizing recycling and reuse, and ensuring sound waste disposal. We mitigate the environmental risks of our activities through robust practices and procedures, which were clarified and harmonized globally during 2018. We also have enhanced our verification of regulatory compliance throughout our operations.

Across the globe, we expanded our review of waste vendors to ensure environmentally sound waste management, more than doubling the number of approved vendors in many regions. Pursuing partnerships with key vendors such as Heritage Interactive in the U.S. represents an opportunity to increase waste-to-product conversions, now at 9 million pounds per year. We will be looking for similar opportunities to partner with other leading companies to maximize our ability to realize new pathways for reuse and recycling in other areas worldwide.

We recognize that our activities do not always occur as planned, and we strive to minimize releases to the environment.

We have exceeded our stretch goal of a

25%
spill volume reduction,
decreasing our total spill volume by

43%
compared to 2017.

Spills that may harm the environment were down

97%
year over year.

This is because we eliminated spills over

10,000
gallons related to asset integrity issues.

Over the last five years, we have reduced both the number and volume of *Perfect HSE Day*¹ spills by more than

80%

Engineering controls and improved systems and processes represent the most effective spill risk mitigation measures across BHGE. In our Chemicals product line, pilot tests of new engineering controls, which use a new protective device fitted over forklift tips, have reduced forklift punctures. Full implementation across the business is planned for 2019. Further, for our Drilling Fluids product line, updated standards for liquid mud plants and rigorous preventive maintenance processes have been implemented. The standardization of hose suppliers and additional preventive maintenance provisions is complete for Process and Pipeline Services, while Pressure Pumping has completed their equipment standardization with particular emphasis on fluid handling systems.

People

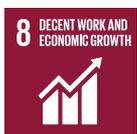


BHGE is committed to creating an inclusive and collaborative culture, helping employees develop their careers and thrive at work every day.

~66,000
Employees

19%
Women in senior leadership

>650,000
HSE trainings completed



Fostering Diversity & Inclusion

Fostering a diverse and inclusive workforce is not just the right thing to do, it is critical to achieving a competitive advantage. We believe our company is stronger when the diversity of our employees reflects the customers, communities and people whose lives our technology enhances. Teams made up of individuals with diverse perspectives and experiences generate more insights and ideas by sharing in candid, collaborative and productive conversations to solve our toughest challenges. Identifying untapped opportunities, developing breakthrough technologies and new approaches to doing business increases our competitiveness.

We have clear goals that are supported by formal programs and monitored with key performance indicators (KPIs):

- Achieve a 30% incremental improvement (over 2018) for all our diversity KPIs by 2020.²
- Build global awareness with employees and drive engagement globally around our D&I goals and strategies.
- Create a workplace atmosphere without bias by developing and enhancing training programs.
- Monitor year over year hires, promotions and attrition within our professional and executive populations.
- Increase the diversity of employees in leadership and non-traditional STEM roles.

D&I Council

We established an executive leadership D&I Council in early 2018 that meets on a quarterly basis to track progress against our goals and to identify new opportunities to create a more diverse and inclusive culture.



Maria Sferruzza
President, Asia Pacific Region



Harry Elsinga
Chief Human Resources Officer



Jen Hartsock
Chief Information Officer



Uwem Ukpog
Chief Global Operations Officer



Sara Hassett
Director, Global Communications, Turbomachinery & Process Solutions



Andrea Pinnarelli
Vice President, HR - Organization & Talent Development



Will Marsh
Chief Legal Officer



Maria Claudia Borrás
President & CEO, Oilfield Services



Rod Christie
President & CEO, Turbomachinery & Process Solutions



Kevin Wetherington
Chief HSE, Security & Quality Officer



Shawna Kelley Shelor
Head of Diversity & Inclusion

Culture of Inclusion

Our vision is to work and live in an inclusive environment where all employees are visible, engaged, developed and able to bring their authentic selves to work. To help support this vision, we launched *Leading without Bias* workshops and added *Leading Inclusively* workshops, which we made a requirement in 2018 for all our people leaders, or approximately 6,000 individuals in BHGE.

“In this environment where disruptive change is the new normal, the ability to look at a situation from different perspectives can help us see around corners and anticipate outcomes Diverse teams give us a competitive advantage.”

– Lorenzo Simonelli, Chairman, President & CEO, BHGE

In 2018, we also piloted several workshops, such as Men Advocating for Real Change (MARC) with Catalyst in North America. All of BHGE’s executive leadership team and a majority of its senior executive leadership attended these sessions.

In addition to awareness and training, we are supporting contemporary practices in the workplace that encourage flexibility and enable employees to achieve the balance they need when and where they need it by offering flexible work and leave schedules, and implementing new recruitment programs targeted at those who have temporarily left the workforce.

Employee Resource Groups

Our D&I Council regularly reviews the company’s Affinity Networks and Employee Resource Groups (ERG), and in 2018 the council focused on analyzing these networks to establish *Inclusion Council* hubs at a regional level in locations like Italy, Scotland, Russia and the United States. These hubs aim to drive intersectionality and cross-collaboration across multiple Affinity Networks and ERGs,

while helping to build professional networks, develop skills and enhance career management. They also provide employees with a community to support local initiatives, partner with industry leaders, and build friendships and connections.

ERGs also help us foster a culture of inclusion by giving employees an outlet to celebrate differences and channel energy into the most impactful areas of our business and communities where we operate. The ERGs at BHGE include the Women’s Network, People with Disabilities Network, GLBTA³ Alliance, African American Forum, Middle East Network Group, Hispanic Forum, Asian Pacific American Forum, BHGE Volunteers, Leaders of Tomorrow, Leaders Connection and Well-being Network.

In 2018, the BHGE GLBTA Alliance partnered with a group of suppliers and partners from around the world to celebrate International Coming Out Day to encourage more diversity and inclusion across the supply chain. Teams hosted events with customers and partners in Houston, Florence and Aberdeen. Additionally, BHGE’S Asian Pacific American Forum contributed more than 175 hours of volunteer time implementing the *Igniting Minds* program with local area middle schools in the Houston area to encourage STEM interest. The BHGE Volunteers Rio de Janeiro Council recently held a Career Day, designed to help public high school students discover and develop their potential, network, and reflect on future plans and careers through lectures and coaching sessions by BHGE volunteers.

Supply Chain Diversity

Launched at the end of 2018, our Supplier Diversity Program is focused on partnering with certified minority- and women-owned businesses, as well as with veteran-owned, LGBT and small business enterprises to stimulate community and economic growth.

The oil and gas industry averages 6% of discretionary spend with diverse suppliers. Our long-term goal is to reach and exceed that standard as we expand our program globally with an initial focus on the United States and Canada where agencies certify diverse suppliers.



Award recipients: Alaina Sajatovic, Angela Knight, Jaime Butler, Jessica Hernandez, Kara Byrne, Maria O’Connell and Sarah Jane Walker

Eleven BHGE Employees Celebrated at 2018 Experience Energy GRIT Awards

The Experience Energy GRIT Awards were created to recognize women leaders in the energy sector and the men who advocate for their progress. In 2018, 11 BHGE employees were recognized as finalists for this award and seven were award recipients, selected from over 150 submissions from North America, the United Kingdom, Europe, Africa, Asia, Russia and the Middle East. BHGE had the most honorees of all participating companies and was named a *GRIT Champion of Transformation*.

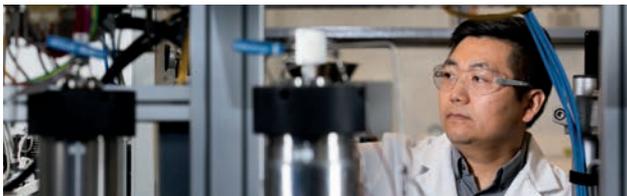
WHERE WE STAND TODAY

There is more to do, so in 2018 we established a goal to achieve a 30% incremental increase in our employee diversity metrics by 2020. We are making progress, but our journey continues. While we benchmark against the industry we operate in, we strongly believe we can and should lead the way.



17%
women in the global workforce versus the oil and gas industry average of 10%⁴

32%
females in co-op, intern, and/or apprentice programs



46,000
international employee population in 2018, representing 70.5% of global workforce

35%
of U.S. employees identified as minority⁵

Leadership

Diversity should start at the top. At BHGE, we believe that in order to secure the leadership of tomorrow you must start building diverse pipelines of talent early. In 2018, we launched our new entry-level leadership program, ASPIRE, which targets 50% gender diversity, the same target we apply to all our leadership programs.

22%
female representation on our board of directors, outperforming industry peers

18%
women in executive management versus the oil and gas industry average of 13%⁶

19%
women in senior leadership

Investing in our Workforce

We support employees across the various stages of their career path at BHGE: from recruitment, compensation and benefits to ongoing training and development. Preparing for the future of work starts with how we attract a workforce of top global talent.

Recruitment

To take the energy industry forward in the digital industrial age, we need to bring together the best minds and technology to meet new challenges. This requires a talented, diverse and passionate workforce from all corners of the globe.

Technology will both enable our ability to meet growing energy demand and transform the future of work. Our employee roles are expanding from geologists, petroleum engineers and data scientists to include programmers, robotics experts and coders, allowing us to expand our capabilities into new frontiers. We successfully hired more than 9,000 candidates into the company over the past year.

We are in the process of launching a new Employee Referral Program to incentivize our employees to recommend top talent and are implementing recruitment campaigns to increase the diversity of our people and roles overall. For example, in the United Arab Emirates, we launched a *Return to Careers* program aimed at identifying and training women who have left employment but want to return to work.



To celebrate our first full year as BHGE in July 2018, leaders hosted employee events across the globe. Pictured above is Lorenzo Simonelli, chairman, president and CEO, and Uwem Ukpong, chief global operations officer, at an anniversary celebration in Houston, TX.

Compensation and Benefits

We are proud to offer all our employees an industry-competitive comprehensive benefits package and a broad-based bonus plan.

Our benefits programs are designed to help our diverse workforce through stages of life based on individual and family needs—from living a healthy lifestyle and addressing a range of health concerns to protecting income and saving for retirement. In 2018, we began harmonizing our legacy company benefits programs across our organization to fit our new, combined workforce.

We provide a wide range of competitive and flexible options to support both the preventative and ongoing healthcare needs of our employees and their families.

In the second half of 2018, we also established clear criteria within our annual bonus plan for how we measure and assess our leaders on being a leader of choice, including how they contribute to BHGE’s culture by fostering diversity and inclusion.

To ensure we are constantly growing and adapting to our changing workforce, we regularly conduct gender pay gap analyses and take actions to help close gaps that are identified.



 **BHGE UK gender pay gap report 2018**

Lifelong Learning and Development

At BHGE, continuous learning is a key priority. We empower our employees to further their knowledge and domain expertise, as well as to develop the skills needed for professional and personal growth.

In 2018, we started to design our new learning and development curriculum built on the rich learning heritage of our legacy companies, pilot programs and employee feedback. The curriculum will allow each employee to own his or her unique learning and career journey by providing tools to be successful. We have three dedicated learning centers across the company:

- Western Hemisphere Education Center (Tomball, TX, USA)
- Florence Learning Center (Florence, Italy)
- Eastern Hemisphere Education Center (Dubai, UAE)

BHGE also has a variety of satellite and technical training centers in locations such as Montrose, UK; Houston, TX, USA; Oklahoma City, OK, USA; Celle, Germany; and Dhahran, Saudi Arabia.

Web-based training and learning programs also offer additional flexibility and accessibility for our employees. We introduced a new career development digital platform that employees can use to grow and sustain skills, competencies and capabilities needed to thrive at BHGE.

In 2018, employees completed over 650,000 HSE training hours that consisted of more than 850 courses. More than 5,200 employees participated in leadership training, with more than 244 participating in the nomination-only management training for the company’s senior-most executives.



Dedicated training for BHGE customers’ early career talent, Oil & Gas University helps to grow a global network of future energy leaders.

BHGE Oil & Gas University

BHGE operates an Oil & Gas University out of our Florence Learning Center in Italy to train and develop top talent from across the industry—both inside and outside our company. Over the course of four months each year, select candidates benefit from a comprehensive learning program that combines managerial and technical training. The interactive program simultaneously builds leadership skills — such as effective communication, project management and inclusive culture building — while also providing familiarity with specific technical processes and industry trends.

At the end of the program, graduates have acquired a broad understanding of

the full oil and gas value chain, as well as operational know-how for advanced equipment and cutting-edge digital solutions. The combination of breadth and depth enables them to better perform in their everyday work and prepares them to grow into future leaders in the industry.

Since its launch in 2005, the Oil & Gas University has trained more than 1,100 professionals from 140 companies and from 39 nationalities as part of its resident course held in Florence and 19 localized sessions organized in Asia, Africa and the Middle East.

We are proud to be helping our customers and partners build the oil and gas workforce of the future.

Advancing Workforce Health and Well-Being

We strive to create an environment that promotes the importance of well-being and encourages all employees to be accountable for their health. We look for ways to enable healthy choices through local and country-specific efforts, such as setting up clinics where in 2018 we administered more than 2,800 flu shots at 39 sites, providing gym benefits and promoting health awareness campaigns. Additionally, we contribute to a healthy community

through employee outreach and charitable giving. For instance, The Baker Hughes Foundation contributes to the American Heart Association’s project in Africa: *Saving Children’s Lives—Pediatric Emergency Assessment Resuscitation and Stabilization (PEARS®)*. We believe safeguarding and improving the health and well-being of our workforce is in the best interest of BHGE and companies across our industry. A few highlights of our activities:



Tobacco-Free Policy

The BHGE Global Tobacco-Free Policy is designed to provide a healthy, safe and environmentally friendly work environment for all employees by reducing risks from exposure to smoke and providing education and support to those who want to quit tobacco. The policy prohibits the sale and use of smoking and smokeless tobacco as well as electronic cigarettes and vaporizers at our locations and in company vehicles. All worksites are expected to align to the policy by January 1, 2020.



Global Health and Well-being Week

In May 2018, we hosted our first Global Health and Well-Being Week, which kicked off with a video series featuring our leaders sharing their personal health priorities. This was followed by a series of health webinars and an interactive global forum with our executive leaders on personal health and how managers can be a positive influence on the health of their employees.



Mindfulness

We recognize the mental health and well-being of our employees is just as important as their physical health. We provide all employees with the ability to engage in mindfulness through free digital programming. We also partnered with the Society of Petroleum Engineers (SPE) Health Committee to help develop learning sessions to enhance awareness of mindfulness and its health benefits.



BHGE employees at the BHGE site in Sonils Base, Luanda, Angola.

Health Awareness in Sub Saharan Africa

Our HSE, HR and Operations teams partnered to elevate the awareness of preventable diseases and facilitate employee lifestyle behavioral changes to reduce personal health risks by increasing the use of preventive medical benefits.

Our leaders launched a region-wide health campaign targeting employees and their families. It promoted overall health and set a 90% employee medical exam target by year-end. Employees received ongoing wellness messages on key topics, were provided with biometric screenings at worksite health kiosks, and participated in worksite health events led by site Health Champions. This holistic approach allowed us to reach our medical exam goal for the region as we work to build a sustainable culture of health.

Building the Next Generation of Energy Leaders



People leaders comprise approximately 6,000 employees at BHGE. They play a critical role in our success by effectively translating business priorities and vision into action to directly and positively impact employee engagement and performance.

Each month, all of our people leaders are invited to join a strategy meeting called the Keystone Forum with our executives from around the globe. Together they participate in discussions about business strategy, technology, customer opportunities and best-practice employee engagement.

Our people leaders are accountable to connect, empower and motivate their teams to action, understanding they have an instrumental role in partnering with employees to advance their development and reach their career goals.

ASPIRE

In 2018, we launched our new entry-level leadership program, ASPIRE, which targets 50% gender diversity, the same target that we apply to all of our leadership programs, including our accelerated leadership program IMPACT. While gender balance is important across all generations, it is particularly important to attract more women into the oil and gas industry straight out of university.

IMPACT

IMPACT is a new BHGE leadership program. It is designed to help experienced leaders deliver impact and accelerate business expertise, as well as promote our cultural values alongside people leadership competencies.

To increase rigor and process around our people leader succession reviews and expectations, we created a new Talent Council that focuses specifically on executive talent development and launched a Destination Planning Program for high-potential female employees.

STEM Education as Our Way Forward

Attracting new talent, and retaining and developing our existing workforce will continue to be a priority in 2019 and beyond. To ensure we build the next generation of energy leaders, we are focused on student populations.

We partner with universities as well as with primary and secondary schools to inspire and encourage students to pursue science, technology, engineering and math (STEM) fields. Our outreach and engagement include many diverse activities, such as curriculum support, skill sharing, robotics competitions, as well as career guidance and mentoring. These partnerships offer learning opportunities for students and help demonstrate that the energy industry is an exciting place to work.

Robust communities and education systems are essential to a strong and diverse workforce and for our future prosperity. We recognize the need to increase access to quality education and STEM curriculum, especially among girls and students from under-represented or disadvantaged backgrounds. BHGE participates in and leads a number of girls-focused STEM programs, including GirlsGetSET, an initiative targeting girls aged 11 to 18 that has trained more than 4,500 girls to date through the support of BHGE volunteers in Scotland. BHGE also has worked with Rice University's IBB Girls STEM Initiative, a preparatory program designed to immerse economically disadvantaged female high school students in mentoring and learning activities to prepare them for college pursuits and STEM careers.



Students in the GirlsGetSET STEM club in Cramlington, England, supported by BHGE volunteers, receive Industrial Cadets' bronze-level accreditation from the Engineering Development Trust, an UK non-profit focused on STEM careers.



Principles

We seek to do the right thing always. To achieve that, we strive to make every day a *Perfect HSE Day*, we maintain ethical practices and we deliver the best quality products, services and technologies in the industry.

20%
Increase in *Perfect HSE Days*

39,851
Leader HSE engagements

91%
Supplier audit findings closed in less than 90 days⁷



HSE Leadership Foundations

"It is about culture and about us as leaders engaging our employees about the tasks we do every day. We learn how to generate good HSE behaviors through open discussion which includes revealing the undesired consequences that can happen without adequate controls."

Katarzyna Przybylowicz
Engineering Manager - Europe

"The HSE Leadership Foundations program helped me understand what my role in HSE needed to be as a plant manager, and how the fundamentals and Stop Work Authority are the cornerstones to an interdependent and accountable HSE culture."

Federico Medina
Senior Plant Manager - Mexico

Achieving Our Perfect HSE Day

Our *Perfect HSE Day* remains the cornerstone of our health, safety and environmental (HSE) efforts, and we celebrate every work day we complete with no injuries, accidents or harm to the environment.¹ We achieved 153 *Perfect HSE Days* in 2018, a 20% increase from the prior year. We also improved in all HSE performance metrics, including an employee injury rate of less than half of our rate from just five years ago.

Despite these performance improvements, we were saddened by the tragic loss of a contract driver in India during a vehicle accident caused when another vehicle crossed the centerline. The incident confirmed our recognition of driving as our highest HSE risk, renewed our emphasis on road journey management and prompted us to find new ways to mitigate this risk.

Engaging and Leading

We know that leadership is the most critical factor in continuing our cultural journey, centered on zero incidents as an expectation, and not a vision or goal. Our *HSE Leadership Foundations* learning

series has evolved over the last few years and is now a cornerstone for how we continue to build leadership skills. Across the globe, 3,331 leaders completed the *HSE Leadership Foundation* series facilitated by 165 trained HSE professionals.

The two-day interactive session is designed to raise awareness, create alignment and gain commitment to HSE principles among our people leaders. Leaders have the chance to learn from each other what works, and the activities equip them with the knowledge and tools to ensure HSE is part of their day-to-day focus and activities.

Leadership engagements with employees have proven to be the single most effective means to enhance our HSE culture and performance. By engaging with employees one-on-one or in groups, leaders can have candid conversations with their teams to explore and address challenges and opportunities for continual improvement. The more employees feel heard and are engaged, the more equipped and empowered they are to identify and proactively reduce everyday HSE risks. During 2018, there were more than 39,000 leader engagements across the company.

Focusing on Human Performance

No effort to improve HSE performance can be complete without a focus on the human element. Human performance is about what people do and how they do it. It is informed by a company's culture and applies not only to HSE, but also to every choice we make. What people do is influenced by a range of process, social, organizational and psychological factors. We have developed strategies to reduce human error through increased awareness and enhanced process design, building on the following efforts over the last few years:

- *New Thinking* series for functional leaders that pairs knowledge of brain science with an understanding of human error influences
- Use of *What Lies Beneath* series, a Human Factors and Human Performance Assessment toolkit to identify precursors of incidents
- Integration of performance modes into the design of procedures to reduce inherent system precursors of human error
- Application of human factors into process safety through barrier verifications and threat response drills

Moving forward, we will expand our work to integrate human factors into error prevention tools through our HSE Management Systems and incorporate human performance skills into our competency programs. This will enable leaders to see human error and non-compliance as a symptom of underlying issues and take actions that systematically reduce the potential for error.

Driving Safety

Driving is one of the highest risks our employees face every day. To eradicate fatalities caused by vehicle accidents, we made a formal commitment in October 2018 to select 5-Star Safety rated vehicles, where available, for our global light-duty fleet. The 5-Star Safety designation is the top rating government gives through New Car Assessment Programs (NCAP). By obtaining the safest vehicle designs, we help protect our employees while driving and in any potential accident. This is crucial since not every accident is preventable by our employee drivers.

This improved safety standard aligns with International Oil and Gas Producer's Association standards for our industry and will also benefit our local communities. Typically, company vehicles are replaced after three to five years of use. With an average vehicle lifespan of 20 years, as an industry we can benefit our communities by only adding NCAP 5-Star Safety rated vehicles to the second-hand local markets.

At the time of our comprehensive review benchmark review last fall, we found that 85% of our BHGE fleet already meets this top safety rating. Since then, we have added 434 NCAP 5-Star

Safety rated vehicles to our North American fleet. We anticipate reaching 100% in the next three to five years globally as we replace older vehicles with 5-Star Safety models.

We are also expanding our use of In Vehicle Monitoring Systems, which enables precise monitoring of driving performance, such as harsh acceleration, speeding and harsh breaking. These performance indicators provide our leaders with the ability to offer timely coaching on driving habits and behaviors and focus on building safe drivers.

Maintaining HSE Industry Leadership

We are proud of our tradition of safety leadership and committed to sharing our successful innovations broadly throughout our industry. We received more than 55 industry recognitions in 2018, including the Center for Offshore Safety's coveted Safety Leadership Award. This prestigious award was bestowed on BHGE for our *Threat Response Drills* program, an innovative approach to reduce process safety risks.

BHGE's threat response drills engage an entire work crew to self-test its ability to detect and avert the early warning signals that could lead to an unplanned and/or uncontrolled well release or loss of well control. Our unique approach focuses on the proactive and preventative side of risk assessment, as opposed to reactive response to an event. Ensuring that crews are adept in recognizing, understanding and responding to weak signals and critical risks, drives safety assurance and operational readiness at the wellsite. This, in turn, optimizes crew response capability and minimizes human error.

Since the initial program launch two years ago, we have demonstrated tangible benefits in operational and HSE performance, including no well control incidents at locations where these drills have been performed. This clearly shows the benefit of threat response drills to the industry. BHGE has shared its *Threat Response Drills* program globally with major industry customers, inclusive of those in hydrocarbon processing, transportation and refining sectors.

BHGE Safety Awards:



2018, Center for Offshore Safety's Safety Leadership Award for *Threat Response Drills* program designed to detect and avert unplanned and/or uncontrolled well releases



2017, Center for Offshore Safety's Safety Leadership Award for *What Lies Beneath* program designed to identify human factors known as common precursors of incidents

Ensuring Integrity, Compliance and Quality



Source: BHGE employee in Florence, Italy.

At BHGE, doing the right thing always comes first. Ensuring quality, integrity and compliance are among our non-negotiables.

We set high expectations, such as those set forth in our code of conduct detailed on our [Integrity Policy Statement](#), and more fully in *The Spirit and the Letter*, which demonstrates the ongoing duty of our directors, officers, employees and business partners to conduct business legally and ethically. Policies and training courses cover:

Improper payments/Anti-bribery	Health, safety & environment
Supplier relationships	Securing operations globally
International trade compliance	Intellectual property
Anti-money laundering	Cyber security & privacy
Working with governments	Controllership
Competition law	Conflicts of interest
Fair employee practices	Insider trading & stock tipping

Our global ethics and compliance program is designed to prevent, detect and respond to any potential violations. In 2018, we unveiled our *I AM Completely Compliant* program and provided resources to all employees across the organization. We believe this commitment to compliance across the entire organization is fundamental to running a sound, successful and sustainable business.

BHGE's global compliance program consists of the following key elements:

- **Global structure of compliance counsels and professionals** providing compliance advice, customized training, investigations, and governance, across all regions and countries where BHGE does business.
- **Comprehensive employee training program** with on-going in-person and computer-based training sessions that are designed to be engaging, challenging, and tailored to the key risks that employees face on an ongoing basis.

- **Regular compliance risk assessments** focused on country and third party risks, with the results used to allocate resources and identify opportunities for continuous improvement of the compliance program.
- **Compliance Review Board** that meets quarterly for senior officers of the company, as well as Product Company and regional compliance committees.
- **Open reporting environment** where employees are encouraged to report any ethics or compliance matters without fear of retaliation, including a global network of over 110 trained employee ombudspersons, a dedicated website where employees can raise concerns online, and a worldwide, 24-hour business helpline operated by a third party and available in 150 languages.

As a trusted leader in the industry, we are committed to creating and delivering the best quality products, services, processes and technology in the industry, as detailed in our [Quality Policy Statement](#). In 2018, we implemented one Enterprise Quality Management System to standardize, track and manage the “cost of quality” to reduce waste and improve profitability.

We also work to ensure that everything we create is compliant with customer, statutory, regulatory, internal and industry requirements. We aim to not just meet but to exceed these requisites by continually reviewing our processes to evaluate ways in which we can further improve on quality, safety and performance.

In 2018, we hosted World Quality Day, a series of events across the global dedicated to highlighting quality as a core non-negotiable and showing how all employees play a role in building and sustaining our reputation.

Safeguarding Human Rights

At BHGE, we respect the dignity, worth and inalienable rights of all people, without discrimination, as articulated in the [United Nations Universal Declaration of Human Rights](#) and the [International Labour Organization Declaration on Fundamental Principles and Rights at Work](#). Our commitment to conduct business with the highest level of integrity and respect the rights of our workforce is articulated in our [Human Rights Policy Statement](#) and includes compliance with international labor and workplace laws and regulations governing our operations worldwide. We expect the same of our business partners as described in our [Ethical Supply Chain Program](#).

Maintaining an Ethical Supply Chain

BHGE's supply chain is large and diverse as we source materials from more than 180 countries.

We spend more than \$7 billion annually in raw materials and components that are incorporated into the products and services that we sell (direct materials). The largest categories of direct material purchases are castings, forgings, electronics and machined parts.

We also buy products and services to support our business operations, which are used to develop or create, but are not incorporated into, our products or services. These indirect purchases amount to nearly \$3.5 billion annually and range from logistical support, tools and supplies to IT, telecom and professional services.

Suppliers are therefore critical partners in our value chain and maintaining an ethical supply chain is essential. Our Supplier Integrity Guide governs all aspects of our relationships with suppliers, contractors, consortium partners and consultants, and includes among other things specific requirements for fair employment practices; high standards in health, safety and environment; and respect for human rights of employees throughout business operations. Our suppliers are required to hold their own suppliers to equivalent standards.

Qualifying our Suppliers

In 2017, we started the process of fully integrating new and existing legacy Baker Hughes Inc. suppliers into the BHGE Supplier Reputational Guidelines (SRG) program, which is part of our common supplier onboarding process. This work continued throughout 2018, and we expect all relevant legacy suppliers to be fully integrated by the end of 2019. As part of the SRG program onboarding process, 100% of our suppliers are assessed for social risks.

- **Assessment:** We take a risk-mitigation based approach to our supply chain monitoring program to identify suppliers that are required to be further assessed based on country risks, the supplier's past performance and other factors. We look to continuously improve our risk profiling by further identifying additional risk factors, such as process risks, to include in our reviews.

Additionally, pre-engagements and on-site periodic assessments follow an *Eyes Always Open* policy for our teams to be alert to potential violations during any supplier visit.

- **Verification:** Suppliers identified as high risk are subject to audit by our trained auditors. These auditors conduct on-site audits on a one- to three-year basis, using a global questionnaire and risk-weighting metrics. Spot checks are also carried out.
- **Requirements:** Our [Supplier Integrity Guide](#) is very specific about the prohibitions that are indicators of human trafficking and specifically prohibits activities associated with human trafficking, such as withholding passports, charging recruitment fees and misleading recruitment. Our guide also imposes

certain affirmative obligations on suppliers, such as a requirement to reimburse workers for transportation costs and to provide workers with written contracts in a language they understand. The guide encourages open and direct reporting.

- **Accountability:** All assessment findings from on-site inspections are recorded in our automated assessment tracking tool, which monitors each assessment finding until it is closed only once a supplier provides evidence that all noted findings have been corrected.

Our target is to close 90% of audit findings within 90 days. New suppliers will not be issued purchase orders, and existing suppliers' purchase orders will be suspended, if findings remain open beyond this timeframe. Business relationships can be suspended immediately in the case of serious labor-related findings, such as evidence of child labor or forced labor.

- **Training:** We have 163 trained SRG auditors as of April 2019 with an additional 555 employees having undertaken SRG awareness training and 493 undertaking *Eyes Always Open* training.

Each one of our trained employees is empowered to raise concerns they may have on supplier expectations, human rights issues and on-site due diligence requirements.

In 2018:

We conducted

589

SRG audits with a total of

3,753

findings reported.

About

65%

of total assessments were reassessments.

91%

of findings were closed in less than 90 days and

60

suppliers were rejected as a result of the SRG audit.

Since 2005, employees trained in the SRG program from legacy BHGE companies have conducted more than 26,500 supplier assessments across 100 countries. We drive better outcomes through our collaboration and partnership with suppliers and other stakeholders. Working together with suppliers, customers, governments, industry partners, and academic and non-governmental organizations, we can achieve holistic progress in human rights more than any of one sector can accomplish alone.

Community

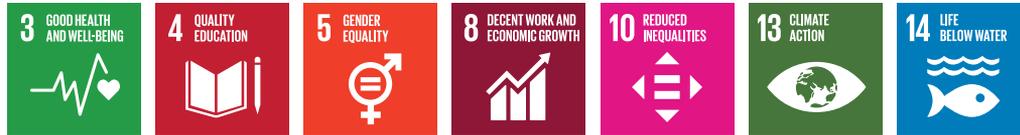


We are driven to affect progress where we work and beyond with an unwavering commitment to people, planet and principles.

Contributed
\$850,000
to Global STEM education

Contributed
~17,000
hours of community service

Contributed
\$250,000
to natural climate solutions



In Kind Contribution

\$13 million

Software donated to the Hildebrand Department of Petroleum and Geosystems Engineering at The University of Texas at Austin

Community Contributions

\$2.2 million

Employee Charitable Contributions

\$769,000

Total Contributions

\$16 million

Thriving Communities, Future Generations and Ecosystems

Technological advancements continue to make convenient and affordable energy available to increasing populations, while digitalization is integrating our everyday lives with profound impact on billions at home, work and play. Yet opportunities are growing unequally as systemic problems remain a challenge. ⁸ At BHGE, we are on a journey to explore new opportunities through meaningful and measurable engagement that supports communities, future generations and ecosystems that thrive.



FIRST Global: Volunteer (middle) with youth participants at the FIRST Global robotics competition in Mexico City, Mexico, in August 2018.

Our Drive to Accelerate Solutions

We are focused on helping communities become more resilient and prepared for the challenges and opportunities of the 21st Century as healthy, safe, equitable and economically vibrant places. We aim for progress through partnerships, holistic engagement and community service.

Partnerships for Stronger Results

Globally, we are connecting in new ways to drive scale and speed on solutions to humanity's biggest challenges. Locally, we are addressing the distinct needs of each community where we have physical presence, with priorities determined by those who live and work within a region.

Holistic Engagement

As representatives of the energy industry, our participation in chambers of commerce, economic development groups and related forums creates more effective collaboration with local leaders in community planning.

Community Service Toward Shared Goals

Our employees have been making an impact in causes close to home for decades. We are making strides in reaching greater alignment with community partners by establishing shared goals for more meaningful, measurable results.

Action Areas

At every step of community engagement, we are collaborating with experts in the nonprofit sector and relevant stakeholders to leverage our combined expertise and ideas for stronger outcomes locally and in global society. Whether through charitable grants, local investments or community service, the following represents our action areas and corresponding community partners in 2018:

Enriching Lives with Inclusive Education & Training



FIRST Global
180+ Countries

FIRST Global (For Inspiration and Recognition of Science and Technology) levels STEM opportunities by targeting regions and populations that have traditionally lacked access to education, with a special focus on females and underserved populations. Through robotics and competition, youth are tasked with finding solutions to world challenges tied to access to water, energy, security, medicine, food, and education. In 2018, with a \$250,000 contribution from the Baker Hughes Foundation, we launched a partnership with FIRST Global, sharpening our focus on causes where our charitable contributions, expertise and volunteers can serve the global society in the most impactful way.

“By providing us with STEM tools, we develop the capacity to develop ourselves, transform our communities, and fight global challenges.”

– Student from FIRST Global Country Team Chad

Promoting Sustainability in Communities



The Nature Conservancy
70+ Countries

The Nature Conservancy (TNC) is a global nonprofit organization with a mission to conserve the land and waters on which all life depends. Guided by science, TNC creates on-the-ground solutions for the world’s toughest environmental challenges across six continents. In 2018, the Baker Hughes Foundation made a \$250,000 commitment to TNC to amplify its work on Natural Climate Solutions, specifically around wetland conservation.

Wetlands are some of the most important biodiverse areas in the world, but experiencing rapid decline.⁹ Many of the challenges of the future can be met by conserving and sustainably using wetlands, such as for disaster resilience, food and water security, community health, economic livelihood and carbon storage.

Advancing Public Health & Safety



Rotary International
200+ Countries

Rotary International is delivering on its mission with 35,000 clubs worldwide that provide service to others, promote integrity and advance understanding, goodwill and peace. The Baker Hughes Foundation supports its *Maternal and Child Health* program, which provides quality care to vulnerable mothers and children to eliminate the estimated 5.9 million in childhood deaths from preventable causes of malnutrition, inadequate healthcare and poor sanitation.

An estimated 5.9 million children under the age of five die each year because of malnutrition, inadequate health care and poor sanitation — all of which can be prevented.¹⁰

Baker Hughes Foundation

The Baker Hughes Foundation is a nonprofit corporation and U.S. Internal Revenue Code Section 501(c)(3) organization that operates exclusively for philanthropic purposes. For 25 years, the Baker Hughes Foundation has been a steward of charitable resources for meaningful community impact. In 2018, it secured new partnerships with nonprofit organizations with the vision of advancing transformational progress in individuals, families and the environment in more places globally.

Enriching Lives with Inclusive Education & Training

Skills, Training & Job Opportunities



Goodwill Industries International
12+ countries

Goodwill Industries® provides employment, job training and other community-based programs for people looking to advance their careers, build their skills and further their education. The organization operates donated goods retail stores to fuel its mission of enhancing the dignity and quality of life of individuals and families through the power of work. The Baker Hughes Foundation supports Goodwill® in its important work as Goodwill places 288,000+ people into employment, helps 30,000+ people achieve career credentials for increased earning potential, and provides 36.5 million+ people with career resources each year.



Invest in Africa
Senegal

BHGE signed a partnership agreement with Invest in Africa (IIA) Senegal chapter becoming the first Tier-1 contractor with the status of Country Partner with the organization. IIA levels opportunities for local businesses to compete as suppliers to the oil and gas industry around the tenets of transparency and independence. Since IIA's start in 2012, it has generated \$150 million in commercial value for local suppliers; trained 250+ local suppliers on core business and entrepreneurship; and created 32,000+ local jobs.

Promoting Sustainability in Communities

Natural Climate Solutions



Coastal Wetlands
Texas City, TX, USA

Coastal prairies once spanned more than 9 million acres from southern Texas along the U.S. Gulf of Mexico to Louisiana. Today, less than 1% of coastal prairies remain.¹¹ In 1995, The Nature Conservancy established the 2,303-acre Texas City Prairie Preserve in order to restore and revitalize the coastal habitat and preserve the species that depend on it for survival. The Baker Hughes Foundation supports restoration and conservation activities within this prairie and surrounding prairies.



Urban Wetlands
Sembakkam Lake, Chennai, India

Chennai, India today has lost more than 90% of its wetlands due to rapid urbanization.¹² Wetlands provide multiple ecological services they act as carbon and flood sinks; recharge groundwater; and support flora, fauna, avian, and aquatic species. The Baker Hughes Foundation supports The Nature Conservancy's restoration of the 100-acre Sembakkam Lake, one of several lakes that drain into the Pallikaranai wetland.

Clean Communities, Beaches & Oceans



Clean Oceans & Beaches
Luanda, Angola

All natural waterways lead to oceans and no matter how tremendous the undertaking, BHGE is committed to healthy oceans and clean beaches. BHGE employees in Angola, Kuwait, Nigeria and Scotland joined the hundreds of thousands of volunteers around the world that comb the coasts, lakes and rivers to collect trash and debris.



Clean Cities & Deserts
Qarn Alam, Oman

Litter can have a detrimental impact on public health, wildlife and environment. BHGE employees in Algeria, Oman and the United States participated in community-wide initiatives to pick up litter for appropriate removal and disposal. Litter and clean up projects help to improve and beautify the communities in which we live and operate.

Advancing Public Health & Safety

Community Health & Wellness



BHGE 10K Running Festival
Aberdeen, UK

BHGE received the 2018 Corporate Partnership of the Year Award by Celebrate Aberdeen. The award recognizes the ongoing partnership between BHGE and Sport Aberdeen formed in 2010 when Sport Aberdeen took over the City of Aberdeen's running event, now named the BHGE 10K Running Festival.



ONE BY ONE
Rio de Janeiro, Brazil

With the goal of social inclusion for low income children and adolescents with disabilities, One by One is a Rio de Janeiro-based nonprofit organization advancing mobility through wheelchair donations. The organization also provides a network of support to children and their families, such as through recreational projects to advance cognitive motor development, important for growth and independence. BHGE volunteers in Brazil partnered with this worthy organization through fundraising, education and recreation.

Public Safety & First Responders



Boys & Girls Club
4,300+ clubs, USA

Boys & Girls Clubs provide a safe place for youth to develop essential skills and make lasting connections during critical out-of-school hours. Its life-changing programs are offered across the U.S., including on Native lands and on U.S. military installations worldwide. The Baker Hughes Foundation supports its *Kids in Need* program, which enriches the lives of youth beyond normal school hours, by providing a vital support system to both young people and their working parents.



OKCRespond
Oklahoma City, OK, USA

OKCRespond contributes to the well-being of firefighters, police officers and emergency response teams through program support for physical fitness, sports and recreation, community mentorship, and mental health resources at no cost to its participants. BHGE in Oklahoma City is among the founding contributors to OKCRespond.

Bolstering Shared Progress

BHGE businesses and employees are committed and motivated to mobilize behind community initiatives early and often through shared priority action areas. Looking ahead, we are establishing a new platform to achieve greater alignment and measurable results; pursuing partnerships with organizations best positioned to affect sustainable, positive change; and growing in our own understanding of how we can more effectively bolster progress in communities and the world at large.

Endnotes

1. Perfect HSE Day

A Perfect HSE Day means all employees go home safely to their families and the environment is not harmed.

- No recordable injuries/illnesses
- No significant motor vehicle accidents (MVA)
- No significant environmental spills/releases

We use the OSHA definition of recordable injury/illness.

For vehicles, we include IOGP defined Motor Vehicle Crashes and Motor Vehicle Accidents comprised of leased/owned vehicles on business and non-company business and personal vehicles on company business.

The definition of significant environmental spills/releases aligns with IOGP and industry practice and includes spills of 1 barrel or more under BHGE operational control occurring outside of secondary containment.

2. 30% incremental improvement over baseline year of 2018 across gender (total workforce), minority and international employee population.
3. GLBTA: Gay, lesbian, bisexual, transgender, ally
4. Oil and gas industry average of women in the workforce is 10% (2018 Global Energy Trend Talent Index)
5. **Hispanic or Latino, Native American or Alaska Native, Native Hawaiian or Pacific Islander, Asian, Black or African American, Two or More Races** classified as per U.S. EEOC race/ethnic categories
6. 13% women in executive management (catalyst.org).
7. The supplier audit findings closed within less than 90 days pertains only to BHGE's Supplier Responsibility Guidelines program.
8. *The Changing Wealth of Nations 2018* (World Bank Group, January 2018)
9. *Wetlands Disappearing Three Times Faster than Forests* (United Nations Climate Change, October 2018)
10. *Levels and Trends in Child Mortality* (United Nations Inter-agency Group for Child Mortality Estimation 2018)
11. *Paradise Lost? The Coastal Prairie of Louisiana and Texas* (U.S. Fish & Wildlife Service U.S. Geological Survey, October 1999)
12. *Changing Chennai's Water Story by Restoring its Wetlands* (The Nature Conservancy, June 2018)

Recognitions and Awards



In 2018, BHGE was recognized for **10 years of reporting to the Carbon Disclosure Project**

Over the past five years, the company has consistently earned a Management Level ranking (B) for transparent climate disclosure and energy efficiency efforts. Our performance differentiates us from many of our peers and closely aligns us with the performance of several key customers.



Barron's 100 Most Sustainable Companies

BHGE was ranked 36th in *Barron's* 2019 list of the 100 Most Sustainable Companies. This is the second year that *Barron's* published this ranking and while BHGE made the list in both years, no other oil and gas or oilfield services company merited inclusion. The ranking is based on more than 200 indicators comprising five key stakeholder categories, including shareholders, employees, customers, planet, and community.



Wall Street Journal's Management Top 250

BHGE was included on the *Wall Street Journal's* list of the 250 Best Managed Companies. We achieved the highest rating within the oilfield services sector. The criteria, assessed by the Drucker Institute, included sustainability metrics such as social responsibility, employee engagement and development, financial strength, innovation and customer satisfaction.



Morgan Stanley Capital International (MSCI) ESG Survey

BHGE has maintained its AAA ranking for 2018 based on our superior policy and strategy structures, leading performance and growth opportunities in our combination with GE. We are the only AAA-rated company amongst our 10 largest peers.



Center for Offshore Safety Leadership Award presented to BHGE in three of the last four years for Threat Response Drills, What Lies Beneath Program and Contributions to Improving Safety Management

Further Information



Annual Report



Form 10-K



Proxy Statement



The Spirit & The Letter



Integrity Policy Statement



Quality Policy Statement



HSE Policy Statement



Climate Policy Statement



Human Rights Policy Statement



Ethical Supply Chain Program



Integrity Guide for Suppliers



CA Transparency in Supply Chains Act BHGE Fact Sheet



BHGE Conflict Minerals Report



UK Limited Gender Pay Report



Lobbying Disclosure Policy



Political Contributions Policy



Carbon Disclosure Project

BAKER
HUGHES
a GE company

