Policy Statement on Environmental Impact from Use of Our Products and Products' End-life

Our Position

We are driven by serving the needs of our customers, our commitment to sustainability, and the competitive advantage it offers to Baker Hughes in the energy market. We aim to offer our customers products and services that reduce environmental impacts and enable responsible end-of-life management. We prioritize long shelf life, repairability, reuse or recycling of materials for our products. We believe that governments, private and public sector organizations, and other key stakeholders have a shared responsibility to create necessary systems to promote a circular economy.

We innovate to offer products and services with a lower environmental footprint, improve our own operational efficiency, and reduce our own footprint, while helping customers meet their targets. Designing low-emissions product life cycles as well as reducing environmental impacts of our products are important commitments for us to operate sustainably.

Our Rationale

- Governments and stakeholders across the world are strengthening their commitments to air, land, and water conservation. There are an increasing number of regulations and performance standards, promoting circular economy principles for businesses today, and customers' demand for more environmentally sustainable[1] products is growing.
- Several industrial sectors - from power generation to transportation - utilize products that, if not properly designed, operated, maintained, and handled at the end of their life, will have a bigger environmental footprint, increasing their adverse impacts to climate change. Also, as global

[1] In 1987, the United Nations Brundtland Commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

demand of raw materials and goods grows, logistics become increasingly complex, as do the associated social, economic, and environmental effects.

- Companies can implement measures to minimize its environmental impact, for example, selecting less carbon-intensive materials and designs, developing products with longer life cycles, the ability to be repaired, remanufactured, upgraded and/or recycled, and reducing emissions in the production and utilization phase.

Policy Principles

To reduce the environmental impacts from the use and disposal of products, we recommend the following policy principles:

- **Provide financial incentives to research and develop next generation materials and designs.** Environmentally sustainable materials - with extended life, increased recyclability, and technology designs that meet circular economy principles as well as avoiding or reducing the use of hazardous materials - require investments in research and development. This can be accelerated with proper government support, including grants, loans, direct financing, and tax incentives.
- **Develop policies and incentives aimed at reducing the environmental footprint and improving product sustainability along the value chain.** The value chain is defined as starting with the extraction and supply of raw materials, moving on to production, transport, and operations, to the end of product life. Policies should support the continued use of revamped or upgraded installed equipment while new products, with a smaller footprint (e.g., where waste has been designed out) are developed and deployed.
- **Extend the application of product-focused standards to account for their environmental footprint.** Life Cycle Assessments (LCAs)[2] are calculated using different methodologies and tools, many of which are designed for a specific company. It is essential that its usage is extended across products and regions, and different industries follow a single, transparent, and comprehensive greenhouse gas accounting methodology like ISO 14040. The development of Product Category Rules[3] should also be encouraged to

[2] Life Cycle Assessment, as defined by ISO 14040, is the 'compilation and evaluation of the inputs, outputs and the potential environmental impacts of a product system throughout its life cycle'. For each of the product life cycle stages being studied, data is collected on the emissions into the environment and the resources used. This typically involves listing the component material compositions, electricity and natural gas used in the transformation processes, energy consumption during customer operations, mode of transport and distances traveled between life cycle stages, waste outputs at each stage, and assessing their environmental impact, based on available databases.

[3] Product Category Rules establish product-specific requirements for creating life cycle assessments (LCA) and reporting their impacts.

support the standardization of reporting and data availability. This consistency will help customers make environmentally responsible choices in the marketplace.

- **Develop policies that promote recycling and circular economies**. Governments should continue to develop policies and incentives to support product upgrade, remanufacturing, reuse, and recycling instead of disposal. Policies should also support technology developments to continuously design waste out of products, improve repairability and address obsolescence.
- **Cooperate with developing nations**. Financial and technological support is required from international institutions and organizations to assist in fulfilling the environmental goals of low income and disadvantaged communities.

Our Actions

In 2019, we set the target to achieve net-zero emissions in our operations by 2050, and many of our customers have done it since then. As an energy technology company, we aim to progressively improve our products' environmental performance throughout its value chain. We collaborate with our customers and suppliers globally to reduce the environmental footprint of our products and our customers' operations by:

- **Reducing our Scope 1 and 2 emissions.** We are committed to transparently report and reduce our Scope 1 and 2 emissions by 50 percent by 2030 and achieve net-zero by 2050. In reducing our own emissions, we reduce our customers´ Scope 3 emissions. In addition, we aspire to be a low-carbon partner to our customers, providing them with products and services that have a reduced environmental impact.
- **Calculating the carbon footprint of our own products.** We have an in-house, proprietary carbon assessment web-based application called *Fast*LCA to provide CO_2 emissions data about our products and services and thereby assist our current and potential customers in estimating their own emissions. In addition, this application also helps us identify opportunities to reduce our products' carbon footprints. The tool conforms to the ISO 14067:2018 standard and uses internationally recognized emissions factors.
- **Engaging suppliers and value-chain partners.** We engage our suppliers in our sustainability journey by inquiring about the carbon footprint, durability, and circularity of the products they supply and increasingly include in routine business (e.g., Quarterly Business Reviews or QBRs, supplier conferences, etc.).
- **Improving technology and operational efficiency**. We collaborate and invest in universities and research centers to develop more environmentally sustainable solutions. We produce an array of products that reduce emissions and improve air quality, including energy efficient turbines and compressors, Low-E valves and 'zero bleed' valve actuators. We also provide digital solutions to improve efficiency and monitor our customers' emissions.

- **Collaborating in demonstration projects**. We collaborate in demonstration projects that develop new low-emission technologies.
- **Engaging with customers to drive results.** We liaise with our customers and provide them with the necessary information and support to ensure proper handling, use, disposal, and recycling of our products.
- **Improving supply chains.** We care about the shortening of our supply chains and reducing unnecessary operations for our worldwide delivered products.
- **Exploring opportunities to reduce impact.** We are analysing opportunities to increase the utilization of recycled materials in our products.
- **Encouraging reduced end-life impact of our equipment.** We scrap and recycle most of the equipment that remains in Baker Hughes' possession at end of life or that is recouped during maintenance. We also encourage and support our customers to take similar actions.
- **Identifying waste management solutions.** We collaborate with waste management suppliers to identify waste management solutions and reuse of waste by others in the industry.

We also engage with policymakers, associations, and customers to advance the public policies necessary to address the environmental impact of products throughout the entire value chain.