

# Operationalizing Sustainability through Innovation and Collaboration

## A strategic approach to actioning change

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## Benefits of Sustainable Operations



### Reduced costs

An effective sustainability strategy can affect operating profits by as much as 60% by minimizing costs of raw materials and water usage via improved waste management



### Attraction & retention

Strong ESG propositions aid in attracting and retaining high-quality talent



### Increased sales

Business and commercial customers want to buy from organizations with clear sustainability policies.



### Access to funds

Financial institutions are increasingly concerned with and look more favorably on those with compelling ESG programs



### Risk mitigation

Mitigates risk through training and creation of risk and performance measures, ensuring reliable business operations



### Improves reputation

Improving trust with the public by effectively acting on and communicating company values



### Continuous Improvement

Increased transparency through the reporting process highlights important functions within the company that need to be improved.



# Double Materiality

## Impact Materiality

### Actual or Potential

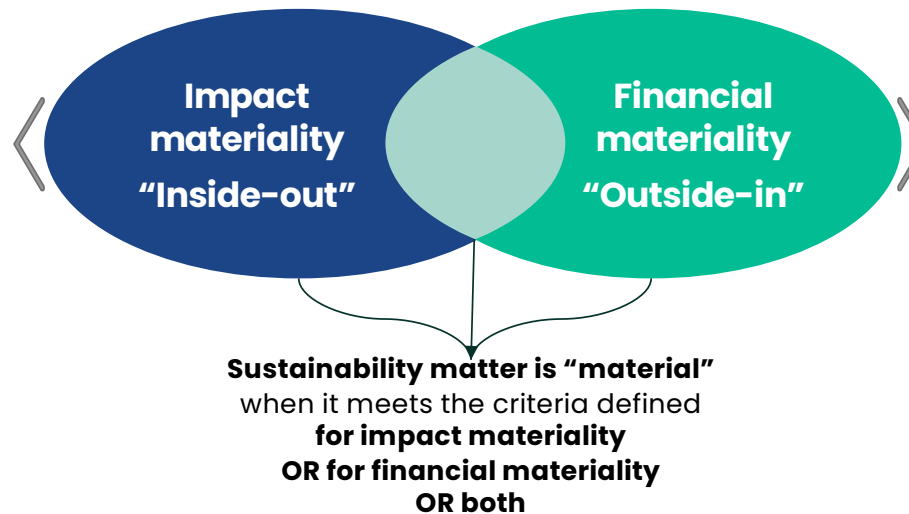
A sustainability matter is material when

- It relates to the Company's material actual or potential, positive or negative **impacts on people or the environment** (environmental, social and governance matters).
- Over the short-, medium- or long term.

Includes impacts caused or contributed to by the Company **and those linked** throughout its **value chain**.

**Example: GHG emissions generated by vehicles for transportation**

## Materiality Perspectives



**Double Materiality has two dimensions: impact materiality and financial materiality. Under both materialities an assessment needs to be made to identify impacts, risks and opportunities.**

## Financial Materiality

### Only Prospective

A sustainability matter is material if it triggers or may trigger material **financial effects** on the Company. This is the case when:

- It generates or may generate **risks or opportunities that have a material influence** (or are likely to have a material influence) on the Company's cash flows, development, performance, position, cost of capital or access to finance.
- In the short-, medium- and long-term time horizons.

**Example: The influence of GHG emissions on the Company's future cash flows, such as the effect of carbon pricing mechanisms**

# United Nations Sustainable Development Goals (SDGs)

## “Transforming our World: The 2030 Agenda for Sustainable Development”

- Common framework to advance sustainability globally
- 17 goals, 169 targets – introduced in 2015
- Adopted by all 193 UN Member States
- Global call to action to
  - end poverty
  - protect the earth’s environment and climate
  - ensure that people everywhere can enjoy peace and prosperity.

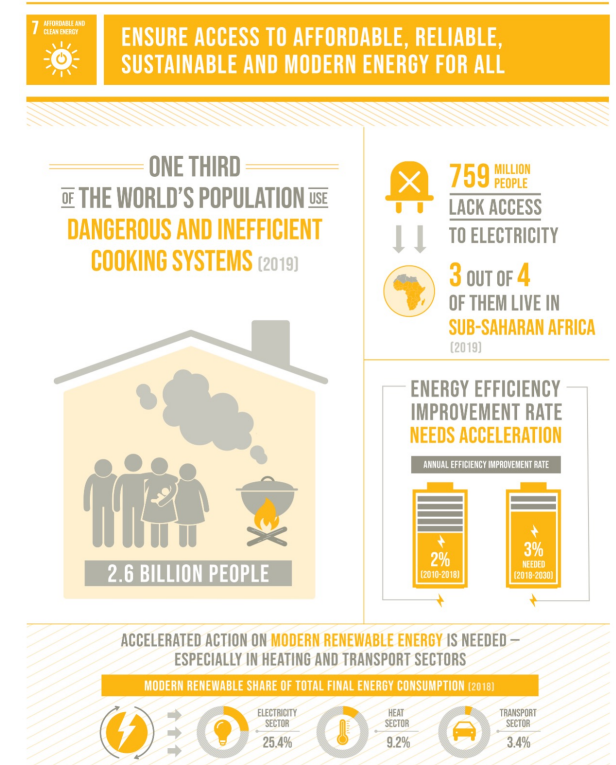
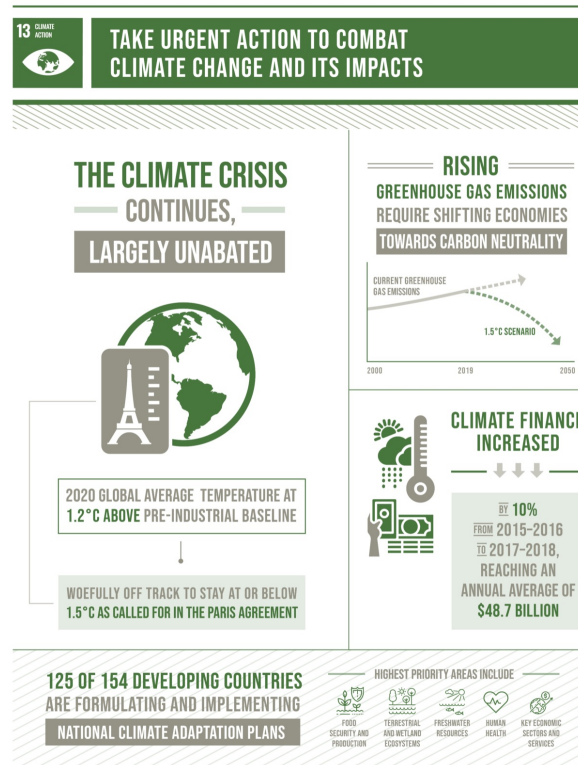


# The Paris Agreement

- **Who:** Adopted by 196 Parties
- **What:** International treaty on climate change to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels by 2030.
- **When:** Paris, 12 December 2015
- **Where:** COP 21, Paris, France
- **Why:** Carbon emissions trapped in our atmosphere causes global warming which accelerates climate change.
- **How:** Nationally Determined Contributions (NDCs): country-specific plans for climate action



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21-CMP11



# Sustainability at Baker Hughes



*Sustainability is a key differentiating capability for Baker Hughes. By leveraging sustainable practices, we have reduced the carbon intensity of our operations while enabling our customers and partners to meet their environmental goals using low-carbon and new energy solutions.*

Lorenzo Simonelli, Chairman, President, and CEO

## OUR VALUES



Grow



Collaborate



Lead



Care

## WE SUPPORT



## REPORTING STANDARDS

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

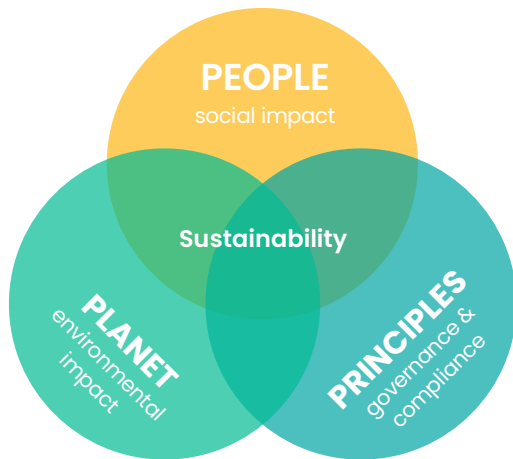




# Sustainability at Baker Hughes

Baker Hughes has a commitment to operating sustainably, focused on making energy safer, cleaner, and more efficient.

Our sustainability strategy supports this vision through a framework of 3 pillars:



## We are turning ambition into action...



**28.3% reduction**  
in scope  
1 & 2  
emissions\*



**29.8% electricity**  
**from renewables**  
& zero-carbon  
sources



**>1.4M safety**  
**observations**  
completed  
in 2023



**19.5% identify**  
**as women**  
in our  
workforce



**\$64M in**  
**charitable pledges**  
**& contributions**  
in 2023

## We are a sustainability partner of choice...



**Our customers are facing growing pressure** to operate more sustainably and demonstrate progress toward net-zero goals.



**We have the capability to quantify product and service footprint** including impacts of raw materials and manufacturing, to end use and disposal.



**Our proprietary lifecycle assessment methodology** helps our customers determine their carbon footprint and prepare for regulatory requirements.

# Progress Partner Memberships



American  
Petroleum  
Institute



International  
Association  
of Oil & Gas  
Producers



**IPIECA**

**IETA**



GLOBAL CCS  
INSTITUTE

**Hydrogen Council**



**United Nations  
Global Compact**



**RESOURCES  
for the FUTURE**

**WORLD  
ECONOMIC  
FORUM**



**ieaghg**



# Planet Deep Dive – Carbon Out

People  
**Planet**  
Principles



# Planet strategy snapshot

## OUR GOALS

## HOW WE WILL DELIVER SUCCESS

## HOW WE WILL MEASURE SUCCESS





## 2023 Planet Performance Highlights

Pioneer low carbon energy solutions for us and our customers, ensuring environmental stewardship and minimizing our operational footprint

**28.3% ↓**

reduction in Scope 1 & 2 greenhouse gas emissions compared to 2019 base year

**10**

Scope 3 emissions categories reported

**313 ↑**

Increased product life cycle assessments by **627.9%** YOY.

**28.1% ↑**

of our electricity comes from renewables sources

**29.8% ↑**

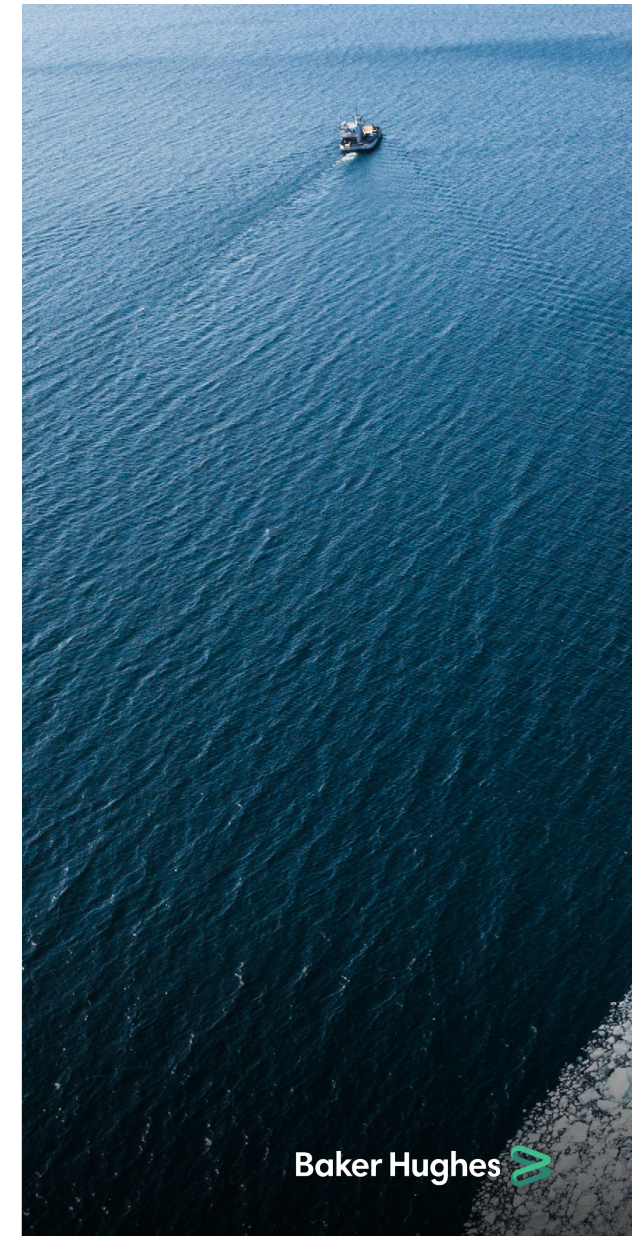
Of our electricity comes from zero-emission sources

**60,919 ↑**

metric tons of waste recycled


**27.1% ↓**

Total hazardous waste volume was reduced from our 2022 base year.



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# Understanding Greenhouse Gas (GHG) Emission Scopes

Baker Hughes committed to achieving a 50% reduction in Scope 1 & 2 emissions by 2030, achieving net-zero carbon Scope 1 & 2 emissions by 2050, and internally committed to emission reduction efforts in Scope 3 emissions by 2033.\*

## Scope 1 – Direct Emissions

Emissions resulting directly from the combustion of fuels for activities that are owned or controlled by a company.

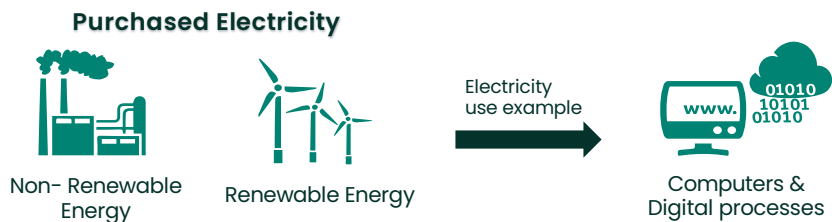
Common examples are operation process, facilities, fleet, testing, and others. <sup>(2)</sup>



## Scope 2 – Indirect Emissions

Emissions generated indirectly from purchased energy consumed.

Common examples are purchased electricity and others. <sup>(2)</sup>

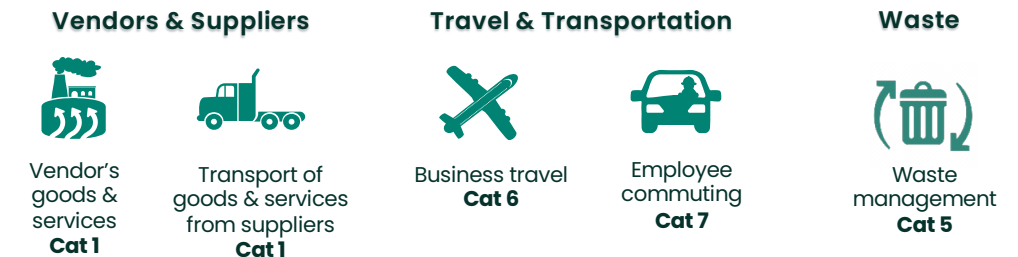


## Scope 3 – Indirect Value Chain Emissions

Emissions resulting indirectly from all value chain activities involving sources that a company does not own or control.

Common examples are vendors, travel, waste, product/service, transport and others.

### Upstream – Supplier Related



### Downstream – Customer Related



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\* based on our 2019 baseline. Aligned with Science based target methodology

<sup>(1)</sup> AMO = assembly, maintenance, and overhaul sites.

<sup>(2)</sup> Others = any other CDP required emissions for scope 1, 2 & 3 not specifically mentioned.



# Carbon Out Program

Carbon Out is a global engagement program aimed at identifying and implementing actions that will reduce Baker Hughes' direct and indirect emissions footprint.

## Your help is critical to achieve our carbon reduction targets:

- Scope 1 and 2 emissions: **50%** reduction in by **2030**, reaching **NET ZERO** by **2050**
- Internal Scope 3 emissions reduction goal

### DID YOU KNOW:

Reducing our footprint will support our customers' emissions reduction goals.

*\*Not currently communicated externally.*



## How we get there....

### REDUCE SCOPE 1:

Emissions generated directly from our own operations i.e. facilities, vehicles, field activities.



### REDUCE SCOPE 2:

Emissions generated indirectly from energy consumption i.e. purchased electricity, steam, heating, and cooling.



### REDUCE SCOPE 3:

Emissions generated indirectly across the value chain including upstream activities from suppliers and downstream activities from use of products/ services by customers



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## Carbon Out Overview

As a Global Program with over **500+ executed and in-flight projects** – **Carbon Out leaders** have demonstrated commitments to Net Zero by identifying and executing projects in since making our external commitment to net-zero in 2019.

There are roughly **1000+ projects** in the entire Carbon Out pipeline, all at different stages in their progression.

**Scope 1 emissions** reduction projects are primarily comprised of:

- Generator/General Site upgrades (optimizing diesel consumption capacity)
- Company Owned Vehicle idling reduction (diesel consumption reduction)

**Scope 2 emissions** reduction projects are primarily comprised of:

- Lighting upgrades (LED retrofit)
- Renewable energy projects
- Operational efficiency improvements (e.g., improving air flowrates in facilities, Using E-Procedures)





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