

Carbon Offsets Policy Statement

Our Position

Baker Hughes will focus on reducing our Scope 1, 2, and 3 greenhouse gas (GHG) emissions to meet our net-zero by 2050 commitment, to reduce emissions from our products and services, and to assist our customers in meeting their reduction goals. At this time, we will not use carbon offsets¹ to help meet these objectives. We may use Renewable Energy Certificates, Renewable Energy Guarantees of Origin, and similar instruments to meet Scope 2 GHG reduction objectives only when these are tied to local markets of electricity generation or to power purchase agreements. The company will continue to evaluate the use and the role of carbon offsets.

Our Rationale

- We believe that climate change is one of the most significant challenges facing the world and warrants meaningful action to reduce the GHG emissions resulting from human activities.
- Baker Hughes' goal of reducing Scope 1 and 2 GHG emissions 50% below a 2019 baseline by 2030, and to achieve net-zero by 2050 demonstrates our commitment to address this challenge.
- High quality carbon offsets that are real, permanent, verified, and enforceable can play an important role in a company's strategy to voluntarily reduce GHG emissions.
- However, based on our assessment, there are numerous opportunities to cost-effectively reduce our Scope 1 and 2 emissions and to decrease our value chain emissions including those associated with use of our products.
- Investing money and resources to reduce our GHG emissions ensures the validity of those reductions, improves the efficiency of our operations, and engages the innovative spirit of our employees.
- Directly addressing our own GHG emissions shows a willingness to put our words into action as we deliver solutions to our customers seeking to reduce their emissions.

¹ For the purpose of this statement, a carbon offset refers to an external GHG emission reduction made outside of company control and used to compensate for a company's controllable GHG emissions. Carbon offsets do not include government-sanctioned allowances, tax credits or other instruments utilized for regulatory compliance.

- Markets for carbon offsets are still developing, and additional work is needed to ensure investors and other stakeholders can have confidence in the quality and permanence of GHG reductions represented.
- We support nature-based climate solutions through grants from our Baker Hughes Foundation rather than investing in offsets, recognizing that conservation, restoration, and improved land management can increase carbon storage or avoid GHG emissions.
- We expect the use of carbon offsets to grow in the long-term, potentially providing future investment opportunities.

Our Actions

In 2019, we were among the first companies in our industry to commit to achieving net-zero Scope 1 and 2 GHG emissions by mid-century. We are focused on reducing our own Scope 1 and 2 emissions as the initial approach to meet this commitment and we are working to quantify and reduce our own Scope 3 GHG emissions. Our net-zero roadmap defines the key building blocks necessary to achieve our net-zero target, and carbon offsets are not included in our short or mid-term roadmap objectives.

Our Net-zero Roadmap includes the following decarbonization pathways:

- Operational Efficiency: We continue to make improvements in facility operations that increase efficiency and reduce emissions.
- Energy Efficiency: We take a standardized approach to energy-efficiency assessments, action plans, and tracking of improvements, including formal energy audits.
- Renewable Energy: We continue to find opportunities to accelerate the use of renewable energy sources at our facilities by procuring long-term electricity contracts and installing on-site renewable generation.
- Transportation Emissions Reduction: We are evaluating options for increasing electrification and low-carbon fuelling in the company's vehicle and vessel fleet.
- Scope 3 Emissions: While most of these emissions are outside of our direct control, we continue to seek ways to reduce emissions where we have influence, for example in product design and materials selection. We have also begun working with our suppliers to reduce emissions from our supply chain.

We are committed to transparency in emissions reporting and progress towards our net-zero commitment is included in our annual Corporate Responsibility report.