

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICY

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INNIO'S COMMITMENT TO SUSTAINABILITY

At INNIO, we recognize that the growth of global economies and the industrialization that has accompanied this growth are directly impacting the future of our planet. For this reason, sustainability—and its environmental, social and governance (ESG) considerations—plays a central role in everything we do. We strive for the highest achievements in our business toward sustainability with the aim of fulfilling our responsibility as a corporate citizen and pursuing a path toward a sustainable future.

As we take steps to minimize our impact to the environment, we are committed to doing business in an ethical, compliant, and socially responsible manner, putting the health and safety of our employees as our top priority and always respecting human rights and employment best practices. We also are respectful of the communities and cultures in which we collaborate and engage.

The goals of the Paris Agreement—to limit the temperature increase by mid-century to no more than 1.5 degrees Celsius—are embedded in our vision and mission, namely, to accelerate the energy transition that will make a decarbonized world a reality.

Furthermore, INNIO commits to global frameworks such as the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles for Business and Human Rights, the International Labour Organization (ILO), and the Responsible Minerals Initiative (RMI). Finally, we formally support and align INNIO's strategy and operations with the 10 universal principles of the United Nations Global Compact (UNGC) related to human rights, labor, environment, and anti-corruption, and we take actions that advance societal goals and the implementation of the United Nations Sustainable Development Goals (UN SDGs). Since joining UNGC in 2021, we aim to regularly communicate on progress (COP).

SUSTAINABILITY GOVERNANCE

At INNIO, we understand that successful innovation and progress require collaboration of various stakeholders such as our diverse employee base, management teams, suppliers, customers, and subject matter experts, to name just a few.

Governance requires a transparent, systematic, and informed approach to align our activities with key ESG standards, regulations, or norms. Moreover, we must remain focused on the progress, ambitions, goals, and effective management of risk and opportunities.

To coordinate ESG tasks and agenda, INNIO established a Sustainability Review Board (SRB), the highest level ESG decision-making center after the INNIO Executive Board. The SRB is tasked with the overall strategy and coordination of sustainability activities as well as measurement—through key performance indicators (KPIs)—and progress reporting.

It is responsible for identifying and managing ESG-related material issues, risks, and opportunities as well as establishing short-, medium-, and long-term ESG goals and INNIO's ESG strategy. The SRB meets at least monthly and provides regular updates to the Executive Board.

In addition, the SRB continuously works on the integration of climate-related information in accordance with the guidelines, assessing the impacts of climate change on our business—and our business on climate change.

Part of the SRB is the Circularity Task Force, a dedicated team responsible for identifying opportunities to increase our share of circular materials and processes and enhancing INNIO's circular growth strategies.

The SRB also closely collaborates with the Diversity, Equality and Inclusion (DEI) Committee to measure progress, discuss initiatives, and drive education and awareness around diversity topics.

Day-to-day activities related to ESG and sustainability initiatives, projects, and analytics are tasked to the Group Sustainability Department, a standalone corporate function.

Through the engagement of the SRB with various ESG frameworks such as the UNGC, the Global Reporting Initiative (GRI), and the Sustainability Accounting Standards Board (SASB), we keep control and oversight on the specific themes and indicators, add meaningful impact, protect values, and identify opportunities for further growth.

In addition, we stimulate innovation and promote sustainable business activities across our value chain, including our own activities and those of our employees, the management team, and our suppliers, customers, and other stakeholders collaborating with the company.

INNIO's Sustainability Governance is summarized below:



INNIO'S ESG GOALS

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Based on our collaborative discussion with our stakeholders, we decided to set specific ESG goals and priorities and to assign timelines to successively realize progress. We took 2020 as a baseline year.

INNIO's sustainability priorities and goals are grouped into three strategic focus areas that capture our most material impacts and opportunities:

- “Low Carbon & Circular Products”
- “Resilient Supply Chain & Manufacturing”
- “Responsible Operations & Social Responsibility”

All three pillars are underpinned by good governance and sound, transparent ethical and compliance standards such as INNIO's Code of Conduct, Labor & Human Rights Policy, and Anti-Corruption and Trade Compliance guidelines. Details of our sustainability goals and timelines are published in INNIO's latest annual Sustainability Report.

Our goals are subject to annual updates with the aim of maintaining high transparency and a tangible level of detail and ensuring systematic alignment with the level of realized achievements and their realistic timelines.

INNIO'S NON-FINANCIAL REPORTING

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INNIO communicated on our sustainability progress for the first time in our 2020 Sustainability Report “Together for a sustainable future.” Our aim is to continue with the non-financial report annually.

Our disclosures are prepared in accordance with the GRI and SASB standards. On an annual basis we assess our carbon footprint, including all relevant components of Scope 1, 2, and 3 emissions, according to the Greenhouse Gas Protocol. Finally, for our climate-related disclosures, we take steps to fully implement the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Through our non-financial reporting, we describe our management and performance of ESG issues. Our disclosures focus on the topics that have been deemed most material to our business and stakeholder groups during INNIO's materiality assessment. Given the importance of reflecting current and emerging trends, we plan to continue conducting thorough materiality assessments every few years or as needed.

Finally, INNIO's alignment with the UN SDGs is based on the GRI and the UNGC's Business Reporting on the UN SDGs.

INNIO's SRB regularly monitors changes and updates to the ESG frameworks and the potential future expectations and mandatory requirements.

RELATED POLICIES

INNIO's policies underpin our approach to a sustainable business and help us manage a wide range of issues. Some of our policies deemed as most relevant are:

- Code of Conduct (business ethics and compliance)
- Environmental Policy
- Labor and Human Rights Policy
- Diversity, Equity & Inclusion Policy
- Occupational Health & Safety Policy
- Quality Policy
- ESG Supply Chain Policy
- Zero Defect Policy

