INNIO JENBACHER Waukesha

TOGETHER FOR A SUSTAINABLE FUTURE

Sustainability Report 2020

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. We agree with the goals of the Paris Agreement – to address the threat of climate change and limit the temperature increase by mid-century to no more than 1.5 degrees Celsius compared to pre-industrial levels. That is why we took important steps in 2020 to address INNIO's sustainability strategy, diving into the material issues we identified as the touchpoints to our customers and stakeholders.

Our society faces unprecedented economic, environmental, social, and cultural challenges, and we are convinced that sustainability is the key to transforming these challenges into opportunities. Our sustainability strategy recognizes INNIO's social and environmental responsibility. We must act now on this responsibility.

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

This non-financial disclosure is presented for calendar year 2020. We have prepared this report with the greatest possible care and checked the data. Nevertheless, rounding, typesetting or printing errors cannot be ruled out.
For any questions related to this document please contact Susanne Reichelt, INNIO Media Relations
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INNIO JENBACHER Waukesha

TOGETHER
we make a difference

OUR EXPERTISE BY THE NUMBERS

~18,000
Digitally connected assets providing constant fleet operability insights

Advantages

- Overall efficiency of 90% or more
- Durability
- Modularity and scalability
- Fast start capability
- Fuel flexibility
- Lifecycle services

~107 Million[1]
households

Graph 1

~500
R&D engineers

53,000+
Engines delivered

90+
Years of experience

5
Global engineering centers

~1,400
Registered patents

$
800 Million+
Innovation investments over the last 15 years

~3 x Germany

or 15 x New York

[1] power demand equivalent

Carlos Lange
President & CEO

ALWAYS NEEDED

Along with our distributors and suppliers, INNIO is working to help ensure uninterrupted access to the products and services that our global customers rely on to support society during these demanding times. The recent COVID-19 global pandemic presented new challenges around the world, and INNIO was designated by many governments as “essential” because our products, parts and services support key infrastructure in the supply of natural gas and electrical energy. Customers use our products to provide primary and standby heat and power to homes and essential facilities such as hospitals, utilities, or district heating plants and other businesses that must continue to operate.

The energy world is undergoing significant changes as coal, nuclear and other energy sources are replaced with volatile renewables. As power producers are increasingly challenged by this new energy landscape, energy management systems and decentralized plants operating on renewable gases are part of the solution. And that’s where INNIO has a head start. Right now, more than 50% of our installed engines in Europe are running on renewable fuels such as biogas or biomethane.

Another major challenge facing the power industry is storage, since power from renewables cannot be stored long-term. However, excess power from renewables can be stored as green hydrogen, then reconverted on demand for use in Jenbacher gas engines. And gas engines that run on green hydrogen are CO2-free!

ALWAYS INNOVATING

In Hamburg, INNIO and HanseWerk Natur recently collaborated to commission the world’s first large-scale gas engine in the 1 MW range capable of running on a variety of hydrogen-natural gas mixtures and on 100% green hydrogen. It’s also the world’s first natural gas engine conversion to hydrogen in the field. Again, INNIO technology is ahead of the game, demonstrating the future-proof nature of the installed base, this time by offering the ability to convert to carbon free, 100% hydrogen capabilities.

Ultimately, the transformation required by the energy transition must be affordable. And it’s precisely in megawatt-range power and heat generation that a hydrogen combustion engine is superior to alternatives such as fuel cells or battery storage units.

Hydrogen is just the latest in our 90-plus years of continuous innovations. In fact, we’ve never stopped working to provide better solutions for our customers.

INNIO is investing tens of millions of dollars in our gas engine technologies to make them more efficient, more flexible, and cleaner. Right now, we hold about 1,400 patents, and approximately 500 INNIO engineers across the globe are working on those technologies to increase customer uptime while making their engines more efficient, with longer lives and shorter startup times.

ALWAYS RESPONSIBLE

As we continue to implement our enterprise strategy for profitable growth, we also are working to achieve our 2020 sustainability goals. INNIO's Sustainability Goals are related to safety, energy and emissions, water, waste, building efficiency, circular economy, jobsite efficiency and sustainability of our products, services and solutions.

For our employees, INNIO's aim is to create and maintain a pleasant and safe working environment. Employee training and skills enhancement are a central part of our HR policy, and we also maintain an Occupational Health and Safety Policy and Directive.

INNIO's Code of Conduct creates a sound framework for guiding every INNIO employee and business associate to work in a responsible manner. We will continue to ensure that all our employees and business associates know and understand the importance of our Code of Conduct, the requirements it sets, and that all employees follow its principles in their day-to-day work.

In addition to creating added value economically, corporate responsibility includes promoting the well-being of the local communities in which we operate. Similarly, developing solutions that are highly efficient, safe and environmentally sound is also a demonstration of responsibility toward our customers and the environment.

Social responsibility includes good working conditions and methods as well as continuous personnel development. We will continue our systematic work to achieve the goals of sustainable development.

INTRODUCTION & COMPANY

ALWAYS DIGITAL

Through digitalization, we can constantly improve our products' design and construction in our advanced factories, flawlessly execute our services, and move beyond reactive to predictive data solutions. At our manufacturing plants, we have embraced digitalization and are continuously refining our operations, accelerating innovation and improving our customers' experience.

Our advanced factories in Jenbach, Austria, and Welland, Canada, combine optimal lean manufacturing and productivity with additive manufacturing and advanced software analytics.

INNIO's myPlant Asset Performance Management solution increases the availability, reliability, and operating performance of our Waukesha and Jenbacher gas engines.

With myPlant, a local monitoring and diagnostics infrastructure, plant performance can be remotely calculated every day of operation, giving our customers real-time intelligence for better decision-making. Globally, approximately 18,000 assets are increasing their uptime and gaining innovative solutions as they take advantage of INNIO's numerous digital capabilities.

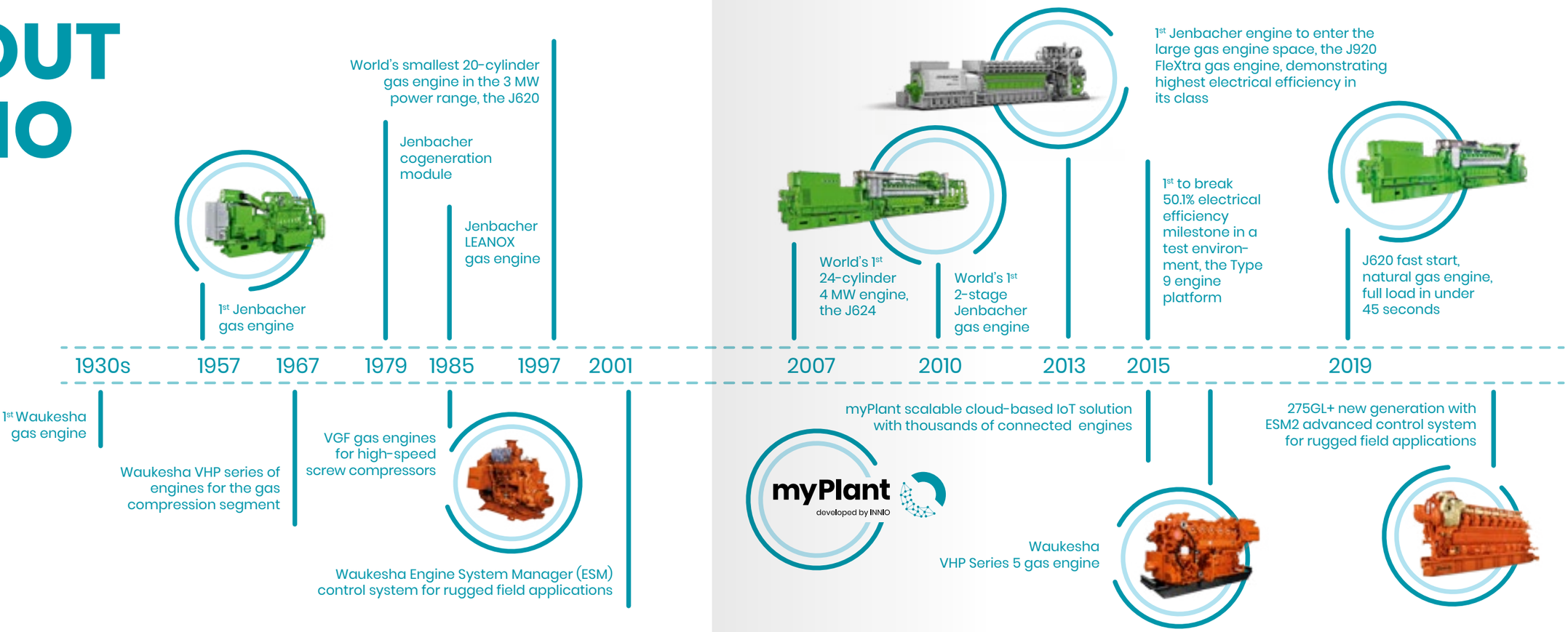
With this sustainability report, we are pleased to inform you of our activities and progress in 2020.

Carlos Lange
President & CEO
INNIO

TOGETHER

we strive for a carbon-neutral world

ABOUT INNIO



Graph 2

INNIO Group is a leading provider of renewable gas, natural gas, and hydrogen-based solutions and services for power generation and gas compression at or near the point of use. INNIO has a long history in the energy engineering sector and, since the end of 2018, has been operating independently as a privately owned enterprise. With our Jenbacher and Waukesha gas engines, INNIO helps provide communities, industry, and the public with access to sustainable, reliable and economical power ranging from 200 kW to 10 MW. Our innovative technology is driven by decarbonization, decentralization, and digitalization to help lead the way to a greener future. In addition to our advanced technology, we also provide lifecycle support and digital solutions to the more than 53,000 delivered gas engines globally through our service network in more than 100 countries.

INNIO Group is headquartered in Jenbach, Austria, at Achenseestraße 1-3, where our main corporate functions have offices. We also have primary operations in Welland, Ontario, Canada, and Waukesha, Wisconsin, U.S. With employees totaling about 3,500, our offices can be found in more than 30 countries worldwide, including large service and operations facilities in Germany, Netherlands, Italy, Hungary, Russia, Spain, Poland, Mexico and Brazil, just to name a few.

INNIO's supply chain is global, with most suppliers in Europe, North America and Asia. We also provide a wide spectrum of service activities and digital solutions through our well-established network of distributors.

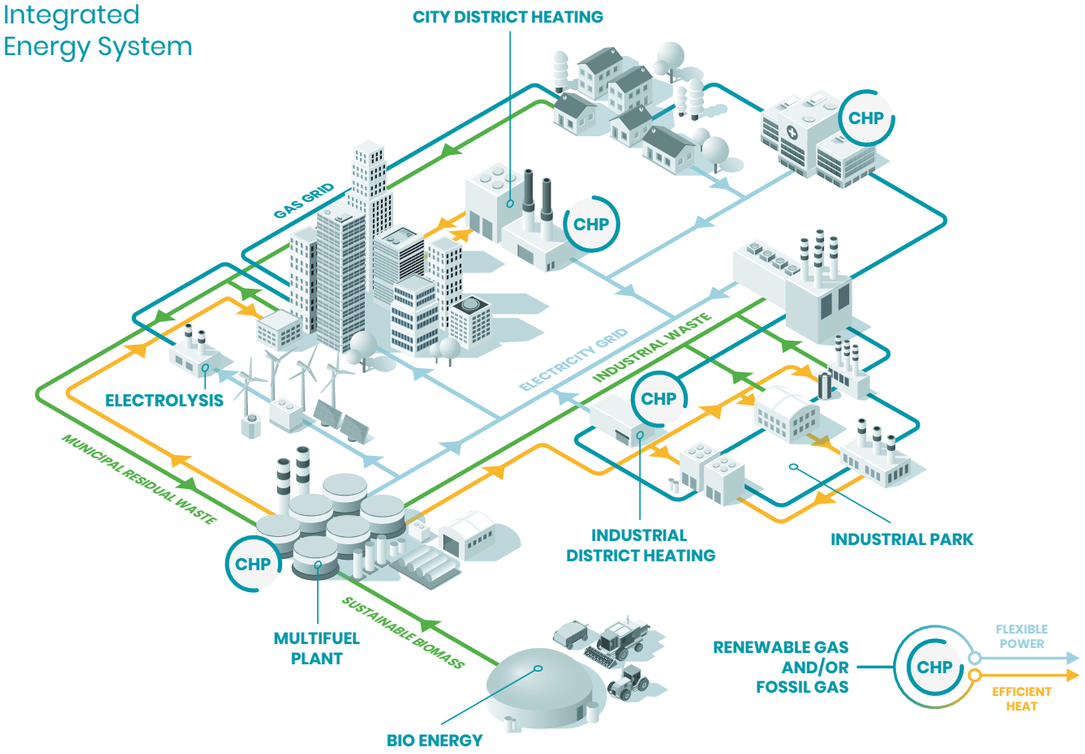
INNIO Group delivers more than 2 GW of newly installed base annually. In 2020, we ramped up to full production capacity in our newly designed and built factory in Welland, Canada, where we manufacture gas compression engines. Our three other production facilities are located in Jenbach and Kapfenberg, Austria, and Waukesha, U.S.

In addition, in 2020, INNIO acquired a part of Nixon, Smith Power in the United States and Mexico, the Energas/EPS group of companies in Germany, and the ECI Distribution/PowerUp group in Austria.

OUR VALUES, VISION & MISSION

A new era of power generation and gas compression is here, and INNIO is leading the way. As an important contributor to the sustainable and greener energy solutions of today and tomorrow, we embrace the opportunities offered by the transformation of our industry. We continually reinvent ourselves, lead through our entrepreneurial spirit, and fully embrace our social responsibility.

Integrated Energy System



Graph 3

Our powerful company purpose unites employees, customers and cultures around the globe. It makes our employees proud to come to work every day. And it reveals what we stand for as an energy solution provider, a company with whom our customers want to collaborate.

That's because INNIO helps ensure the success of our wide range of applications wherever they are, on or off the grid, in cities or the most remote areas. Our gas engines provide reliable power under the most demanding circumstances. And we continue to develop technologies that deliver greater flexibility and uptime while making our engines more efficient and longer lasting.

MISSION & VISION: *ENERGY SOLUTIONS. EVERYWHERE, EVERY TIME.*

What we do:

Through our Jenbacher and Waukesha gas engine product lines, we supply affordable, reliable and sustainable solutions for everyone, today and for the future.

Why we do it:

Through the combination of our rich legacy in the power and gas compression space and our pioneering technology, we are plaing a key role in the transition to a low carbon economy that will enable our society to reach the global net-zero carbon emissions target by 2050.

How we do it:

SUSTAINABILITY PRINCIPLES

Our sustainability journey is a collaborative process involving all of our Jenbacher and Waukesha stakeholders, from employees to communities to customers to suppliers.

PRODUCTS

Sustainability means that all of INNIO's products and services must help unlock the transition to a carbon-neutral future.

OPERATIONS

Our sites are committed to minimizing their environmental footprint[2], while at the same time protecting and conserving natural capital, including natural resources such as air, water, minerals, gas, land and forests.

ENGAGEMENT

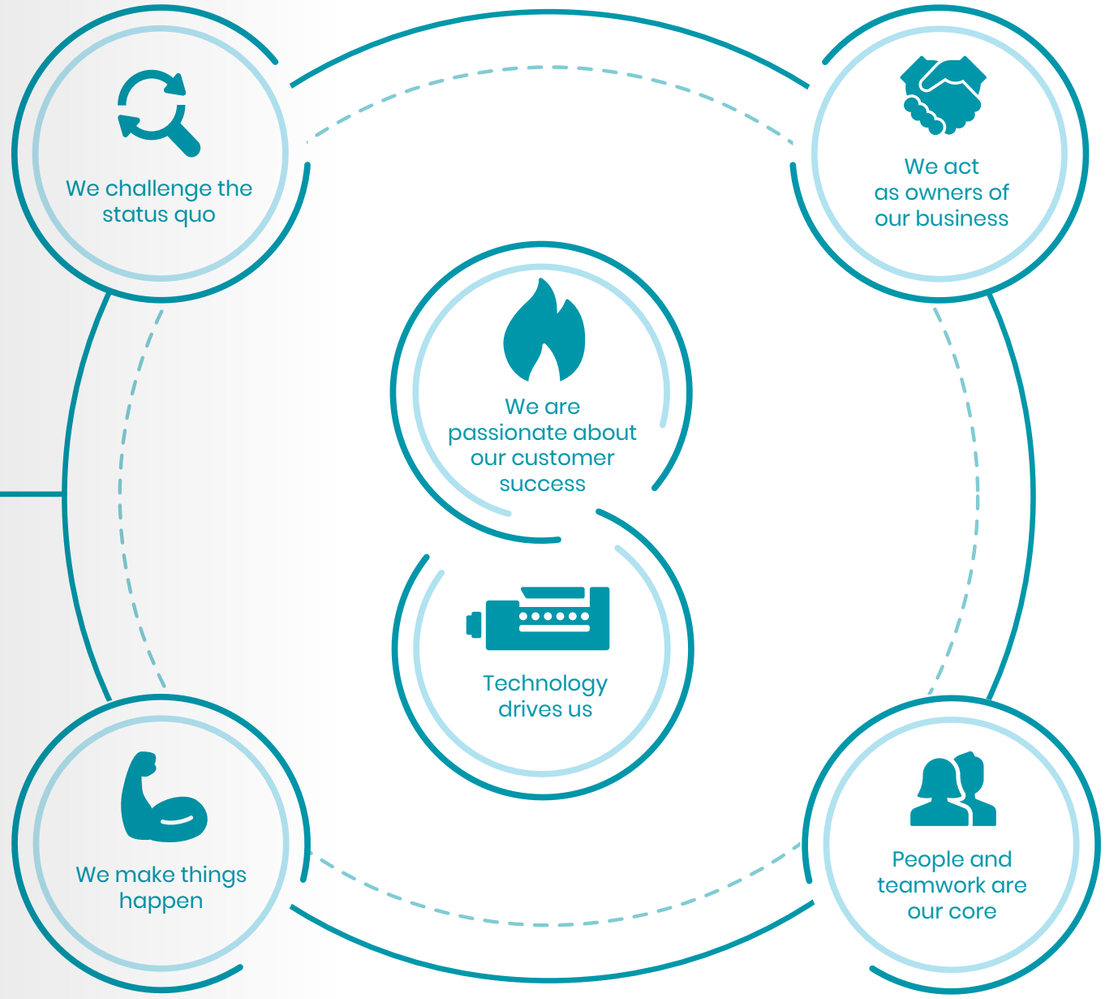
Our employees are fully engaged at the workplace, and our communities receive unwavering support through our diversity and inclusion efforts.

GOVERNANCE

Through our Sustainability Review Board (SRB), we set the direction and monitor the progress of INNIO's sustainability journey, and we implement our environmental, social and governance (ESG) goals and objectives in close alignment with our growth strategy.

We respect safety, law, ethics & compliance, environment, people, diversity & inclusion and communities

[2] By environmental footprint, we mean the effect that our company and our operational activities have on the environment, the number of natural resources that we use and the amount of GHG emissions that we produce.



Graph 4

OUR HOLISTIC APPROACH TO SUSTAINABILITY

At INNIO, we take a holistic approach to managing sustainability. That is why we track many key performance indicators (KPIs), including the environment; employee development, health and safety; diversity and inclusion; as well as corporate responsibility. Here are just a few of the ESG data points that we collect:

ESG Data		2020	2019
Emissions	Scope 1[3] emissions of carbon dioxide [metric tons CO2-e]	35,839	34,005
	Scope 2 emissions of carbon dioxide [metric tons CO2-e]	7,617	10,458
	Scope 3[4] emissions of carbon dioxide [metric tons CO2-e]	11,659	14,394
Energy	Carbon intensity[5]	1.03	0.84
	Energy consumption[6] [GJ]	813,904	826,728
	Energy consumption: non-renewable [GJ]	752,189	749,098
	Energy consumption: renewable [GJ]	61,715	77,630
Materials	Materials used [metric tons]	42,137	53,011
	Recycled input [%]	58%	57%
Water	Water withdrawal [m³]	793,000	628,000
	Water discharge [%]	94%	92%
Waste	Total waste [metric tons]	10,767	9,838
	Recycled waste [metric tons]	7,922	8,437
	Waste recycling [%]	74%	86%
Employees	Total number of employees	3,599	NR
	Number of new employee hires	444	NR
	Employee turnover rate [%]	15.5%	NR
Diversity and Inclusion	Women in enterprise [%]	17%	NR
	Incidents of discrimination	0	0
Health and Safety	Rate of recordable work-related injuries [%]	0.82%	0.62%
Compliance	Incidents of environmental and social non-compliance	0	0

Table 1

NR= Not Reported
The data provided in the table represents approximately 90% of global employee footprint, including all production facilities.

[3] Our Scope 1, Scope 2 and Scope 3 emissions are provided in accordance with the GHG Protocol Guidance.
[4] INNIO's Scope 3 footprint does not yet include all elements in the indirect scope of calculation. As of 2020, INNIO included upstream material transport, downstream product transport, waste, employee commuting and business travel. We are currently in the process of expanding the components of our Scope 3 emissions, to also include the use and end-of-life treatment of our sold products.
[5] Our carbon intensity is based on our combined Scope 1 (direct) and Scope 2 (indirect) GHG emissions. The intensity was calculated as tCO2-e/tons of materials purchased.
[6] Energy consumption is the sum of renewable and non-renewable energy consumption.

AWARDS & RECOGNITION

We were honored to receive the following awards in recognition of our continuous efforts toward sustainability, operational excellence, and workforce inclusion:

2017
GEO AWARD "FACTORY OF THE YEAR"

INNIO's Jenbacher factory received this award as part of the "Factory of the Year" competition—a benchmark for manufacturing companies and, according to the organizers, the most difficult for the processing industry in Europe. The Jenbach location is considered a leader in environmental sustainability, apprenticeship, occupational training, and energy footprint.

2019, 2020
SEVEN SEALS AWARD 5

This award is presented in recognition of a significant individual or organizational achievement or initiative to promote the Employer Support of Guard and Reserve (ESGR)[7] mission in the U.S.

2020
MAINTENANCE AWARD AUSTRIA

This award was presented by ÖVIA[8] in recognition of INNIO Jenbacher's[9] high degree of digitalization, our maintenance and prevention strategy, as well as our extensive training offerings and high level of employee motivation.

2020
ABOVE AND BEYOND AWARD

Presented by ESGR State Committees, this award recognizes employers at the local level who have gone above and beyond the legal requirements of the uniformed services in the U.S.

2021
DEPARTMENT OF DEFENSE FINALIST FOR FREEDOM AWARD

ESGR's awards program culminates with the Secretary of Defense Employer Support Freedom Award, the highest recognition given by the U.S. government to employers for their outstanding support of employees serving in the Guard and Reserve.

2021
ECOVADIS SILVER MEDAL RATING

INNIO Jenbacher's commitment to a climate-neutral, greener, and more secure energy future was recognized by EcoVadis with a Silver Medal rating, placing INNIO Jenbacher in the top 17% of our peers working toward sustainability.[10]

[7] ESGR was established in 1972 to promote cooperation and understanding between Reserve Component Service members and their civilian employers and assist in the resolution of conflicts arising from an employee's military commitment.
[8] The Austrian Association for Maintenance and Plant Management (ÖVIA) is a neutral, independent knowledge platform and network. It sets initiatives for the permanent further development of theory and practice in maintenance and plant management, addresses subject-specific problems and developments across industry boundaries and offers solutions.
[9] https://www.oevia.at/maintenance-award/ma2-hauptpreis/2020-innio-jenbacher
[10] The rating process was initiated in November 2020 with a formal award in February 2021.

TOGETHER

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we conduct our business with ethics

OUR GOVERNANCE STRUCTURE

At INNIO, we believe that strong and transparent governance are key enablers to the creation of long-term value and sustainable growth for our shareholders, employees and products.

As a privately owned company, INNIO is governed by a Board of Directors, led by our President and CEO. The board is composed of C-level executives covering key areas of the business such as Finance, Sales and Services, Operations, Engineering, Human Capital, and Legal & Compliance.

Through their commitment to transparency and accountability, our Board of Directors protects the interests of shareholders and provides direction for the company. Each director has deep industry expertise and insight into the various aspects of our organization. Through regular meetings, our board works to promote INNIO's vision, purpose, and goals, addressing themes such as corporate development and growth, strategy and risk management, product innovation, leadership and ESG performance. As a decision-making body, the Board of Directors reports regularly to INNIO's shareholders.

The Supervisory Board of INNIO is comprised of well-experienced industry and functional experts. They are tasked with further strategic development, supervising the activities of the Board of Directors and ensuring overall compliance. With those goals in mind, they have established various committees including the Audit Committee, the Nomination and Remuneration Committee, and the Executive Management Committee. The Executive Management Committee is led by the CEO and includes senior leaders representing the organization. In addition to weekly business and functional reviews by the Executive Management Committee, other committees offer transparent governance to functions and processes, such as Ethics and Compliance, Enterprise Risk Governance, Sustainability and Diversity. The Supervisory Board designates members to these committees.

FOCUS ON DIVERSITY

Although the majority of employees in our industry are males, our organization values diversity. Therefore, we always strive to create and sustain a culture of inclusion, and we are moving toward a more diverse workforce at all levels of our organization. We also work to continuously improve our board diversity, including diversity at all levels of our company in our succession planning strategy while also considering suitable qualifications.

SUSTAINABILITY REVIEW BOARD

INNIO's sustainability agenda and governance are addressed through the Sustainability Review Board (SRB), which reports directly to the INNIO Board of Directors and is entrusted with overseeing implementation of the ESG strategy. INNIO's Head of Compliance and Sustainability chairs this committee and coordinates our ESG activities. The members of the SRB are business leaders and external company advisors sourced across key business areas. They have diverse backgrounds and responsibilities within the group.

The Sustainability Review Board's main responsibilities include:

- Developing and implementing policies, objectives, and guidelines on ESG matters
- Managing and overseeing INNIO's ESG strategy to reach ESG-related objectives
- Raising awareness and educating INNIO's staff about the latest ESG developments
- Reporting on performance against the Bold Sustainability Goals to the Board of Directors
- Engaging with industry bodies and other ESG-related initiatives to help bolster industry-wide sustainability best practices

OUR STRATEGY: SUSTAINABLE GROWTH

P. 30

Commitment to sustainable growth is steered by a company's value system and its innovation effort — factors that are deeply embedded in INNIO's culture. Together with our employees, products and expertise, INNIO puts sustainability at the core of daily operations and future developments.

We define sustainability in several ways, from the clean energy solutions we provide to worldwide economies and customers; to innovative and lean production processes including smart energy consumption, recycling, reclamation and reuse of materials, and conservation of natural resources; to a commitment for the long-term growth of local communities, customers, suppliers and the business environment.

To address climate change and other global ESG challenges, we established a sustainability framework governed by the SRB. This framework was created in close alignment with international ESG reporting standards such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and science-based goals.

In 2020, INNIO created the first draft of our Bold Sustainability Goals to enable the changes needed in the short, medium and long term for our products and operations to meet the Paris Agreement's framework of limiting global temperature rise to no more than 1.5 degrees Celsius by 2050.

INNIO'S BOLD SUSTAINABILITY GOALS

P. 31

Some of our long-term aspirations include the provision of industry-leading technology and energy-conserving products to our customers, as well as energy efficiency practices in our facilities management, and near-zero emission levels in society and the environment. INNIO's Bold Sustainability Goals have as a base year 2020 and are divided in four areas of focus:

Products

- Engines ready to be powered by 100% climate-neutral gases by 2025
- Products to emit no climate-relevant methane by 2030
- 100% material inputs that are recycled, renewable, or reclaimed

Environment

- Production and office sites to reduce GHG by 50% by 2030
- INNIO suppliers to commit reduction of GHG by 50% by 2030
- Distributors to be encouraged to commit to reduce GHG by 50% by 2030

Employees

- Diversity profile (ethnic, age, gender minorities ...) to increase by 25% through 2025
- Diversity and inclusion training to increase to 70% of management annually
- Maintain high employee engagement of at least 85% by 2025

Society

- Continue to support social initiatives for local communities (e.g., INNIO Volunteers and Cultural Council)
- Actively engage with local communities, providing donations and support

COMPLIANCE IS KEY

The cornerstones of INNIO's Code of Conduct are:

1

BE TRUSTWORTHY, FAIR, AND HONEST IN ALL INNIO ACTIVITIES AND RELATIONSHIPS.

OBEY APPLICABLE LAWS AND REGULATIONS GOVERNING INNIO WORLDWIDE.

2

3

BE AN INTEGRITY GATEKEEPER AND PROMPTLY REPORT ANY CONCERNS REGARDING COMPLIANCE.

LEARN AND STAY UP TO DATE.

4

Ethics, integrity and compliant conduct are the foundation of our business. Compliance is not an option but a vital element that helps the company run safely and with integrity while maintaining a best-in-class reputation.

It is a fundamental goal of our leaders and employees to act with integrity by promoting a culture of compliance and trust. We also expect our customers, suppliers, and stakeholders to share our spirit of compliance. For instance, we only procure goods and services from companies with a spotless track record of integrity and sound business practices. And, we require every would-be supplier to sign an integrity commitment aligned with the UN's Global Compact principles. In addition to the usual goals of quality, timeliness, flexibility and competitiveness, INNIO also measures our suppliers on sustainability.

A cornerstone of INNIO's compliance culture is a focus on integrity in all we do, including our responsibility for our actions around business conduct, prevention of fraud or corruption, human rights, labor and employment rights, and international trade controls. With respect, transparency and dependability, INNIO is committed to unyielding integrity with compliance standards, international laws and regulations, which help us maintain the trust of our employees and business associates.

Our guidelines around compliance are framed in our Code of Conduct, which is widely available to all employees and external stakeholders via our website, through our own digital learning system or as a compliance training video. INNIO's employees and distributors are required to certify that they not only have read but also understand our Code of Conduct. They also are required to take part in regular or annual compliance training programs, ranging from anti-money laundering, foreign corruption practices, competition law and conflicts of interest to data protection and fair employment practices, just to name a few. Direct and regular trainings are offered to all employees and key business associates in various forms including expert-led sessions, a digital learning platform or self-study.

INNIO's Compliance team reviews compliance risks on a regular basis and adapts legal and compliance strategy to a changing environment. Our employees and business associates are encouraged to speak up without fear of retaliation if they see possible business risks or issues.

RISK MANAGEMENT

INNIO has adopted a business-integrated and holistic risk control approach. As part of the company's culture, this approach enables us to deal with potential operational, financial, strategic, legal and compliance uncertainties. At INNIO, risk management is an integral part of doing business and is supported by our established risk management system, in which we control, review and mitigate future outcomes by acting proactively rather than reactively.

Our senior leadership has a significant role in identifying, communicating, and mitigating risks, and our leadership team meets on a quarterly basis to review current and new risks.

Our holistic approach involves assessing risks, opportunities, and mitigation strategies through performance assessment.

CYBER SECURITY & DATA PRIVACY

Cyber security — a top concern among many firms — typically is viewed as an IT risk that falls under operational risks. However, it is also related to regulatory, compliance and financial risk and, as it concerns data security and privacy, it also can be considered an ESG risk. When cyber risk is not managed properly, it can expose organizations to reputational threat. Given that cyber security is also a societal and geopolitical issue, more actions and stricter rules are needed globally. Both cyber security and data privacy are covered by INNIO's Code of Conduct.

INNIO's Cyber Security Program is governed by our in-house Cyber Information Security Officer (CISO), who directly oversees security strategy, including implementation, maintenance, and continuous monitoring of our cyber space. In addition, INNIO implemented a "Cyber Security and Awareness Training" program. This digital and fully interactive content for all employees also runs phishing simulations and spreads awareness on relevant topics across the company.

At INNIO, personal data is only collected for specific, explicit, and legitimate purposes and is limited to the data necessary for such purposes. Our handling of personal data complies with generally applicable rules including the EU's General Data Protection Regulation (GDPR). We expect the same from third parties when handling INNIO's private data or the personal data of our employees. All our employees, including temporary workers, contractors, and anyone else processing personal data on the company's behalf, must complete and adhere to mandatory training. Plus, in compliance with applicable law, INNIO appointed a Data Protection Officer who implements a data processing register of all tools and applications that process personal data. Where applicable, works council agreements include the implementation of such tools.

Finally, we conduct security testing on our products prior to release and monitor them for cyber security threats or vulnerabilities. At INNIO, we are committed to our cyber security efforts and data privacy to build a more secure, resilient digital world.

EMERGENCY PREPAREDNESS

INNIO continuously works on improving our emergency preparedness policy to help ensure that our facilities are ready for deviations from business as usual as well as for emergencies. We perform regular training and emergency exercises, and we create action plans when needed. For instance, our Covid-19 emergency plans were made at the start of the outbreak — well before there was recognition that the pandemic had spread globally.

TOGETHER

we achieve our goals

P. 37

STAKEHOLDER ENGAGEMENT & MATERIALITY ANALYSIS

INNIO undertook our first materiality analysis in 2021, and we plan to undergo this formal process in the future, in response to the changing environment. The materiality analysis methodology will help us refine and assess the various ESG topics related to the business and our stakeholders, both now and in the near future.[11] The topics identified from the materiality assessment flow into our ESG reporting, ESG strategy and Bold Sustainability Goals. Through our regular materiality analysis, we are able to identify new issues, and review and recalibrate the ones we have already identified.

In 2021, INNIO's President & CEO, together with the Sustainability Review Board, held the first ESG Strategy & Commitment meeting. The panel included INNIO's senior executives and expert stakeholders, such as business ESG consultants with deep understanding of the business and industry as well as insight into the various aspects of sustainability. As part of our preparatory research, we studied multiple international frameworks (including SASB, GRI, and the United Nations Sustainable Development Goals [UN] SDGs), industry peers, the media and several industry associations to compile an initial, extensive set of potential topics for INNIO. This initial set of issues included 55 interrelated ESG topics, which then were refined and clustered.

INNIO's C-level executives were asked to review each clustered material topic, provide their perspective, and collate information on the relevance of each topic. Their perspectives then were discussed during the meeting, where participants were asked to list the topics they considered to be most substantial. The outcome was 13 significant areas, which then were classified into four themes — *Long-term Value Creation, People and Communities, Operations, and Climate and Natural Capital.*

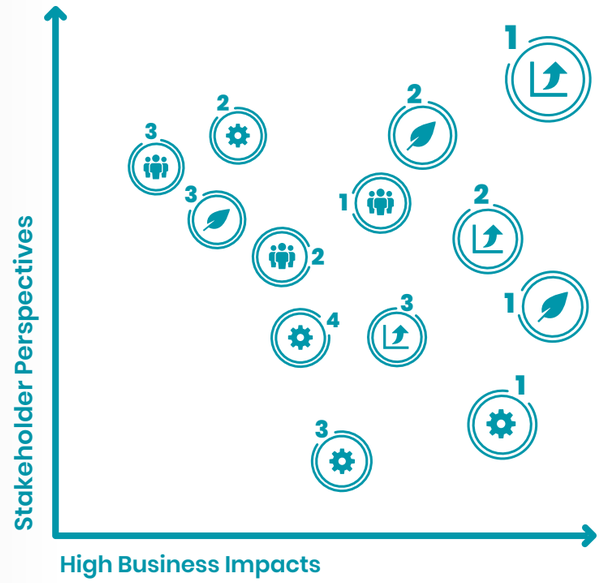
These four focus areas constitute the core of our business' sustainability effort, enabling us to positively contribute to the environment and to international communities, address the current global climate challenges and meet international standards. This holistic approach to managing sustainability is in alignment with a variety of global goals and challenges of the future.

[11] The list of our stakeholder groups is: civil society, customers & suppliers, INNIO's employees and contractors, trade unions, local communities, shareholders and providers of capital.

As illustrated in Graph 5, the 13 material issues were organized into a materiality matrix by INNIO's Sustainability Review Board, with issues positioned to show importance to stakeholders against potential business impacts. Prioritization was based on the economic, environmental, and societal importance to our business, as well as to the various stakeholder groups across our value chain. The results of our materiality assessment were confirmed by key internal audiences for validation and finalization.

NOTE: The positioning of the issues on the matrix does not indicate INNIO's level of action in managing them.

INNIO's materiality matrix as of 2020 report



Graph 5

Long-term Value Creation

1. Leading the industry with technology & innovation
2. Partnering with customers for the long term
3. Providing analytics & digital solutions

Operations

1. Ensuring operational excellence
2. Upholding high standards of business conduct
3. Applying high standards in procurement
4. Delivering flexible energy efficiency toward carbon-free products

Climate and Natural Capital

1. Leading role in energy transition
2. Creating sustainability across the value chain
3. Continuously improving environmental performance

People and Communities

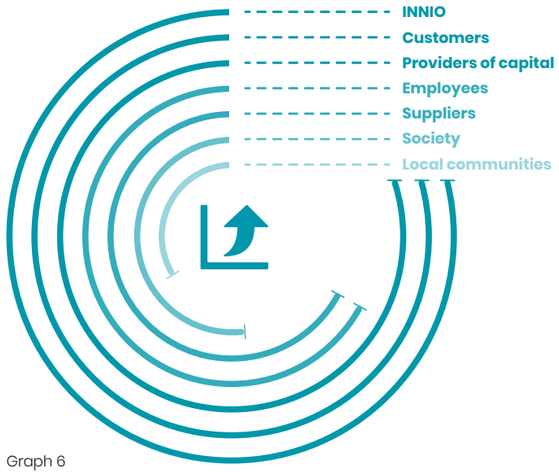
1. Continuously improving diversity & inclusion at all levels of hierarchy
2. Improving employee experience
3. Engaging with communities

INNIO'S IDENTIFIED MATERIAL TOPICS MAPPED TO THE UN SDGs AND THEIR LEVEL OF SIGNIFICANCE BASED ON DIFFERENT STAKEHOLDER GROUPS

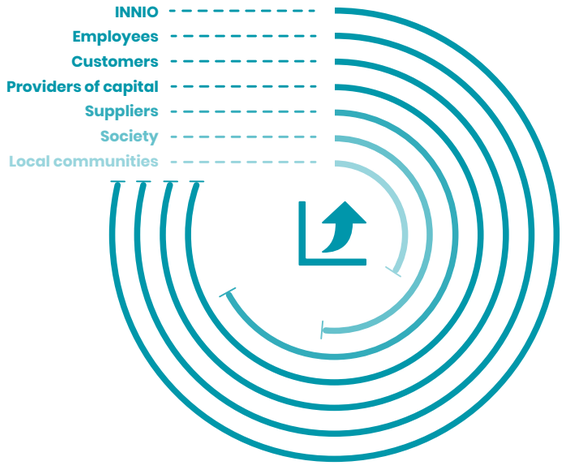
Long-term Value Creation

Leading the industry with technology & innovation

As the global energy economy transforms to reduce GHG emissions and transition to more sustainable fuels, developing industry-leading technology and innovations will be central to our success and to the well-being of the global community. Providing solutions that allow customers the flexibility to use hydrogen, sustainable natural gas and other fuels contributes to the reliability and affordability of the energy infrastructure.



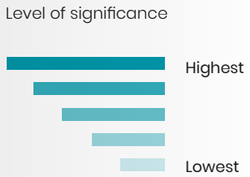
Graph 6



Graph 7

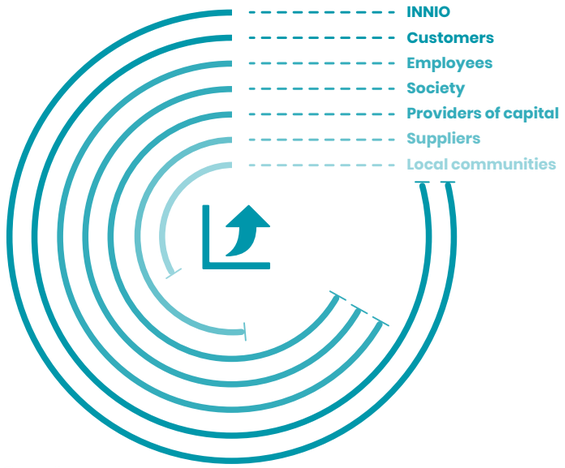
Collaborating with customers for the long term

Our customers and end-users rely on our engines and services to last for decades. As their businesses face a changing landscape of policy, regulations, economics and environmental factors, INNIO aims to help drive their long-term success. Listening to our customers and being part of the solution as we navigate industry-wide changes will contribute to satisfaction with our products and services.



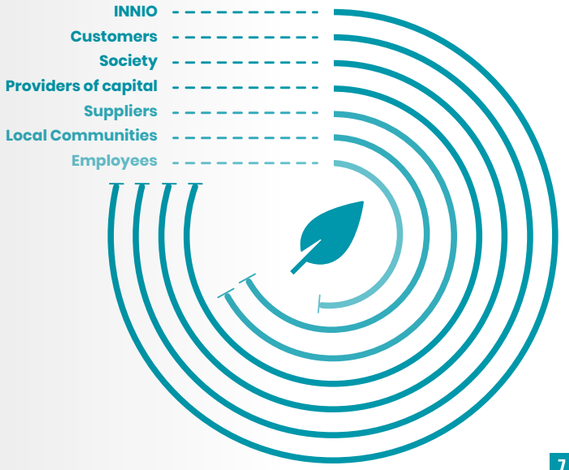
Providing analytics & digital solutions

We embed sophisticated analytics and digital solutions in our products and service offerings. These tools enable customers to reduce downtime, lower costs and extend the lifecycle of their equipment by predicting when maintenance will be required and analyzing performance data.



Graph 8

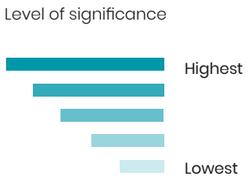
Climate & Natural Capital



Graph 9

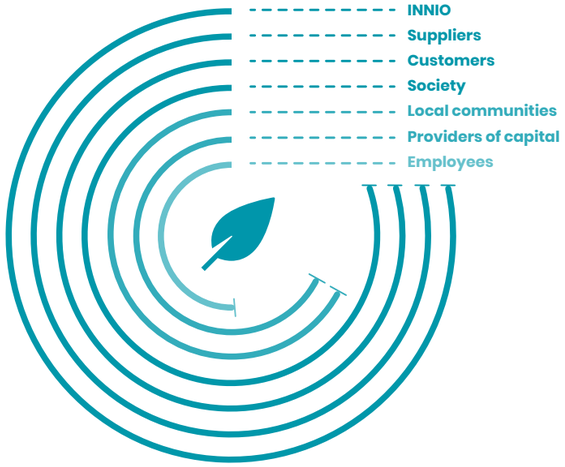
Taking a leading role in the energy transition

The world's energy systems are transforming to include an ever-larger percentage of renewable energy, very low or even net-zero carbon emission goals and demands for greater efficiency. Because our equipment is considered part of the critical infrastructure in many electric power grids around the world, INNIO intends to take a leadership role in developing solutions and driving positive change through the energy transition, entailing zero-carbon hydrogen efforts. By balancing the variability of renewable energy sources, our gas peaking technology helps ensure system reliability. Through our technology and carbon-neutral applications, our customers can better adapt to a changing regulatory and economic environment.



Creating sustainability across the value chain

INNIO strives to operate responsibly and drive more sustainable practices across the breadth of our value chain. This means optimizing resource/material use, for example, through recycling and product lifecycle planning, maximizing circularity and managing waste effectively.



Graph 10

Graph 11

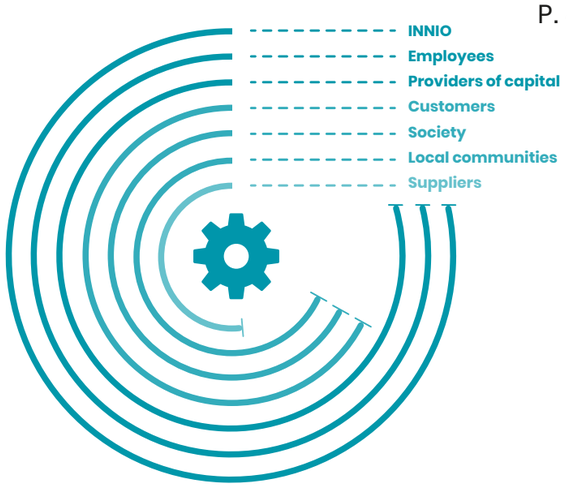
Continuously improving environmental performance

INNIO aims to maintain leading environmental stewardship practices in our own operations and reduce resource and material consumption as well as responsibly manage waste of all kinds. We work to continuously improve our environmental performance, including our Scope 1 & 2 emissions; our use of natural capital, including minerals, water and land; and the recyclability of our product components.

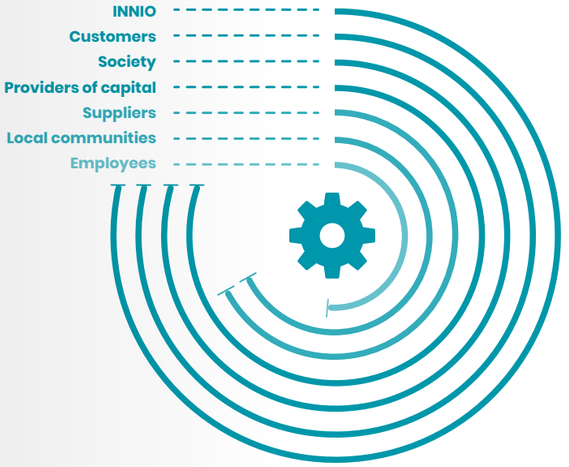
Operations

Delivering flexible energy efficiency toward carbon-free products

As a provider of critical infrastructure and essential components of the natural gas supply chains throughout the world, we strive to increase the efficiency of energy use where we can in the energy value chain. By offering options to accommodate a variety of different, sustainable fuel types, such as hydrogen and biogas as well as natural gas, we deliver reliable, affordable, flexible and low-emission fuel solutions to our customers, helping them drive toward carbon neutrality.



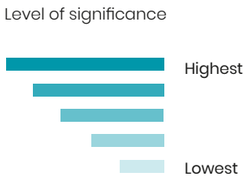
Graph 12

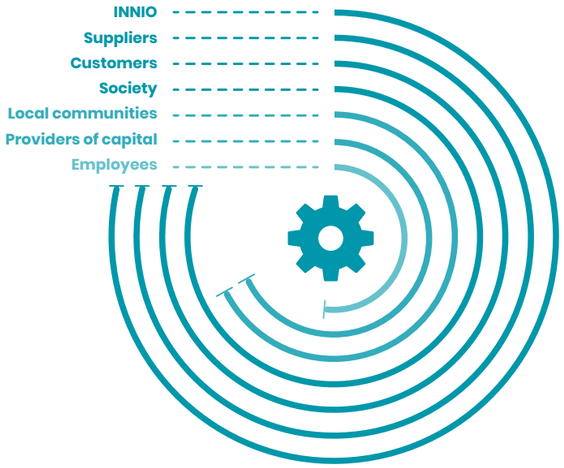


Graph 13

Ensuring operational excellence

Operational excellence at INNIO means everything from workforce health and safety to eco-efficient operations and the highest product quality standards to managing materials sourcing economically and responsibly. We hold ourselves to high standards in these and other dimensions of operational excellence and will report on our performance in future sustainability reports.





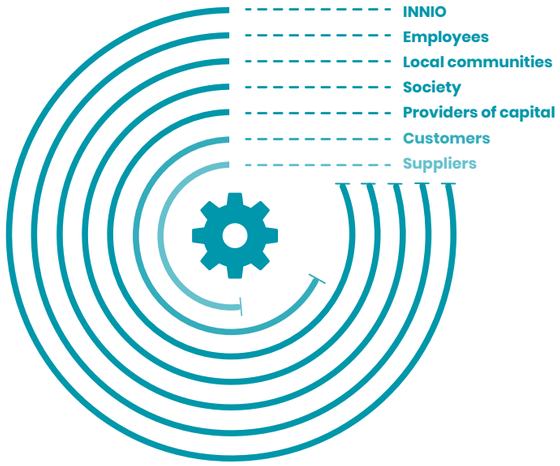
Graph 14

Applying high standards in procurement

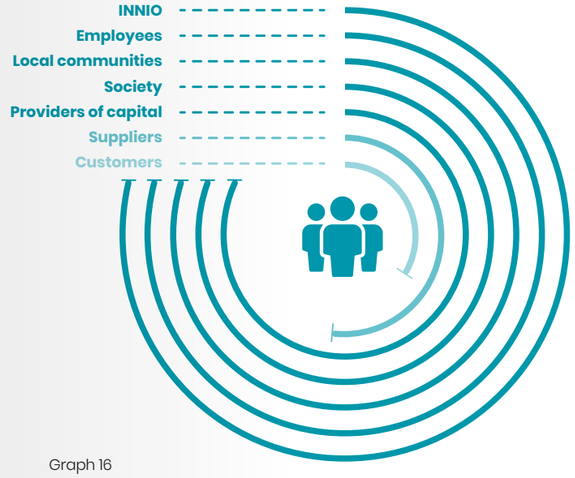
INNIO aims to attain the highest standards in supplier relations, manage risk and promote best practices throughout the supply chain. Through responsible operation we help drive environmentally and socially responsible processes across the breadth of the value chain. This means minimizing the environmental impact of our supply chain and ensuring suppliers uphold our standards and values in terms of environment, human rights, child and enforced labor, and good health and safety standards.

Upholding high standards of business conduct

At INNIO, upholding high standards of ethical business conduct and complying with the letter and spirit of the law are fundamental to every aspect of our business activities. In managing the environmental, social and governance (ESG) aspects of our operations, we are committing to continuously improve the way we do business. Because we take our role as part of the critical infrastructure seriously, we regularly review our business continuity and emergency preparedness plans, as well as our cyber security framework, to prepare for unforeseen circumstances.



Graph 15



Graph 16

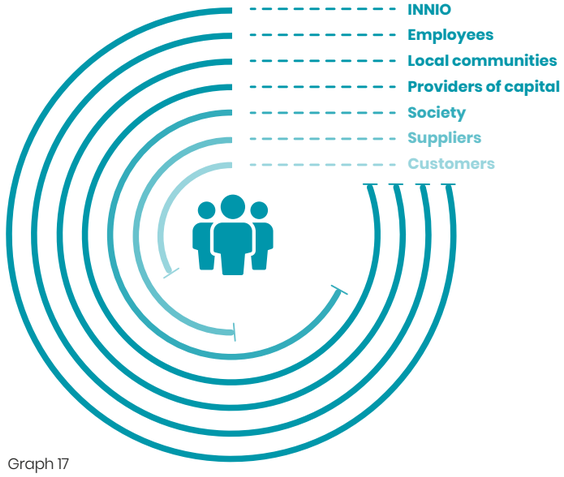
Continuously improving diversity & inclusion at all levels of the hierarchy

INNIO recognizes the positive impact that a diverse workforce and diverse leadership bring. We are working to measure and improve employee engagement and inclusion. Our industry has traditionally been less diverse than others, and we are considering ways of increasing the recruitment of women and other underrepresented groups at all levels, including the Board of Directors.

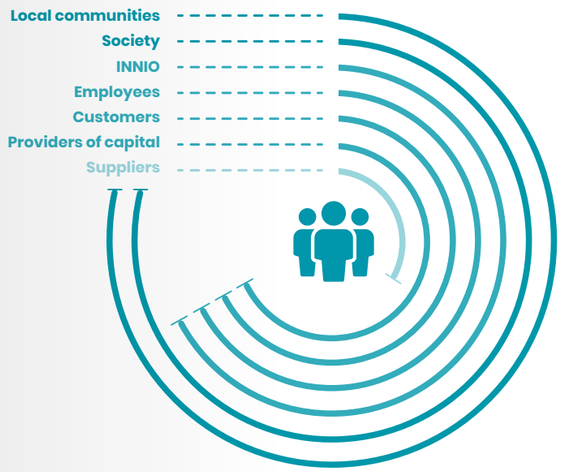
People & Communities

Improving employee experience

Our employees are the driving force behind our company. We look to attract the best talent and provide fulfilling careers so that our employees stay and develop with us. Training, development, employee engagement, and inclusive workplace all are essential to the employee experience.



Graph 17



Graph 18

Engaging with communities

INNIO plays a vital role in the communities where we operate. As a company and as individuals, we make an effort to give back by donating to local charitable organizations and volunteering in local initiatives and activities. In addition to our regular involvement, we actively collaborate with various organizations and local governments to improve the energy infrastructure in the areas we operate. Our involvement doesn't end there. For instance, all our sites actively supported their communities and local businesses throughout the Covid-19 pandemic.

ALIGNING BOLD SUSTAINABILITY GOALS WITH UN GLOBAL COMPACT

We view corporate sustainability as imperative for shaping a more sustainable future. For this reason, sustainability is deeply incorporated into our value system to help ensure that our business does no harm to people or the environment. INNIO aligns our strategy and operations with the United Nations (UN) Global Compact.

The 10 principles of the UN Global Compact that INNIO as a signatory commits to adopt are:

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses must make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should support the elimination of all forms of forced and compulsory labor.
5. Businesses should support the effective abolition of child labor.
6. Businesses should support the elimination of discrimination in respect to employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

In addition to the Global Compact, INNIO recognizes our role and responsibilities as a global energy leader concerning the 17 UN Sustainable Development Goals (SDGs). We are constantly working toward the common purpose of solving these challenges — reaching the goals and generating new, sustainable opportunities.

We prioritized and aligned the SDGs with our purpose, values, products, innovative solutions, and operations, while recognizing their impacts to our stakeholders, collaborations and initiatives. Because stakeholder engagement is a vital part of the SDG targets, we have engaged with internal and expert[12] stakeholders to help identify actual or potential significant impacts related to the company's operations and value chain. As already highlighted on pages 40-45, we have mapped our material topics against the 17 SDGs, with each material topic corresponding to one or more of them.

Through our clean energy solutions, innovative engineering and smart technologies, INNIO has explored ways to promote all SDGs that are related to the company's priority risks toward people and the environment. As a result, INNIO believes the company can contribute the most on SDG 7: *Affordable and Clean Energy*, SDG 8: *Decent Work and Economic Growth*, SDG 9: *Industry, Innovation and Infrastructure*, SDG 12: *Responsible Consumption and Production*, and SDG 13: *Climate Action*.

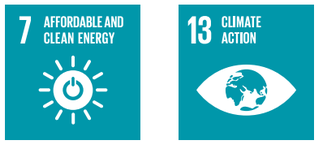
[12] Stakeholders (NGOs, trade unions, academics, consultants, lawyers, and representatives of other companies) who have a deep understanding of the business and its overall industry as well as a strong insight into the various aspects of sustainability (e.g., emissions, human rights, anti-corruption) who review company plans, adding reflective ideas or identifying any gaps.

TOGETHER

we provide sustainable energy solutions

ENABLING DECARBONIZATION

P. 50



INNIO's products are well suited to address the global regulatory trend of emissions reductions through renewables. Gas engines offer modular power and compression solutions with fuel flexibility, fast start capability and low emissions, making them an excellent and reliable product for grid balancing and compression. With the energy transition progressing toward a goal of climate neutrality by 2050 in Europe and by 2060 in China, reliance on fossil fuels is waning.

Bloomberg's[13] New Energy Outlook economic transition scenario estimates an emissions decline of approximately 6% per year to limit global warming growth to just 2 degrees Celsius by 2050. Significant growth in renewable energy and natural gas-fired power continue to drive demand for INNIO's products.

In recent years, many countries invested in improvements to their gas infrastructure including extraction, transmission, and distribution. Such improvements unlock gas' superior carbon footprint and cost profile versus other hydrocarbon fuels. Improved security of supply and an increase in gas exports provide structural tailwinds for a sustainable low-price regime and feed stock availability. These advantages are a key enabler by converting the energy sector from large coal and heavy fuel oil (HFO) power plants to smaller, scalable natural gas-driven decentralized power plants. Investment in renewable natural gas and hydrogen solutions facilitates diversity in the energy mix.

Today, the flexibility, reliability and versatility of natural gas enables a viable partnership with renewable energies, enabling the transition to a low-carbon energy world. This transition presents an opportunity for natural gas producers to greatly improve greenhouse gas emissions through adoption of improved combustion technologies and flare reduction solutions.

Another global target for the energy sector is to save primary energy through increased overall fuel efficiency by producing heat and power where it is needed instead of transporting it over long distances with high losses. Grid stabilizing CHP plants in the range of 1 – 10 MW can produce heat and power where needed with a fuel efficiency of more than 95%.

INNIO's sustainability initiatives demonstrate our commitment to providing innovative solutions that will lead the way in the global energy transition. Our research and development roadmap expands our portfolio with our 'Ready for H2'-engines and lowest-in-class emissions. Furthermore, INNIO is investing in upgrade programs to support the decarbonization of our entire installed fleet, with a focus on carbon-neutral fuels, increased efficiency and reliability, sustainable remanufacturing, and emissions reduction.

[13] New Energy Outlook 2020 | BloombergNEF (bnef.com)

VALUE TO OUR CUSTOMERS

THE TECHNOLOGY FRONTRUNNER

POWERING WITH CARBON-NEUTRAL FUELS

P. 51

In the early 1990s, INNIO began to decarbonize by installing gas engines that could generate power from biogas, a 100% carbon-neutral fuel. Today, we have one of the largest gas engine fleets running on biofuels. INNIO engines, generating about 5.5 GW of electricity, are installed across the globe, producing 44 TWh and providing enough electricity and heat for ~12 million households annually. One of the most common dispatchable and reliable renewable energy sources, biogas can be used for distributed power and heat generation at the point of use.

INNIO is now the first OEM[14] to offer a 'Ready for H2' -branded engine that can operate with natural gas-H2 mixtures up to 25% H2.

As of 2022, all other INNIO Jenbacher gas engines will be offered with a 'Ready for H2' option, capable of running with up to 25% volume of hydrogen in pipeline gas and readily convertible from natural gas to 100% hydrogen operation.

INNIO Jenbacher has been operating gas engines with high hydrogen content for many years. Steel gases and synthetic gases with high hydrogen content of up to 70% (volume) are in operation. Newer projects use local hydrogen blending to natural gas up to 70% (volume). Jenbacher gas engines are highly flexible in admixing hydrogen to natural gas fuel.

By retrofitting the world's largest-running natural gas engine fleet, INNIO Jenbacher can make a substantial impact on reducing CO2 emissions.

- ✔ More than 200 MW of our installed fleet now runs on syngases with up to 70% hydrogen content.
- ✔ Our first pilot engine began running on 100% hydrogen at a demonstration plant in northern Germany back in 2001. We have a number of high hydrogen applications in place around the globe, some with high operating hours. For instance, Hychico in Argentina has more than 70,000 operating hours running on 42% (volume) H2.
- ✔ In November 2020 in Hamburg — together with HanseWerk Natur — we commissioned the world's first large-scale gas engine in the 1 MW range that can run on variable hydrogen/natural gas mixtures from 0 to 100%. This success also demonstrated that it is possible to convert an installed CHP plant in the field to hydrogen, showing that once hydrogen is available at an economically viable price, INNIO can convert the installed natural gas fleet to hydrogen.

[14] OEM: Original Equipment Manufacturer

DECARBONIZATION VIA COGENERATION

P. 52

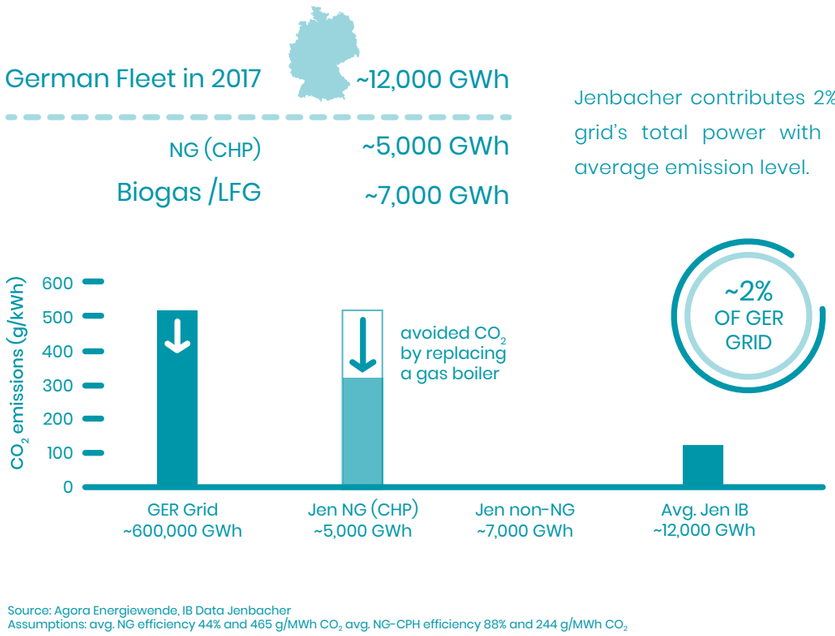
Today, more than 80% of the 12,000+ INNIO Jenbacher and Waukesha gas engines installed in Europe are running as combined heat and power (CHP) applications, generating more than 12 GW (and avoiding 25 million metric tons of CO2 emissions)[15]. A gas engine CHP system achieves approximately 30% primary energy savings compared to the separate generation of power and heat and can reduce specific carbon emissions by about 50%, replacing the heat provided by a gas boiler.

Most of the newer CHP installations in Europe are combined with heat storage, which allows the decoupling of the power and heat supply while still achieving high fuel utilization.

These engines run mainly when wind and solar are less available or electricity demand is high. This makes CHP power plants using gas engines a very flexible and highly efficient power generation solution that complements the volatile Renewable Energy Sources (RES).

In Germany, already, by 2017 the INNIO Jenbacher fleet was adding 12,000 GWh of electricity, amounting to 2% of the German grid, but with 80% lower emissions than the current power mix and CO2 emissions.

The so called “grid emission factor” refers to a CO2 emission factor (tCO2/MWh) that will be associated with each unit of electricity provided by an electricity system. The CO2 value in the network increases if, for example, there is a high proportion of coal-fired electricity in the network. Electricity providers already have begun many initiatives to reduce the CO2 value, among other things by using Jenbacher engines.



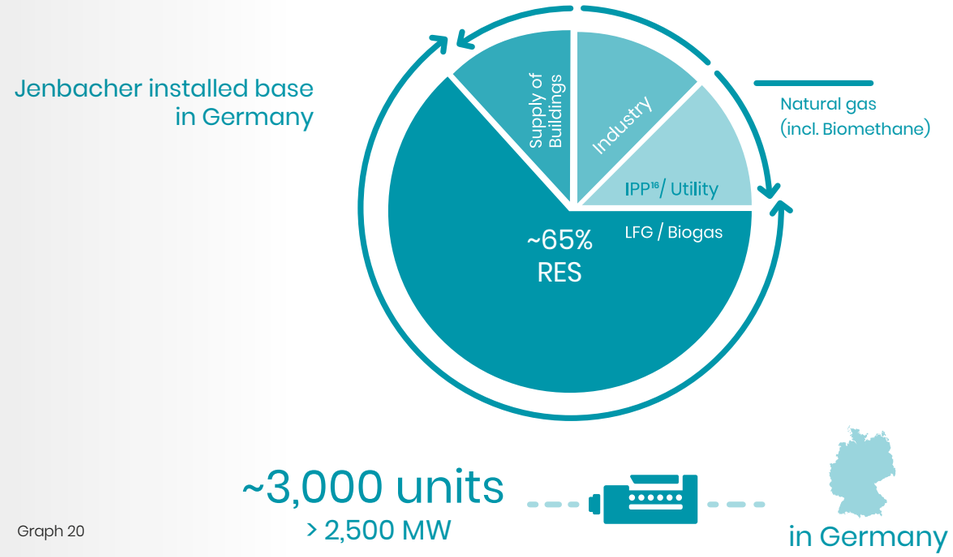
Source: Agora Energiewende, IB Data Jenbacher
Assumptions: avg. NG efficiency 44% and 465 g/MWh CO_2 avg. NG-CPH efficiency 88% and 244 g/MWh CO_2

Graph 19

[15] Against grid, i.e. IEA provided the global electricity grid emission factor by metric tons CO2/MWhe taking into consideration the usage of solid fossil fuels for power generation.

P. 53

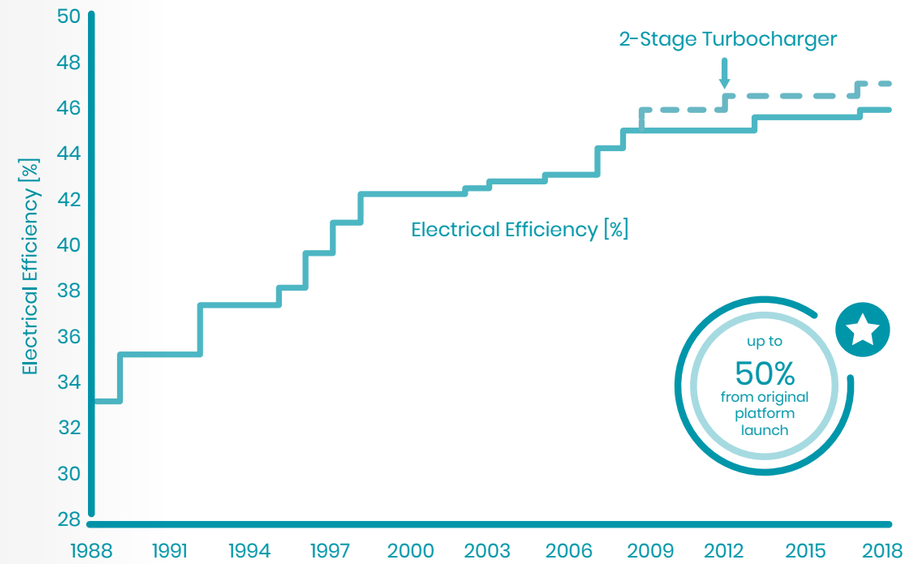
Jenbacher installed base powered 65% by Renewable Energy Sources (RES)



Graph 20

Offering industry-leading emission levels and reduced carbon footprints, many INNIO gas engines have passed stringent regulatory agency-prescribed tests for efficiency and environmental emissions. And we continue to pursue the principle of Efficiency First, which conveys our desire to simultaneously achieve greater efficiency and lower emissions. With that goal, we were able to gain greater than 13 percentage points of efficiency.

Efficiency evolution of Type 6 platform



Graph 21

[16] independent power producer

CONTRIBUTION TO THE OIL & GAS SECTOR'S DECARBONIZATION

P. 54

INNIO Waukesha gas engines have been helping to decarbonize the oil and gas sector for more than 50 years. After eliminating diesel engines in the 1980s, Waukesha targeted the natural gas industry's emissions challenges in flaring and CO2-e reduction. Natural gas is a byproduct of oil production and, in many cases without offtake capacity, the producer is forced to flare it with no societal or economic benefit. World Bank's Global Gas Flaring Reduction (GGFR) Partnership estimates that 142 BCM[17] (5,000 BCF[18]) of gas was flared in 2020—enough natural gas to power 63 million U.S. homes. To date, Waukesha technology has been used to reduce flare by 47 MMCF[19]/day, creating 180 MW of power while reducing greenhouse gas and other emissions by 396,000 metric tons per year.

Waukesha engines can achieve more than a 90% reduction in methane output compared to other technologies. Reducing and regulating methane emissions is feasible with existing technologies by upgrading the installed fleet of Waukesha engines. Modifying the 25,000 engines in the field allows us to achieve up to a 30% reduction in CO2-e greenhouse gas emissions. To help our customers meet truly net-zero goals, Waukesha can significantly reduce both methane and CO2-e where others cannot.

Waukesha's stoichiometric technology allows for a significant reduction in methane release through engine exhaust. Additionally, this configuration allows for use of a three-way catalyst (TWC) or Non-selective Catalytic Reduction (NSCR) similar to gasoline-powered engines. This simple and economical TWC/NSCR reduces nitrogen oxide, carbon monoxide, hydrocarbons, and hazardous pollutants through high conversion rates with reduced complexity and high efficiency.

The unique capabilities of Waukesha products make them an efficient solution for the conversion of flare gas to functional power loads, and our latest engine models have further reduced greenhouse gas emissions by more than 10%. Powering data centers, electric grids, or other captured power needs converts otherwise flared and wasted gas into a revenue stream. Recently, Waukesha engines were used in North Dakota to consume approximately 1.2 MMCF/day of rich gas and generate up to 6 MW of electricity for consumption.

[17] billion cubic meters
[18] billion cubic feet
[19] million cubic feet

DIGITAL INNOVATION

P. 55

As power generation and compression users face a constantly changing profile of requirements, needs-oriented, data-based intelligent control and monitoring solutions can help improve availability, reliability, and performance. With digital technologies from INNIO, such as our cloud-based Asset Performance Management solution myPlant, remotely connected engines deliver new levels of insight, enabling our customers to better plan maintenance, optimize facility productivity and actively track their own sustainability goals.

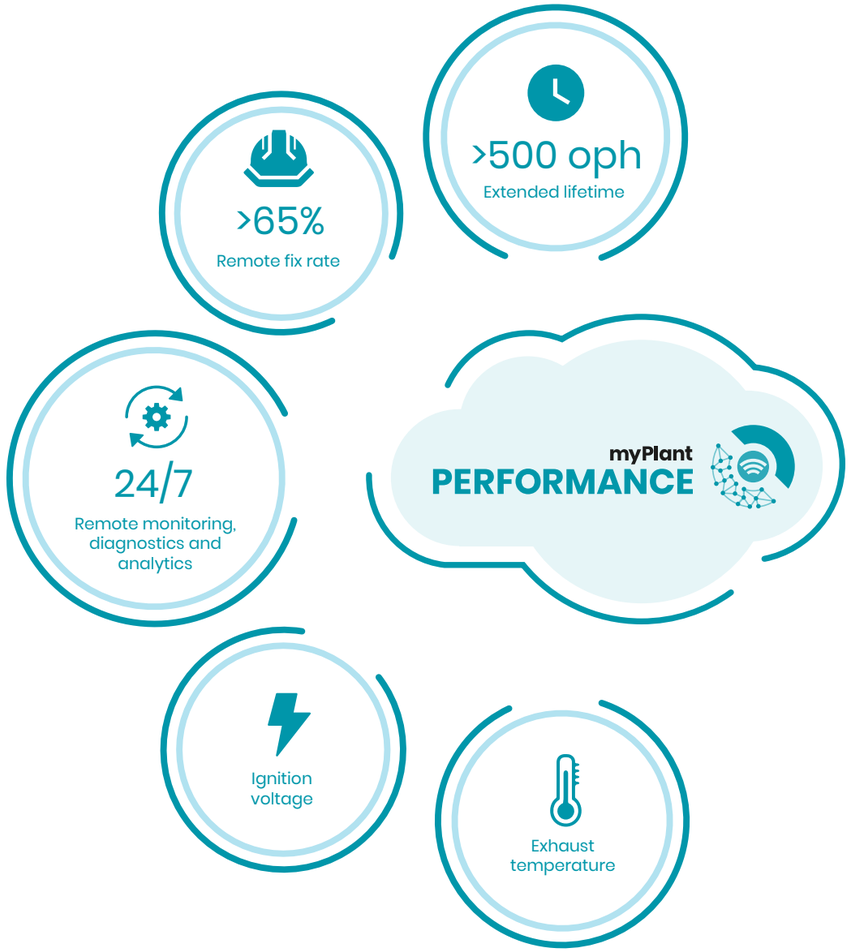
One example of INNIO´s intelligent digital tool is remote monitoring, where the system detects an unexpected event and assistance is required. With remote support, 65% of these events can be checked and rectified immediately. This avoids unnecessary travel by the service technicians, which contributes to a greener environment. In 2020, it was possible to save more than 1.3 million km on the road, which would have resulted in 227 metric tons of CO2 emissions.

Customer Service Value Chain

Issue detection	✔ Predictive Analytics ✔ Instant Access to Data + Notifications
Personnel	✔ Remote Access to HMI
Tools	✔ **Maintenance:** Advanced Mobile App ✔ **Troubleshooting:** Diagnostic Workbench
Engine	✔ Oil Analysis Integration
Reporting	✔ Automated Reporting & Dashboards

Graph 22

With the cloud-based module myPlant Optimization energy management solution, we support our customers in holistic control of heat and electricity generation and storage, and in trading energy on the electricity exchange, taking into account electricity spot prices, emissions, subsidies and weather forecast data to boost our customers' profits. For instance, a heat-controlled CHP system equipped with a Jenbacher J320 engine in Germany, which was intelligently controlled by the myPlant Optimization solution using the intraday tariffs of the electricity exchange (EEX), generated the same income with 23% fewer operating hours, compared with a "traditional" operating plan. As a result, more than 550 metric tons of CO2 emissions potentially could be saved annually and the natural gas consumption could be reduced by more than 260,000 Nm3, amounting to savings of more than € 140,000. Our energy management solution is a one-stop-shop to optimize plant operations, allowing our customers to conduct their own sustainability reporting and meet their specific sustainability goals.



Graph 23

Natural gas compression and power generation require reliable engine performance, sometimes in remote locations and with limited on-site personnel. myPlant Performance enables remote monitoring and troubleshooting for INNIO engines, providing access to critical repair information and INNIO support teams for quick issue diagnosis. This increase in fleet utilization also helps the environment by extending engine life, keeping thousands of metric tons of waste out of landfills, and curbing methane leakage and CO2 through faulty equipment.

Connect

Connected assets to myPlant cloud help you avoid:

- Excessive shutdowns
- Manual tracking of issues and limited fleet-wide monitoring
- Undetected compressor valve failures and other package issues

Analyze

Connected assets to myPlant cloud (via PLC) can be used for:

- Real-time monitoring
- Automated fleet-wide reporting and integrated MobilServ oil reports
- Rolled out engine and compressor analytics with automated alarms

Optimize

Connected assets to myPlant cloud help you achieve:

- 80% reduction in alarms over 9 weeks
- 8% increase in daily throughput
- 22% increase in package utilization

MONITOR — DIAGNOSE — REPAIR — ANALYZE

VALUE TO OUR CUSTOMERS

LIFECYCLE ENGINEERING & THE reUp PROGRAM

P. 58

INNIO understands that uptime is everything, so our engines are designed and built with a focus on lifecycle engineering, component reuse and recyclability of materials. Our reUp remanufacturing program keeps our engines running with a much smaller environmental impact than with new parts because most of the materials used are refurbished, saving resources and giving our parts a new life.

Product reuse allows INNIO to significantly reduce the amount of scrap and energy needed to make new components associated with procuring, machining and transporting new components and engines. In addition, our Jenbacher and Waukesha customers can extend their products' lifetime and improve overall emissions and sustainability through our remanufacturing and overhaul offerings.

For instance, on average, after 11 years of operation our Jenbacher gas engines must undergo a major overhaul in our repair shop. During this overhaul, 65% of the parts we install are reconditioned mechanical components. As a result, we estimate savings of 1,500 metric tons of material, or 1,074 metric tons of CO2-e, taking into account an average of 300 engines per year overhauled. Since we also provide our engines with the latest possible technological upgrades, such as electrical efficiency increases averaging 1.5% for Type 3 and 4, our customers can save more than 570,000 metric tons of CO2 in engine operation, and 7.6 million Nm3 of natural gas use is avoided.

In addition to using reconditioned components in the repair shop, we also have remanufactured 200,000-plus cylinder heads and 10,000 water/oil pumps for field service maintenance at customer sites.

Our minor overhaul reUp kit typically is applied at 20,000 or 30,000 operating hours, depending on the maintenance schedule. Unique to Jenbacher Type 3 or 4 gas engines, the kit offers a mix of remanufactured parts — such as reUp cylinder heads, reUp connecting rods, and a reUp water pump — along with new Jenbacher OEM parts.

INNIO Waukesha's investment in new technology has focused on parts commonality across engine families to increase sustainability, and Waukesha equipment is built to be reclaimed and remanufactured. In fact, the goal of Waukesha's remanufacturing program is to allow for more than half of existing components to be remanufactured or repaired by 2025. Most engines and critical components undergo multiple remanufacturing cycles.

Finally, INNIO designs our parts for easy maintenance and reparability, such as cylinder heads, crank shafts, and conrods that can be re-machined (per design). Modular design allows for easier upgrades, and we use sustainable materials such as lead-free materials and water-based paints when possible.

P. 59

Increased uptime
- Upfront delivery of reUp parts before the customer returns core parts
- Fast return to service

Reduced environmental footprint
- Reuse of material through refurbishing parts
- Resources saved as your parts are given a new life

Lower operating costs
- Cost savings achieved through reuse of core parts
- Improved total cost of ownership with same performance and lifetime expectation as new parts

Continued high reliability levels
- Holistic and systematic remanufacturing engineering process
- Accurately manufactured to original revolutionary specifications

Delivered quality & OEM capability
- Remanufactured and tested to INNIO's factory-quality standards and specifications
- Same factory warranty as for new parts

Graph 24

TOGETHER
we protect the environment

MANAGEMENT APPROACH TO THE ENVIRONMENT

Our goal — always — is to reduce primary energy usage. While we comply with applicable laws, ordinances, guidelines, and standards, we strive to go beyond with a primary focus on energy recycling, energy storage and increased energy efficiency. We are thoughtful in our own use of raw materials and resources and continuously improve our production processes while aiming to create even more efficient products.

Our innovative strength, inspiration, and technological know-how impact the lives of our customers and employees as well as the environment and society. INNIO's commitment to sustainability helps ensure a worthwhile quality of life today, and for future generations.

AN INTEGRATED MANAGEMENT SYSTEM

INNIO's integrated management system (IMS) policy was created in compliance with international standards for environment management (ISO 14001), quality management (ISO 9001), occupational health and safety management (ISO 45001) and energy management (ISO 50001). Providing guidance to all employees, including managers, office employees and the production staff, the IMS policy establishes the fundamental requirements that apply to our facilities and obliges all employees to act in accordance with it.

KEY ASPECTS OF OUR IMS POLICY ARE:

- We have a responsibility toward customers, society, neighbors, employees and shareholders.
- The lives and health of our employees and other stakeholders must be protected.
- The expectations and requirements of stakeholder groups are regularly analyzed, with the integration of relevant insights into our corporate processes.
- We learn from incidents and deviations and define corrective measures.
- High-quality materials are used to produce reliable, long-lasting, durable products.
- Our products reduce emissions, spare resource usage and are developed sustainably.

Graph 25

INNIO's IMS team is responsible for implementing and monitoring the IMS policy as well as maintaining consistency and good performance. In addition, the team monitors and assesses the implementation of action plans, conducts internal audits and provides IMS policy trainings. Every quarter, during the IMS Management Review meeting, the IMS team reports out to the CEO and other site leaders, providing them with updates for the IMS-related KPIs. During the meeting, senior leaders provide feedback to the team. In addition, all parties review the IMS protocol and discuss future actions and communication plans.

ASSESSMENT TEAM REVIEWS

P. 64 To ensure the continuous improvement of our IMS policy, INNIO encourages all employees working in our facilities to implement their own initiatives to decrease emissions and energy use and improve safety and quality. All of INNIO's facilities are evaluated regularly by our internal auditors. Our checklist for internal audits contains questions for managers, production staff and office employees related to each facility and department's IMS goals; plans to implement these goals; resources, tools and methods they use; zero error culture; and performance evaluation. These areas are scored, and if the score is less than a specific threshold set by our EHS team, the senior management is informed and the specific department is required to implement improvement measures.

COMMITMENT TO THE ENVIRONMENT, HEALTH & SAFETY

INNIO is committed to generating and delivering quality products and services in accordance with principles that help ensure protection of the environment and the safety of employees, customers and populations. This is only possible if we adhere to regulations regarding the environment, health and safety (EHS).

- Compliance to EHS laws and provisions is absolutely required.
- The health and safety of employees is always paramount. We must ensure adherence to optimal industrial standards, policies, and societal norms.
- Services, facilities, and activities can be detrimental to health and the environment. When possible, for instance, with greenhouse gas emissions, we should work to prevent or at least minimize hazards and their effects.
- Our business practices must ensure that environmental protection is a priority.
- We must ensure that appropriate measures are undertaken to minimize the amount of raw materials waste produced at the source.
- To achieve our objectives with EHS, we must set quantifiable goals.
- We must endeavor to continuously improve our EHS program.
- All employees are EHS accountable to their fellow employees, the environment, and themselves. As a result, all employees must follow EHS regulations and report any unsafe circumstances or possible health hazards.
- All managers must openly communicate their EHS expectations as well as required resources needed for the safe performance of activities. In addition, EHS accomplishments should be measured and documented regularly.

THE INNIOVATIVE TOOL

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This idea management tool, introduced in November 2020, gives all INNIO employees a way to submit their ideas or suggestions to improve INNIO's products and processes. INNIO's Quality department evaluates all the ideas and execution opportunities. Since introduction, more than 160 new ideas have been submitted, and 26 of them already have been implemented.

INNIOvative

ENERGY MANAGEMENT & AIR EMISSIONS

At INNIO, energy management is a strategic issue that requires networked, long-term thinking. When analyzing and developing our energy supply and energy management strategies as we move toward a carbon-neutral future, we are cognizant of our position, requirements, trends and global goals as a manufacturer of energy generation systems.

ENERGY CONSERVATION

The clean-burning engine technology INNIO has developed and tested provides a low cost, low emission alternative to purchasing electricity from the national grid at multiple facilities around the globe. But INNIO's conservation efforts don't stop with our technology. At our sites, we continue the journey of energy conservation through decreased emissions and energy usage and increased energy efficiency.

In the last decade, INNIO has succeeded in reducing the environmental impact at our Jenbach manufacturing site by lowering the plant's purchased electricity by about two-thirds and water requirements and waste by about one-third each. The INNIO location is considered a leader in the areas of environmental sustainability, apprenticeship training, occupational training, and energy footprint.

INNIO's energy consumption[20]

Energy (in GJ)	2020	2019
Total energy consumption	813,904	826,728
Energy consumption from non-renewable sources (%)	92%	91%
Energy consumption from renewable sources (%)	8%	9%

Table 2

Annual electricity numbers (in GJ)

Graph 26

As noted in Table 2, INNIO's absolute energy use decreased slightly since 2019. The percentages of INNIO's energy consumption from renewable and non-renewable sources remained the same the previous year, with energy consumption from non-renewable sources being the major source of our overall absolute energy use.

As illustrated in Graph 26, INNIO's annual electricity consumption decreased by about 20%, whereas the amount of electricity returned to the grid increased by 25% in 2020.

[20] Note: Changes in energy figures are to some extent driven by full ramp-up of Welland production facility and the ramp-down of the Waukesha production activities.

To make our sites more environmentally sustainable and to increase international competitiveness in the long term, we must reduce the use of primary energy sources as much as possible.

Table 3 represents some energy-related KPIs that we use to measure our performance, which can be achieved by focusing on:

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- Energy recycling, through the reuse of energy generated in the production process
- Storage, with better technological efficiencies
- Savings, with reduced energy consumption and more use of renewable energy sources

KPIs for internal measurement of INNIO site conservation goals

Power supply	Power consumption
	Power production rate
	Power area ratio
	Power space ratio
	Renewable energy share
	Renewable energy ratio
	Recycling ratio
	CO2 (power consumption)
Heat supply	Heat consumption
	Heat production ratio
	Heat area ratio
	Heat space ratio
	Heating degree days
	Renewable energy share
	Renewable energy ratio
	Recycling ratio
	CO2 (heat consumption)

Table 3

ENERGY EFFICIENCY PROJECTS

INNIO regularly carries out sustainability projects in the production areas. For instance, we have reduced heat losses in the hardening and annealing furnaces by introducing control systems for greater efficiencies. On a rolling basis, we analyze and evaluate our energy consumption using the Plan-Do-Check-Act cycle of continuous improvement for our processes, products and services. This root cause analysis methodology helped us mitigate gas consumption and emissions in the production area by dry testing the switch cabinets, greatly reduce the use of solvents by switching to electrostatic spraying methods in the paint works, and lower gas consumption when we dry tested components for various engineering projects.

Some of the energy efficiency-related projects implemented at our sites across the globe include:

- Charging stations for electric vehicles, operated with excess (waste) power from our test benches
- LED lighting at INNIO's newly built Welland facility, which uses all new technologies for better operational efficiency
- Two heat storage facilities for the intermediate accumulation of power produced at the Jenbach site
- Microgrid environment at INNIO's Energy Center in Jenbach, which tests engine reliability and durability via scenario simulation
- Heat and power recycling from manufacturing and engineering test cells. Based on INNIO's developed software, any currently available energy sources and generators can be optimized and utilized
- Use of negative balancing energy to reduce the burden on the grid
- Heat recovery system expansions
- Optimized manufacturing, such as the release of energy to non-production times, and auxiliary equipment, such as pumps

In 2021, Bridge House Advisors, environmental and sustainability experts, reviewed INNIO's carbon footprint based on 2019 and 2020 data in line with the World Resource Institute Greenhouse Gas Protocol[21] corporate standard. For the calculation of Scope 1 emissions, we identified two main components, stationary combustion and mobile sources (service vans, corporate cars, etc.), while Scope 2 emissions originate solely from purchased and consumed electricity. INNIO's Scope 3 footprint does not yet include all the elements in the indirect scope of calculation. As of 2020, INNIO included upstream material transport, downstream product transport, waste, employee commuting and business travel. We are in the process of expanding the components of our Scope 3 emissions to also include the use and end-of-life treatment of our sold products.

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This carbon footprint exercise gave us a better understanding of our emissions sources, the waste or optimization potentials within our business in terms of energy consumption, and how we need to manage them. INNIO's carbon footprint results are presented in Table 4.

INNIO's carbon footprint for 2019 & 2020 and distribution of our carbon footprint across Scope 1, 2, and 3 components

Scope Item	2020	2019
Scope 1 [metric tons CO2-e]	35,839	34,005
Scope 2 [metric tons CO2-e]	7,617	10,458
Scope 3 [metric tons CO2-e]	11,659	14,394
Carbon Footprint Intensity[22] [tCO2-e/tons of materials]	1.03	0.84
Stationary Combustion	62%[23]	56%
Mobile Sources	3%	2%
Purchased and Consumed Electricity	14%	18%
Upstream Materials Transport	8%	9%
Waste	7%	8%
Commuting & Business Travel	3%	4%
Downstream Product Transport	3%	3%

Table 4

[21] WRI GHG Protocol: https://ghgprotocol.org/corporate-standard
[22] Our carbon intensity is based on our combined Scope 1 (direct) and Scope 2 (indirect) GHG emissions. The intensity was calculated as tCO2-e/tons of materials purchased.
[23] The percentages represent INNIO's overall carbon footprint, including Scope 1, Scope 2, and Scope 3.

We can see some fluctuations in the GHG and intensity figures between 2019 and 2020. These can be typically attributed to increases or decreases of used materials, driven by efficiency improvements and company output as well as changes in use of energy, driven by extensive testing activities to provide efficient, innovative and high-quality products for INNIO's customers.

According to Table 4, in 2020, more than 60% of our carbon emissions come from stationary combustion, driven by the need to use non-renewable gases to test our engines. All our engines are tested with natural gas at our local test bench before we deliver them to customers. INNIO's medium- and long-term GHG-reduction goals include increasing the amount of renewable gases used during testing cycles.

Furthermore, the increased testing hours of our engines led to increased Scope 1 emissions, contributing to decreased purchased electricity (Scope 2). Testing our engines, leads to electricity production which we capitalize on powering our operations or return the electricity back to the grid. In this way, we always make sure that the energy we produce does not go wasted.

WATER MANAGEMENT

Water scarcity and pollution as well as declining water quality are increasingly impacting businesses around the globe. At INNIO, we strive to use water in a way that is socially equitable, environmentally sustainable, economically beneficial, and consistent with our commitments to the UN Global Compact.

Because of our concerns regarding water scarcity, we consulted Aqueduct Water Risk Atlas[24], a data platform run by World Resources Institute (WRI). Although it was determined that all INNIO sites and offices operate in areas with low water stress,[25] we remain up to date on trends that could lead to reclassifications of our site areas.

INNIO's four manufacturing facilities, in Europe & the Americas, are located in low water-stressed areas

INNIO's Facilities	Major Basin	Minor Basin	Aquifer	Country	Province	Water Stress
Kapfenberg	Danube	Mura	-	Austria	Styria	Low (0-1)
Jenbach	Danube	Inn	-	Austria	Tyrol	Low (0-1)
Waukesha	Mississippi-Missouri	Fox	Cambro-Ordovician Aquifer System	United States	Wisconsin	Low (0-1)
Welland	St. Lawrence	Lake Erie	-	Canada	Ontario	Low (0-1)

Table 5

Source: Aqueduct Water Risk Atlas

[24] Aqueduct is comprised of tools that help companies, governments, and civil society understand and respond to water risks – such as water stress, variability from season-to-season, pollution, and water access.
[25] A water-stressed area is created when the water withdrawn exceeds the amount of water renewed.

Through water management, we control water-related risks, seize opportunities, reduce operational costs and protect both our company and local communities from water stress. We systematically analyze our water withdrawal data and set clear reduction targets, and our team is responsible for compliance with legal requirements. At our sites, we closely manage water-related KPIs and set new ones. We also review site-specific water management practices through internal audits at production and development facilities.

INNIO withdrew approximately 790,000 m³ of water in 2020. More than 80% of the water withdrawn comes from municipal water networks, and almost 100% of it is discharged by our sites.

All our sites have permits for direct and indirect water discharges, and the discharged water meets outlined quality thresholds. In addition, we regularly measure and analyze our water management, sharing the information with local authorities.

INNIO's water use in 2019 & 2020

Water and Effluents (%)	2020	2019
Water withdrawal – Groundwater	83%	78%
Water withdrawal – Third-party water	17%	22%
Total water discharge[26]	94%	92%

Table 6

[26] The percentage refers to the total amount of water withdrawn given back to the source.

RESOURCE CONSUMPTION & WASTE MANAGEMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

One of our most significant contributions toward climate protection involves continuous technology improvements to help conserve resources and substantially improve the eco-efficiency of our engines.

Our goal is to prevent waste before reuse, recycling, and eventual disposal. In addition, we follow local and national regulations to ensure the segregation and proper recycling or disposal of waste. We are aware that as a continuously growing business, further reducing the company's waste requires a cross-functional approach, including employee engagement, supply chain, new product designs and packaging, so we promote multiple uses or usage in closed loops. In addition, we are committed to properly handling and recycling of hazardous waste[27] as well as reducing its use.

As part of this strategy, we are continuously working to improve the quality of our waste types, for example by briquetting metal chips. This eliminates coolant residues and reduces space consumption during storage and transport.

In 2020, INNIO generated 10,767 metric tons of waste, of which about 90% is non-hazardous and less than 10% is hazardous. In addition, INNIO recycled more than 85% of the total waste generated in 2019 and about 75% in 2020, excluding scrap metal, which is already 100% recycled.

[27] The definition of hazardous waste varies across countries and regions. INNIO follows applicable local and international regulations.

INNIO's distribution of total waste in 2019 & 2020

Waste by type (in metric tons)	2020	2019
Total waste[28]	10,767	9,838
Non-hazardous waste (%)	91%	94%
Hazardous waste (%)	9%	6%
Total waste recycled (%)	74%	86%
Total waste for other recovery operations (%)	14%	17%

Table 7

WASTE MANAGEMENT & INITIATIVES

All of INNIO's manufacturing sites use waste management-related KPIs to measure our progress in our operations, some of which can be found on Graph 27. We also organize Best Management Practices (BMP) training for our employees to promote environmentally conscious behavior.

KPIs used for internal tracking of INNIO's progress toward waste management

Graph 27

INNIO has implemented several projects and waste management initiatives over the years, including the introduction and use of a software system that enables us to manage and document the different types of waste used, the hazards and their quantities. INNIO also began operating a central system for cooling lubricants to achieve longer service lifetimes. We recently requested our suppliers and manufacturers to use recyclable packaging when possible.

Other initiatives include: recycling precious metals from used spark plugs, turning metal chips into briquettes to reduce impurities by cooling lubricants and reducing cubature, as well as pressing cardboard boxes into bales to significantly reduce disposal trips.

CHEMICAL MANAGEMENT INITIATIVES

We give special attention to the management of chemicals with continuous audits on our chemical inventories. We also adopted a Chemical Registration & Inventory System, the "CHRIS" control software, to administer and document relevant data, and implemented a release process for new chemicals in our manufacturing and maintenance areas.

[28] 2020 vs. 2019 increases in waste figures are to some extent driven by the full ramp-up of the Welland production facility and the ramp-down of Waukesha production activities.

BIODIVERSITY

The "E" factor in ESG usually is thought of as representing carbon emissions and climate change. However, climate change is directly linked to another crucial ESG threat, biodiversity loss. Preserving natural environments and forests in urban areas is vital to sustained life and plays a major role in the fight against climate change. At INNIO, we recognize the emerging risk of biodiversity loss, and we embrace the key role that we play in protecting our natural environments.

WELLAND FACILITY CONSTRUCTION

When INNIO constructed our new facility in Welland, Canada, between 2018 and 2019, we considered various aspects that could affect the area's biodiversity, such as the materials used in construction, from their sourcing to their assembly and disposal; the resources needed during the facility's use; and the potential adverse effects of the facility regarding flora and fauna. We promoted Green Building Initiatives and sustainable designs including the use of locally sourced, renewable resources in construction. We had no incidents of non-compliance of environmental permits and regulations.

An initial LEED assessment[29] was undertaken, and our design consideration strategies included low-emitting materials, proper air quality and thermal comfort, and energy-efficient building envelopes, equipment and lighting systems. In addition, our SMART factory initiative included the deployment of digital communication throughout the facility to reduce waste.

BAT HABITAT

The construction of Welland's industrial facility resulted in the removal of part of a bat habitat. For this reason, our Welland facility is participating in the creation of a site that combines habitat restoration and structures that contain natural snag and cavity trees relocated from the original habitat as well as bat boxes. The completion of these activities and final report submission to the Ministry of Natural Resources and Forestry (MNRF) latest, will be filed by October 2024.

GRASSLAND BIRD HABITAT

The Welland facility worked with the Niagara Parks Commission (NPC) to help redevelop and maintain a grassland habitat for the bobolink and eastern meadowlark, whose habitat was infringed upon by the Welland development. The Chippawa Grassland Bird Habitat Management Plan enhances existing pasture on the NPC property to support grassland-dependent-species.

[29] Leadership in Energy and Environmental Design

BUTTERFLY CONSERVATION

As a significant part of a healthy ecosystem, butterflies can be food for birds and bats, and they play a role in flower pollination. In addition, butterflies are identified as helpful bioindicators since they are very responsive to changes in temperature, humidity, light and rainfall patterns, making them vulnerable to environmental pressures such as drought and habitat loss.

At our site in Jenbach, we follow initiatives that can help preserve the local butterfly population. In our 65,000-square-meter facility, we have created an insect-friendly habitat by establishing puddling and insect watering dishes. We have also built bug boxes and planted special host plants, such as milkweed, where butterflies can deposit their eggs and on which caterpillars will feed.

SOURCING STANDARDS

We set a high standard for our business associates, only working with companies that share our sustainability ambitions. INNIO suppliers first must commit in writing to the 10 principles of the UN Global Compact. We also audit our suppliers to ensure that they offer safe working conditions for their employees and that they respect the environment. Since 2020, suppliers must be ISO 14001- and ISO 50001-certified to receive full points in our scorecards.

LOCALIZATION

INNIO's global network of facilities, along with our distributors, packagers and third-party providers, allows us to be close to and optimally serve our customers worldwide. Because we focus on total cost of ownership for our purchases (rather than just purchase price), local suppliers of raw materials, goods and services, as well as suppliers who focus on energy efficiency and sustainable practices, have a competitive advantage and a higher likelihood to be awarded bids by INNIO.

RAISING THE BAR

2021 is a transformative year for sustainable procurement at INNIO. The topic was in the spotlight at our well-attended supplier conference in February, with both a keynote speech and a workshop dedicated to sustainability. The conference was the occasion to announce to suppliers our roadmap for the year: professional ESG ratings integrated in our supplier scorecards, measuring Scope 3 greenhouse gas emissions together, and defining energy standards for our global offices. Our ambitions are high, and collaborations with suppliers will be key to success.

MATERIALS

Using resources efficiently protects the environment and conserves natural capital. Because materials use is vital for the production and packaging of our engines, we are committed to the efficient use of the natural resources and raw materials used as input for our products and operations. We strive to optimize the use of these resources in our business processes by implementing material-related measures applicable to the upstream and downstream links in our value chain as well as in the areas of packaging.

As a matter of principle, we evaluate sourced materials for their environmental compatibility and recyclability. For several years now, INNIO has used almost 60% of recycled materials for our products and packaging. The different materials we use as well as their distribution by type are found in Table 8 and Graph 28, respectively. INNIO also requires the use of recyclable materials for single use and reusable packaging and load carriers (reusable solutions are preferred). Consequently, INNIO, in collaboration with our suppliers, pursues the environmental legislation's waste management goal according to the ecological principle "avoidance rather than reduction rather than recycling" and thus makes a consistent contribution to waste avoidance.

PRODUCTION

Every material we use in manufacturing is carefully analyzed so that our raw materials, auxiliary materials, supplies and consumables are more sustainable. This includes, for example, increasing the service life of our tools, a focus of about 40 projects each year.

For instance, in the area of gas storage, tanks were enlarged to reduce the number of delivery trips. At the Jenbach site, we have reduced losses by switching from individual tanks to a piping system. During "5S" inspections, the system's effectiveness and functionality are checked daily.

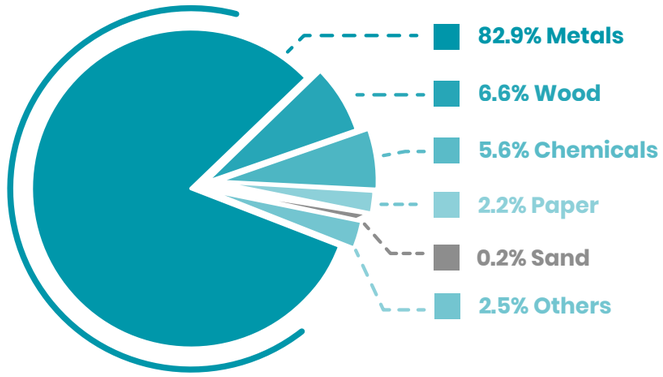
WAREHOUSING & PACKAGING

Reusable loading equipment such as pallets or boxes is used for internal transport. Through exchanges with our suppliers, we will intensify the circulation of wire mesh pallets and 'Euro' pallets. In addition, to use resources more sensibly, we will repair defective loading equipment and, whenever possible, promote reusable packaging materials. In terms of sustainability, we are working on the continuous optimization of our own packaging. For our vendor parts, we have drafted a factory standard 890110 General Packaging Guideline.

Materials used for the INNIO Group in 2019 & 2020

Material usage (in metric tons)	2020	2019
Metals	34,920	43,932
Wood	2,781	3,499
Chemicals	2,356	2,965
Paper	933	1,173
Sand	76	95
Others	1,071	1,347
Percentage (%) of recycled input materials	58%	57%

Table 8



Graph 28

TRANSPORTATION

We attempt to avoid transporting material by air freight whenever possible, and only about 4% of our deliveries are moved by air. On all transport routes, the aim is to reduce unnecessary emissions generated by unused cargo space, so we work to optimize our packing density and reduce partial loads, thereby avoiding additional handling. We also will use a smaller number of transport companies so that they can better consolidate the shipments and handle them in a more resource-efficient manner.

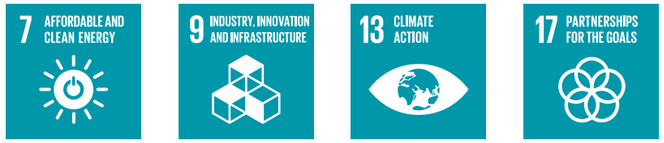
ENVIRONMENTAL COMPLIANCE

We recognize that we are accountable for the impact that our activities have on the environment. Failure to comply with national and international environmental regulations can not only result in monetary loss and damage to our reputation but also have severe consequence to the climate. Our business license depends on compliance with laws and regulations related to environmental protection, which is particularly important for government authorities, shareholders, and providers of capital. In past years, we have recorded no environmental non-compliance warnings or fines for environmental breaches.

At INNIO, we comply with applicable international and local environmental laws and regulations. Our environmental policy and methodology are based on ISO 14001 requirements and best practice standards. For facility compliance, we use and maintain one digital legal and compliance database that covers legal and permit requirements for environment, health and safety (EHS). The software enables us to monitor and manage environmental risks and obligatory tasks and prevent non-compliance. Our EHS risk database includes information on existing controls for environmental risks and plans and requirements for future actions.

INNIO also requires each of the facilities to perform internal compliance audits on a regular basis to assess and review performance requirements in terms of energy use, emissions into the atmosphere, water use and discharge, the use of raw materials, waste management, hazardous substance handling, and biodiversity and ecosystem protection.

OUR COLLABORATIONS



INNIO works with different organizations to promote sustainability and low-carbon technology.

KLIMAAKTIV

Since 2017, INNIO's Jenbach site has worked with the "KlimaAktiv" program, established by the Austrian Ministry of Climate, Environment, Energy, Mobility, Innovation and Technology for energy-efficient companies. As part of this association, we apply "KlimaAktiv" expertise to continuously implement sustainability measures while contributing to the development of the program itself.

ENVIRONMENTAL MANAGEMENT WORKING GROUP

of Tyrolean Industries and the Tyrolean Chamber of Commerce

INNIO is an active member of the Environmental Management Working Group of Tyrolean Industries and the Tyrolean Chamber of Commerce, which serves as a platform for continuing educational training through quarterly meetings and excursions. During lectures from specialists, current topics are explained in depth and further explored as part of roundtable discussions. The regular meetings encourage networking across the Tyrolean companies and allow experts from Tyrolean industry to exchange their experiences.

LARGE ENGINES COMPETENCE CENTER

For the past 25 years, INNIO and the Large Engines Competence Center (LEC) in Graz have been researching and developing visionary technologies for sustainable power generation and the transportation industry. The combustion of e-fuels, including hydrogen and hydrogen carrier gases such as synthetic natural gas, methanol or ammonia, are being tested or further optimized. The research aims to develop technologies capable of making drastic CO2 reductions and to build gas engines that are virtually emission-free. Some of the projects INNIO is working on with the LEC include:

✔ COMET-K1 research program

The State of Tyrol is providing funds for technology development in the areas of sustainable power generation and transportation systems. The aim of the state energy policy is to free Tyrol from its dependence on fossil fuels by 2050 — areas in which INNIO has made major steps.

✔ EU HyMethShip project

A carbon-neutral, 2 MW Jenbacher Type 6 engine was tested at the LEC in 2020 as part of the EU HyMethShip project. The gas engine operates on renewable energy sources: either 100% hydrogen or 100% hydrogen carrier methanol. The aim of the award-winning HyMethShip innovation project is to set new standards in the area of emission-free deep-sea shipping and to eliminate sulfur and CO2 emissions.

✔ The storage challenge

This research project centers on optimizing combustion of 100% regenerative hydrogen, which is obtained by electrolysis with the aid of excess wind or solar power. This hydrogen can be converted into hydrogen carrier gases such as synthetic natural gas, ammonia or methanol, and it also can be converted back into electricity.

TOGETHER

we live diversity

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EMPLOYEE MANAGEMENT

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INNIO's performance depends substantially on the commitment and engagement of each individual employee. A core value of our company is that we all must collaborate and engage to succeed. Individual knowledge and personal abilities are applied to benefit the company's overall performance. Together as a team, we consistently pursue our goals.

Professional standards and ethics are the norm in our day-to-day business and are embedded in our Code of Conduct. INNIO is committed to complying with the highest compliance standards and is aware of our corporate social responsibility. Appreciation, problem-solving, performance and innovation — both internally and externally — are key pillars of our engagement with one another every single day.

INNIO promotes an inclusive, safe, progressive, and nurturing work environment where communication plays a significant role and all employees are equally supported and encouraged to grow and prosper within our organization. In a global environment, compliance to different labor laws, legislation, and collective bargaining agreements is a foundation of our business. We put a structured and well-maintained talent development program at the forefront of INNIO's daily work. All of these activities are supported by INNIO's Human Resources Department and led by the Chief Human Resources Officer (CHRO). In addition, we maintain companywide policies to help assure an equal work environment for all.

BY THE NUMBERS

INNIO employs more than 3,500 people, 60% of whom are in the 30-50 age group and 17% are women. They have diverse backgrounds and come from more than 50 nationalities. More than 80% of our employees are located in Europe. Companywide, about 15% of the supervisory positions are held by females, according to 2020 data.

EMPLOYEE ENGAGEMENT

Our employees are our company's key ambassadors, and we value their opinions, ideas and expertise. Along with regular face-to-face employee meetings, transparent communications and the continuous dialogue that is part of our day-to-day culture, we also established several important additional precedents, including our overall global engagement survey. In addition, we ask for continuous feedback from our employees via our Ideas Management Tool (IMT).

LABOR RELATIONS

INNIO supports several diverse types of labor relations groups, including country-specific works councils. In Austria, more than 90% of our employees are part of the collective bargaining agreement, which we support and are compliant with. They also are covered by the corresponding works council for employees and workers (Arbeiter- oder Angestellten-Betriebsrat).

TALENT MANAGEMENT & ACQUISITION

At INNIO, we continuously strive to be the best employer and attract top talent. INNIO bases employment decisions on job qualifications and merit — including education, experience, skills, ability, performance, and growth values. INNIO actively works with various local universities and technical schools to attract young talent and offers training for military veterans. We also have special initiatives for young talent at our four production sites.

To meet the need for highly skilled staff, INNIO in Jenbach has a well-established and recognized apprentice training program that runs for three to four years. A team of internal instructors works to educate the future professionals for a variety of well-compensated technical roles that offer excellent opportunities for advancement. Our nearly 1,200-square-meter apprenticeship workshop — featuring training rooms, modern CNC machining centers, a waterjet cutting machine, a robotics system, and an in-house electronics lab — is an excellent environment for learning in addition to being a space for actual production. Our apprentices regularly win prizes at national and international competitions such as the Tiroler Landessieger and the EuroSkills (vice European title in CNC milling).

For our Waukesha product line, our engineering program supports the development of recent engineering graduates. The Welland site provides jobs, internships and training to hundreds of local technical and professional people with a training and skills development program with the Niagara College Walker Advanced Manufacturing Center. The site also organizes career events at Brock University and Niagara College, from which it also offers direct full-time positions to the best talents.

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In addition to attracting the right talent, a transparent application process actively supported by our recruiting software Jobvite and a dedicated team are key to our business.

PROFESSIONAL DEVELOPMENT

At INNIO, we see talent development as a core business success factor, and we believe continued development — the main way to support talent retainment — is essential to our business. We invest selectively and carefully in our employees and have built an exceptional team with extensive international knowledge and a broad range of experience. Our goal is to ensure that our employees feel valued and are clear about their roles and responsibilities.

Personnel development at INNIO focuses on helping employees perform their jobs to the best standards and helping them resolve challenges in a quickly changing environment. As a link between the corporate strategy and our employees, personnel development encourages commitment and drives accountability, ensuring that both employees and managers remain true to our vision and mission and achieve our goals. The INNIO development cycle is standardized, covering all employees at all levels.

TRAINING

At INNIO, we also emphasize continuous education to increase value alignment across everyone in the organization and create a safer and better work experience for all employees. In this way, we ensure that all our employees gain and share best practices, a process that inevitably leads to increased engagement and company success.

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In addition, we believe that our training strategy provides employees with support and encouragement in their ongoing development as contributors and shapers. Our common goal is to create an environment where employees can fully use and apply their talents and experience.

INNIO has two major pillars for training. In 2020, we introduced the "INNIO Development Academy," a fully flexible online training program. Areas include Development for all Employees, Leadership Career Path, Expert Career Path and special programs for specific target groups such as Sales Academy and Lean 6 Sigma. A free, 24/7 online learning library with more than 80 skill-focused courses is also included. INNIO runs different leadership development programs focusing on certain employee groups, such as the Leadership Development Boutique, the 1st Wave leadership program, as well as functional and regional programs.

INNIO Development Academy

Leadership

Leadership Development Boutique
e.g., leading remote teams & problem solving, leading change, conflict communication & leading conversation, leading & engaging teams

First Wave Leadership Program

Leadershift Program (Hungary)

Coaching for specific individual development

Expert

Development Boutique
e.g., changeAbility, communication in turbulent times, virtual facilitation, project management, six sigma

Mentoring

Peer Coaching

Special Programs

Sales Academy | Talent Development Journey | Lean Six Sigma Program | Talent Talks (1/year)

All INNIO employees

Collection of further Learning Opportunities
e.g., Springer Professional access to digital library, overview of free learning offerings

eTraining Library (80+ trainings)
general business skills, communication & presentation, productivity, personal development, leadership development

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Our INNIO-wide Learning Management System (LMS) is an expansion of our traditional Product Training Center. This newly introduced system includes more than 70 face-to-face and online optional and mandatory training courses available in up to five languages, ranging from product and engineering knowledge to key legal and compliance information including international trade controls, cyber security, data privacy and EHS trainings, just to name a few.

Average hours of training per employee in 2020

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By Gender	Male	5.8
	Female	4
Employee Category	Managers and supervisors	6.6
	White-collar employees	6.2
	Blue-collar employees	4.4

Table 9

PERSONAL DEVELOPMENT

We acknowledge the need for a healthy work-life balance, so in addition to professional development, we also promote personal development. This creates the space needed for an arm's length perspective to generate momentum, produce ideas and foster creativity.

COMPENSATION

To recruit, engage, and retain employees, INNIO offers competitive and equitable remuneration and benefit packages for all our employees. INNIO maintains a companywide transparent system for job levels that provides internal equity. INNIO also strives to be competitive and balanced by regularly reviewing market-based compensation and benefits practices in each of our locations. Our benefits consider local market practices and can include, but are not limited to, pension programs, educational assistance programs, health care, dental care, disability and life insurance, short-term and long-term disability, canteen, and paid time-off.

PARENTAL LEAVE

At INNIO, we recognize that becoming a parent can be both wonderful and challenging, so we provide a high level of support to our employees with a policy that addresses the needs associated with the expectancy or care of a child. Aligned with legal guidelines, it includes paternity and maternity leave of a length that is dependent on location/jurisdiction, adoption leave and other time off that parents might need such as doctor's appointments, child counseling sessions, school visits and children's activities.

OTHER TYPES OF LEAVES

In addition, we also support other types of leaves, such as educational leave, sabbaticals or caring leave, including early/partial retirement in some countries.

EMPLOYEE HEALTH & SAFETY

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Occupational Health and Safety (OHS) is of the utmost importance to us – for both our employees and visitors. We don't simply comply with relevant national regulations and international protocols regarding OHS, we exceed them. Our OHS management system consists of an OHS policy, governance, planning, implementation, evaluation, and actions for improvement, and we also provide OHS training to all employees.

In addition, we assess the significance of the OHS risks in our supply chain by taking the necessary mitigation measures, such as preventive protection programs including accident prevention controls, medical examinations for staff working in specific areas with special requirements, ergonomic programs, audits and OHS training for suppliers. We only select suppliers with a strong OHS track record.

To ensure that we always do our best toward safety and health, we continuously refine our safety procedures, modify our risk evaluation and assessment process, and set new goals to achieve a working environment where employees feel safe. While doing this, INNIO always acts according to the Plan-Do-Check-Act cycle of continuous improvement to avoid reoccurrences.

SAFETY DATA

Looking at the data noted in Table 10, INNIO's rate of recordable work-related injuries remained stable. The rate of work-related injuries in 2019 does not include data from INNIO's factory in Welland. The factory was under construction in 2019 and started full operational production in 2020. None of the sites recorded any fatalities.

Rate of recordable work-related injuries and fatal workplace injuries in 2019 & 2020

	2020	2019
Rate of recordable work-related injuries [30]	0.82	0.62[31]
Employee fatalities	0	0
Contractor fatalities	0	0

Table 10

HEALTH AND SAFETY INITIATIVES & RECOGNITION

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Here are some of our initiatives related to health and safety:

Health We Care

This health initiative is designed to support and motivate employees to live healthier lives through healthy leadership, sporting activities, health prevention, healthy nutrition and mindfulness. In addition, this initiative provides employees with information about trends in workplace health.

✔ Digital newsletter:

Published monthly, the Health We Care digital newsletter updates employees about various Health We Care-organized training and activities. They also receive tips and useful links about a variety of topics such as mental health, healthy recipes, and childcare while working from home.

✔ Ergonomic aids for office work:

To ensure a workplace in which employees feel comfortable, we offer our staff ergonomic aids for office work such as computer mouse gel pads, special keyboards, and back support cushions and footrests. We also help evaluate our employees' office workstations regarding the correct settings for table and chair heights and other important parameters.

✔ Ergonomic aids in production:

For our production employees handling large and heavy pieces, lifting and hoisting equipment is provided and maintained to avoid stresses or injuries caused by manual heavy load lifting. We also provide mats for ergonomic standing at the workplace for safety and comfort.

✔ Physical activity:

The INNIO Betriebssport (the company sports program team) offers regular trainings to our employees including running, skiing, tobogganing, biking, hiking, soccer, darts, volleyball, air rifle shooting, Bavarian curling and ice hockey. In addition, we offer onsite interval training, back training and yoga on a weekly basis.

✔ Online training:

Our Health We Care team organized a series of physical trainings online (BaseFive training, keep fit back health, kids training and body shape) during the Covid-19 pandemic. These trainings focused on mobilization, stretching, endurance, and muscle strength.

[30] Rate of recordable work-related injuries= [(Number of recordable work-related injuries)/(Number of hours worked)] x 200,000
[31] The rate of recordable work-related injuries for 2019 excludes INNIO's Welland site. The factory started full operational production in 2020.

Safety and security training for our associates

Annually, more than 40,000 individuals visit INNIO's Jenbach site. To ensure their security, INNIO's Health and Safety Department worked with an IT company and developed an effective, state-of-the-art electronic check-in system. In this next-generation entry protocol, visitors to INNIO's headquarters must complete an interactive safety and security training and pass a quiz before being granted a photo ID visitor's badge. This security and safety course is accessible in 11 languages.

Recognition

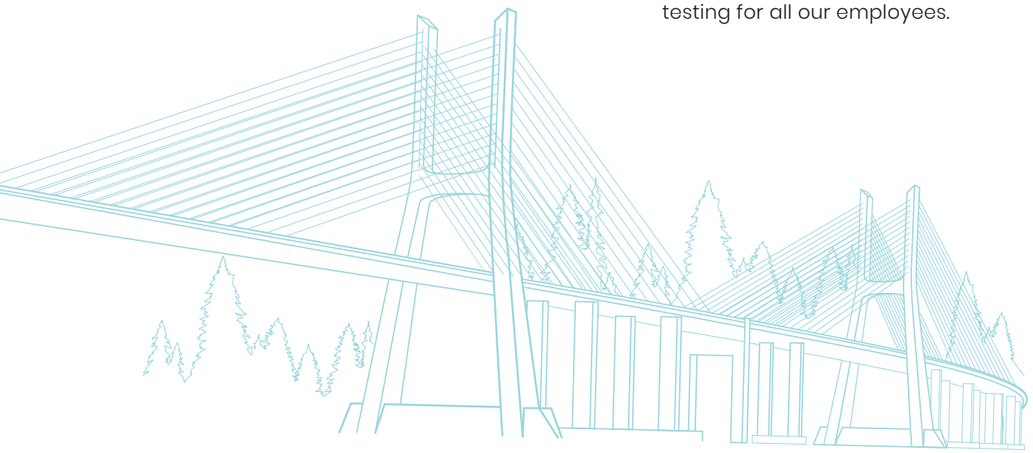
Our Jenbach location has been certified by the Austrian employer-based health insurance for promoting occupational health. In addition, all INNIO production sites have a health team that provides employees with health and nutritional advice as well as other health improvement programs.

Health Matters

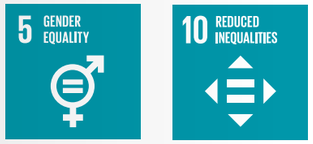
To promote health and well-being among our employees, INNIO's U.S. team promotes a workplace wellness program, Health Matters. The Health Matters program provides up-to-date resources and forums that promote a healthful work environment and support the adoption of healthy habits by employees who want to improve their mental and physical health.

Covid-19 pandemic support

We worked to protect our workforce from Covid-19, promoting home office work globally, independent of local jurisdiction, and providing mobile equipment. To protect our production workers, we offered testing in our production lines. We also maintained additional safety measures for employees traveling on business around the world, including vaccinations, travel security and paid quarantine. Finally, INNIO supported the government with outbreak management at all our locations and on-site Covid-19 testing for all our employees.



DIVERSITY & INCLUSION



As a global business, we serve customers all over the world. A diverse workforce contributes a variety of experiences, backgrounds and approaches to our work. It allows us to provide our customers and stakeholders with a broad range of creative and effective solutions and enables us to attract great talent.

We believe our company is stronger when the diversity of our employees reflects all INNIO's stakeholders globally. Teams consisting of employees with diverse perspectives and experiences generate more insights and ideas to solve our toughest challenges by sharing in candid, collaborative, and productive conversations.

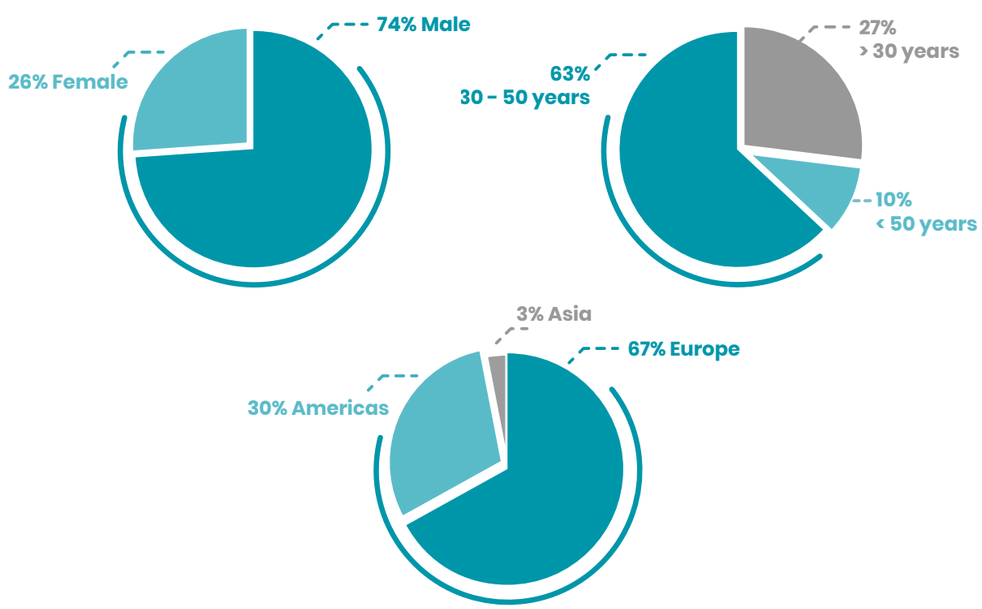
We realize that the journey toward diversity is a collaborative one involving all stakeholders. In that spirit, we strive to create and sustain a culture of inclusion and move toward a more diverse workforce at all levels, and we have achieved an initial baseline for the future growth and development of diverse teams. INNIO Group also organizes and promotes diversity and cultural diversity trainings for all employees globally.

Employee distribution by gender, region & age group

Employees by function	
By gender	
Male	83%
Female	17%
By region	
Europe	82%
Asia	2%
Americas	16%
By age group	
< 30 years	20%
30–50	60%
> 50 years	20%
Total	**3,599**

Table 11

New employee hires by gender, age group & region in 2020



Graph 30

INNIO DIVERSITY NETWORK

One of the initiatives in which we promote diversity and inclusion is through the INNIO Diversity Network, which promotes diversity and emphasizes its importance. The name was changed from the Women's Network to make clear at first glance that all employees are welcome. The group organizes trainings and regular meetings to discuss various aspects of diversity and cooperates with external bodies such as Management Center Innsbruck (MCI), sharing knowledge and promoting best practices.

SPEAK UP!

We encourage our employees and associates to SPEAK UP! anytime they are aware of potential violations or possible business risks or critical issues. The SPEAK UP! platform is an integral part of the Compliance organization, and it reports periodically into INNIO's Board of Directors. Our SPEAK UP! platform provides multiple channels, some of which are fully anonymous, to report risks and concerns without fear of retaliation. When incidents of discrimination are reported, our Compliance team works to assess the nature of the claim and strives to always take appropriate action in response, whenever merited. Our strong corporate culture and transparent management practices allowed us to avoid any discrimination and harassment cases in the reporting year.

ENERGIZE EMPLOYEE RESOURCE GROUP (ERG)

Open to all U.S.-based employees, the enERGize Employee Resource Group (ERG) focuses on harnessing the power of diverse thinking to better influence business decisions and serve as a platform for diversity, inclusion, volunteering, and outreach. The group's mission is to increase employee enjoyment and engagement. In addition to diversity-related topics, the group focuses on employee engagement, health and wellness, the environment and community outreach, representing the entire spectrum of INNIO's values.

TOGETHER

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we support future generations

COMMUNITY ENGAGEMENT & PHILANTHROPY

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As an international company, INNIO recognizes that communities play a vital role in our success. At INNIO, thoughtfulness and mutual support are core values that lead us to take our responsibility toward society seriously, ensuring that we build stronger communities and provide unwavering support through our diversity and inclusion efforts. INNIO is committed to environmental and social improvement, ensuring that our activities address community challenges. Through our volunteer network, we support organized employee events with a special focus on education and skill building, environment, health, and financial stability in the communities in which we work and reside.

AREAS OF FOCUS

INNIO's employee outreach efforts can be categorized in five areas that are seen as critical to building strong communities.

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✔ Educational support

INNIO provides various internship and traineeship programs, and partners with local educational institutions, giving young people a technical and vocational education that prepares them for the future.

✔ Local business support

INNIO recognizes that local businesses, which bring growth and innovation to local communities, are essential to the economy. INNIO provides support to local businesses through our corporate events and activities.

✔ Environmental support

INNIO and our employees engage in multiple voluntary projects, providing a cleaner and healthier environment for our local communities.

✔ Medical support

INNIO, as an employer but also as an international company with a major effect on local communities, ultimately supports good health and well-being for all people. We strive to financially assist people with severe and rare medical problems and provide support to local governments for quality healthcare services.

✔ Individual support

Our employees engage in various volunteer programs, providing support to those in need.

VOLUNTEERING INITIATIVES 2019–2020

Educational support

INNIO Waukesha has supported the Waukesha School District in a number of ways. Since 2019, we have been a Gold Sponsor of the Waukesha Education Foundation, supporting an enrichment program for children in the district and providing an in-kind donation to the endowment fund for grants and scholarships. Also that year, we held an employee community service day at one of the schools. More than 80 volunteers cleaned classrooms, rebranded the school's gymnasium, constructed outdoor classroom garden beds, re-mulched the outdoor property and installed art on the front of the building.

For several years, INNIO Waukesha has raised money for the United Way, which supports many non-profit organizations, through raffles and silent auctions.

On our site in Jenbach, our employees organize several events to help children learn about the world by participating in games, riddles and puzzles. In addition, our private tutoring programs for young children and refugees provide after-school support to more than 60 children.

Environmental support

INNIO employees participated in the Earth Day cleanup event in Welland, Canada, where they cleaned up outdoor green spaces and urban landscapes.

INNIO's Jenbach site provides the thermal energy that is generated during our production activities to a swimming pool in the town of Jenbach.

Individual support

For more than a decade, INNIO's employees have engaged in various voluntary programs to help people in need. For instance, we have provided free, nutritious warm meals from our canteen to individuals in need. To fulfill the Christmas wishes of children in need, the Jenbacher Volunteers collect the children's wish lists and bring them presents on Christmas Eve. And, to give individuals a great start in their new lives, our employees help in home cleaning and renovation as well as furniture and playground construction.

Local business support

Small local businesses are a powerful backbone of the economy, but many were negatively affected by the Covid-19 pandemic. INNIO has always substantially supported local businesses, by procuring goods and services for our corporate events and activities. We will continue to assist small local businesses to help ensure their preservation and growth.

Medical support

In recognition of the tireless work of staff at the medbo District Hospital in Regensburg, Germany, during the Covid-19 pandemic, INNIO Jenbacher and ExxonMobil donated 1,200 liters of Jenbacher N Oil 40 engine oil to the hospital's energy supply center. This initiative ensured that the Regensburg healthcare facility had a reliable and flexible energy supply and recognized the dedicated hospital staff.

INNIO is a sponsor of the CF Foundation, funding research and drug development for cystic fibrosis (CF), a genetic disorder that affects the lungs, pancreas, and other organs.

In addition, INNIO's employees regularly raise money to help people with severe and rare medical issues. Recently, we helped a young girl who suffers from a rare genetic disorder called xeroderma pigmentosum, buying specialized, costly protective clothing so she can step outside her home in daylight.

TOGETHER

for a sustainable future

INNIO* is a leading provider of renewable gas, natural gas, and hydrogen-based solutions and services for power generation and gas compression at or near the point of use. With our Jenbacher* and Waukesha* gas engines, INNIO helps to provide communities, industry and the public access to sustainable, reliable and economical power ranging from 200 kW to 10 MW. We also provide lifecycle support and digital solutions to the more than 53,000 delivered gas engines globally, through our service network in more than 100 countries. We deliver innovative technology driven by decarbonization, decentralization, and digitalization to help lead the way to a greener future. Headquartered in Jenbach, Austria, the business also has primary operations in Welland, Ontario, Canada, and Waukesha, Wisconsin, U.S.

Follow INNIO on Twitter and LinkedIn.

For more information, visit the company's website at innio.com

INNIO JENBACHER Waukesha

**ENERGY SOLUTIONS.
EVERYWHERE, EVERY TIME.**