



# Making progress together

## 2023 Sustainability Report

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## CEO letter

Dear INNIO stakeholders,

Sustainability is not everything, but without sustainability, everything is nothing. This simple idea captures the current relevance of sustainability for politics, society, and investors.

Countering man-made climate change is our shared obligation because we want the earth to be a planet worth living on in the future. But there are also tangible economic reasons to advocate sustainable business practices. According to a study published by PwC in December 2023, sustainability factors are important to three-quarters of lenders when making investment decisions. I can confirm this observation. In my conversations with customers, investors, and political decision-makers, one thing has become clear to me: Companies have a duty when it comes to sustainability. Therefore, only sustainable businesses are future-proof. At the same time, the study showed, investors have little confidence in corporate sustainability reporting. They want to see real, measurable progress, not greenwashing. In this respect, I see the INNIO Group's sustainability reporting as a confidence-building measure.

Once again, we've made significant strides in the past year. Our Sustainability Report for 2023 serves as a comprehensive testament to this achievement. We regularly rely on inputs from our employees and ask the entire global INNIO Group team to contribute with ideas for further improvements through our INNIOvative platform. I'm pleased to say that our colleagues have stepped up to the occasion. My heartfelt thanks go out to all those involved. It's not always about the big picture, it's about the myriad of small mosaic pieces that come together to create a whole. This starts with the ongoing decarbonization of our own operations and value chains and extends to the topic of social responsibility and transparent and compliant corporate governance.

Together with Stadtwerke Kiel AG, for example, we're setting new global standards, preparing to operate the coastal power plant on 100% green hydrogen by 2035. Our partnership with Hyosung Heavy Industries Worldwide for the first 100% hydrogen-fired power plant in the Asia-Pacific region is a testament to our combined effort to drive the hydrogen economy forward, supporting South Korea's journey towards carbon neutrality. With our Jenbacher "Ready for H<sub>2</sub>" technology, we're enabling a more resilient and sustainable operational model for Danone in South Africa. Additionally, we're contributing to the world's first 100% hydrogen storage facility with RAG Austria AG. These initiatives underscore our commitment to decarbonizing the energy sector.

Creating a safe environment for our employees is as central to the INNIO Group as is collaborating with customers on decarbonization. In fact, our Welland facility in Ontario has been recognized by Canadian Occupational Safety as a 5-Star Energy and Resource Company for its ESG programs dedicated to social progress and impressive health and safety policies. These sustainability efforts are being seen and recognized. For instance, EcoVadis has awarded us a Platinum ESG rating, and we have been given a "negligible risk" assessment by Sustainalytics Morningstar, accompanied by the "Top Industry" recognition plaque for 2024.

As the sponsor of our Sustainability Review Board, I firmly believe that the steps we have taken together are leading us in the right direction, and I assure you that we will continue to stay on course. INNIO Group is poised to play a key role in creating a sustainable future with improved energy solutions.

With that, I wish you an enjoyable reading experience.

Sincerely,

→ Dr Olaf Berlien,  
President and CEO, INNIO Group

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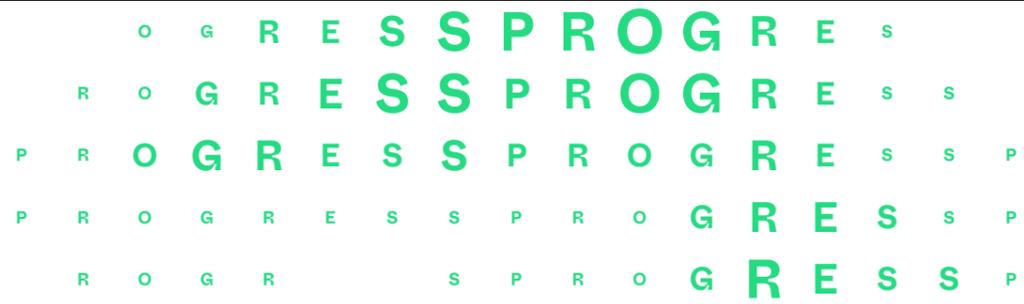
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## Abbreviations

	<b>CFO</b>	Chief Financial Officer
	<b>CHRO</b>	Chief Human Rights Officer
	<b>CHP</b>	Combined Heat and Power
<b>C</b>	<b>CISO</b>	Chief Information Security Officer
	<b>CMS</b>	Compliance Management System
	<b>CSRD</b>	Corporate Sustainability Reporting Directive
	<b>CTO</b>	Chief Technology Officer
<b>D</b>	<b>DEI</b>	Diversity, Equity, and Inclusion
	<b>EHS</b>	Environment, Health, and Safety
<b>E</b>	<b>ESG</b>	Environmental, Social, and Governance
	<b>ESRS</b>	European Sustainability Reporting Standards
<b>G</b>	<b>GHG</b>	Greenhouse Gas
	<b>GRI</b>	Global Reporting Initiative
	<b>IEA</b>	International Energy Agency
<b>I</b>	<b>IMS</b>	Integrated Management System
	<b>IRA</b>	Inflation Reduction Act
<b>N</b>	<b>NPI</b>	New Product Introduction
<b>O</b>	<b>OEM</b>	Original Equipment Manufacturer
<b>P</b>	<b>PCF</b>	Product carbon footprint
<b>R</b>	<b>R&amp;D</b>	Research and Development
	<b>SASB</b>	Sustainability Accounting Standards Board
<b>S</b>	<b>SBTi</b>	Science Based Targets initiative
	<b>SRB</b>	Sustainability Review Board
	<b>STEM</b>	Science, Technology, Engineering, and Math
<b>T</b>	<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures
<b>U</b>	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
	<b>UN SDGs</b>	United Nations Sustainable Development Goals

# Executive summary

This non-financial disclosure is a comprehensive overview of INNIO Group Holding GmbH’s environmental, social, and governance (ESG) strategy. We have followed the well-recognized Global Reporting Initiative (GRI) structure to outline and communicate on our progress. In doing so, we aim to provide our stakeholders with information in a structured, standardized, and transparent format.

“Making progress together” demonstrates how INNIO Group’s journey has progressed since we set our baseline goals in 2020. We identify our sustainability targets across three strategic pillars: Low-Carbon and Circular Products, Resilient Supply Chain and Manufacturing, and Responsible Operations and Social Responsibility. All pillars are underpinned by good governance, business ethics, and transparency.

2023 was a strong year in terms of financial performance, increased factory output, and the expansion of our workforce. But as we grow our business, we also continue to make tangible improvements across our three sustainability strategy pillars. This report showcases the tangible improvements and progress we have made across these pillars.

INNIO Group continues to actively work on reducing our Scope 1, 2, and 3 emissions. Since our baseline year of 2020, we have reduced our total corporate carbon footprint by 1.3%. In 2023, we reduced our Scope 3 emissions by 82,418 metric tons. Our near-term targets have been validated by the Science Based Targets initiative.

By the end of 2023, more than 80% of our top 200 suppliers had committed to a 50% reduction in their GHG emissions by 2030. Additionally, we have increased the percentage of recycled material inputs sourced for our products to 61%.

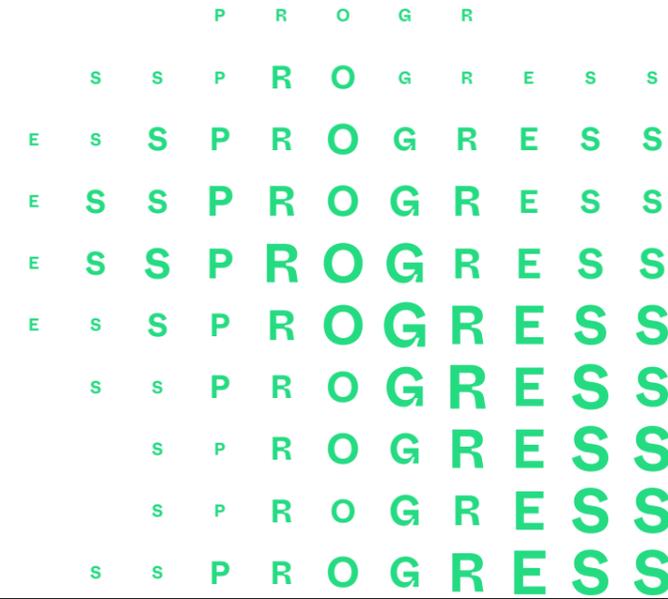
Creating a diverse work environment is central to our growth and innovation. In 2023, we increased gender diversity by 4% to reach 18.1%. INNIO Group’s prioritization of talent development demonstrates our dedication to building long-term careers. In 2023, approximately 31% of vacancies were filled through internal transfer.

Providing training and support for both employees and customers remains a priority for INNIO Group. In 2023, 127,321 hours of trainings were completed by employees, and more than 100,500 hours were provided to distributors and end users.

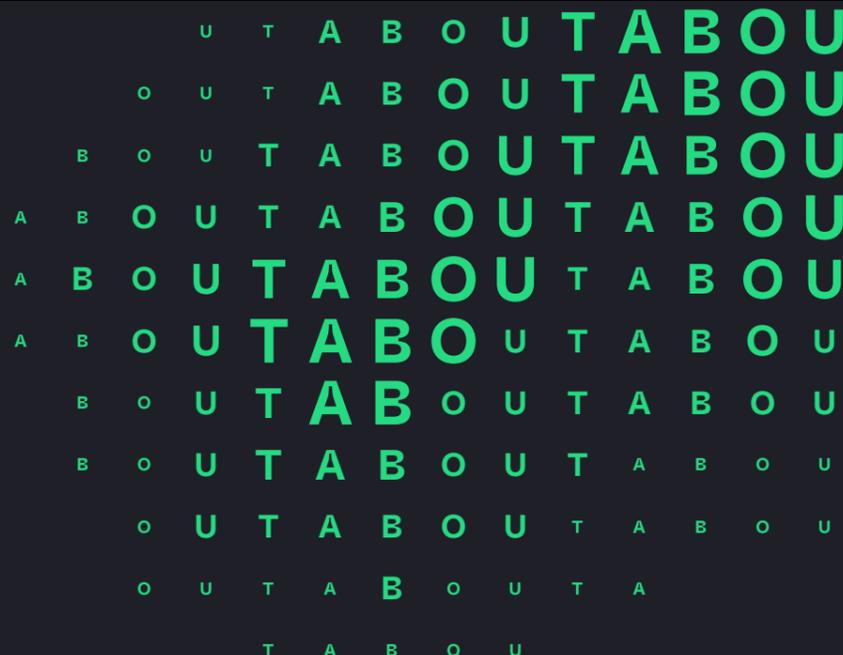
Maintaining a safe work environment is of key importance to us. In 2023 our number and rate of high-consequence work-related injuries was zero. Additionally, we continue to maintain a strong track record of zero fatalities in our operations. INNIO Group’s high standards were recognized by Canadian Occupational Safety 5-Star Energy and Resource Companies Awards for our health and safety policies and dedication to social progress.

INNIO Group continues to be top-rated by both EcoVadis (Platinum medal) and Sustainalytics (rated “negligible risk”).

This Sustainability Report has been externally assured. KPMG Austria GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft has performed an independent limited assurance engagement on the combined consolidated non-financial report (“NFI report”) for the financial year 2023. For the assurance report, please see pages 110-113.



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## INNIO Group is a global business

INNIO Group is a leading energy solution and service provider that empowers industries and communities to make sustainable energy work today. With our product brands Jenbacher and Waukesha and myPlant digital platform, INNIO Group offers innovative solutions for the power generation and compression segments that help industries and communities generate and manage energy sustainably while navigating the fast-changing landscape of traditional and green energy sources. INNIO Group is individual in scope, but global in scale. With our flexible, scalable, and resilient energy solutions and services, INNIO Group enables our customers to manage the energy transition along the energy value chain wherever they are in their transition journey.

INNIO Group is headquartered in Jenbach (Austria), with other primary operations in Waukesha (Wisconsin, U.S.) and Welland (Ontario, Canada). A team of more than 4,000 experts provides life-cycle support to INNIO Group's more than 57,000 delivered engines globally through a service network in more than 100 countries.

In March 2023, INNIO Group's ESG rating ranked first out of more than 500 companies worldwide in the machinery industry assessed by Sustainalytics. In August 2023, INNIO Group was awarded Platinum medal from EcoVadis for the second time. This places INNIO Group in the top 1% of businesses.

For more information, visit INNIO Group's website at [innio.com](https://innio.com)

Follow INNIO Group and its brands on  (formerly known as Twitter) and 

## INNIO Group at-a-glance



4,468

Employees

78

Nationalities

36

Locations

100+

Countries in our service network

57,000+

Engines delivered

12,000+

Connected assets to myPlant

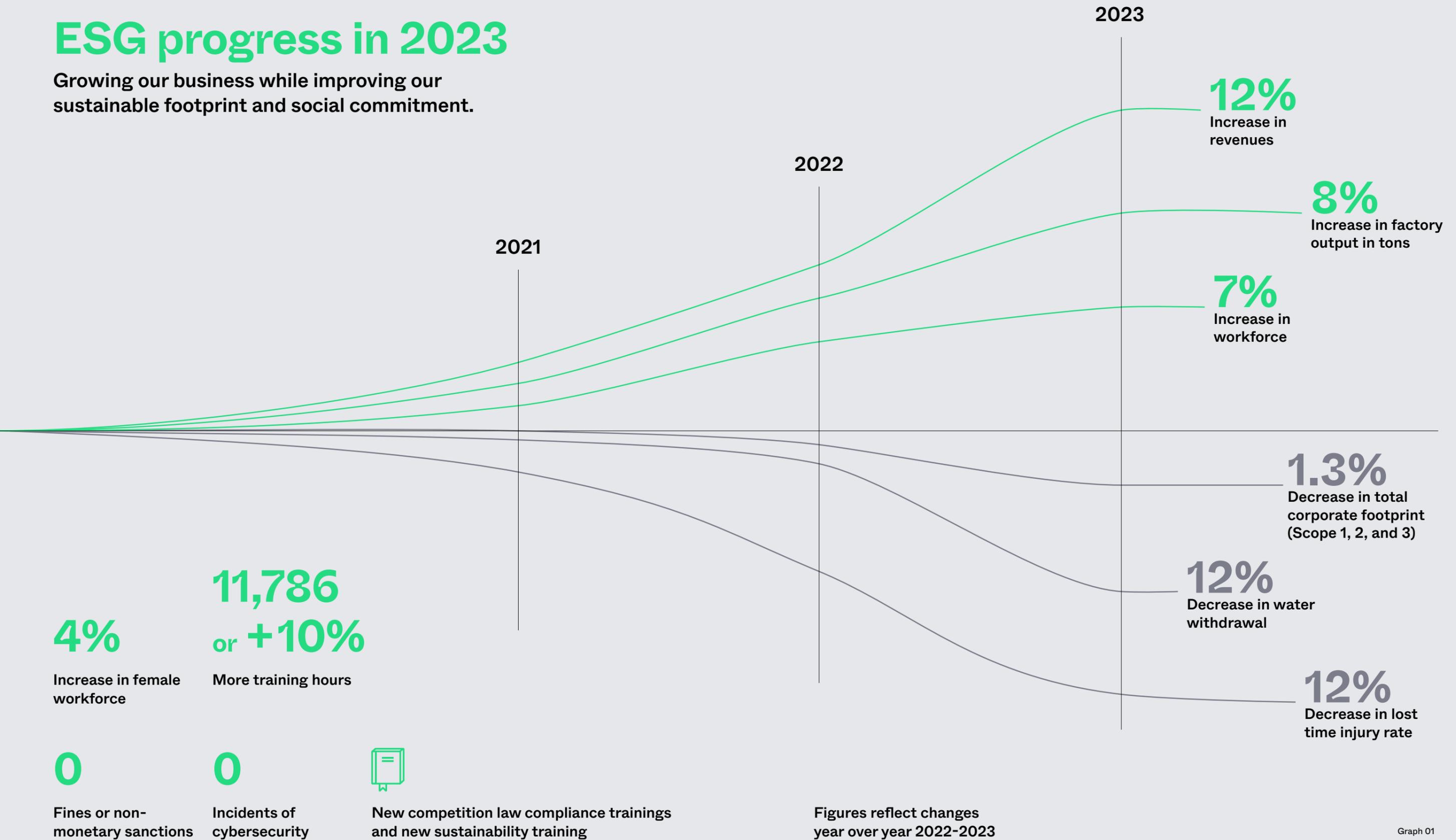
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Global engineering centers



# ESG progress in 2023

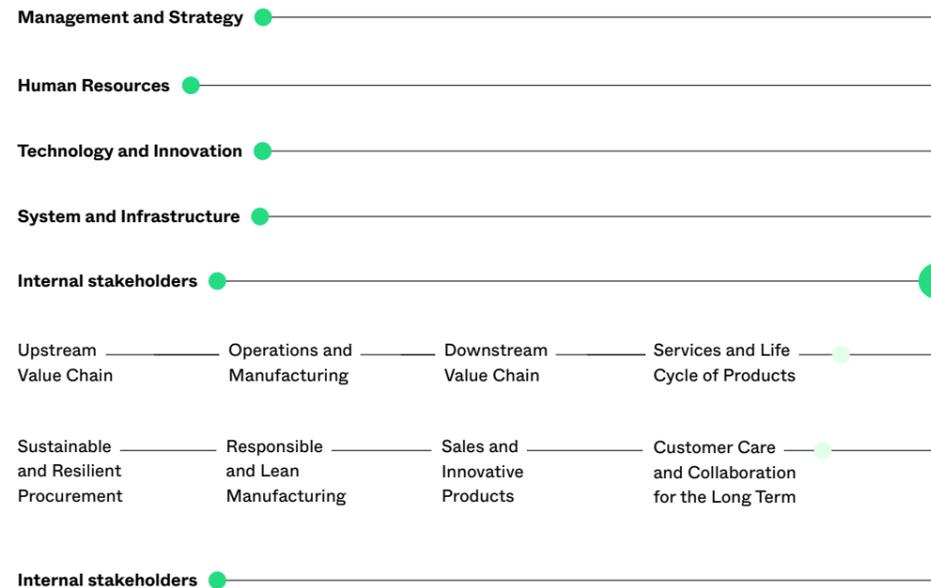
Growing our business while improving our sustainable footprint and social commitment.



# Value chain

INNIO Group’s business model spans a wide spectrum of elements and benefits across the value chain. Starting with our strategy, which embeds energy innovation and transition to low carbon economy, we develop energy solutions. Our energy solutions provide reliable and affordable energy to our customers, wherever needed — globally. Our products aim at maximizing energy efficiency, minimizing energy losses, and reducing carbon footprint.

Our engine design allows for fuel flexibility, extended lifetime, and high reuse rate of the critical and energy-intensive components. People are the central building block of INNIO Group. With passion for engineering and innovation, they design, test, and implement INNIO Group’s energy solutions. Our innovations extend further than our products to the upstream elements of procurement and downstream elements of use of products and end-of-life treatment.



**Sustainable Growth**

Graph 02

## Sourcing

The principal raw materials needed for INNIO Group’s engines are metals. We collaborate with top-tier raw material suppliers to design, produce, and deliver top-quality materials and help ensure transparent ethical and operational standards. We make sure that any recycled input material used in our technology is of top quality, with no compromises in performance when compared with products made from virgin materials. INNIO Group considers the circularity and reusability of components from the design phase to ensure responsible use of materials and longevity of future products.

## Manufacturing

Our Jenbacher and Waukesha energy solutions are engineered, manufactured, and tested for quality at our sites in Jenbach, Austria, and Welland, Canada. Our advanced manufacturing sites follow a sustainable production model that is comprised of renewable energy from the grid or from our own solar panels, all managed by our advanced digital energy management system. INNIO Group’s energy management systems drive a high energy recovery rate in the form of electricity and heat generated from our test benches and engineering labs. Produced thermal and electrical energy is used in our factory buildings to supply our on-site offices with electricity and heat. Potential surpluses are stored in the on-site battery system or are directed to either a communal heating network or the grid. Our smaller sites and offices use an electricity mix from the grid or from our own solar panels, and some use natural gas in their engineering labs.

## Distribution and services

INNIO Group as an original equipment manufacturer (OEM) distributes our energy solution systems through a wide network of international authorized distributors or contracts directly with end users in more than 100 countries on six continents. The end users of our products range across the sectors of critical infrastructure, such as hospitals and municipalities, data centers, agriculture and industry, and Independent Power Producers. An instrumental part of INNIO Group’s value proposition is the post-sales services we provide. Extensive service and maintenance offerings are complemented with overhaul and remanufacturing and technology upgrade programs to increase efficiency and enable use of low-carbon fuels, such as hydrogen. Users of INNIO Group’s energy solutions can further increase effectiveness by taking advantage of our myPlant advanced digital platform. It allows for precise monitoring, asset management, remote fixes, smart dispatching of maintenance parts, reduced downtimes, and elimination of operational inefficiencies.

## End of life and product longevity

At INNIO Group, we implement reuse methodology at an early stage of the design phase of our single components, their groups, and complete units. We systematically are expanding the portfolio of parts and components that can be reconditioned to meet our “like-new” and 100% quality requirements and thus can be used in multiple life cycles. We also closely collaborate with our network of authorized distributors and end users to promote responsible, sustainable resource use. Our key platform in this respect is INNIO Group’s remanufacturing program (reUp). Through our five-step remanufacturing process (Disassembly & Cleaning, Inspection, Machine & Assembly, Testing & Painting, and Packing & Testing), we reduce waste, lower greenhouse gas production, and decrease the need for raw materials. In addition to the remanufacturing process, our engines also are continually upgraded to the latest technological standards. Among other things, this includes improvements in efficiency, which ultimately leads to lower gas consumption. We also continuously analyze other value chain steps connected with the circularity approach in areas such as logistics, packaging, and transportation to enable reduced emissions through localized remanufacturing and elimination of long re-distribution channels.

# Values, purpose, vision, and mission

## Our vision: Leading and empowering the transition to green energy

INNIO Group's vision fosters collaboration and underpins every innovation it develops. While driving the transition to green energy, INNIO Group encourages collaboration that includes more voices and inspires them to be part of the solution.

INNIO Group supports businesses and industries on their journey to net zero in compliance with the environmental regulations and global sustainability trends. In fact, INNIO Group sets the bar with its own ESG goals. The company is setting industry standards by continuously innovating its digital systems, services, technologies, and engineering capabilities. With its customer-centric services, INNIO Group gives installed products multiple life cycles and provides investment security to its customers by driving further improvements to lead the way to net zero.

## Our purpose: Changing the world with better energy

INNIO Group's powerful company purpose unites employees, customers, and partners around the globe. As a green technology pioneer, INNIO Group empowers customers to move confidently toward a net-zero future. Its decentralized and flexible energy solutions build resilient businesses, industries, and communities while reducing carbon intensity.

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About INNIO V I S I O  
I S I O

# Focusing on ESG at INNIO: Making progress together

Dear readers,

Welcome to the 2023 edition of INNIO Group's Sustainability Report "Making progress together." I am happy to share insights from the "editors' desk" on our joint journey so far and provide an outline for our next steps and ambitions.

Sustainability and ESG, as concepts, are a multidisciplinary and multidimensional set of topics connected to all parts of the organization and the corresponding value chain and stakeholders. Making them work well within and around an organization requires a close and transparent alignment with overall corporate goals, strategies, and operational mechanisms.

Over the last five years, and specifically since becoming a standalone company, INNIO Group established a structured approach to operationalize sustainability goals and to create a mutually interacting approach with the overall business strategy. The first results are visible in the implemented policies, programs, and respective KPIs under the ESG umbrella, which INNIO Group reports on as part of the annual and externally assured non-financial disclosures. Furthermore, as of February 2024, the SBTi has approved INNIO Group's near-term science-based emissions reduction target.

One of the instrumental and enabling dimensions of a well-functioning and effective ESG platform is regular measurements and analyses of performance against set goals and potential risks and opportunities. The key terms here are data and quality of data. In 2023, we invested significant cross-company efforts to automate processes around ESG data management. The initiative covered the successful expansion of data collection processes and their quality, through the implementation of ESG data management software, also known internally as the ESG Hub. This has allowed us to systemize processes around sustainability controls. The ESG Hub will be a key enabler for operational and management teams to make informed decisions, including various data-based sustainability factors. With this setup, we expect to significantly increase the opportunities for further decarbonization and circularity projects and other initiatives in areas such as use of natural resources or materials management streams.

Looking ahead, we are well positioned to continue our transition to new mandatory regulatory requirements and sustainability standards such as ESRS and CSRD or EU Taxonomy. Growing the overall maturity of INNIO Group's sustainability program will support us in engagement with our stakeholders, where we can share best practices and promote sustainable strategies.

You can learn more about our accomplishments in the progress section of this report.

Many thanks to INNIO Group's sustainability experts, contributors, colleagues, and stakeholders for making progress together.

Join us on our journey!

→ Marcin Kawa,  
Vice President Group Sustainability



# Sustainability strategy and goals

## Strategy

INNIO Group's sustainability journey is defined across three main elements: strategy & goals, initiatives & impact, and data & progress. Two elements are of instrumental importance to our strategy:

- Alignment with, and support of, business strategy to ensure we shape the future of energy in a structured and science-based way.
- Qualitative and quantitative definition of material topics to ensure we tackle issues that have real impact to the environment and our stakeholders, but that also allow us to recognize opportunities as we move toward a new energy landscape.

These elements are structured around the commitment to 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. Through discussion and collaborative engagement with our internal and external stakeholders, including our own employees, management teams, business partners, and external advisory, we have defined material topics along our value chain and in our operations. Key material themes include a selection of topics such as technology and products, customer resilience, digital solutions, energy management and emissions, circular economy and resource management, procurement operations, ethical standards and compliance, diversity, employee experience and collaboration, and engagement with communities. Defining these material topics helped us create a roadmap of ambitions. Since the definition of these topics in 2021, we have made specific and measurable progress in multiple areas. To make our efforts tangible and enable accountability for progress, we implemented an ESG data hub to help us translate our strategic goals into actions we can control and enable management teams to make informed decisions.

We focused on how INNIO Group can play a material role in supporting the overarching climate and corporate responsibility goals. Being an original equipment manufacturer (OEM), part of the machinery industry, and an engineering company developing energy solutions, we recognize the potential of our role in enabling and accelerating the energy transition. We grouped our sustainability goals into three main categories, distributed across a timeline from our base year (2020) until 2030, with the overarching goal of reaching climate neutrality by 2050. All goals can be found in the "Progress and Performance" section of this report. As a profound ambition, we have accelerated this goal to 2040. We review our goals periodically to ensure we consider new factors and to intensify our efforts and their timelines wherever feasible. We also discuss execution on our strategy and connected risk and opportunities in regular Sustainability Review Board meetings.

### Our Foundation

- Program Implementation, Progress, & KPIs**
- Governance
  - Board of Directors
  - Sustainability Review Board
  - Stakeholder engagement

### Our Goals

- Material Topics & Impact Areas**
- Low-carbon & circular products
  - Resilient supply chain & manufacturing
  - Responsible operations & social responsibility

### Our Values

- Corporate Identity & Commitment**
- We act as owners of our business
  - People and teamwork are our core
  - We challenge the status quo
  - Technology drives us
  - We are passionate about customer success
  - We make things happen

### Our Purpose

- Vision & Mission**
- Changing the world with better energy

Graph 03

Low-carbon and circular products	Resilient supply chain and manufacturing	Responsible operations and social responsibility	
			2022
<ul style="list-style-type: none"> <li>All new Jenbacher engines are "Ready for H<sub>2</sub>." Engines can be offered with the option to operate with up to 25% (vol) H<sub>2</sub> in the pipeline gas. All Type 4 engines are available for 100% H<sub>2</sub> operations. The next flagship customer project(s) will be commissioned with 100% hydrogen operation.</li> </ul>		<ul style="list-style-type: none"> <li>Zero serious injuries for all employees and contractors. Continuous engagement and social support to communities.</li> </ul>	
			2023
	<ul style="list-style-type: none"> <li>Suppliers covering 80% of spend must receive a reputable ESG rating—by 2023 for direct suppliers and by 2025 for indirect suppliers.</li> </ul>		
<b>Achieved goals</b>			
			2025
<ul style="list-style-type: none"> <li>Beginning in 2025, INNIO Group's entire Jenbacher product line is expected to be rolled out for 100% hydrogen operation. Fleet upgrades will be available to transform most of the already installed engines into a 100% hydrogen engine on site.</li> </ul>		<ul style="list-style-type: none"> <li>A 25% increase of identified diversity groups across functions is planned, compared to the 2020 baseline. High employee engagement will be maintained at &gt; 85%.</li> </ul>	
			2030
<ul style="list-style-type: none"> <li>All Jenbacher products will be available with a 90% reduction in methane emissions compared to today's regulatory limits (44. BlmschV). All new products and/or components are made with materials that will be in total (&gt; 90% weight) reusable, re-manufacturable, reclaimed, or recycled.</li> </ul>	<ul style="list-style-type: none"> <li>The 50% reduction in Scope 1 and Scope 2 GHG emissions (vs. 2020 base) will be fully implemented. Suppliers covering 80% of direct and indirect spend must commit to net zero by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>People leadership diversity will continue to develop.</li> </ul>	

All of INNIO Group's goals are underpinned by good governance, business ethics, and transparency.

Graph 04

## UN SDGS

- 3 GOOD HEALTH AND WELL-BEING
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

# Execution and progress

"Making progress together" frames the concept of data quality, managerial responsibility, and robust communication with our stakeholders for sustainability reporting.

To make our ESG commitments measurable and transparent, but also to establish ownership and accountability for actions, we implemented a set of performance indicators (KPIs) that illustrate our steps toward agreed short-, medium- and long-term goals. The definition of INNIO Group's ESG KPIs is rooted in the United Nations Sustainability Development Goals (UN SDGs), which we have supported since 2020 and which are enhanced by the reporting standards of the Global Reporting Initiative (GRI), the Sustainability Accounting Standard Board (SASB), greenhouse gas reporting standards (GHG), and others. As of the 2023 reporting year, these KPIs have been integrated into INNIO Group's digital data hub.

INNIO Group's Sustainability Review Board (SRB), together with the Group's sustainability department, perform regular reviews of the KPIs and engage in dialogue with respective internal functions. The role of this communication is analysis of any deviations against goals, early risk mitigation activities, as well as active pursuit of opportunities in sustainable progress.

To maintain a well-informed focus around identified material topics, we take both a top-down and bottom-up approach for joint engagement with our stakeholders. Quantitative and qualitative updates are merged in our ESG digital tool and provided in real time for internal and function-specific review and control activities. On a Group level, all pieces of information are consolidated and presented in accordance with current reporting standards, including numeric and narrative sections. As the reporting landscape evolves, we also take steps to implement the newest requirements into INNIO Group's ESG reporting standards and to continuously increase quality, harmonize methodologies, and ensure transparency and auditability of our non-financial disclosures.

# Materiality assessment

In April 2021 we conducted our first materiality assessment to cover annual reporting periods, which so far have included 2020-2023. The materiality assessment workshop included the participation of INNIO Group's C-suite and executive and senior management teams, including customer- and supplier-facing functions, engineering and product development, procurement, the SRB, external ESG experts, and industry-independent executives. We plan to continue sustainability materiality assessments on a cyclical basis to address emerging challenges and to continue building sustainability engagement across stakeholders. This assessment highlighted emerging issues and provided us with a tool for checking the focus areas in our strategy.

**How we use our materiality assessment:**

We manage our material topics through specific policies and programs and by setting and monitoring key performance indicators (KPIs) which help us track our progress. We communicate our progress towards our sustainability goals to our audiences through various communication channels such as SRB meetings and workshops, employee communication and events, customer and supplier engagement, the press, and media. Our ultimate disclosure is the INNIO Group annual sustainability progress report. See Appendix "Detailed Materiality Assessment Process" for a detailed description of our materiality assessment process.

In preparation for the upcoming ESRS regulations, we are in the process of updating our materiality assessment to ensure alignment with regulatory obligations starting with the 2024 reporting cycle.

Topic	Value Chain Impact				Business Topics			
	Up-stream	INNIO Group Operations		Down-stream	Profitability	Customer Satisfaction	Employee Cohesion	Sust. Enterprise Risk & Opportunities
	Procurement Stage	Production	Testing Packaging	Consumer Use				
Technology and innovation		●	●	●	●	●		●
Collaborating with customers for the long term		●		●	●	●		
Analytics & digital solutions		●			●	●	●	●
Energy & emissions	●	●	●	●	●	●		●
Circular economy & value chain	●	●	●	●	●	●		
Resource management		●	●		●			●
Health and safety		●	●		●		●	●
Sustainable supply chain	●				●	●		●
Business ethics	●	●	●	●	●	●	●	●
Diversity and inclusion	●	●	●				●	
Employee experience		●	●				●	
Community engagement		●	●				●	●

Graph 05

# Governance

Governance is the way we make sure INNIO Group remains true to our purpose, culture, and strategy. It ensures we conduct business in a well-structured and transparent way. Continuous appraisal improvement is an essential element of an effective governance system. For this reason, we implemented management review and control mechanisms to not only monitor the current status but also to identify and implement improvement opportunities (see Table O1).

Sustainability governance under the broader umbrella of the ESG framework, including climate change mitigation and adaptation, are integrated into INNIO Group's enterprise governance structure. ESG aspects are accounted for regularly in business considerations and decisions, and are part of INNIO Group's day-to-day operational and management processes.

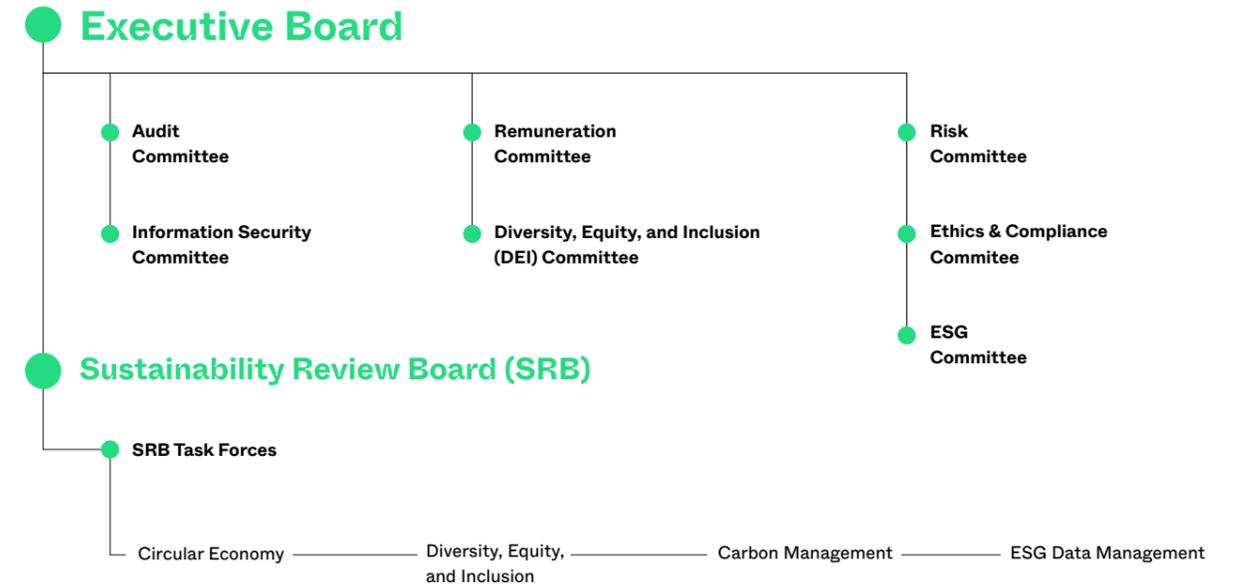
## Executive Board

Leads INNIO in the creation of strong, sustainable financial performance and long-term shareholder value; reviews and approves the Group's strategic plan; and supervises the conduct of the Group's activities within the structure of foresightful and effective internal controls.  <b>Members:</b> President & Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Chief Human Resources Officer, Executive General Counsel & Chief Compliance Officer, VP Global Service, Head of Transformation	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Risk Committee</b>	<b>Information Security Committee</b>	<b>Diversity, Equity, and Inclusion (DEI) Committee</b>	<b>Ethics &amp; Compliance Committee</b>	<b>ESG Committee</b>
	<ul style="list-style-type: none"> <li>→ Provides oversight of the financial reporting process, the organization's budget, the audit process, the company's system of internal controls, and compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>→ Provides oversight of INNIO Group's key affairs in areas of corporate governance. Evaluates performance &amp; the characteristics of the Board</li> <li>→ Make recommendations regarding the compensation and reward policy of the executive officers</li> </ul>	<ul style="list-style-type: none"> <li>→ Reviews and approves INNIO Group's risk profile</li> <li>→ Evaluates risk exposure and tolerance</li> <li>→ Identifies, monitors, and manages financial &amp; non-financial risks, including ESG risk</li> <li>→ Reviews and evaluates the Group's practices with respect to risk assessment and risk management</li> </ul>	<ul style="list-style-type: none"> <li>→ Provides oversight of INNIO Group's information security efforts</li> <li>→ Coordinates and oversees INNIO Group's information security strategy</li> </ul>	<ul style="list-style-type: none"> <li>→ Creates and modifies the DEI policy</li> <li>→ Oversees, revises, and approves the diversity, equity, and inclusion objectives and activities across the organization</li> <li>→ Communicates initiatives to stakeholders</li> <li>→ Evaluates the effectiveness of ongoing efforts</li> </ul>	<ul style="list-style-type: none"> <li>→ Provides oversight of ethical and compliant business conduct</li> <li>→ Oversees governance of the Compliance Management Systems (CMS)</li> </ul>	<ul style="list-style-type: none"> <li>→ Reviews and approves ESG strategy, roadmap, and targets</li> <li>→ Monitors implementation of standards and frameworks</li> <li>→ Monitors progress and initiatives toward sustainable goals</li> </ul>

## Sustainability Review Board (SRB)

<ul style="list-style-type: none"> <li>→ Develops and implements policies, objectives, and guidelines on ESG matters</li> <li>→ Formulates action plans to reach ESG-related objectives</li> <li>→ Supervises interdepartmental communication and coordination of resource integration</li> <li>→ Engages with industry bodies and other ESG-related initiatives to help bolster industry-wide sustainability best practices</li> <li>→ Reports on achievements and work plans to the Executive Board</li> </ul>	Chaired by the VP Sustainability, the SRB meets on a quarterly basis and comprises 16 members, two of whom are female. Members hail from eight nationalities and include business leaders from Finance, Operations, Procurement, Engineering, Digital, R&D, Sales, Product Management, HR, and Communications. The SRB aligns on a monthly basis with the Executive Board.	<b>SRB Task Forces:</b>				
		<table border="1"> <tr> <td> <b>Circular Economy</b> </td> <td> <b>Diversity, Equity, and Inclusion</b> </td> </tr> <tr> <td> <b>Carbon Management</b> </td> <td> <b>ESG Data Management</b> </td> </tr> </table>	<b>Circular Economy</b>	<b>Diversity, Equity, and Inclusion</b>	<b>Carbon Management</b>	<b>ESG Data Management</b>
<b>Circular Economy</b>	<b>Diversity, Equity, and Inclusion</b>					
<b>Carbon Management</b>	<b>ESG Data Management</b>					

Table O1



Graph O6

## Sustainability Review Board

In fulfilling our responsibility as a sound corporate citizen, INNIO Group established the SRB at the end of 2020 as the highest level ESG decision-making body after the INNIO Executive Board. The VP of Sustainability chairs the SRB and reports directly to the Group's Chief Financial Officer (CFO) and the Executive Board. The Executive Board reviews, discusses, and approves INNIO Group's ESG goals and strategy as well as corresponding non-financial disclosures. As part of the SRB, cross-functional collaboration takes place between functional and department leaders on ESG topics. As illustrated in Table 01, members of the SRB work to evaluate the Group's core operational capacity, establishing short- and medium-term ESG goals to ultimately achieve near-zero. In addition, the SRB ensures our ESG goals align with international standards, gains insight into international trends, and builds a top-down operational model across the company.

As of today, INNIO Group's SRB comprises 16 members hailing from seven nationalities. The SRB meets quarterly to work on concrete strategic and operational topics around the ESG framework. These topics include, but are not limited to, analyzing ESG regulations, initiatives, KPIs and specific sustainability-related projects.

In addition, the SRB has specific Task Forces focused on topics such as carbon management; diversity, equity, and inclusion (DEI); circular economy; and ESG data and measurement. Their work covers important areas such as:

- Establishing goals focused on the environmental impact of INNIO Group's own activities and those from the life cycles of our products, developing climate-neutral products, building a diverse, inclusive, and engaged workforce, fostering a responsible procurement, and circular economy.

- Collaborating in sustainability networks and working groups such as NGOs, expert networks, thematic conferences, academia, and ESG summits to exchange best practices and experiences, expand our expertise, or increase awareness across businesses and society.
- Reviewing initiatives and progress toward identified goals, including KPIs, challenges to resolve, risk, and opportunities resulting from a changing environment.
- Assigning initiatives and working groups for specific projects that enable fulfillment of ESG goals.
- Developing awareness campaigns and stakeholder engagement activities, such as communications and media, with the INNIO Group workforce, customers, and/or suppliers.
- Collaborating with external experts and specialized advisors on specific projects that enable ESG progress and alignment with potential new frameworks or regulations.

## Group functions

The Group's functions implement the action plans from the SRB and continuously steer the processes relevant to the implementation of ESG initiatives and activities. Business function leaders oversee the integration of ESG aspects into their business functional goals and operating plans. Every function leader reports directly to the SRB and remains in continuous communication regarding progress on the planned implementation.

## Environment, Health, and Safety (EHS) governance

↓ INNIO Group's Executive Board		
↓ EHS Committee	→ Oversees the overall EHS management	→ Runs monthly Global EHS Steer-Co
Corporate EHS Department	→ Establishes policies, targets, and goals according to international standards and regulations → Ensures environmental compliance → Undertakes regular internal and external audits for environmental-related topics → Supports the implementation of environmental and IMS-related trainings to relevant stakeholders → Proactively communicates INNIO Group's environmental policy and guidelines to relevant stakeholders → Ensures the continual improvement of the IMS management system → Holds environmental-related discussions with external stakeholders → Regularly reports to local authorities	
↓ All departments	→ Act responsibly and according to INNIO Group's environmental guidelines and policies → Submit ideas or suggestions for improving INNIO Group's products and processes → Participate in mandatory annual environmental-related trainings	
INNIO Group's IMS System	→ ISO 14001: 2015 → ISO 45001: 2018 → ISO 9001: 2015	→ ISO 50001: 2018 → ISO 55001: 2014 → CERTIFIED

Table 02

## Risk committee

The Group's Risk Committee is responsible for the identification of financial and non-financial risks, including INNIO Group's ESG risk, and ensures the proper management of these risks. Additional responsibilities of the Risk Committee, as well as of other committees, are illustrated in Table 01. Our risk management function, the Risk Committee, and business unit management monitor enterprise risks and the effectiveness of the risk mitigation activities, and they report the results of the assessment to the Executive Board and other senior leaders. The committee's aim is to ensure that risk awareness, quantification, and measures against potential risk exposures are reviewed and communicated in a structured, complete, and well-informed process. Business decisions are informed by risk assessment and quantification of potential risks.

The committee validates identified key risks (financial and non-financial) concerning the Group's medium- and long-term objectives and provides feedback to functional risk owners. The overall responsibility for risk management lies with the Executive Board. It is in charge of risk oversight, ensuring that the senior management has put in place a rigorous process for identifying, prioritizing, managing, and monitoring the risks critically affecting the Group in accordance with the Group's risk tolerance. The Executive Board is informed on a bi-annual basis about the overall risk situation, and it is responsible for setting, communicating, and implementing our risk management culture throughout the Group.

# Leading the industry through collaborative action

We continue to be dedicated to playing a significant role in creating a resilient, inclusive, near-zero carbon future. INNIO Group commits to robust international coalitions, working with different organizations and participating in programs that promote sustainability and low-carbon technology. Since 2021, we have been part of both the UN Race to Zero and UN Business Ambition for 1.5°C campaigns. INNIO Group also is committed to collaborative action and integrating pioneering approaches into our business activity. Additionally, in close collaboration with different organizations, we promote sustainability and innovative technology.

In 2023, INNIO Group continued to be recognized for our sustainability efforts. Notably, in August we received the Platinum Medal from EcoVadis, placing us in the top 1% of rated companies for consecutive years; obtained ISO 27001 certification; and received “H<sub>2</sub>-Readiness” certification from TÜV SÜD for our engine power plant concept. INNIO Group was selected as a finalist in the esteemed German Sustainability Awards for developers and manufacturers of more sustainable engines and turbines, and the INNIO Waukesha Canada Corporation facility received the Canadian Occupational Safety 5-Star Award for Energy and Resources Companies.

## Initiatives and collaborations

	<p><b>United Nations Global Compact</b></p>	<p>INNIO Group proudly aligns our strategy and operations with the 10 universal principles related to human rights, labor, environment, and anti-corruption, and we take actions that advance societal goals and the implementation of the SDGs.</p>
	<p><b>Responsible Minerals Initiative</b></p>	<p>The Responsible Minerals Initiative provides companies with tools and resources to make sourcing decisions that improve regulatory compliance and support responsible sourcing of minerals from conflict-affected and high-risk areas.</p>
	<p><b>Klimaaktiv</b></p>	<p>“Klimaaktiv” is a 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.</p>
	<p><b>Science-Based Targets</b></p>	<p>Our near-term targets have been validated by the SBTi. INNIO Group commits to reduce Scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year. In addition, we commit to reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2020 base year. INNIO Group is a proud supporter of Race to Zero, a global campaign established by the United Nations Framework Convention on Climate Change (UNFCCC) to bring together global leadership for a healthy, resilient, and zero-carbon future.</p>

## ESG ratings and certifications

	<p><b>EcoVadis Platinum Medal</b></p>	<p>EcoVadis is the world’s largest and most trusted provider of business sustainability ratings. The EcoVadis Sustainability Scorecard illustrates performance across 21 indicators in four themes: environment, labor and human rights, ethics, and sustainable procurement. A Platinum medal is awarded to the top 1% of businesses. EcoVadis’ sustainability recognition levels are based on the percentile rank of companies.</p>
	<p><b>Sustainalytics 1<sup>st</sup> out of 500+</b></p>	<p>A Sustainalytics rating offers a clear insight into company-level ESG risk by measuring the size of an organization’s unmanaged ESG risk. Sustainalytics’ rating is comprised of three central building blocks: corporate governance, material ESG issues, and idiosyncratic issues (black swan). The rating of 9.8—“Negligible risk level”—places INNIO Group number one among 500 companies in the Machinery industry at the time of rating.</p>
	<p><b>The Canadian Occupational Safety 5-Star Energy and Resource Companies Awards</b></p>	<p>These awards celebrate the top energy companies in Canada that go beyond. INNIO Waukesha Canada Corporation was recognized for its strong environmental, social, and governance (ESG) programs, dedication to social progress, and impressive health and safety policies.</p>
	<p><b>TÜV SÜD</b></p>	<p>The INNIO Group received the “H<sub>2</sub>-Readiness” certification from TÜV SÜD for our Jenbacher Type 4 and 6 hydrogen product lines and the associated concept to operate power plants on 100% hydrogen. This independent certification increases investment security for companies and municipalities during the transition to net zero.</p>
	<p><b>German Sustainability Awards</b></p>	<p>The German Sustainability Awards recognized INNIO Group as one of the leading developers and manufacturers of more sustainable engines and turbines. INNIO Group has been recognized for our dedication to pioneering green energy solutions and sustainable operations.</p>
<p><b>ISO certificates</b></p>		<p>INNIO Group has the following ISO standards across our various sites:</p> <ul style="list-style-type: none"> <li>→ ISO 14001: 2015</li> <li>→ ISO 45001: 2018</li> <li>→ ISO 9001: 2015</li> <li>→ ISO 50001: 2018</li> <li>→ ISO 55001: 2014</li> <li>→ ISO 27001: 2023</li> </ul> <p>We received an annual renewal as of November 2023.</p>

Table 03

# Stakeholder engagement

“Making progress together” indicates the importance our stakeholders play in this transformative journey. It begins with the identification and assessment of material topics that are aligned and quantified. Involving various internal and external stakeholders across the value chain, enables not only an inclusive risk and opportunity evaluation, but also helps in building trust and transparency. Most importantly, engagement in the joint process drives a tangible and measurable change.

INNIO Group aims to regularly engage with a wide range of stakeholders including business associates, customers or suppliers, academia, external advisors, and others, thereby integrating different perspectives and strengthening relationships through shared learnings. We have found that this leads to informed business decisions and measurable impact to the identified topics and, ultimately, the environment. INNIO Group considers as our stakeholders any organization or individual that is either impacted by our company’s operations or that, in a variety of ways, has an impact on the achievement of our company’s strategy and goals.

## How INNIO Group conducts stakeholder engagement

Stakeholder engagement is conducted in a variety of ways, such as in-person meetings and video conferencing or through subject matter webinars, workshops and training sessions, interviews, one-on-one discussions, surveys, social media platforms, joint product development, commercial roadshows, speeches, and conference presentations. Leaders, employees, and managers from different business functions are all important players in reaching out to individual stakeholders, driving the company’s proactive approach toward ongoing stakeholder dialogue. Table 04 outlines the frequency and type of discussions with stakeholders and shows how the Executive Board receives information from and engages with them.

	Frequency & Types of Engagement	Discussion Points	Information Flow to the Executive Board	Direct Executive Board Engagement
→ <b>Suppliers</b>	Regular engagement meetings, in-person and virtual, specific webinars, bulletins and newsletters, periodic procurement conferences	INNIO Group’s ethics and regulatory compliance and Supplier Code of Conduct, raw material quality, commitment to ESG standards, assessment results, and circular economy	Briefing by VP Procurement to the Executive Board. Update to Enterprise Risk Management, Supplier Risk, and Resilience Review	INNIO Group’s VP Procurement directly reports to INNIO Group’s President and Chief Executive Officer, who is also the Chairman of the Board.
→ <b>Employees</b>	Annual employee and ethics trainings and periodic all-employee updates by the leadership teams	Employee development, training, diversity and inclusion, compliance, health and safety concerns, and updates on priorities and business developments	HR Committee & Diversity, Equity and Inclusion (DEI) Committee report directly to the Board, whistleblowing platform (SPEAK UP!)	INNIO Group’s CHRO directly reports to INNIO Group’s President and Chief Executive Officer, who is also the Chairman of the Board.
→ <b>Customers</b>	Regular engagement meetings, in-person and virtual, specific webinars, bulletins and newsletters, trade shows, regional customer conferences, product trainings, and updates	Product-related discussions, commercial updates, ethics and compliance trainings, sustainability expectations, and product and solution developments	Monthly reports from Executive Directors include material customer matters, strategic partnership briefings	INNIO Group Board members are actively involved in selected customer interactions and engaged in partnership building. Periodically, INNIO Group hosts customer conferences and exhibitions to further stimulate engagement.
→ <b>Local Communities</b>	Community meetings, volunteering programs, and local aid and ad hoc support initiatives	Progress in environmental protection projects, measures taken in response to social issues, and activities dedicated to response in crises situation	Direct reports from the Operations Committee to the Chief Executive Officer and Chairman of the Board on a regular basis	VPs of Operations of respective business units in collaboration with the CHRO and VP Communications engage with local and international communities and organizations. All report directly to INNIO Group’s CEO and President.
→ <b>Government/ Industry Associations</b>	<ul style="list-style-type: none"> <li>→ Official correspondences and visits as needed</li> <li>→ Interviews to provide industry experience and advice</li> <li>→ Conferences (e.g., briefings, public hearings, seminars, meetups)</li> </ul>	<ul style="list-style-type: none"> <li>→ Compliance with environmental regulations</li> <li>→ Development trends in energy engineering technologies</li> </ul>	Regular reports as applicable	The Board relies on dedicated functions at a Group or business unit level and does not have direct contact with regulators unless appropriate. The members of the Board participate in speeches, conferences, and discussions with industry associations.
→ <b>Providers of Capital</b>	Regular virtual and face-to-face meetings and teleconferences	Updates on macro economical and financial performance from the company’s operations, future growth potential, and measures in response to climate change and energy policy	Investor Relations treasury reports, investor meeting reports	The Board engages directly with our investors through regular digital or in-person meetings discussing all relevant topics. INNIO Group meets our shareholders at the regular business update meeting, which provides an opportunity for our investors to receive updates and ask questions to the Board.

### Other examples of stakeholders

This landscape is evolving as new participants are added to ensure access to new information, perspectives, and best practice sharing in the ever-changing environment.

- Distributors
- Associations
- Authorities and Regulation Bodies
- Shareholders
- Tax Authorities
- Lenders and Financial Communities

Table 04

## Addressing key stakeholder topics in 2023

Key Topics	Responses from INNIO Group
<b>Climate change and CO<sub>2</sub>-based targets</b>	In 2023, INNIO Group continued focusing our efforts on expanding data coverage and improving data quality, specifically around climate-related KPIs such as GHG protocol. This enables our internal stakeholders to track progress and closely monitor initiatives and projects connected with environmental impact, such as reduction of energy use and emissions. As part of the data management, we implemented ESG software. This has allowed us to automate and improve data availability and control mechanisms for energy and CO <sub>2</sub> e monitoring in our key operational sites. In addition, our ESG department finalized submission of SBTi plans and targets. INNIO Group's SBTi targets were approved as of time of publication of this report. Finally, we initiated engagement with external experts to further enhance our data management capabilities.
<b>Sustainable supply chain and conflict minerals</b>	Procurement is a central part of INNIO Group's activities as OEM. Building transparency or processes, taking responsibility for the supply chain, showing transparency towards regulations and standards, and socio-environmental accountability are critical attributes. This includes paying close attention to the procurement of tin, tantalum, tungsten, and gold (3TG), more commonly referred to as "conflict minerals." INNIO Group began surveying suppliers to determine the origin of 3TG in our supply chains in 2020. In addition to the survey, INNIO Group requires suppliers of products that contain 3TG to adopt policies and establish systems to procure 3TG from sources that have been verified as conflict free. Our Procurement team also monitors potential future norms and requirements such as the Corporate Sustainability Due Diligence Directive, CBAM, and others.
<b>Primary energy use that comes from renewable sources</b>	Dedicated to the goal of cutting absolute emissions by 50% by 2030, we continued to focus on decarbonizing our own energy mix. INNIO Group continues to invest in solar energy and in and electrolyzer to supply green hydrogen to power our facility and test benches. The INNIO360 Energy Lab manages an intelligent energy storage system, optimized with our microgrid control solutions and INNIO Group's myPlant digital platform. Our methodical and digital approach to energy management helped us transparently detail our energy use and emissions and manage energy risks on the other side.
<b>Geopolitical unrest and energy volatility</b>	Over the last three years, INNIO Group's attention, as a globally present corporation was directed to topics such as COVID-19, geopolitical unrest, energy crisis and supply chain bottlenecks, and cost escalation issues resulting from the combined elements. INNIO Group's management teams followed well-structured business scenario planning to respond to the various factors and to prevent and manage potential risks. We continued to make investments and implement projects to reduce emissions and develop technology, enabling INNIO Group and our customers to gain access to low-carbon solutions mid-term.

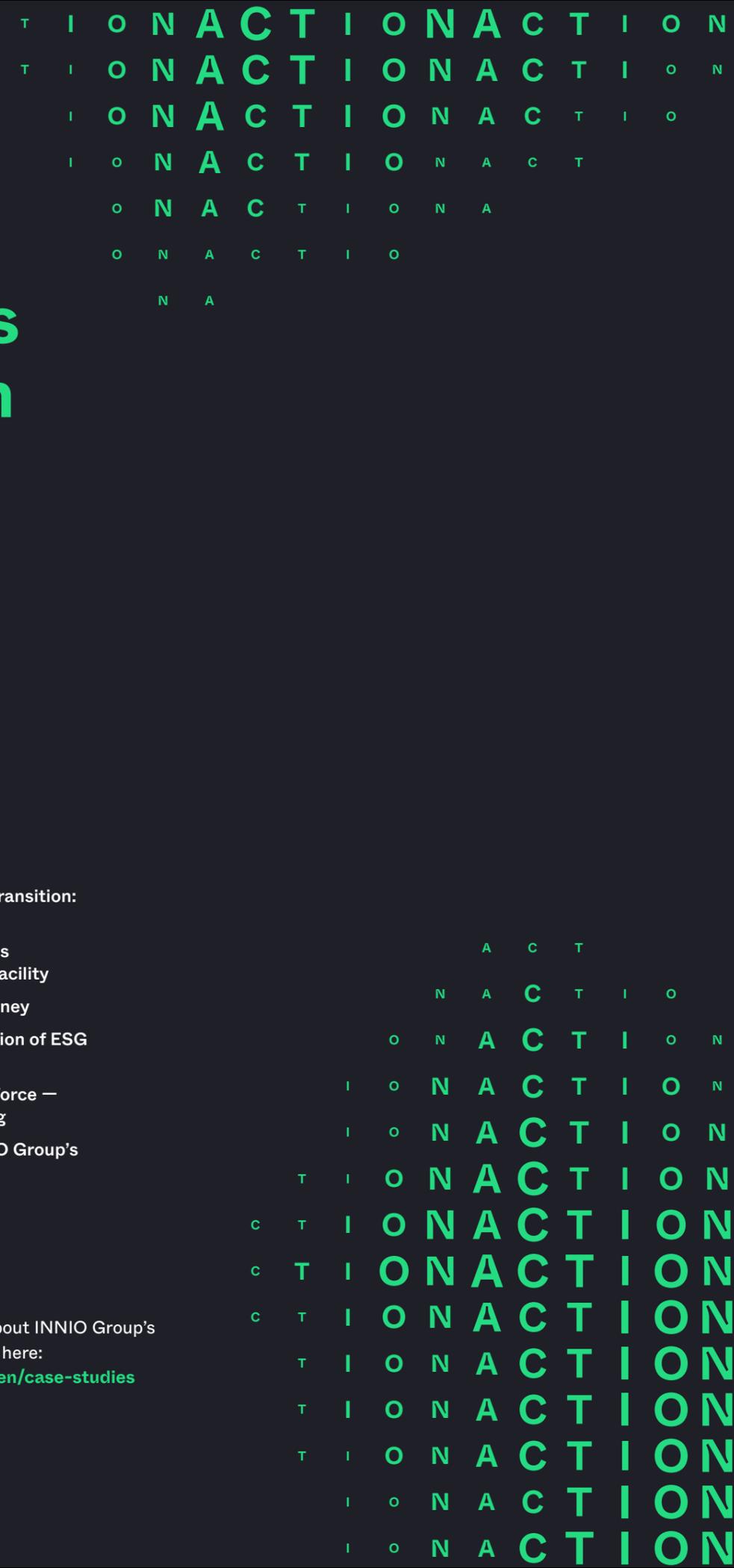
Table 05

# 02 Progress in Action

- 28 Bioenergie Frauenfeld
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- 31 Progressing the energy transition: hydrogen outlook
- 35 Health and Safety Awards Welland manufacturing facility
- 36 Talent Development Journey
- 39 "ESGenius" — Digitalization of ESG data management
- 40 Circular Economy Task-Force — Utilizing remanufacturing
- 43 Decarbonization of INNIO Group's own operations



Find out more about INNIO Group's energy solutions here: [jenbacher.com/en/case-studies](https://jenbacher.com/en/case-studies)



# Bioenergie Frauenfeld

Innovative wood CHP plant uses Jenbacher technology to create green energy while reducing CO<sub>2</sub> emissions

## → Background

Bioenergie Frauenfeld, which is co-owned by sugar manufacturer Schweizer Zucker and Energie 360°, has built a new wood cogeneration plant in Frauenfeld, Switzerland. The aim: efficiently exploit green energy and — at the same time — reduce CO<sub>2</sub> emissions. The latest generation of INNIO Group's Jenbacher combined heat and power (CHP) technology makes this possible, using residual wood waste as renewable energy. The region's plentiful supply of wood waste can be found in the form of unused timber from forest and landscape management work, blown-down trees, or pest-infected wood.

## → Solution

To meet its ecological objectives, Bioenergie Frauenfeld opted for an innovative SynCraft wood CHP plant that is powered by four of INNIO Group's 1 MW Jenbacher J420 engines. The installation recovers energy from 25,000 metric tons of locally sourced residual wood every year. With a total electrical output of 4 MW, the plant is one of the largest of its kind in the world.



**“The wood CHP plant in Frauenfeld is helping us set new standards for the use of bioenergy, which is becoming increasingly important as the energy transition progresses. At the heart of this flagship project are four high-efficiency Jenbacher wood gas engines that are perfectly adapted to meet the demands of SYNCRAFT gasification technology.”**

Stefan Ellenbroek, project leader at Bioenergie Frauenfeld

## → Result

The carbon-negative facility provides power to 8,000 households as well as heat to the resident sugar factory and the town of Frauenfeld.

For more than 30 years, INNIO Group has been acquiring knowledge and experience working with specialty gases such as wood gas. Wood gas-fired systems achieve an overall utilization of up to 92%, showcasing again how these installations based on a regenerative raw material have great potential in the energy transition.

INNIO Group and SYNCRAFT have worked closely together for many years, with more than 20 Jenbacher engines for wood gas applications delivered. SYNCRAFT wood cogeneration plants equipped with Jenbacher engines are operating successfully in Austria, Germany, Italy, Croatia, Switzerland, and Japan.

# Flughafen Memmingen

## → Background

Climate neutrality is the top priority of Airport Energie Management GmbH, a subsidiary of Flughafen Memmingen GmbH and e-con AG. Its ambitious “Green Airport Memmingen” project, which aims to achieve net-zero CO<sub>2</sub> emissions by 2030, led the company to reduce its fossil fuel use and related emissions with a switch to INNIO Group's Jenbacher combined heat and power (CHP) technology powered by regionally produced, climate-friendly biogas.

The concept development and planning were conducted by the energy supply specialist e-con in Memmingen, while the implementation was carried out by Alois Müller and ECONTEC MSR GmbH.

## → Solution

Since March 2023, a highly efficient and flexible biogas-operated Jenbacher J420 CHP unit with an electrical output of 1.5 MW and a thermal output of 1.7 MW has supplemented an existing natural gas-fueled CHP unit. The biogas – produced in nearby Hawangen from manure and other renewable raw materials – is delivered via a new 5-kilometer-long biogas pipeline.

With an overall efficiency of more than 90%, the CHP plant only runs when the produced green electricity is needed in the power grid, in particular when photovoltaic systems are not generating electricity.

## → Result

This local combination of energy generation and consumption creates a win-win situation for everyone involved, including the environment and climate. When compared to the former energy supply, the new biogas flex CHP plant saves around 650,000 cubic meters of natural gas or 650,000 liters of heating oil per year while also reducing the airport's CO<sub>2</sub> emissions by about 1,600 tons annually<sup>1</sup>. In addition to the airport buildings, many neighboring industrial and commercial operations are supplied with climate-friendly district heating from the new plant. Thanks to the modular and flexible structure of the heat supply and the network dimensioning, additional companies can be connected to the district heating network in the future and supplied with regional regenerative heat.

**“Similar to other locations, biogas here is converted into electricity. But in contrast to decentralized biogas plants, the heat can be used almost entirely in the district heating network. This allows us to achieve an extremely high level of overall efficiency.”**

Peter Waizenegger, member of the Management Board of e-con



<sup>1</sup> according to Airport Energie Management GmbH

# Heslerhof

Flexible biogas plant with Jenbacher co-generation technology forms an indispensable building block of the energy transition



**“A flexible, power market-driven approach is both the present and the future of every biogas plant. We decided to gradually add flexibility to our biogas plant, transforming it into a renewable storage power plant based on Jenbacher CHP technology. This enables us to optimize our revenue potential while also making better use of raw materials.”**

Clemens Maier, shareholder of Clemens and Gregor Maier GbR, Heslerhof

## → Background

As early as 1999, the Heslerhof farm in Germany recognized the potential of sustainable heat and power generation. The farm opted for biogas as a renewable energy source, thus paving the way for a biogas plant with an output of 50 kWel. The goal was to better adapt the supply of heat and power to market demands and to compensate for the fluctuating energy supply from renewable energy sources such as wind and solar. Flexibilization projects in 2014 and 2016 brought the plant to 865 kWel.

The constantly changing requirements of the energy sector necessitated a systematic approach to the overall CHP/gas and heat storage concept at the farm as well as a comprehensive heat use strategy.

## → Solution

With the installation of a Jenbacher J420 engine and investments into a large buffer storage tank as well as a gas storage tank, the plant was converted into a renewable storage power plant with flexible, power market-driven operation in 2020/21.

## → Result

The farm generates its own power, which is used to supply all the electricity it requires, including that of the residential building. Surplus power is fed into the grid with attractive feed-in tariffs at market rates.

Another decisive factor for the success of this flexible biogas plant was INNIO Group's tailored service offering. In addition to the rapid availability of parts and fast technical support on site, the 24-hour hotline and rapid troubleshooting via remote service were especially attractive factors.

With an overall efficiency of the engine of more than 90%, the plant now makes essential contributions to the energy transition and grid stability through environmentally sustainable energy production from regionally available energy sources and flexible operation.

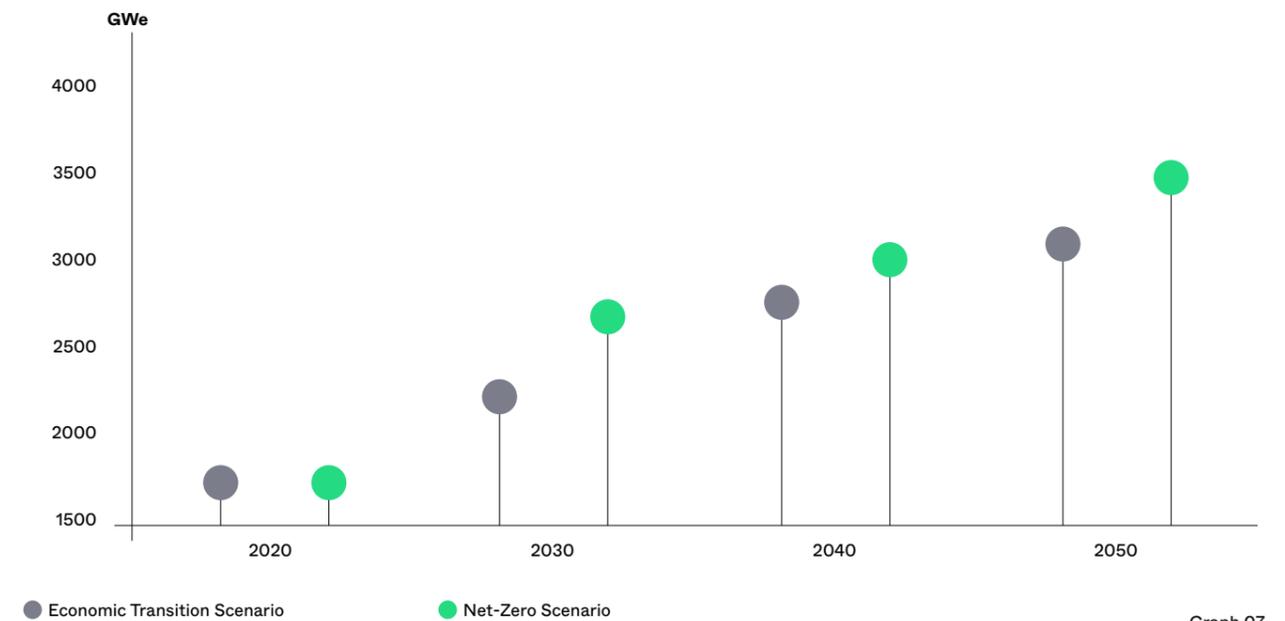
# Progressing the energy transition: hydrogen outlook

**INNIO Group's equipment: well-positioned to supply balancing capacity needs as the energy transition accelerates**

The use of renewables, important pillars of decarbonization, is the fastest way for power generation to reach ambitious climate goals. This increasing penetration of renewables is driving a growing trend toward decentralization while requiring more variable and flexible energy supply capacity balancing. The share of renewables in global electricity generation must be at least 88% in the IEA's scenario to reach net-zero emissions by 2050. Compared to the power generation mix today, where just over 30% of electricity generation is powered by renewables, the power system of tomorrow could include renewables, gas engines, batteries, and fuel cells, to name a few, with demand response used to manage distribution and grid stability. Balancing the engine power plants of tomorrow will involve higher demand peaks and longer periods of under- and over-supply due to weather variations.

Such dispatchable units run for a relatively few hours in the year (between 500 and 2,800 operating hours, according to various energy outlooks) and will be necessary to provide a stable and resilient grid supply. Commercially, those hours are by far the most valuable to the electricity supply. The need for flexible gas peaker balancing capacity should increase from 295 GW in 2023 to 1,071 GW by 2050, according to BloombergNEF in its economic transition scenario. The importance of balancing gas peaker technology is even higher in the world's push to net zero as it is expected to reach 1,469 GW by 2050, complementing the effort to counterbalance renewables. The need for flexibility drives growth in total natural gas capacity as shown below.

**Natural Gas Installed Capacity Forecast, BNEF Economic Transition, and Net-Zero Scenarios**



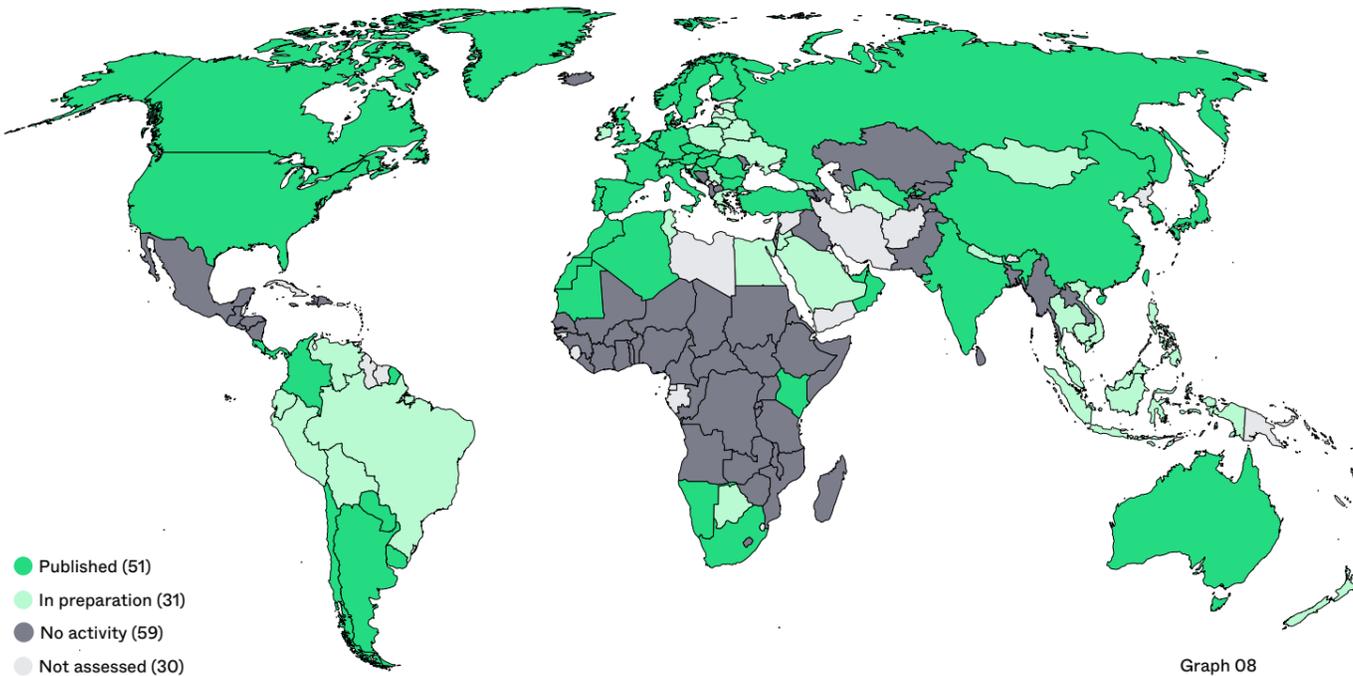
Source: BloombergNEF New Energy Outlook

Graph 07

### Hydrogen gaining momentum as policy finally arrives

Some 51 countries had a hydrogen strategy and 31 countries were preparing one as of December 2023. Of the 51 countries with a hydrogen strategy, 23 have an electrolyzer target. These targets amount to a total of 119 GW by 2030.

### Global hydrogen strategies overview



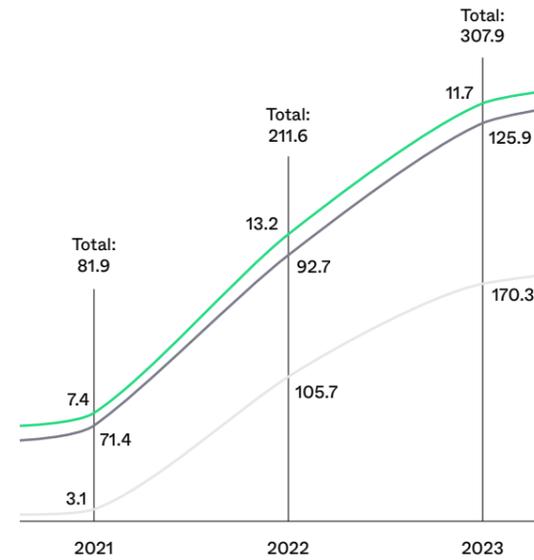
Source: Countries' websites, BloombergNEF

### Funding for green hydrogen surged in 2023

Globally, an estimated \$308 billion in hydrogen funding was available, with funding 46% higher at the end of 2023 than it was in September 2022 (pre-IRA), according to Hydrogen Subsidies Tracker from BloombergNEF. Tax credits, led by the U.S. Inflation Reduction Act, available to hydrogen projects in the U.S and Canada alone, now could total over \$170 billion. Rising carbon prices under the EU Emissions Trading System and a higher allocation of revenues to

the bloc's Innovation Fund also have expanded hydrogen funding available in Europe. However, European subsidies are some 25% lower and spread across numerous national programs, making them less accessible than in the U.S. Governments outside the U.S. prefer direct grants. Nevertheless, newer instruments, like contracts for difference and fixed premiums, are starting to emerge.

### Hydrogen funding by region and announcement year (\$ billion)

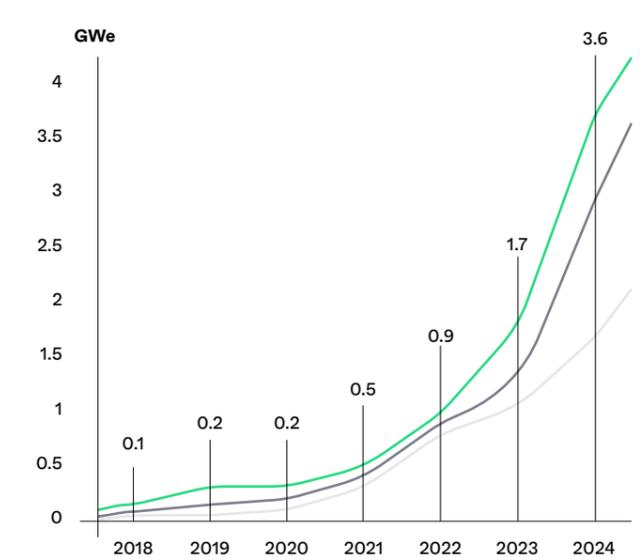


Countries increasingly are announcing hydrogen production and demand goals. By 2030, some 14 countries aim to produce 20.4 million tons of hydrogen annually, while eight countries want to use a combined 20.7 million tons per year. Moreover, the EU is targeting 20 million tons of green hydrogen demand by 2030.

### Increasing focus on decarbonized heating sector

In addition to the worldwide focus on hydrogen, there is a strong trend toward more renewable fuels and an increased need for flexibility and higher energy efficiency. Combined heat and power (CHP), which was used for many years to provide baseload for heat demand either in public or industrial sectors, is re-inventing itself to support those trends. Under the IRA in the U.S., for example, up to 30% Investment Tax Credit (ITC) will be available to qualifying CHP plants that are put in service before December 31, 2024. Projects that begin construction on January 1, 2025, also can qualify for renewable energy tax credits under the new technology-neutral tax incentive if the project yields zero greenhouse gas emissions. This likely will be possible if the CHP system uses green hydrogen as a fuel, but the exact guidance is still pending.

### Estimate and forecast of annual electrolyzer shipments, 2018-24



Electrolyzer installations to produce clean hydrogen have almost doubled every year since 2020 (200 MW installed in 2020) to reach almost 1 GW in 2022. The installations in 2023 are expected to be between 1.7 GW and 2.1 GW and rise to 3.6 GW by 2024, according to BloombergNEF.

The heating sector itself is increasingly being decarbonized with the use of renewable energy (e.g., solar, heat pumps, and geothermal energy), but a strong focus on resiliency also is required. In the future, not only will CHP systems be fed with renewable gases like biogas, biomethane, or green hydrogen, but they also will be decoupled from the traditional continuous demand system for heat and power. Fully flexible and more efficient modern plants will have gas and heat storage systems, allowing them to run only when needed while capturing all produced energy so as not to waste any resources. Not only do these highly resilient and flexible decentralized CHP systems fulfill heat demand, but they also produce energy when other renewable systems cannot.

# Health and Safety Awards Welland manufacturing facility

Canadian Occupational Safety has named INNIO Group's Welland manufacturing facility a 2023 5-Star Energy & Resource Company and a recipient of the 5-Star Safety Award.

The energy and resource award goes to companies that demonstrate a strong environmental, social, and governance (ESG) program; measurable environmental and social impacts; and a consistent health and safety policy. The safety culture award recognizes organizations for deploying a diverse set of tools and workplace policies to ensure the well-being of employees.

At the Welland facility, safety policies and procedures were developed and a culture shift implemented.

Four key principles that were used to develop the culture were trust, empowerment, credibility, and knowledge. The element of trust was established between EHS and the workplace by creating an environment where workers felt comfortable to bring up any safety concerns, without ridicule or retaliation. The next phase was to establish employee empowerment, which was accomplished by creating a high-functioning Joint Health and Safety Committee that included members from each department. The JHSC meets monthly to address safety topics, complete monthly department inspections, and act as a safety champion on the shop floor. Employees were encouraged to use the EHS software to report hazards and concerns and also were engaged in safety projects such as machine guarding planning and plant layout, to name a few. The EHS team made a point to ensure that credibility was established and maintained by ensuring that followup to any concerns happened in a timely fashion, all investigations were treated equally and taken seriously, and all key stakeholders were involved. The credibility was complemented by the knowledge that the on-site EHS manager has 20-plus years of experience and is very familiar with the occupational health and safety act and other various laws.

The four key elements coupled with the site's certification to ISO 14001 and 45001 in 2022 helped to create a safety program that was viewed by many as world class. As the site has matured, so has the safety program, with the Total Incident Rate (TIR) of the facility going from 6.62 in 2019 to 0.00 in 2022.

Safety is viewed as a core value and is a way of life at the facility, and accountability is evident at all levels of the organization. All meetings begin with a safety discussion. When operation metrics are reviewed, safety is always the first item on the agenda. The EHS department continues to grow and strengthen the culture to even new heights.

As the journey continues for the facility, the emphasis on EHS will continue to drive the world-class EHS culture, which is good not only for the corporation, but for all key stakeholders involved, from employees to customers to the environment.



# Talent development journey

This program for global INNIO Group Talents is a great example of the company's development offerings as they not only enhance the growth of our employees but also leave a lasting imprint on our organization.

The Talent Development Journey was brought to life in 2020 and offers 32 global INNIO Group Talents the unique chance to shape their career aspirations and future development. This program combines individual coaching, mentorship, motivational talks from INNIO Group's senior leadership, and collaborative group workshops. A key component of this journey is the cross-functional action learning projects that the Talents undertake in groups during the program.

## A holistic approach

This year for the first time, the 32 global Talents were brought together in person for an Opening and a Closing Module for three days each, bringing a huge benefit to the journey and even increasing its impact. During the three days of the Opening, the Talents got to know each other, learned about their projects and project stakeholders, and took part in interactive workshops and events like fireside chats with INNIO Group's senior leaders. The projects span a wide spectrum of topics, from green fuels and energy efficiency to employer branding, all of which are underpinned by a shared commitment to a future-oriented perspective.

At the Closing, the Talents presented the results of their cross-functional group projects to the board, showcasing the outcome of their work from the past nine months.

## Impact

The group was extremely diverse, representing eight countries and 12 functions, and it had a female rate of 33%. Therefore, there was a lot of opportunity for the Talents to interact, benefit from this diversity, and build and strengthen their network within INNIO Group. This dynamic environment not only helps Talents align with INNIO Group's values and strategy but also fosters collaboration outside their own function, offering a holistic perspective of the entire company.

Not only does the Talent Development Journey allow INNIO Group to hone existing Talent, as a great opportunity for growth and skills expansion, but it also serves to attract and recruit external Talent as well. Talents, in turn, gain immensely from cross-functional collaboration, exposure to senior leadership, and insights into their own development possibilities within the company.

The action learning projects, often referred to as "Talent Challenges," offer substantial value as Talents drive existing initiatives forward. With the support of functional experts and guided by seasoned mentors, these projects not only catalyze growth opportunities for the company but also foster participant development. This is clearly evidenced by the numerous past projects that have continued to thrive after the Talent Development Journey.

**Example:** Following a project within the 2022 Talent Development Journey, the Onboarding Tool "WINNIO" was created. This tool serves as a valuable resource, providing comprehensive company information to assist new employees during their orientation process. "WINNIO" was launched successfully in March 2023.



# “ESGenius” — Digitalization of ESG data management

The requirements for professional environmental, social and governance (ESG) management are tightened by legal regulations at the European level on the one hand and by international sustainability ratings on the other. ESG regulations refer to the rules, standards, and policies that govern the ESG aspects of business operations. The purpose of these regulations is to hold companies accountable for their impact on the environment, society, and corporate governance practices.

Data now plays a crucial role in this value creation process. One of the biggest challenges for ESG management is the volume, complexity, and aggregation of ESG data, as well as ensuring the quality and security of this data. As part of digital transformations, software solutions are, therefore, playing an increasingly central role in overcoming these data challenges.

At INNIO Group, we have set up software to function as a Group-wide ESG data hub. We chose a well-established software solution and implemented it in the framework of INNIO Group’s “ESGenius” program. This software supports the planning, governance, and management of ESG data to meet various regulatory and rating requirements. The aim of this data hub is to ensure data quality through integrated plausibility checks and at the same time guarantee the secure use of large amounts of data through data protection standards. We monitor more than 200 key performance indicators (KPIs) across around 15 different ESG categories, such as materials, energy, emissions, water, waste, workforce, health and safety, and compliance.

As part of the software implementation, individual training sessions throughout the company were held for all relevant internal stakeholders to create an understanding of the performance indicators in connection with ESG and to establish uniform standards for reporting. As the standards and requirements for ESG reporting are changing and becoming more extensive, we must ensure that everyone involved stays up to date.

The name “ESGenius” was therefore chosen deliberately for the entire program because it represents an ongoing commitment to promote long-term genius and broad knowledge of ESG data. After the successful implementation of the ESG data hub in the reporting year, we plan to integrate the ESRS reporting standards according to the CSRD into the platform. In addition, it is important to further advance digital transformation around corporate sustainability and therefore create relevant interfaces to other software systems within INNIO Group to become even more efficient in data collection and analysis.

## 200+

KPIs (Key Performance Indicators)

## 20+

Countries worldwide where INNIO Group’s sites are located

## 15+

Categories to meet ESG reporting requirements

### Environment

- Environmental compliance on sites
- Materials
- Energy
- Emissions
- Water
- Waste

### Social

- Workforce
- Diversity
- Freedom of association and collective bargaining
- Anti-discrimination
- Health and safety
- Trainings

### Governance

- Finance information
- Board effectiveness
- Compliance
- Supplier environmental and social assessment

Table 06



# Circular Economy Task-Force — Utilizing remanufacturing

The energy industry is increasingly dominated by the need for viable economic solutions that efficiently and sustainably use resources. That is why our products are designed to go through multiple life cycles. According to the well-known Ellen McArthur Foundation, in a circular economy, materials never become waste so nature is enabled to regenerate. The concept of circularity addresses global challenges such as climate change, biodiversity loss, waste, and pollution. Through processes such as maintenance, trainings, upgrades, remanufacturing, recycling, and digital solutions, INNIO Group contributes to a circular economy and decouples economic activity from the consumption of finite resources.

With INNIO Group's Remanufacturing Program, it is our aim to follow a process of returning end-of-life products to the same condition as new ones. In our holistic and systematic five-step Remanufacturing process, our engines and parts are carefully re-assembled and comprehensively tested before delivery. In this way, we help ensure that all parts work together in harmony for optimal system performance. The five steps of our Remanufacturing process are:

1. **Disassembly & Cleaning:** Engines and parts are disassembled and cleaned by skilled personnel to eliminate and remove elements that can hide flaws.
2. **Inspection:** All engines and parts are carefully inspected and thoroughly tested. We use OEM dimensions and tolerances to ensure specifications are met.
3. **Machine & Assembly:** Skilled assemblers follow exact standards and specifications from the most current engineering drawings when remanufacturing parts. All worn parts that do not meet our strict requirements are replaced by new OEM parts.
4. **Testing:** Every engine and part that leaves the factory has been comprehensively checked. Each test is recorded and stored electronically to maintain quality control.

5. **Painting, Packing & Shipping:** Engines and parts are painted or preserved and carefully packaged to ensure they are protected from the elements. They can be installed right out of the box.

The Remanufacturing Program includes both the overhaul of an entire engine (reUp engine) as well as remanufactured core parts (reUp spare parts), such as cylinder heads, bypass valves, and intercooler, as well as water and oil pumps. Remanufacturing processes are well established across the INNIO Group's entire product portfolio.

As part of INNIO Group's sustainability journey, we aim to measure the environmental impact on our initiatives, including our Remanufacturing Program. That is why we started a project to assess the life cycle emissions of new parts versus remanufactured ones to identify hotspots and potential future emissions savings in the reporting year. In the course of INNIO Group's Talent Development Journey and together with our Circular Economy Task Force, an interdisciplinary team calculated the environmental impact in CO<sub>2</sub> equivalents from the extraction of raw materials to the end of life using a cylinder head, as an example. This initial screening showed that for a remanufactured cylinder head 80% less raw materials are needed, which leads to 68% less CO<sub>2</sub> emissions. The results of this project indicate significant emissions savings through remanufacturing. In the reporting year, in total 2,109 tons of CO<sub>2</sub>-e could be saved as part of the Jenbacher remanufacturing program.

This first analysis provides a good insight into the potentially positive effects of circular measures. To better understand the dynamics of the circular economy and CO<sub>2</sub> footprints, we will systematically further develop the basic model so we can make statements about our entire product portfolio in the future.



# Decarbonization of INNIO Group's own operations

## How to enable and drive decarbonization of operations in a successful way?

This was one of the central questions we asked ourselves at INNIO Group while setting up our emissions reduction targets based on the 2020 baseline. In our view, the primary and instrumental elements enabling a change are high-quality data, digitalization of measurements, and collection of datapoints, all followed by smart analytics. These are fundamental to making informed operational decisions, identifying energy efficiency opportunities, monitoring processes, and activating areas of highest impact and importance to the environment and the company.

As part of the manufacturing industry, we face certain complexity in terms of available, reliable, and auditable data. We rely on both primary and secondary data sources to evaluate and measure emissions across the entire value chain – from cradle to grave. However, the availability of primary data becomes more limited the further we move away from the center of our operations and direct control. However, obtaining actual data is likely to be the key enabler to making future measurements precise and in real time.

With that in my mind, we directed our focus to our own operations in Jenbach and Scope 1 and 2 GHG emissions. To tackle this challenge, we decided to take advantage of our myPlant digital technology and use the full power of our digital capabilities to measure our own energy consumption, energy recovery, and corresponding carbon emissions.

**12,016**

connected assets in our factories

**21**

digital smart meters installed<sup>2</sup>

<sup>2</sup> Data refers to our site in Jenbach, Austria

This has been a multistage approach, starting with installation of smart meters across our production lines and equipment in Jenbach, including at the main points of energy entry (e.g., electricity or gas meters), and connecting all of them to the myPlant platform. Completing this step equipped us with direct access to usage data (energy and emissions) in real time. In subsequent phases, data has been clustered into specific categories and visualized in dashboards. This has provided INNIO Group's operational teams with tailored metrics illustrating respective operational process steps and enabling detailed analytics of efficiency, trends, forecasting, and analytics of any abnormalities.

Being able to provide high-quality data in real time, with a function-tailored view on processes or activities, has helped us establish a high level of accountability and the drive to further enhance operational improvements and set respective sustainability initiatives in clearly defined areas of impact. It is a vital tool for scenario modeling, management discussions, and decision-making process. We aim to continue increasing coverage of digital energy management, leveraging the capabilities of myPlant across other operational sites.

This vital example also demonstrates that cutting emissions, energy consumption, and optimizing cost go hand in hand.

The myPlant tool is being used beyond INNIO Group's operations: thousands of our customers employ it to optimize their operations, increase predictability, and enable maximum uptime of our energy solutions.

Learn more about INNIO Group's digital ESG data management in the ESGenius case study.



Find out more about INNIO Group's myPlant digital products here:

[myplant.io](https://myplant.io)

# 03 Progress and Performance

A N C E P E R F O R M A N C E P E  
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 N C E P E R F O R M A N C E P  
 C E P E R F O R M A N C  
 E P E R F O R M A  
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## Low-carbon and circular products

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Technology and innovation</b>	Coverage of "Ready for H <sub>2</sub> " fleet, coverage of renewable fuels fleet	Chief Technology Officer (CTO), Engineering department and Research & Development (R&D) department

### Management Approach

INNIO Group's Engineering organization, led by the CTO (a member of the Executive Board), is at the core of our research and development activities. The Engineering team governs product development, new product introduction, testing, validation, and all activities around technology innovation. The team sets internal targets surrounding areas such as product design and characteristics and their energy efficiency aspects that are validated by the Executive Board.

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Customer collaboration for the long term</b>	Hours of engagement (trainings, workshops, seminars) of current distributors	VP Global Sales, VP Global Services, VP Project Management, VP Product Line & Marketing

### Management Approach

INNIO Group's Global Sales, Services, and Project Management organizations are actively engaging with global customers and distributors. Function leaders engage regularly with the Executive Board to discuss strategy, goals, and progress.

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Analytics and digital solutions</b>	Number of connected assets	Chief Digital Officer Digital department

### Management Approach

INNIO Group's Digital Product organization, responsible for our myPlant remote applications, works to enhance them. The Group's Quality Policy describes our commitment to deliver affordable and reliable solutions to our customers and is supported by INNIO Group's digital strategy. Our organization regularly aligns with the Executive Board in terms of strategy, goals, and progress. The digital value proposition remains threefold. First, the myPlant Performance solution increases engine reliability and performance through real-time monitoring. Second, myPlant Optimization is designed to optimize our customers' earnings and simplify their operational life. Finally, myPlant focuses on operational excellence and service productivity. Extensive collaboration with our customers allows us to provide and adjust our digital solutions according to their specific needs. Furthermore, our customers are able to immediately communicate with our employees to answer and solve any questions and requirements through our dedicated INNIO Customer Portal.

Table 07

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Circular economy and value chain</b>	Percentage (%) of recycled input materials used to manufacture our products and services	VP Services, Chief Technology Officer, VP Product Development, VP Product Line Management, VP Procurement

**Management Approach**

Circularity is at the forefront of INNIO Group's designs; our products are reusable and are designed to have multiple life cycles. Through the work of our specialized remanufacturing team and the reUp programs for both Jenbacher and Waukesha engines, used engines and parts are returned to like-new condition. Material reuse programs save resources and reduce environmental impact by helping increase efficiency and energy savings. Aiming to continuously increase circularity, we set internal goals for our reUp programs. Our goal of having more than 90% reused, recycled, or reclaimed materials by 2030 is handled by our Procurement team. INNIO Group understands that extensive collaboration with suppliers and our high-quality data collection process are key to achieving this goal. To continuously increase our circular activities, INNIO Group's SRB has created a Circularity Task Force to systemize a framework of activities across critical business functions that would increase visibility, measurement, and accountability.

Table 07

**Resilient manufacturing**

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Energy and emissions</b>	Scope 1, 2, and 3 GHG emissions (in tons of CO <sub>2</sub> -e)	VP Operations - Operations department (for Scope 1 and 2 emissions), VP Procurement - Sourcing department (parts of Scope 3 emissions), VP Product Management Jenbacher and Waukesha - Product Management & Marketing department (parts of Scope 3 emissions)

**Management Approach**

INNIO Group's CO<sub>2</sub> reduction targets are aligned with SBTi and reviewed and set by the INNIO Group's Executive Board. Our targets are absolute emissions reduction targets covering Scopes 1, 2, and 3. Additionally, we aim to reduce Scopes 1, 2, and 3 by 50% by 2030. Several projects and initiatives have been identified in different operational locations to actively pursue emissions reductions year by year. In the reporting year 2023, Scopes 1 and 2 progress updates were provided to the Executive Board on a quarterly basis. Scope 3 progress updates are provided yearly. Important areas relating to INNIO Group's environmental impact are documented by INNIO Group's Integrated Management System (IMS) and the corresponding Environmental Policy. Furthermore, companywide governance is monitored by the site's Environmental Management teams to ensure compliance with standards and regulations. Facility leadership teams regularly assess reports on initiatives, goal setting and monitoring of relevant performance KPIs, and environmental indicators. Additionally, these are presented quarterly to the Executive Board for discussions and approval.

Table 08

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Resource management</b>	Waste generated (in tons), water withdrawal (in megaliters)	VP Operations Operations department

**Management Approach**

INNIO Group's VPs of Operations and the Operations team are responsible for the sustainable management of our operating procedures. The team sets both internal and external environmental goals, some of which are described in INNIO Group's Environmental Policy. Additionally, the team defines environmental guidelines, prepares dedicated and mandatory environmental trainings for all employees, implements new sustainability-related projects for our operations, and conducts internal and/or external audits to ensure that our procedures align with international standards, local laws, and regulations. INNIO Group's water and waste management is covered by INNIO Group's IMS and is ISO 14001 certified. Dedicated experts from INNIO Group's EHS team are responsible for monitoring and managing water- and waste-related activities to help ensure that INNIO Group is compliant with applicable laws, regulations, and standards. Goals, KPIs, and corresponding management approaches are monitored regularly and communicated to the Executive Board at least quarterly. The Executive Board then provides feedback. All environmental risks, including water-related risks, are also part of INNIO Group's enterprise risk management process. A systematic approach is taken into daily operations to measure, monitor, and manage water-related activities. High-level water stress assessments are conducted on an annual basis.

→ Material Topic	KPI	Responsibility within INNIO Group
<b>Sustainable supply chain</b>	Percentage (%) of new suppliers screened using environmental and social criteria	VP Procurement Sourcing department

**Management Approach**

INNIO Group's sustainable supply chain approach, governed by the VP of Procurement and the dedicated Sustainability Procurement team, includes a dedicated ESG and Procurement Policy, a Supplier Code of Conduct, and a Conflict Minerals Policy through which we set clear guidelines and sustainability standards that we require our suppliers to follow. We work with suppliers who actively sign that they follow the 10 Principles of the UN Global Compact, and we implement dedicated ESG assessments and audits for them. INNIO Group's Procurement team sets clear internal and external ESG-related goals as well as a detailed ESG Procurement roadmap to achieve these goals.

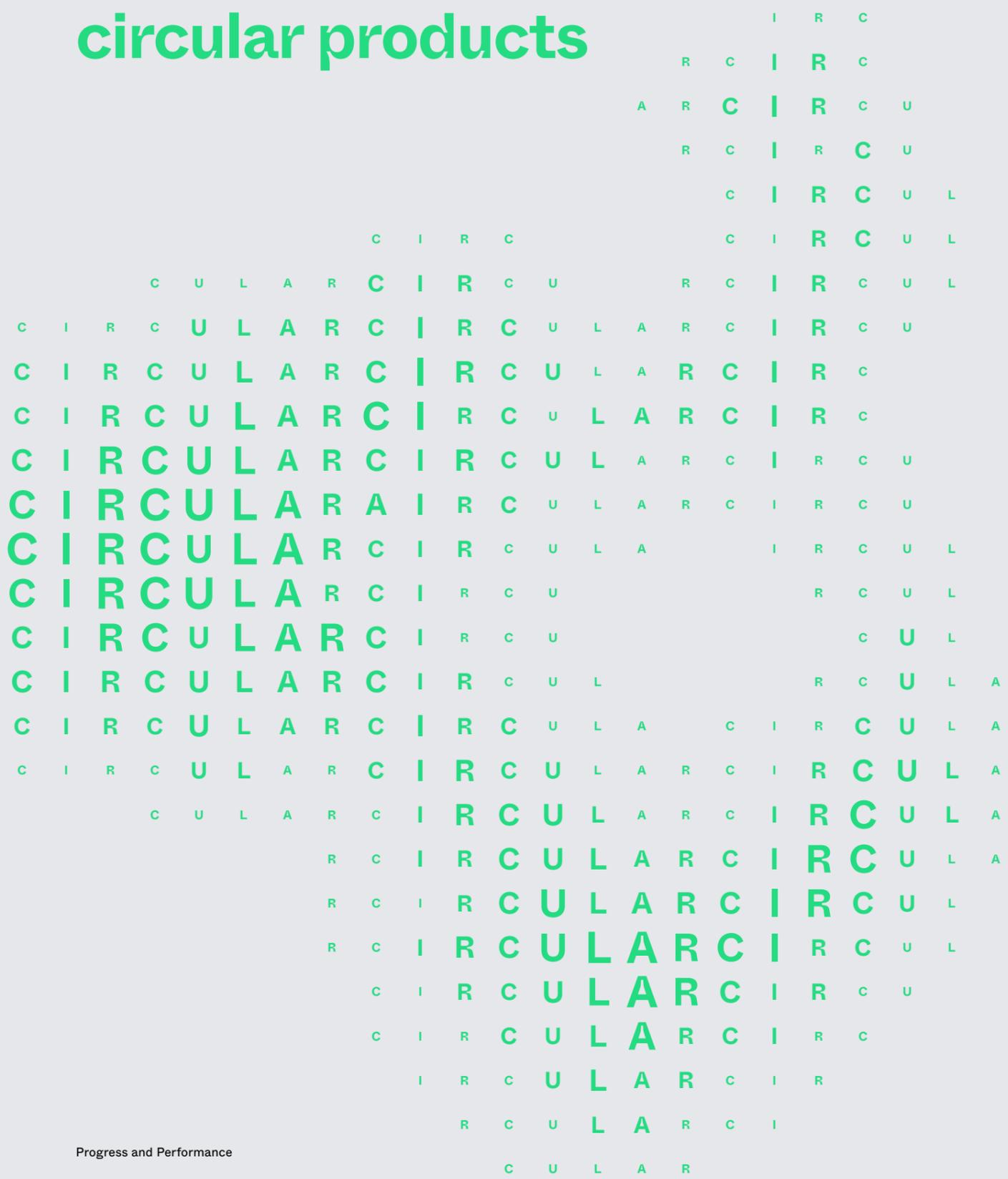
Table 08





### ➤ Progress and Status

# Low-carbon and circular products



## Technology and innovation

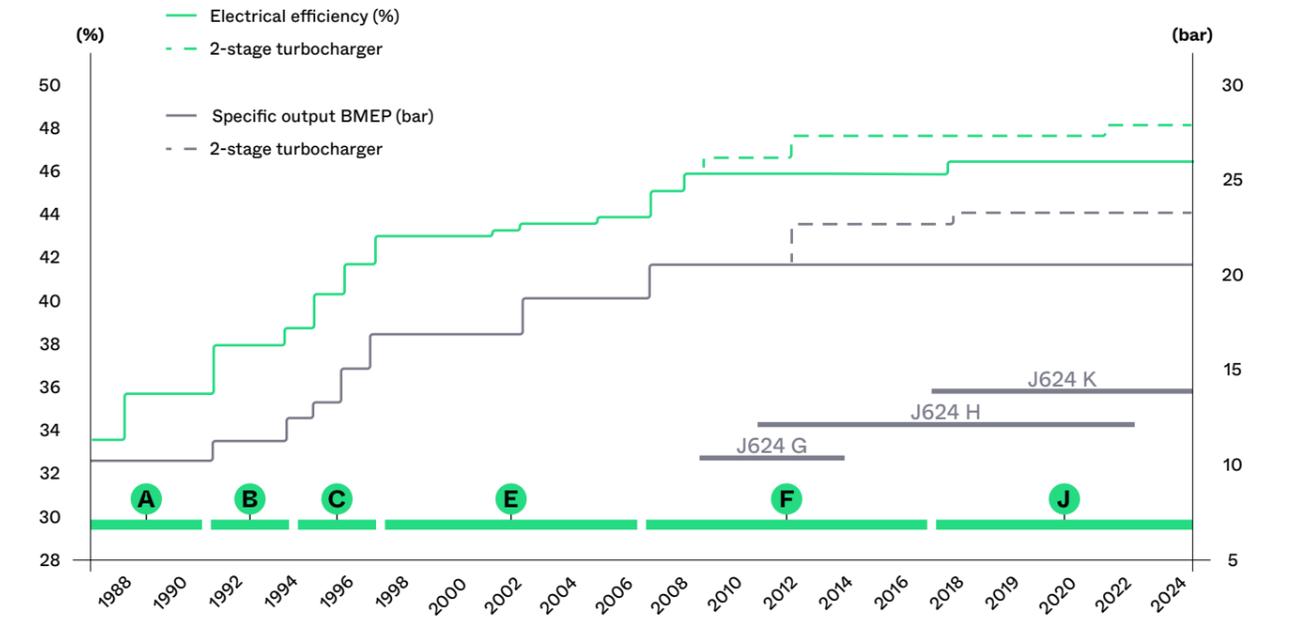
Determined to use our position as a global energy provider to play our part in enabling a sustainable, carbon-free future, INNIO Group increased our focus on R&D in the use of low-carbon fuels. In 2021, we introduced our “Ready for H<sub>2</sub>” product portfolio for our Jenbacher engines, enabling customers to use the fuel

of the future in various options today. In 2023, more than 250 MW of INNIO Group’s pilot engine installations used hydrogen as a fuel. Additionally, the amount of INNIO Group’s order intake designated to operate on low-carbon fuels (such as biogas, landfill gas, or sewage gas) was around 33% of units in 2023.

### Energy efficiency product improvements

As highlighted by the IEA, energy efficiency improvements are a critical solution in the road to achieving net-zero emissions by 2050. With the ability to run on low-carbon fuels and bioenergy in addition to natural gas, INNIO Group’s Jenbacher high-efficiency cogeneration (also known as CHP) technology has been

contributing to decarbonization. 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 have been able to increase efficiency by 50% since product introduction, reducing the CO<sub>2</sub> footprint by around 30%.



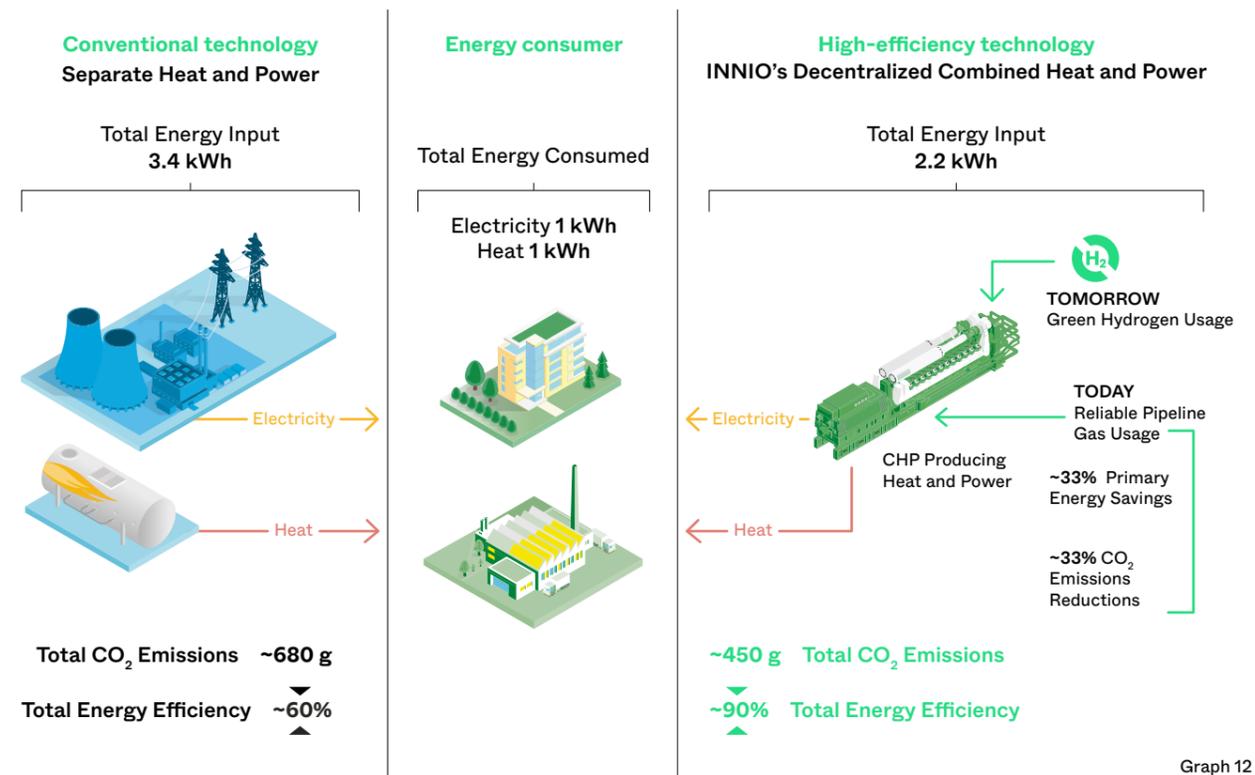
Graph 11

### End-use emission reductions

For many decades, an on-site boiler for heat production was used in parallel with electricity generation equipment. However, CHP equipment generates electricity and captures heat simultaneously, reaching overall efficiency of more than 90%. INNIO Group’s data shows that by using CHP technology, our customers can reduce CO<sub>2</sub> emissions and primary energy

consumption by around 30% compared to conventional electricity and heat generation. As the fuel mix decarbonizes, cogeneration cost-effectively reduces emissions by displacing more energy and carbon-intensive technologies.

# Technology for a carbon-neutral future



## INNIO Group's Jenbacher equipment is ready for hydrogen

INNIO Group is actively pursuing different ways to use hydrogen in our engines to increase power system flexibility. We have been operating Jenbacher engines with high hydrogen content for many years. For example, some Jenbacher engines are operating on steel gases and synthetic gases with high hydrogen content of up to 60% (volume). Therefore, Jenbacher engines are already highly flexible in admixing hydrogen to natural gas. Once hydrogen is available on a large scale, Jenbacher engines used for peaking and CHP applications can be converted from natural gas to hydrogen operation. In the short term, hydrogen can be blended with natural gas in "Ready for H<sub>2</sub>" engines. Introduced in 2021, these engines were configured to enable operation on natural gas blended with up to 25% hydrogen.

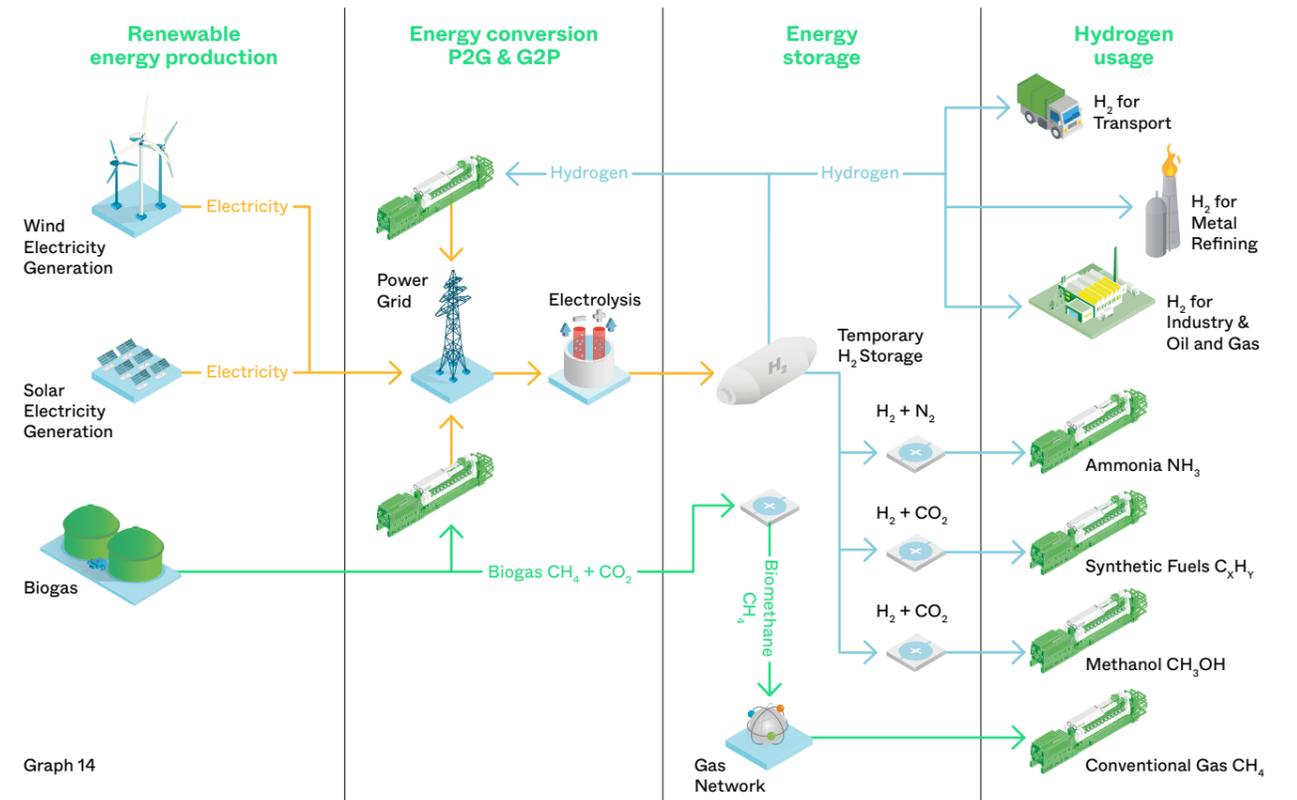
As of today, Jenbacher Type 4 engines—with an approximate output of 600 to 1,000kW—are available for operation with 100% hydrogen or mixtures of natural gas and hydrogen. In 2023 the INNIO Group received the "H<sub>2</sub>-Readiness" certification from TÜV SÜD for our Jenbacher Type 4 and 6 hydrogen product lines and the associated concept to operate power plants on 100% hydrogen.

## Power Output (kWel)

	Generator output @ 50 Hz & NG fuel							H <sub>2</sub> in pipeline gas		NG/H <sub>2</sub> engine	Pure H <sub>2</sub> engine		
	200	1,000	2,000	3,000	4,000	5,000	(...)	10,000	11,000			<5% (vol)	<25% (vol)
Type 9										●	●	25%	2025+
Type 6						●				●	●	60%	2025
Type 4			●							●	●	100%	●
Type 3		●								●	●	60%	2025+
Type 2	●									●	●	60%	2025+

Graph 13

## Supporting the energy value chain



## Customer collaboration for the long term

Based on our original equipment manufacturer (OEM) expertise, our highly experienced trainers help customers and distributors develop the skills and knowledge needed for optimizing Jenbacher and Waukesha equipment. In 2023, 100,582 hours of training were provided to customers.

## Analytics and digital solutions

The needs of our customers continue to be a priority for INNIO Group. With extensive collaboration, in 2023 we continued expanding our energy solutions platform and our comprehensive portfolio of digital products. Our myPlant advanced digital solutions offer real-time monitoring and preventive and predictive analytics for our engines, optimizing performance and reducing possible unplanned downtime through our extensive service network in more than 100 countries. In 2023, the number of assets connected to myPlant was 12,016, an increase of 13% since 2022. Additionally, we use the intelligent smart field technician dispatch function to plan both service events and our service technicians' assignments. As a result of this functionality, the number of site visits can be reduced as both planned and unplanned maintenance are merged. In 2023, we continued to carry out remote fixes in direct markets. Along with this, nearly all work debriefing of the service technicians is now paperless.

## Circular economy and value chain

Both our Jenbacher and Waukesha reUp programs give an engine and all its parts a new, longer life by returning used components to like-new conditions. Customers who buy Jenbacher or Waukesha remanufacturing products get the same OEM quality and product reliability—all with a smaller environmental impact. 2,109 tons of CO<sub>2</sub>-e were saved through Jenbacher remanufacturing in the reporting year.

### Remanufacturing and reUp programs

Supported by specific business plans, our ambition is to provide more local remanufacturing and condition-based maintenance in key countries or regions. Simultaneously, we hope to expand the range of remanufactured components as well as our buy-back program of used engines to ready them for a new life cycle. These activities are accompanied by the extension and standardization of our return and handling processes. We have established a dedicated network of logistics and remanufacturing centers that perform high-quality OEM remanufacturing activities. In our approach to decarbonize this process, we are establishing reUp workshops in various global locations, closer to end users, to decrease the up- and downstream transportation footprint.

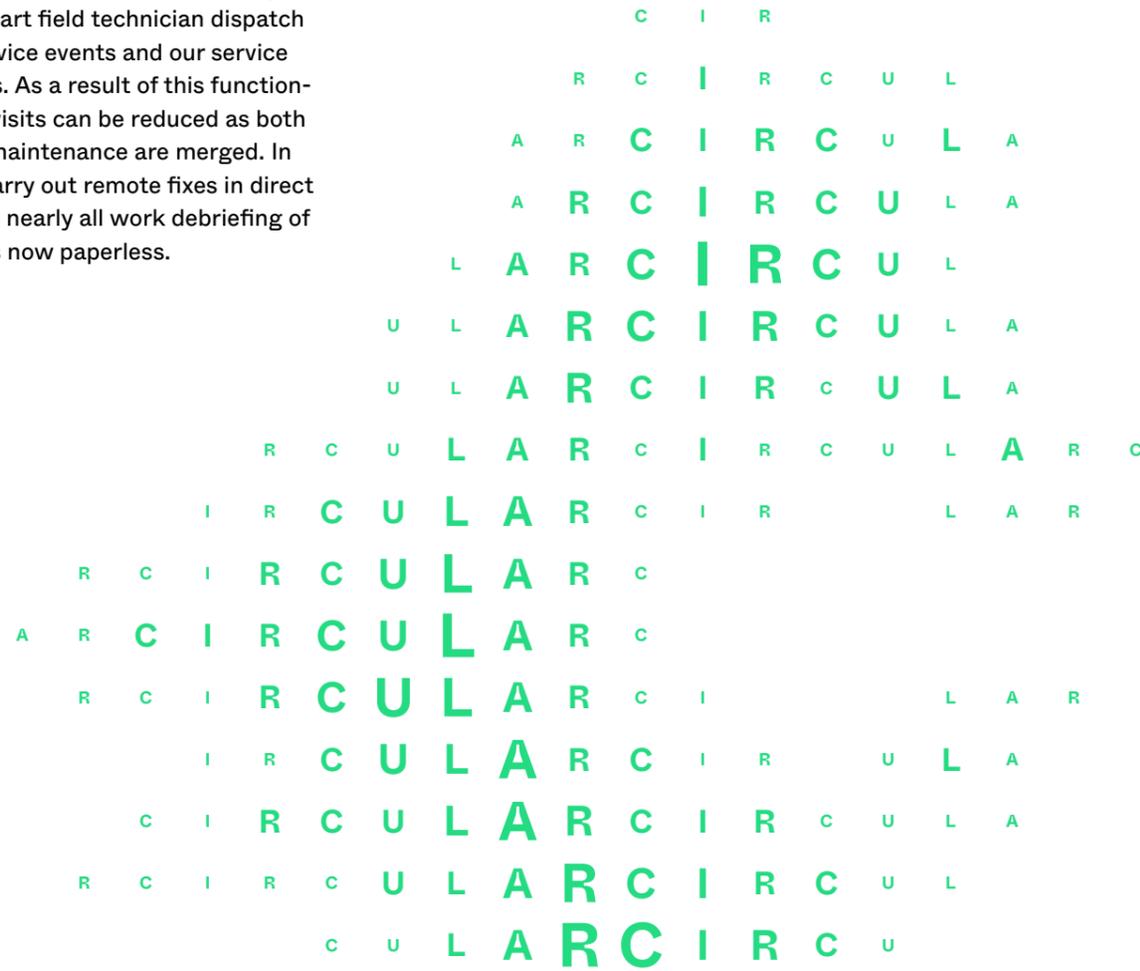
### Accelerating circularity through recycled materials

In 2020, we established the goal of achieving “more than 90% of recycled, remanufacturable, or reclaimed materials by 2030.” To achieve this goal, we initiated a comprehensive and detailed framework that enables us to find the baseline of the current percentage of recycled materials. This framework has been used to calculate the percentage of recycled materials since 2019, and this methodology will be used as a benchmark for our ongoing sustainability data collection. Along with planned methodological improvements, we estimate we will make systematic progress toward our 2030 goal. We screen recycling activities into the already established supply chain screening processes.

We understand that this is an ambitious undertaking, but combining the efforts with our stakeholders and actively investigating impact areas—such as design to recycle, remanufacturing, or reuse—will help us drive meaningful progress. At present, 61% of our material inputs are recycled.

### Product safety & quality

We are determined to deliver safe, high-quality products, and exploring ways to reduce our products' environmental impact throughout their life cycle continues to be a priority for us. Indeed, INNIO Group has set the company-wide goal of zero product defects and recalls. Through the provision of top quality and safe equipment, we earn and maintain our customers' trust. INNIO Group has comprehensive systems in place to promote quality improvement globally, with top executives taking responsibility for ensuring these promotions are successful. These are regulated by the EU Machinery Directive, harmonized under norm EN 12100 (machinery safety risk assessment), with which INNIO Group—as original equipment manufacturer—complies. Regarding North American manufactured equipment, INNIO Group aligns with the National Fire Protection Association, the Canadian Standards Association, the UL standards, and other guidelines. Our overall product offerings, new product introductions (NPIs), R&D, and safety are governed by the Chief Technology Officer, who is also a member of the Executive Board. The Product Safety Board, which includes INNIO Group's vice presidents of Quality, Products, and Services, meets on a weekly basis. This body governs all product safety, from NPI to the Residual Risk Summary. We use a business process modeling tool to manage INNIO Group's policies, instructions, operating procedures, safety instructions, and safe operation handbooks. The end users of our products and services have digital access to the guidelines and instructions, and they sign conformity as part of each contract. Conformity for product and service safety is provided by external audits and the issuance of ISO 9001, which covers 100% of INNIO Group's production facilities and products.



## Progress and Status

# Resilient manufacturing



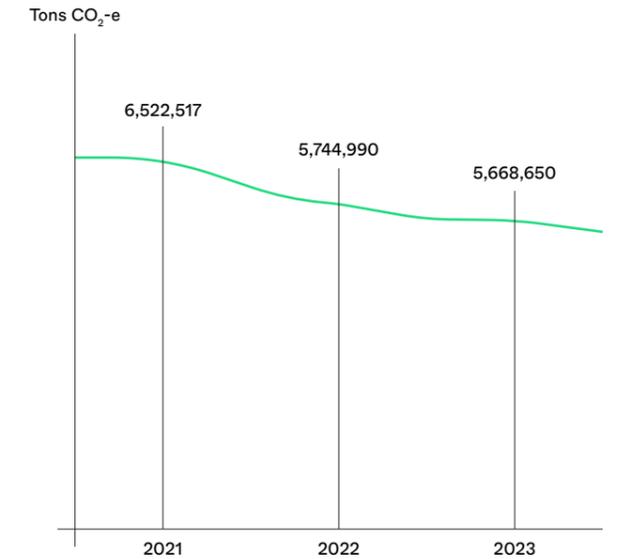
## Energy and emissions

In 2023, INNIO Group's total energy consumption increased by 5%. This was driven by specific R&D activities and new product testing throughout the year.

### Energy efficiency in INNIO Group's operations

INNIO Group's energy management system is part of the Integrated Management System and acts in accordance with ISO 50001. Through annual energy consumption monitoring and a set of internal targets, INNIO Group aims to identify energy consumption improvement areas. We plan to continue increasing the energy efficiency of our operations through technical improvements and process optimization. To be more specific, at our headquarters and main production facility in Jenbach—which accounts for approximately 60% of our total energy consumption—we use an advanced energy management system, powering our operations through high energy recovery from the electricity produced during testing. Our production process uses produced thermal and electrical energy, with any surplus being provided to the communal heating network or grid. We aim to sell the energy produced by testing our engines on site back to the local grid. Moreover, in our two production sites—in Jenbach and in Welland—the electricity purchased from the grid is renewable or low carbon. Our smaller sites and offices use an electricity mix from the local grid. In comparison to 2022, both our Jenbach and Welland sites have increased their total energy consumption, driven by specific R&D activities. The total share of energy consumption from low-carbon sources for the Group reduced two percentage points to 13% in 2023.

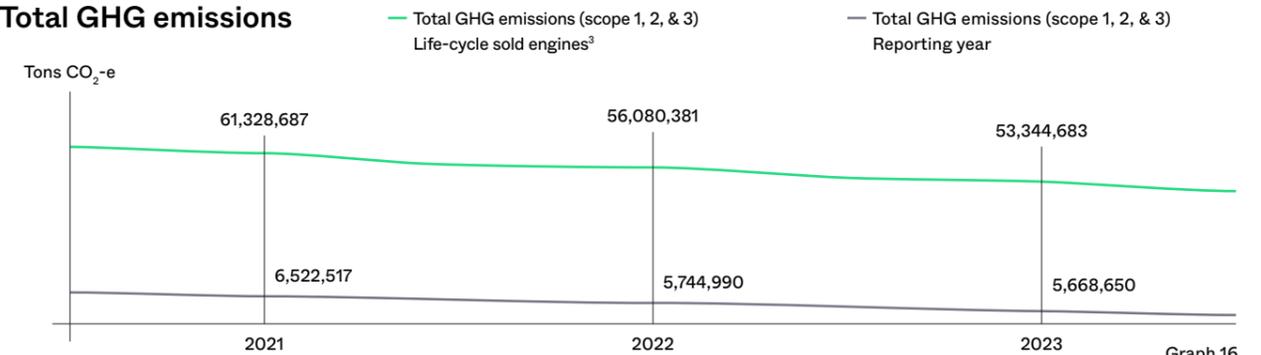
### Corporate Carbon Footprint one reporting year only



Graph 15

Overall, our corporate carbon footprint including Scope 1, 2, and 3 is decreasing. Our near-term targets have been validated by the SBTi. INNIO Group commits to reduce Scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year. In addition, INNIO Group commits to reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2020 base year.

### Total GHG emissions

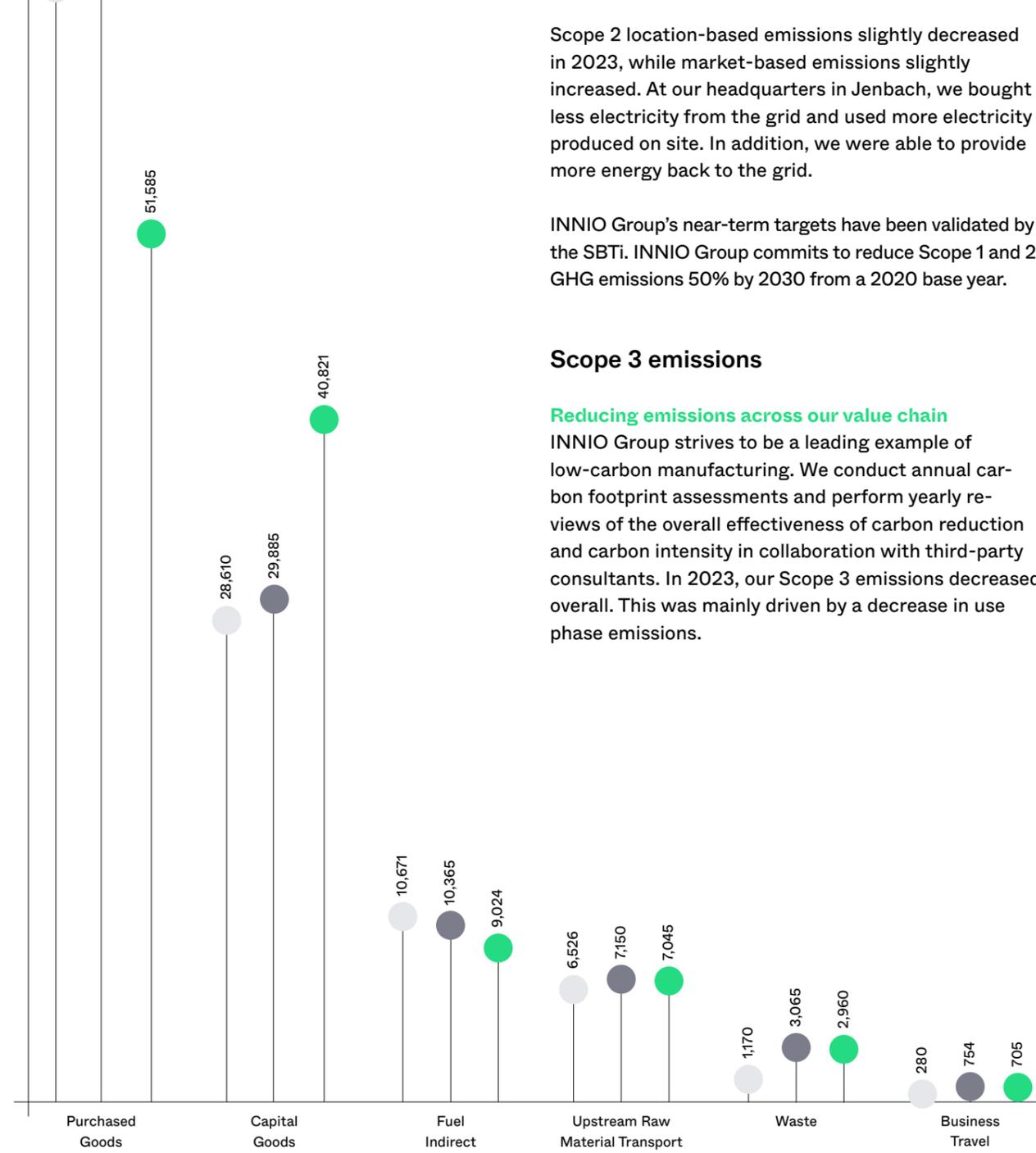


Graph 16

<sup>3</sup> One life cycle represents 60,000 operating hours of an engine. Total emissions during the life cycle of a product are dependent on the application and the operational model. INNIO Group's engines are designed and built to operate for multiple life cycles, which significantly supports the concept of circularity.

Tons CO<sub>2</sub>-e

● 2021  
● 2022  
● 2023



### Scope 1 & 2 emissions

In 2023, Scope 1 emissions increased by 19.5% due to higher natural gas consumption driven by R&D activities and new product testing.

Scope 2 location-based emissions slightly decreased in 2023, while market-based emissions slightly increased. At our headquarters in Jenbach, we bought less electricity from the grid and used more electricity produced on site. In addition, we were able to provide more energy back to the grid.

INNIO Group's near-term targets have been validated by the SBTi. INNIO Group commits to reduce Scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.

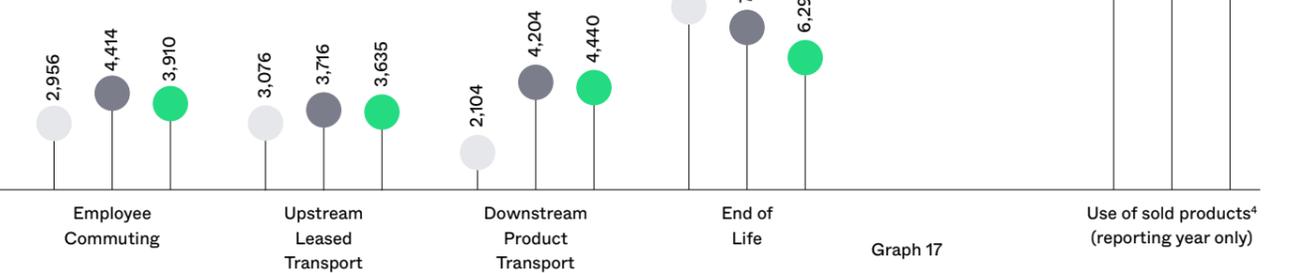
### Scope 3 emissions

#### Reducing emissions across our value chain

INNIO Group strives to be a leading example of low-carbon manufacturing. We conduct annual carbon footprint assessments and perform yearly reviews of the overall effectiveness of carbon reduction and carbon intensity in collaboration with third-party consultants. In 2023, our Scope 3 emissions decreased overall. This was mainly driven by a decrease in use phase emissions.

### Use phase emissions

We have quantified emissions for one year of all sold products, based on statistical and average data regarding the hours of operation over the previous five years. In line with INNIO Group's sustainable growth strategy and low-carbon and circular product goal, we expect that the average annual use phase emissions of products sold will continue to decrease. This likely will be driven by an increased share of low-carbon and renewable fuels such as hydrogen. Total emissions during the life cycle of a product are dependent on the application and the operational model. INNIO Group's engines are designed and built to operate for multiple life cycles, which significantly supports the concept of circularity and a reduction of emissions and protection of virgin resources. The tCO<sub>2</sub>e emissions from the use of INNIO Group's products (Scope 3) are a function of operating model (actual operating hours), fuel application, and energy generated. Furthermore, as of 2021, INNIO Group sells our Jenbacher products as "Ready for H<sub>2</sub>," meaning possible hydrogen use with the current setup. Using our data from 2023 as the basis and multiplying it with the typical single life cycle of 60,000 operating hours, a total use phase emissions would yield an average of 53,304,098 tCO<sub>2</sub>-eq (improvement of 5 % since prior year) for the entire life cycle of the fleet shipped in the reporting year.



Graph 17

<sup>4</sup> The figures in the table represent the emissions of all engines sold for a single reporting year. The emissions over the entire life cycle of our products sold in 2023 correspond to an average of 53,304,098 tCO<sub>2</sub>-eq. The full life cycle assessment was calculated in accordance with the GHG Protocol. A detailed explanation of our use phase calculations for the entire life cycle can be found on page 59, and an overview of all figures including previous years on page 95.

# Sustainable Supply Chain

## Circularity

From a baseline of 56% recycled materials average across Jenbacher and Waukesha engines in 2022, the Sustainable Procurement team has been able to increase this average to 61% in 2023. By refining our methodology with the use of academic Life Cycle Inventory Assessment (LCIA) databases, the accuracy of our calculations also has been improved. INNIO Group has been working with and training suppliers to improve and increase the recycled content of their products to increase the circularity of our engines. Through this, emissions have decreased by 23% compared to the 2020 baseline, and we have improved the environmental footprint of our engines by using less virgin material.

## GHG emissions

INNIO Group also has been meeting with suppliers to calculate and reduce the GHG emissions related to their products. Originally, we gathered the relevant material information and used our own methodology to produce an estimate. Now, the Sustainable Procurement team has developed a Cradle-To-Gate emissions calculation training for suppliers including Scope 1 and 2 and upstream Scope 3 based on the GHG protocol and industry best practices. Collaboration with more advanced suppliers to both improve this training and our own understanding of cradle-to-gate emissions also has been a priority. In 2023, INNIO Group has worked with more than 20 suppliers to complete partial PCFs.

## Transport

INNIO Group similarly has been working on our upstream Scope 3 emissions. By communicating with our carriers to improve our understanding of transportation emissions upstream in our supply chain, we now have carrier-specific emissions factors that greatly improve the accuracy of our calculations from the previous global averages approach. With this method, transport emissions have decreased by 1.5% since 2022.

## ESG

2023 saw our ESG-rating coverage of direct suppliers increase from 74% to >80%. The Sustainable Procurement team also started a campaign to increase the ESG coverage of our indirect suppliers and reached our initial goal of 30%. Our more ambitious goal of 40% also was reached.

## Diversity

At the start of 2023, INNIO Group introduced Diversity and Occupational Health and Safety to the supplier scorecard sustainability section. Diversity is now an integral part of INNIO Group's sustainability policy. The five UN-based diversity indicators cover trainings, measures, and policy. We grant a point if at least three out of five are met. Our goal to improve on the baseline of 20 diversity mature suppliers to 40 by the end of 2023 has been met.

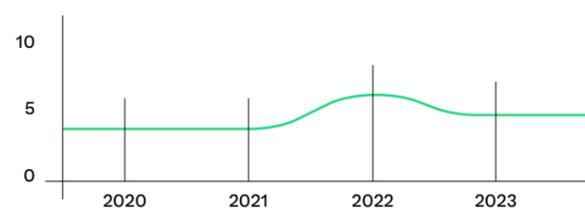
## Training

Internally, we also have been striving for improvement: Throughout the year the Sustainable Procurement team has been holding internal trainings for our Sourcing department, for example, on the latest IPCC report, the EcoVadis platform, and various ESG topics.

## Suppliers

In 2023, we were in talks with over 60 of our direct suppliers on various topics ranging from scorecard improvement, GHG reduction commitments, trainings, and circular economy.

### Average Sustainability Scorecard Score



Graph 18

## New suppliers screened for environmental and social impacts

Environmental	Social
<b>5</b> suppliers identified as having significant actual- and potential negative environmental impacts <sup>5</sup>	<b>8</b> suppliers identified as having significant actual and potential negative social impacts <sup>5</sup>
<b>14</b> significant actual and potential negative environmental impacts identified in the supply chain <sup>5</sup>	<b>29</b> significant actual and potential negative social impacts identified in the supply chain <sup>5</sup>

→ All of INNIO Group's new suppliers have been screened.

Table 10

# Resource management

## Water management

INNIO Group uses international tools and indexes to conduct high-level water risk assessments on an annual basis. Since 2020, INNIO Group has adopted the Water Risk Atlas from the World Resources Institute (WRI) to evaluate water-related risks for our facilities. According to the results, none of INNIO Group's facilities are rated high risk. INNIO Group withdraws water from two sources, groundwater and third-party water. Regarding discharge quality, INNIO Group adheres to the requirements laid down in local legislation. We systematically monitor and manage appropriately all water discharge. In addition, local regulatory authorities are involved, helping to ensure that we follow environmental regulations and obtain all required permits for direct and indirect water discharges. According to the Graph 19, INNIO Group's total water withdrawal in 2023 decreased and was approximately 918 megaliters.

## INNIO Group's WRI water-related risk assessment

### → WRI Water Risk Index

<b>Quantity</b> Water stress, depletion, seasonal or interannual variability, drought risk, & flood risk
<b>Quality</b> Coastal erosion, untreated water bodies
<b>Regulation &amp; Reputation</b> Drinking water quality & sanitary conditions, ESG Risk Index

### → INNIO Group's Water Risk Assessment

Water Stress	Flood Risk	Water Quality Risk	Regulatory Risk
Low Risk Jenbach, Austria	Medium Risk Waukesha, Wisconsin Welland, Ontario	High Risk -	

### → Water Assessment Results<sup>6</sup>

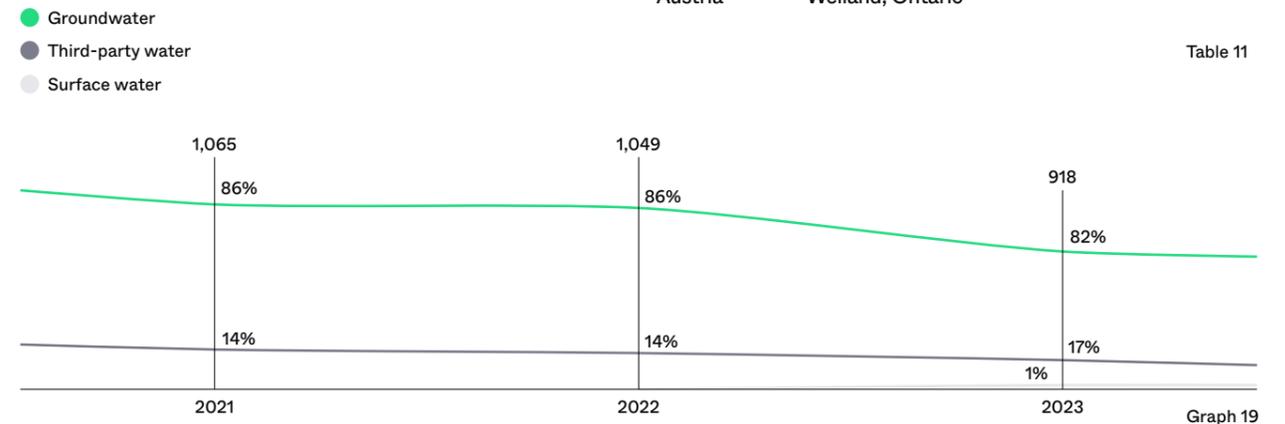


Table 11

Graph 19

<sup>5</sup> INNIO Group has addressed all instances of identified actual or potential impact.

<sup>6</sup> Aqueduct Water Risk Atlas (wri.org).

### Waste management

INNIO Group's waste management strategies abide by the principle of waste minimization, resource recycling, and reuse maximization. Our activities generate solid and liquid waste, including non-hazardous waste. Total waste remained largely flat, with a constant decrease of 2% since 2021. Around 90% of our waste is non-hazardous, such as municipal waste, paper, and wood waste. Hazardous waste makes up around 10% of INNIO Group's waste. Examples of hazardous waste include emulsion and alkali mixtures, waste oils, and waste from cleaning and specialty detergents. The Procurement team has set clear packaging and process guidelines for our suppliers to ensure packaging is performed in an efficient and resource-responsible way. The recycling or reuse of raw materials is prioritized, helping to reduce the amount of waste disposal. INNIO Group uses an internal software platform for documenting and monitoring both the different types and weights of waste used, as well as assessing their potential hazards. Finally, INNIO Group follows applicable local laws and regulations and regularly collects waste for outsourced treatment. INNIO Group regularly reports on our waste management procedures to local authorities.

### INNIO Group's on-site waste management procedure

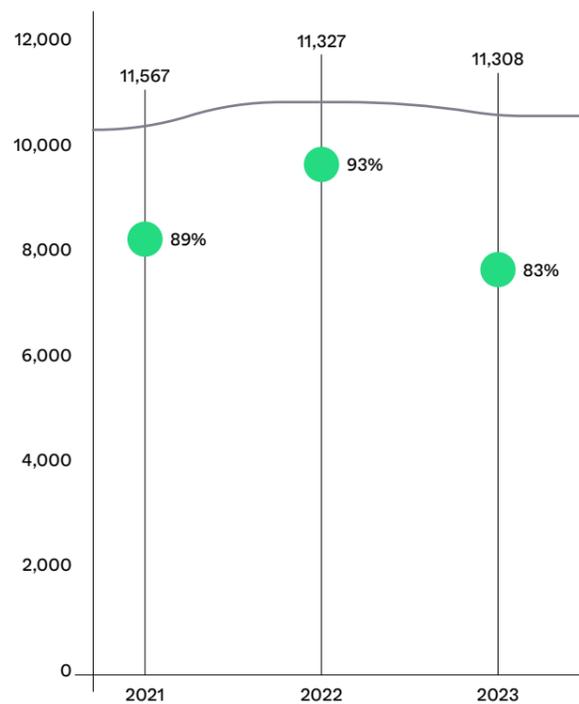
- ISO 14001 certification & renewal every three years
- Waste output tracking
- Internal waste reduction goals
- Waste separation procedure
- Intelligent software system for proper treatment of waste

— Total waste in tons  
● Diverted from disposal rate (recycling and other recovery options)

Graph 20

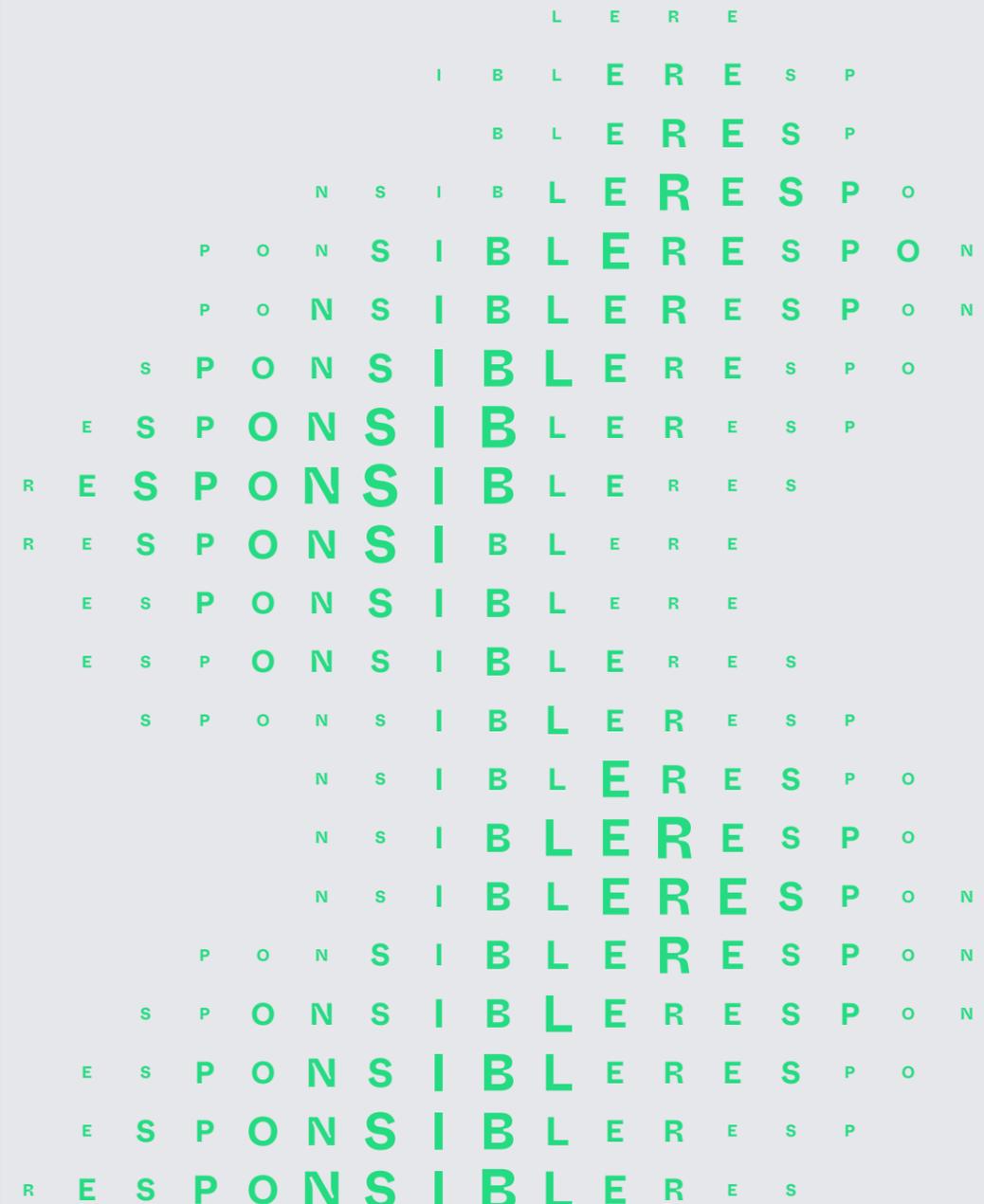
### Spill prevention

INNIO Group defines spill management as the prevention and management of spills in operations and those resulting from an incident. Our management approach includes identifying hazards, conducting related risk assessments, taking preventive measures, and creating plans to respond to specific business conditions and emergencies as well as cleanup procedures. Our spill management plan, which is under the direct control of INNIO Group's EHS team, identifies the people responsible for dealing with spills and sets out the necessary clear responsibilities and actions should a spill occur. Our goal is simple: zero spill incidents. In 2023, and for several consecutive years earlier, INNIO recorded no spill incidents in our main operations (including oil, fuel, and spills from wastes or chemicals). We are committed to continuing to follow best practices in our operations and maintaining our zero spill incidents track record.



## Progress and Status

# Responsible operation and social responsibility



## Employee experience

INNIO Group recognizes that our ongoing success and sustainable growth are driven by our employees' commitment and innovative engagement. During 2023, our employees completed 127,321 hours of training, an average of 30 hours of training per employee. Almost 12,000 more hours of training for employees was conducted, compared to 2022. Per employee this corresponds to an increase of more than 3% in training. The completion target for the mandatory annual trainings, which includes topics such as Legal & Compliance, Health and Safety, and prevention of corruption, is 100%.

In 2023, we held six Corporate Lectures, providing our employees with valuable insights into specific areas of our business and maintaining diverse dialogue and perspective sharing. The average number of employees participating was 93 (Table 12). Moreover, in 2023, 32 employees successfully accomplished the "Talent Development Journey," a cross-functional assignment to deliver improvement and growth projects. We remain committed to supporting all our employees in their development journeys!

## INNIO Group's 2023 training numbers

<b>127,321</b>	Training hours provided to employees (115,535 in 2022)
<b>30</b>	Average training hours per employee (29 in 2022)
<b>103,183</b>	E-trainings started (78,572 in 2022)
<b>100,582</b>	Hours of training provided to customers
<b>6</b>	Corporate lectures, with an average of 93 participants (8 lectures with an average of 75 participants in 2022)
<b>32</b>	Talents completing the "Talent Development Journey" (31 in 2022)

Table 12

## 2023 INNIO Group Insights



Graph 21

## Learning and development

Learning and development are central to the positive and continuous growth of both our employees and of INNIO Group. Our trainings support our organization's long-term strategy and growth by encouraging our employees' personal development. INNIO Group promotes learning and development in three ways: goal setting, regular performance feedback, and the promotion of internal opportunities. In addition, all employees are encouraged to undertake their own professional and personal development through the various training pillars available to them.

INNIO Group's training offering ranges from general, often mandatory, content that is applicable to all employees to tailored, specialized, and function-specific packages. Our learning platform is hosted by our Global Training Center team, and we are constantly working on keeping our training programs up-to-date and improving the digital features.

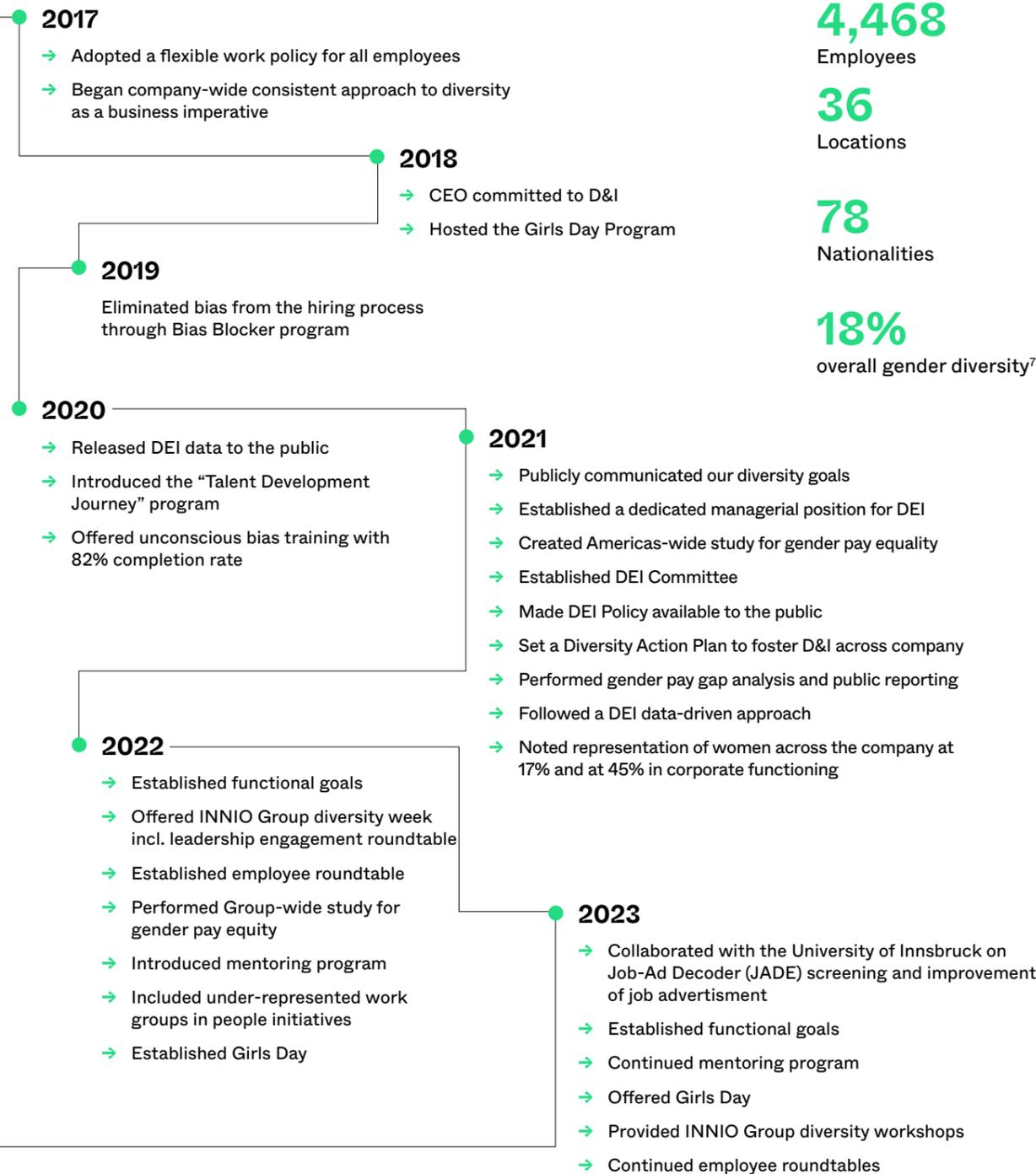
INNIO Group has two major pillars for training. The first is our "INNIO Learning," created to help employees continuously develop their personal and professional skills. Through a variety of development offerings like eTrainings, workshops, and other programs, employees can learn from renowned external trainers and coaches as well as directly from their colleagues in cross-functional teamworking sessions. The second pillar covers "Technical Product Training" for the Waukesha and Jenbacher product portfolios. This pillar is aimed at internal employees, as well as distributors, customers, and maintenance personnel. Product training is usually carried out at a global Training Center with a primary focus on hands-on activities, in-class exercises, live online training, and eTrainings. Those completing these trainings must pass an exam and then are awarded a specific certificate. To broaden employee perspectives on business-relevant topics and market trends, corporate lectures led by INNIO Group's leaders and subject matter experts are offered as live events.

The number of trainings from our e-training platform, started in 2022, significantly increased to 103,182. INNIO Group trainings include Jenbacher and Waukesha product-specific trainings, which are available to INNIO Group's distributors, system integrators, and customers, as well as our internal employees. In 2023, approximately 5,600 people (both internal and external) completed 95,168 hours of training for Jenbacher and Waukesha products.

### Support for employees and their families

At INNIO Group, it is important for us to support the needs of employees outside, as well as within, the workplace. In 2023, our headquarters in Austria ran multiple "Play with Me" weeks for the children of employees over the summer holidays. This year we ran four forest weeks, one tennis week, one theater week, and two alpine weeks between August and September 2023.

## Milestones of INNIO Group’s diversity, equity, & inclusion journey



According to the table on the next page, the percentage of female employees increased in comparison to 2022, while age and region remained similar. In 2023, INNIO Group’s total number of employees increased by approximately 7% in comparison to 2022.

<sup>7</sup> Female

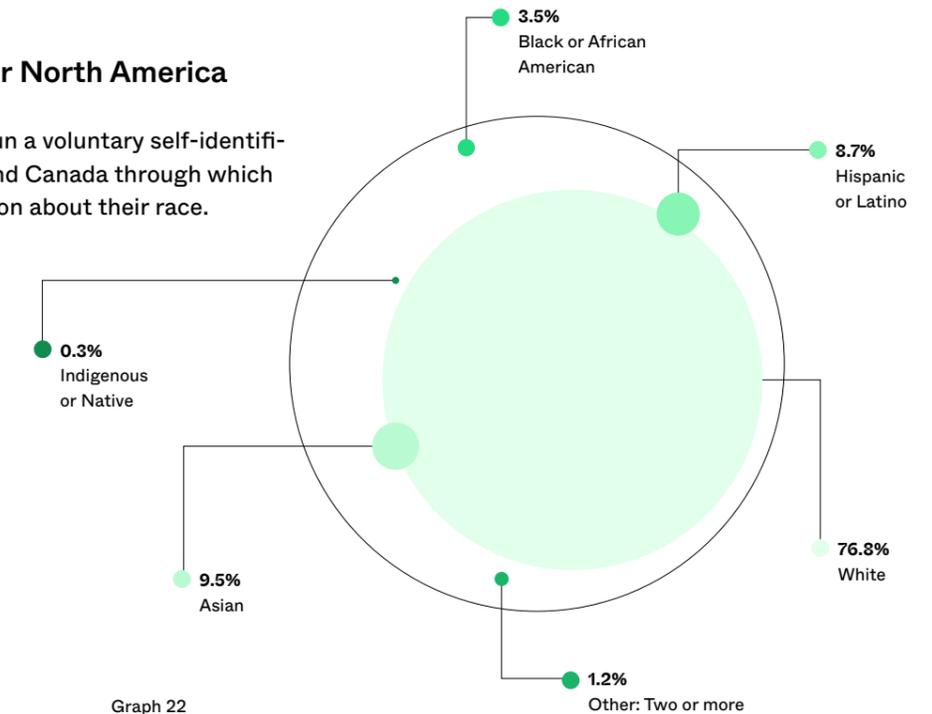
## Diversity and inclusion

Building upon the efforts performed in previous years, such as implementing the DEI Policy, which outlines INNIO Group’s commitment to diversity and inclusion, we continue to focus our efforts on female and national diversity attraction, retention, and development. INNIO Group’s success is driven by our employees, where we see a diversity of age, experience, and perspectives. We fully support all employees in all parts of their individual career progression, independent of age. For data collection and processing, INNIO Group acts in alignment with the EU’s GDPR data protection law, which forbids the data collection of sensitive information such as race and ethnicity.

In 2023, INNIO Group’s workforce increased by 7% compared to 2022. The share of female employees also increased by almost 4% compared to 2022, and by 7.5% over the last three years. In 2023, 53% of interns were female, and 9% of the apprenticeship program at INNIO Group’s headquarters were female. INNIO Group operates in the machinery engineering sector with a focus on Science, Technology, Engineering and Math (STEM), and our industry generally does not demonstrate high gender diversity. However, we remain committed to further increasing diversity across all company levels in 2024 and beyond.

### Race demographics for North America

INNIO Group continues to run a voluntary self-identification program in the U.S. and Canada through which employees provide information about their race.



Graph 22

### Employees by gender, age group, and region

	2021	2022	2023	
<b>Gender</b>	Male	83%	83%	82%
	Female	17%	17%	18%
<b>Age group</b>	< 30 years	19%	20%	19%
	30-50 years	60%	59%	60%
	> 50 years	21%	21%	21%
<b>Region</b>	Europe	83%	81%	78%
	Americas	16%	17%	20%
	Asia & Australia	2%	2%	2%

Table 13

In 2022, we initiated five projects that continued into 2023. These projects aim to drive improvement in gender diversity at INNIO Group (Table 14). In addition, INNIO Group established a working group dedicated to diversity, equity, and inclusion. The working group will continue into 2024.

Ensuring that each of our employees can experience INNIO Group as an inclusive workplace continues to be of the highest priority at INNIO Group. Inclusion is a shared responsibility among all, and we strongly encourage all employees to complete “Unconscious Bias” training on an annual basis. Additionally, we encourage our employees and associates to SPEAK UP! anytime they are aware of potential violations, possible business risks, or critical issues. 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.

## Projects

### Employer branding

- Increase attractiveness of brand to minorities
- Integrate new platforms focusing on minorities

### Hiring manager training

- Increase sensibility of managers
- Recognize different needs of minorities

### Mentoring program

- Support minorities with extra mentoring
- Continue pilot in Hungary

### Employee life circle (engagement)

- Understand and analyze exit reasons
- Offer roundtables
- Identify root causes and close gaps

### Diversity deep dive

- Increase leadership awareness of function KPIs
- Analyze data and define next steps: HRBPs and functional leaders

Table 14

## Diversity, Equity, and Inclusion Network

The INNIO Group DEI Network is an employee-driven initiative with the goal of fostering a diverse and inclusive culture at INNIO Group. The primary objectives are to support a welcoming workplace where individuals from all backgrounds can thrive and to celebrate and value the unique perspectives, experiences, and talents that each employee brings. The initiatives range from awareness-raising events and educational trainings to leadership roundtables and expert hours, all designed to promote understanding, acceptance, and equity. This not only fuels personal development, but also enriches our shared experiences and, ultimately, it is the diverse talents, perspectives, and contributions of our colleagues that shape INNIO Group's path towards sustainable growth.

## Recruitment

To ensure our recruitment practices reflect our commitment to promoting equal opportunities for everyone, we train our HR recruiting team and hiring managers against unconscious bias, and we pay close attention at every step of the hiring process. For every new job opening, we make sure we check the description for biased language. We use gender-neutral pronouns, we avoid gender-charged words, and we keep the number of job requirements concise to avoid deterring any candidate from applying. We make sure we advertise our job openings in a broad range of platforms, easily accessible to everyone. Additionally, we have the option to use the Bias Blocker tool. When we receive a curriculum vitae (CV), the tool can redact from the resume information such as gender, race/nationality, name of the university, and others, while only keeping the most relevant information.

## New hires by gender, age group, and region

	2021	2022	2023	
Gender	Male	79%	78%	79%
	Female	21%	22%	21%
Age group	< 30 years	37%	39%	35%
	30-50 years	50%	49%	54%
	> 50 years	13%	12%	11%
Region	Europe	64%	68%	64%
	Americas	35%	30%	34%
	Asia & Australia	1%	2%	2%

Table 15

## Total employee turnover rate

	2021	2022	2023	
Total	10%	10%	9%	
Gender	Male	76%	79%	80%
	Female	24%	21%	20%
Age group	< 30 years	20%	25%	26%
	30-50 years	57%	54%	52%
	> 50 years	23%	21%	22%
Region	Europe	72%	74%	72%
	Americas	26%	24%	26%
	Asia & Australia	1%	2%	2%

Table 16

## Employee retention and promotion

At INNIO Group, we focus not only on attracting the best talent but also on furnishing conditions for growth and ensuring retention in the long term. Employee development opportunities and succession processes are based on merit at INNIO Group.

INNIO Group continues to strive to fulfill internal transfers and promotions to both meet rising demands for organizational growth and the need for personal career development. In 2023, approximately 31% of vacancies were filled through internal transfer. Additionally, of 360 promotions and lateral moves within INNIO Group in 2023, 27% were awarded to female employees.<sup>8</sup> Internal transfers reduce turnover rates and build long-term career paths within INNIO Group. With that, we can create opportunities for individuals to gain valuable experience, acquire other perspectives, and expand their network.

We believe that to ensure talent mobility and long-term growth, a natural employee turnover rate should not exceed 5% to 10%. This excludes the consideration of external influences such as economic shifts, international business factors, or unforeseen regional or global events that impact the business environment. One of our long-term ambitions, then, is to keep the annual employee turnover rate under 10%. According to Table 16, the Group's total employee turnover rate in 2023 dropped to under 9%, which improves upon previous years and is in line with what we believe to be a healthy turnover rate. In addition, female turnover rate decreased in comparison to previous years.

<sup>8</sup> Data relating to lateral moves, promotions, and internal transfers excludes PowerUp, Energas, and interns.

## Fair Pay

### Gender pay gap analysis

INNIO Group is committed to fair pay. In 2023, we significantly expanded our pay gap analysis to cover 100% of our employees. Salaries and bonus programs are dependent on position, employee group, and/or country location. They are equal for eligible employees regardless of gender. Globally, when looking at comparable jobs aggregated by job level, women have, on average, an annual base salary of between -2% and +1% difference to men. Potential gaps might be justified by individual levels of expertise, skills, and level of contribution. We are committed to maintaining a high level of continuous diligence and data analysis in this ongoing process.

### Gender pay gap<sup>9</sup>

Level	1	2	3	4	5	6
Global	-	-	98%	98%	100%	101%

Table 17

### Living wage analysis

In 2023, we conducted a living wage analysis covering 100% of our employees. After comparing the contractual base salary as of October 1, 2023, with living wages, 100% of employees are above the target. INNIO Group consistently delivers pay more (+50%) or much more (+150%) than the living wage in all countries.

### Living wage analysis<sup>10</sup>

	<101%	101 - 150%	151 - 250%	>250%	Total
Headcount	0	6	450	3.812	4.268
% of Total	0%	0%	11%	89%	100%

Table 18

<sup>9</sup> Gender pay gap analysis based upon annual base salary as of November 1, 2023. The analysis is run on a yearly basis November-October. For gender pay gap calculations, we currently consider Annual Base Pay. INNIO Group has six different company levels. Level 1 and Level 2 are excluded as, in these company levels, there are no positions held by both male and female employees. Therefore, an accurate gender pay gap analysis cannot be performed.

<sup>10</sup> Living wage analysis based upon annual base salary as of November 1, 2023. The analysis is run on a yearly basis November-October. For living wage analysis, we also consider broader remuneration concepts (e.g., overtime and extra payments). Bonuses are only paid in April of the following year and would not be ready in a January-December analysis cycle. Therefore, a November-October analysis includes the bonuses and does not rely on estimates, but on actual data. The number of employees differs from the Sustainability Report due to different reporting periods.

### Bonus payments

Bonus payments are made in March of each year, corresponding to the previous year. In 2023, all employees who were in the company for a minimum of three months in 2022 received a bonus payment either through the regular bonus program, or by receiving a "Recognition and Pandemic Bonus."

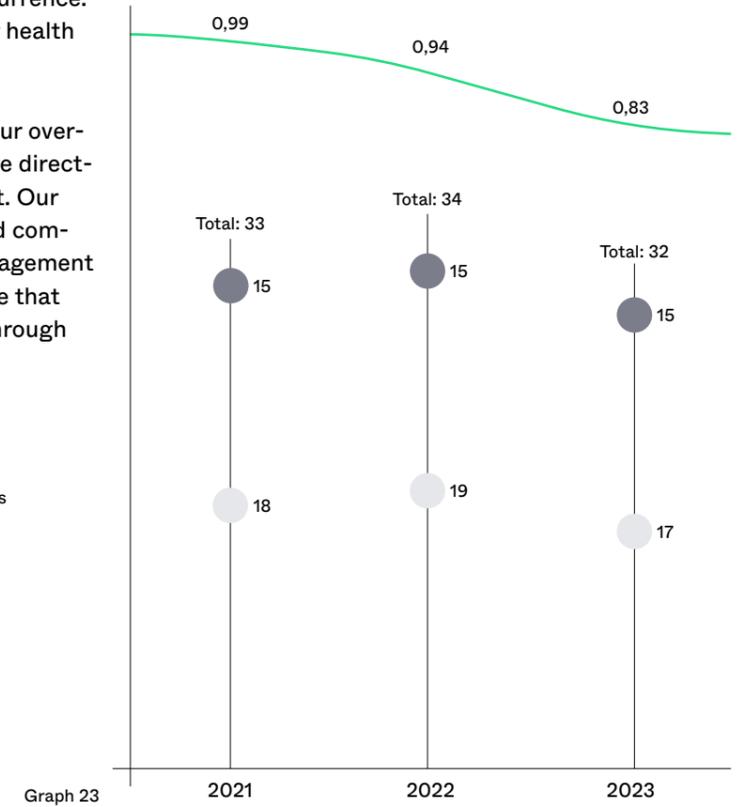
## Health and safety

As illustrated in Table 19, INNIO Group has had no fatalities in the reporting years. According to Graph 23, in 2023, the rate of recordable work-related injuries was 0.83. In 2023, work-related injuries decreased by 6% compared to 2022. In field services there were no high-consequence work-related injuries. The 32 recordable work-related injuries were minor, without further implications or, in some cases, resulting only in a few days of medical leave. We provide our employees and contractors a safe workplace, and we implement mitigation measures to prevent accidents. For this reason, our two major production sites receive periodic re-certification to ISO 45001: Occupational Health and Safety Management System, following an independent third-party certification process. Additionally, in 2023 our factory in Welland, Ontario, was recognized with the Canadian Occupational Safety 5-Star Energy and Resource Companies Award. INNIO Waukesha Canada Corporation was recognized for its strong environmental, social, and governance (ESG) programs, dedication to social progress, and impressive health and safety policies.

Incidents, hazards, EHS internal audits, and findings are reported and tracked in a health and safety tool that helps us find the causes of incidents and implement suitable measures to prevent their reoccurrence. We regularly review, evaluate, and monitor our health and safety mitigation measures.

Health and safety risks are incorporated into our overall enterprise risk management process and are directly reviewed by the company's top management. Our Executive Board exhibits strong leadership and commitment to this goal. INNIO Group's EHS management acts according to the Plan-Do-Check-Act cycle that enables us to improve our EHS performance through visible active leadership (Graph 24).

— Rate of work-related injuries  
 ● Number of work-related injuries in operations  
 ● Number of work-related injuries in services



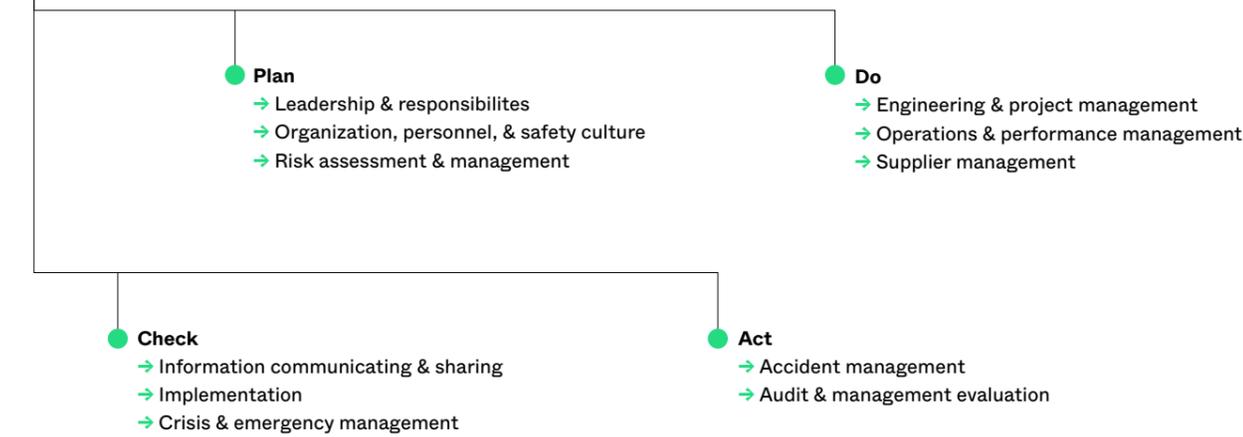
Graph 23

## Historical health and safety data

	2021	2022	2023
Number & rate of fatalities as a result of work-related injury	0	0	0
Number of fatalities as a result of work-related ill health	0	0	0
Number & rate of high-consequence work-related injuries (excluding fatalities)	0	1	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0.06	0

Table 19

## Environment, Health, and Safety management aspects



Graph 24

## INNIO Group’s internal control for health and safety

↓	<b>Executive Board</b>	
	<b>EHS</b>	→ Oversees overall EHS management
↓	<b>Committee</b>	→ Runs monthly Global EHS Steer-Co
	<b>Corporate EHS department</b>	<ul style="list-style-type: none"> <li>→ Establishes policies, targets, and plans according to international standards and regulations</li> <li>→ Ensures the continual improvement of the EHS management system</li> <li>→ Undertakes leadership audits</li> <li>→ Supports the implementation of EHS trainings</li> <li>→ Holds safety and health discussions with external stakeholders</li> <li>→ Communicates proactively with EHS policy and EHS guidelines to all relevant stakeholders</li> </ul>
↓	<b>EHS industrial field service team</b>	<ul style="list-style-type: none"> <li>→ Promotes health- and safety-related activities</li> <li>→ Performs workplace risk inspection</li> <li>→ Supports annual EHS goals and objectives</li> <li>→ Undertakes regular safety observation visits and EHS walkthroughs</li> </ul>
↓	<b>All departments</b>	<ul style="list-style-type: none"> <li>→ Implement the health and safety-related activities described in INNIO Group’s EHS guidelines</li> <li>→ Report incidents, accidents, and unsafe conditions immediately to the EHS representative</li> <li>→ Participate in mandatory annual EHS trainings and events (including emergency preparedness and building evacuation simulations)</li> </ul>

Table 20

As illustrated in Table 20, the EHS industrial field service division supports the leadership and EHS team in setting annual EHS goals and objectives and ensuring that all workers and contractors adhere to INNIO Group’s EHS guidelines and regulations. This process is supported by risk inspections and regular safety observation visits and walkthroughs at the production facilities. All departments and employees are required to be familiar with INNIO Group’s Health and Safety policy, implement the health- and safety-related activities described in INNIO Group’s EHS guidelines, work in a safety-conscious manner, and always report incidents, accidents, and unsafe conditions immediately through a dedicated hotline to the EHS representative. The hotline is proactively communicated to all employees, contractors, and site visitors through a dedicated training and posters throughout our facilities, and it is included on our employee/visitor ID cards. Employees also are encouraged to provide suggestions that could improve INNIO Group’s EHS system via our INNIOvative improvement ideas platform. The most relevant improvements submitted by employees or contractors are selected for implementation. Additionally, all employees and contractors are trained on the EHS policy and guidelines and on their responsibilities. Participation in regular awareness programs, workshops, online sessions, and emergency simulations such as building evacuation are also mandatory.

### Health and safety initiatives

Our operational sites are located in countries with high-quality medical services. INNIO Group follows national statutory requirements regarding health and insurance contributions for its employees.

#### Employee health and safety committees

Both of INNIO Group’s business units have clearly structured health and safety committees. For the Jenbacher brand, the employees’ Works committee, including the Occupational Safety committee, acts independently, representing the interests of the workforce (employees and workers). The committee has the right to maintain dialogue with management, and provides consultation about economic, social, health, and cultural matters. The committee meets at least twice a year, more often if necessary.

For the Waukesha brand, the joint Health and Safety Committee acts as an advisory body whose function is to promote the maintenance of a safe work environment that enhances the health, safety, and well-being of all employees. Committee objectives include evaluating and recommending strategies that will prevent or resolve workplace health and safety concerns. Additionally, the committee fosters ongoing dialogue between senior management and employees on health and safety issues. The committee is composed of 12 members—a mix of management and workers who are chosen to represent their teams through an annual election process. Committee members meet monthly with occasional additional meetings as recommended by the committee.

#### Safety and security training for site visitors

At our headquarters in Jenbach, INNIO Group provides an advanced electronic check-in system that helps ensure the security of our visitors. In this next-generation entry protocol, all visitors to INNIO Group’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 12 languages.

#### Health Matters

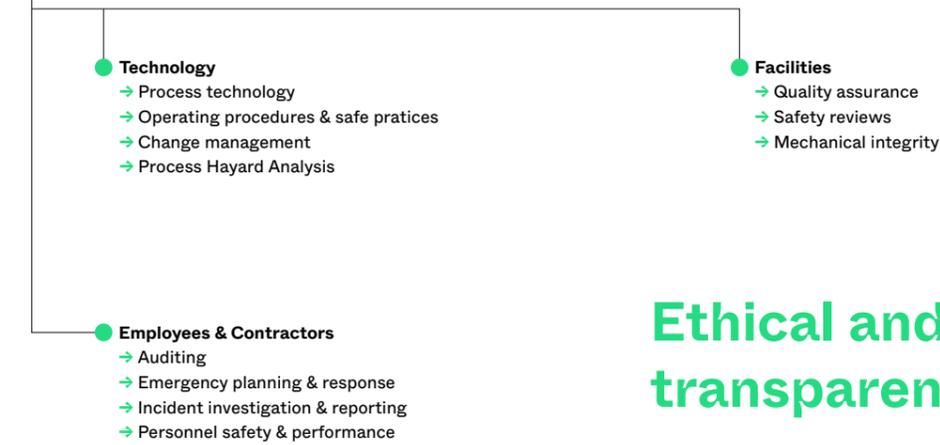
To promote health and well-being among our employees, INNIO Group’s U.S. team provides a workplace wellness program, Health Matters. The Health Matters program includes up-to-date resources and forums that promote a healthful work environment and support the adoption of healthy habits by employees who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

#### Health We Care

Analogous to the Health Matters program, Health We Care was launched in 2012 in Austria. The initiative is designed to support and motivate employees to live healthier lives through healthy leadership, individual or team sporting activities, preventative healthcare, healthy nutrition, and mindfulness. The initiative also provides employees with information about trends in workplace health through dedicated digital newsletters.

## Process safety management

### Management, Leadership, & Commitment



Graph 25

## Community engagement

In 2023, INNIO Group, “INNIO Volunteers,” other employees, the Works Council, and the management team supported various initiatives by donating time, funds, and goods for local people and communities. For example, near our headquarters in Austria, we sponsored various local cultural and music festivals and supported sports tournaments, events at local technical schools, and the Jenbacher Museum. INNIO Group donated over €60,000 in Austria through sponsorships, memberships, and donations.

In Waukesha, employees raised just under \$2,000 for the local Angel Tree drive. The company also contributed, bringing the total donation to \$3,000. Additionally, in Canada, a donation of \$10,000 was made to the Welland-based Open Arms Missions Food Bank (with 50% employee contributions and a 50% company match). With a focus on providing food, personal care, and other items to those in need, the volunteer-driven organization focuses on helping those struggling in the local community.

## Ethical and transparent business

In 2023, our efforts focused on further improving our Compliance Management System (CMS) and developing its content. In doing so, we focused on implementing the recommendations and proposed improvements that we received from the CMS auditor (internationally recognized Big 4 accounting firm) as part of the CMS audit, which we successfully completed last year.

**In 2023, INNIO had zero fines and non-monetary sanctions for non-compliance.**

### Code of Conduct

The Code of Conduct applies to all employees, regardless of their level of position in the company, and it is available on INNIO Group’s website and intranet in English, German, and several other languages. It is important to us that employees internalize these rules and values. For this reason, all new and existing employees are required to complete annual mandatory compliance trainings. These trainings enable our employees to familiarize themselves with all aspects of compliance and the general principles of conduct that apply in day-to-day business. INNIO Group’s Code of Conduct provides to all of our internal and external stakeholders a framework and description of ethical and compliance standards, rules, and regulations, as well as actions around business conduct. In 2023, we revised and updated our established and well-proven Code of Conduct.

## Supplier Code of Conduct

In September 2023, INNIO Group introduced a new Code of Conduct for our suppliers. The objective of this Supplier Code of Conduct is to establish a basis for positive development of sustainable procurement practices through regular dialogues and ongoing working relationships with our Suppliers. The new Supplier Code of Conduct also has been integrated into our Terms of Purchase. INNIO Group now reserves the right to conduct audits to verify the Supplier’s compliance with its obligations under this Code, and to take action in case of severe violations of the Code, including and up to the termination of contracts.

### Monitoring and review of compliance procedures

INNIO Group’s established CMS enables us to manage compliance within the organization. Consisting of an integrated system of documents, processes, tools, controls, and functions, the CMS helps us better address risk management by assuring that our policies and procedures adhere to the requirements of applicable laws and regulations. It also enables us to address our culture of compliance, which includes goals, risk identification, program, organization, training, communication, continuous monitoring, and corrective actions. At INNIO Group, we make sure that our employees know their responsibilities regarding compliance and that compliance requirements are integrated into our business processes. We conduct periodic reviews to evaluate the effectiveness of the CMS. These reviews can include internal or external audits to detect, and investigate bribery and other non-compliant behavior, risk assessment processes, and effectiveness testing. We report and provide periodic updates of the findings of these reviews to our Executive Board members, who ultimately are responsible for the management and improvement of our CMS.

## Ethics management and compliance

Ethics, integrity, and compliance 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. INNIO Group has zero tolerance and strictly prohibits any behavior regarding bribery, fraud, extortion, misuse or misappropriation of our assets, or impairment of the company’s interest for personal gain. Based on this policy, the company aims to detect any potential violations of our business conduct from an early stage. When such incidents are confirmed, the company determines the appropriate organizational measures or sanctions for the individuals involved. We only conduct business with those who share the same understanding of and commitment to our ethical standards. The Group’s Compliance organization ensures that internal policies and standards are aligned with regulatory changes.

### Compliance training

INNIO Group has established a comprehensive CMS with mandatory trainings. To raise employee awareness of ethics and compliance as well as INNIO Group’s Code of Conduct, we provide a variety of annual mandatory training courses, available in our learning platform, for all employees. INNIO Group’s mandatory online training courses include topics such as ethics and anti-corruption, avoidance, reporting conflicts of interest, data privacy, and personal data protection, among others. Through posters located at our facilities, policies and guidelines on the company’s intranet, and internal email distributions, INNIO Group helps ensure that all employees have timely access to new information on regulations and a deeply ingrained awareness of various issues.

## New Competition Law Policy, guidelines, and eTrainings

In response to changes in the competition law environment, as well as in the prosecution practices of international competition authorities, and to remain compliant in the future, we have revised and adapted the previous Competition Law Policy. The new policy describes the competition law “Do’s and Don’ts” in a clear and concise format. Instead of the previous Q&A section, additional guidelines on the key areas of Trade Associations, Handling Competitively Sensitive Information, and Contacts with Distributors and Customers (including Dual Distribution) have been implemented.

To foster a deeper understanding of the Competition Law Policy, we have created two new eTrainings on competition law. The General Principles eTraining is mandatory for all office employees. For employees in the Sales and Sales Support teams, an additional (mandatory) Competition Law & Distribution eTraining has been rolled out. These new eTrainings have been met with positive feedback as they give more concrete application examples relevant to INNIO Group.

## Corruption prevention

Before we engage with new business associates, INNIO Group conducts exhaustive due diligence assessments. Such assessments involve the potential business associate and its direct and indirect shareholders, investors, and directly or indirectly involved legal entities. For this reason, INNIO Group performs checks on counterparties to obtain information focused on corruption, money laundering, other criminal conduct, and related sanctions as per the Group’s standardized know-your-customer and know-your-supplier processes. Key red flags are connections to government officials and companies referred to in high-attention media reports related to political and corruption cases, sanctioned entities, or any other suspected involvement in criminal conduct.

## Whistleblowing system and whistleblower protection

We expect all employees who observe or become aware of potential or actual misconduct or violations of internal rules or statutory regulations—committed by other employees or business associates—to report these incidents in SPEAK UP!, our dedicated whistleblower platform. This platform is available to all internal and external stakeholders, since we believe that all stakeholders represent a valuable source of information that can help identify breaches of ethical standards. All stakeholders can report an incident completely anonymously, if desired, without fear of retaliation as long as the reporting person had reasonable grounds to believe that the information on breaches reported was true at the time of reporting. All reports are analyzed with the utmost discretion by INNIO Group’s dedicated compliance experts, and the SPEAK UP! data is treated with highest confidentiality.

In 2023, we expanded SPEAK UP! to include additional points of contact (Compliance Ambassadors) and a more even geographical representation. The North American organization in particular is now more sufficiently covered by personal contact persons. In addition to professional suitability, we have paid particular attention to diversity of the Compliance Ambassadors. We believe that the diverse composition of our SPEAK UP! team will broaden the spectrum of possible concerns that might be reported and further lower the hurdle to contact the team members with concerns of possible misconduct.

In addition, we have reviewed our whistleblower system in accordance with the relevant whistleblower protection laws enacted by many EU member states based on the EU Whistleblower Directive. Where necessary, we have adapted our whistleblower system accordingly.

# Information security

## Data protection

Data and proprietary information protection and security are commitments from the INNIO Group to our stakeholders, including customers, employees, and providers of capital. The Group’s Chief Information Security Officer (CISO), the IT department, and the Information Security team oversee information security, policy formulation and implementation, risk management, and security audits. The Information Security team meets regularly to review and resolve guidelines and policies and carry out formulated information security measures. Every month, the Executive Board, which is responsible for monitoring our corporate information security, and cybersecurity management receive reports and updates on IT management performance-related issues and directions. Advanced technologies and services are used to achieve the expected high level of internal and external security. In addition, INNIO Group has implemented organizational measures such as annual mandatory security awareness training and security alerts for employees as well as phishing simulations. The Group uses numerous security tools to prevent and respond to all types of attacks and to block intrusion attempts. These include adaptive security measures such as firewalls, anti-virus tools, intrusion protection, VPN capabilities, artificial intelligence systems that predict and prevent threats in real time, and cloud and endpoint security platforms designed to help enterprise networks investigate and respond to advanced threats. In addition, INNIO Group has multi-factor authentication (MFA) deployed for all employees to further prevent intrusion attempts.

## Vulnerability Review Board

The Group has continuous vulnerability management programs in place, including scheduled vulnerability scanning and patching. These programs review systems, networks, and applications for updates that remediate security vulnerabilities. INNIO Group’s bi-weekly Vulnerability Review Board reviews the vulnerability status to ensure remediation is happening and to assist with any issues.

## ISO 27001 accreditation

INNIO Group was accredited with ISO 27001 at the end of 2023.

# Tax transparency

INNIO Group supports tax policies and incentives that encourage enterprise innovation and foster economic growth. For this reason, the Group aims to be transparent about our tax approach disclosure. INNIO Group’s business activities generate a substantial amount and variety of taxes. INNIO Group pays corporate federal, state, and local income taxes, stamp duties, and a variety of other taxes. In addition, we collect and remit not only payroll taxes but also indirect taxes such as excise duties and VAT. The taxes we collect and pay represent a significant part of our economic contribution to the countries in which we do business. We are committed to always acting in compliance with applicable laws and regulations, being transparent in our financial reporting disclosures, and developing strong, mutually respectful relationships with tax authorities based on transparency and trust. INNIO Group files a country-by-country report with the Austrian tax authorities in accordance with the Sec. 3 Transfer pricing documentation act and Action 13 of OECD’S Base Erosion and Profit Shifting Action Plan. Among other areas from the consolidated financial statements, this report breaks down the annual tax payments INNIO Group has made in the countries in which INNIO Group owns a legal presence.

## Public policy

INNIO Group strives to always implement the highest standards of corporate governance and transparency, gaining the trust and respect of our stakeholders. In this context, as also described in our Code of Conduct, INNIO Group forbids any support of—or donations to—political parties. INNIO Group follows or is a member of several initiatives in areas such as energy, environment, and climate change. We are determined to remain fully transparent about our participation in different associations, and we are fully compliant with all reporting obligations and transparency requirements. Our ESG-related initiatives can be found on page 22 of the report.

# Respecting and promoting labor and human rights

## INNIO Group's human rights framework

Governance	→ Stakeholder engagement	→ Transparency & reporting
<ul style="list-style-type: none"> <li>→ Responsibility of the Board of Directors</li> <li>→ Human rights integration at all levels of the company</li> <li>→ Policies and processes in place to ensure human rights are embedded throughout INNIO Group's value chain</li> </ul>	<ul style="list-style-type: none"> <li>→ Human rights due diligence through dedicated teams (HR, Supply Chain, Legal &amp; Compliance)</li> <li>→ Labor and human rights training for all employees</li> <li>→ Best practice and experience sharing with business associates to increase process effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>→ High level of transparency about progress and challenges around human rights topics</li> <li>→ Annual reporting about action plans and due diligence results</li> </ul>

Table 21

INNIO Group always has been committed to respecting human rights across our business activities, carrying out due diligence and human rights risk assessments with our supply chain, customers, and our own operation. In addition, we raise awareness, promote best practices, and empower people across our value chain. Human rights are inextricably linked to our corporate values. We respect human rights as described in the Universal Declaration of Human Rights, the International Labor Organization, and other internationally recognized treaties. We commit to upholding labor rights, including decent wages, working hours, employee representation, and provisions against forced labor, child labor, and human trafficking. We are determined to advance these rights throughout our value chain, contributing to a more fair and inclusive future for all people.

### Human rights governance

INNIO Group's Labor & Human Rights Policy, together with our Code of Conduct, our Supplier Code of Conduct, and applicable laws, guides us in the planning, execution, review, and action for human rights-related governance in the organization. Managers from the HR, Supply Chain, and Legal & Compliance departments are responsible for taking charge of human rights topics and reporting regularly to the Executive Board. To be more specific:

- The HR team supports by managing human rights topics that have a daily relevance to INNIO Group employees in accordance with INNIO Group's Human Resources management system and formal internal control procedures. The team conducts internal labor and human rights audits, trains employees on these topics, and reports directly to the CHRO, who is a member of the Executive Board.
- INNIO Group's Supply Chain team is responsible for human rights topics related to suppliers. To be onboarded as an INNIO Group supplier, every supplier must sign the Supplier Integrity Commitment following the 10 principles of the UN Global Compact. Particularly relevant are the ones on human rights and labor. All relationships with suppliers are formulated and implemented in compliance with INNIO Group's Code of Conduct and INNIO Group's Supplier Code of Conduct to help ensure compliance and transparency in supplier management.
- All functions are responsible for respecting human rights as part of their daily operations and processes.
- The Legal & Compliance team provides daily advisory to our business activities, monitors potential cases of human rights risks or violations, conducts investigations to assess these cases, and takes appropriate action. The team reports periodically to the Executive Board.

### Labor and human rights training

In 2022 our Code of Conduct training, which includes human rights policies and procedures, was mandatory for all employees. We are determined to focus on human rights topics and will offer more training programs in the future.

### Human rights risk management

INNIO Group conducts due diligence in compliance with international standards and regulations. This helps us evaluate the effectiveness of our processes by identifying and assessing any actual or potential adverse human rights impacts that may occur through our own activities or are directly linked to our business relationships. We then integrate the findings in our overall corporate processes. For many years in a row, no human rights issues have been detected through our own operations, and any instances of potential signals of human rights infringements in business relationships have been addressed accordingly for improvement with the respective stakeholders.

## Enterprise risk management

Effective risk assessment and management are essential aspects of our success. Besides the conventional risk types—such as financial risks, operational risks, legal risks, and strategic risks—the management of non-financial risks is becoming increasingly important. ESG, including climate and regulations, data protection, and information or cybersecurity, play a significant role within the spectrum of enterprise risks.

INNIO Group's enterprise risk management sets the framework under which proper identification, impact assessment, evaluation, and quantification of such risks occurs. Through risk management, INNIO Group provides comprehensive direction to mitigate potential exposures and safeguard value for the company, our employees, customers, suppliers, and both financial and non-financial stakeholders. The purpose of risk management is to address risk areas throughout the organization in structured review cycles, allowing for objective monitoring and control of various elements in the best interest of the organization.

### Risk identification and management

INNIO Group identifies risks through continuous monitoring of our internal and external environment. We use structured risk identification techniques such as workshops with risk owners and functional risk managers and ongoing interviews with senior management, subject matter experts, and executives. Furthermore, we use heat maps and/or risk matrices to support the assessment process, helping us identify probability ranges and the related financial and non-financial consequences of the identified risks. Regarding the risk management process, we use a bottom-up and top-down approach, which provides a comprehensive risk profile of the organization. INNIO Group performs a rolling risk cycle twice a year to ensure accuracy in the entire risk identification and valuation process in a continuously changing environment.

### Strategy and target-setting

INNIO Group's Executive Board establishes overarching strategic goals and sets financial targets that are communicated to all functions, ensuring alignment across the organization. Senior management is responsible for the achievement of these goals and objectives. The goals and objectives of the departments and individual employees generally are aligned with the goals of the entire organization.

### Risk identification and assessment

INNIO Group's risk management function is responsible for the identification of risks that might affect our ability to achieve established goals and objectives. Furthermore, functional leaders work with the Group's risk management function to determine the appropriate way to address identified risks. Risk activities can be avoided, accepted, mitigated, or transferred, depending on the circumstances. To ensure that appropriate risk responses are in place, the risk management function sets policies and defines guidelines that apply to our business activities. INNIO Group's functional leaders are responsible for the implementation of these policies and guidelines as well as for identifying where improvements might be needed.

### Review and revision

To ensure that risks are effectively assessed, and appropriate risk responses are in place, we perform regular assessments of our risk management processes. Our risk management function, the internal risk committee, and senior management monitor enterprise risks and the effectiveness of the risk mitigation activities, and they report the results of the assessment to the Executive Board and the Group's Audit and Risk Committee. Mandatory annual risk trainings (e.g., cybersecurity) are provided to all INNIO Group employees. Additionally, further information is provided to employees through direct communications or via the intranet. Regular emails or memos summarizing key learnings from incidents or other identified trends also are provided to employees. INNIO Group's Code of Conduct and other formal policies are in place to provide detailed guidance regarding incidents of non-compliance, adverse events, or critical unmitigated risks. Finally, INNIO Group's SPEAK UP! digital platform offers all employees, suppliers, and others a formal mechanism to anonymously report potential violations of laws, regulations, or policies, or to raise concerns about safety, security, or ethical behavior.

### Risk governance and oversight

INNIO Group's Executive Board oversees the senior leadership's management of risks. The board meets regularly with the risk management function and functional leaders to review and discuss risk factors related to the Group.

## Task Force on Climate-Related Financial Disclosures (TCFD)

INNIO is committed to decarbonizing both our own and our customers' operations, while also reducing emissions in our supply chain through the following four approaches:

- INNIO Group's Executive Board is responsible for reviewing and approving our vision and strategies for climate change.
- INNIO Group helps ensure strategies are realized, implements mitigation and adaptation measures, and provides advanced, sustainable technologies to enable our customers to enhance their green competitiveness.
- INNIO Group's overall corporate risk management incorporates climate change into our core. This includes identifying the relevant climate risks and opportunities as well as quantifying their future financial impact.
- Finally, INNIO Group assesses the severity and trends of climate change when setting performance indicators and quantitative goals. Progress and status updates toward these indicators are discussed with the Executive Board.

A central commitment for INNIO Group is to demonstrate transparency and be open with our stakeholders regarding both the risks and opportunities we anticipate. By adopting disclosures from the TCFD framework, we have been aligned with TCFD since the 2021 non-financial reporting cycle.

### Oversight of climate-related risks and opportunities

INNIO Group's overall strategy around climate change management is under the direct supervision of the Executive Board. The Executive Board is responsible for overseeing the Group's comprehensive climate change and sustainable management strategies as well as for delegating responsibilities and goals regarding climate change across the company. The members of the Executive Board receive regular updates from the SRB and employees authorized in climate change matters.

### Climate change management responsibility

The SRB is the Group's top committee responsible for developing strategy, validating goals, and managing the ESG program, including action plans for climate change issues. As described in the Governance section, the SRB is chaired by the VP of Sustainability, and members include executive leaders, subject matter experts, and managers from various departments across the group.

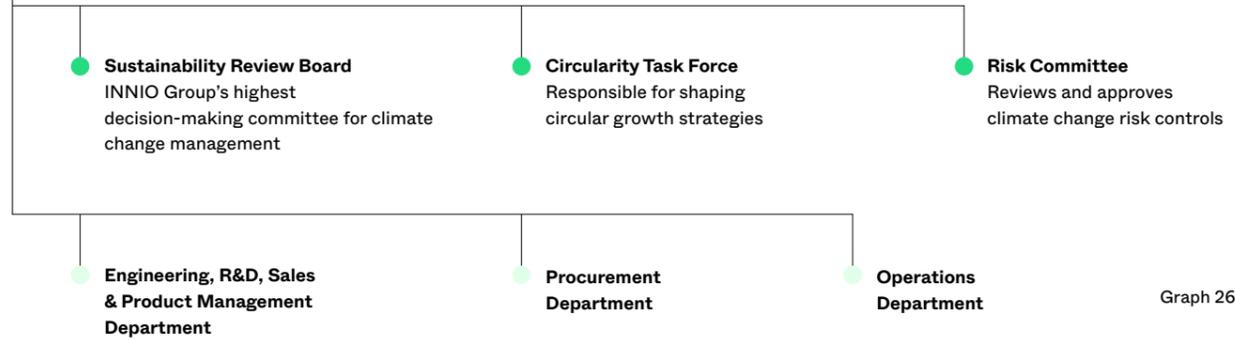
The SRB is responsible for identifying climate risks and opportunities and discussing and setting INNIO Group's climate change strategies and goals. The chairman of the SRB reports directly to the Executive Board for updates related to the ESG program and climate change every month. INNIO Group's Risk Committee is responsible for briefing the Executive Board on ESG and climate change risk related to environmental factors INNIO Group is facing, the focus of the Group's enterprise risk management, and risk assessment and mitigation efforts. To further develop the maturity of INNIO Group's ESG program, a cross-functional Circularity Task Force was established in late 2021, joined by executive leaders of Product Line Management, Engineering, Procurement, and Service Sales. The task force is responsible for identifying white spaces and extending INNIO Group's circular growth strategies in line with our ESG goals. INNIO Group is continuously looking into climate-related financial aspects as part of the overall alignment with emerging ESG frameworks and regulations. Risk scenario and planning analysis also will be included in the EU Taxonomy assessment and implementation moving forward.

## Climate change governance overview

<b>Governance</b>	We have established a cross-functional Sustainability Review Board (SRB), chaired by the Group VP Sustainability. The committee is responsible for approving ESG and climate change visions, strategies, and long-term goals and promoting related actions. The chairman of the SRB reports to the Executive Board monthly.
<b>Strategy</b>	<ul style="list-style-type: none"> <li>→ Provide energy-efficient technologies to help customers shape a greener future.</li> <li>→ Promote responsible operations by adopting key mitigation technologies and increasing the use of renewable energy.</li> <li>→ Build a resilient and low-carbon supply chain through extensive collaboration with suppliers.</li> </ul>
<b>Metrics &amp; Targets</b>	<ul style="list-style-type: none"> <li>→ Set climate-related performance indicators and interim quantitative targets to regularly track progress and transparently disclose them to the public.</li> <li>→ Set science-aligned GHG reduction targets (including Scope 1, 2, and 3).</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>→ Climate risk is integrated into the Enterprise Risk Management (ERM) process.</li> <li>→ Cross-functional cooperation is needed to assess climate-related risks and opportunities in the value chain; financial impacts must be assessed and countermeasures be formulated.</li> </ul>

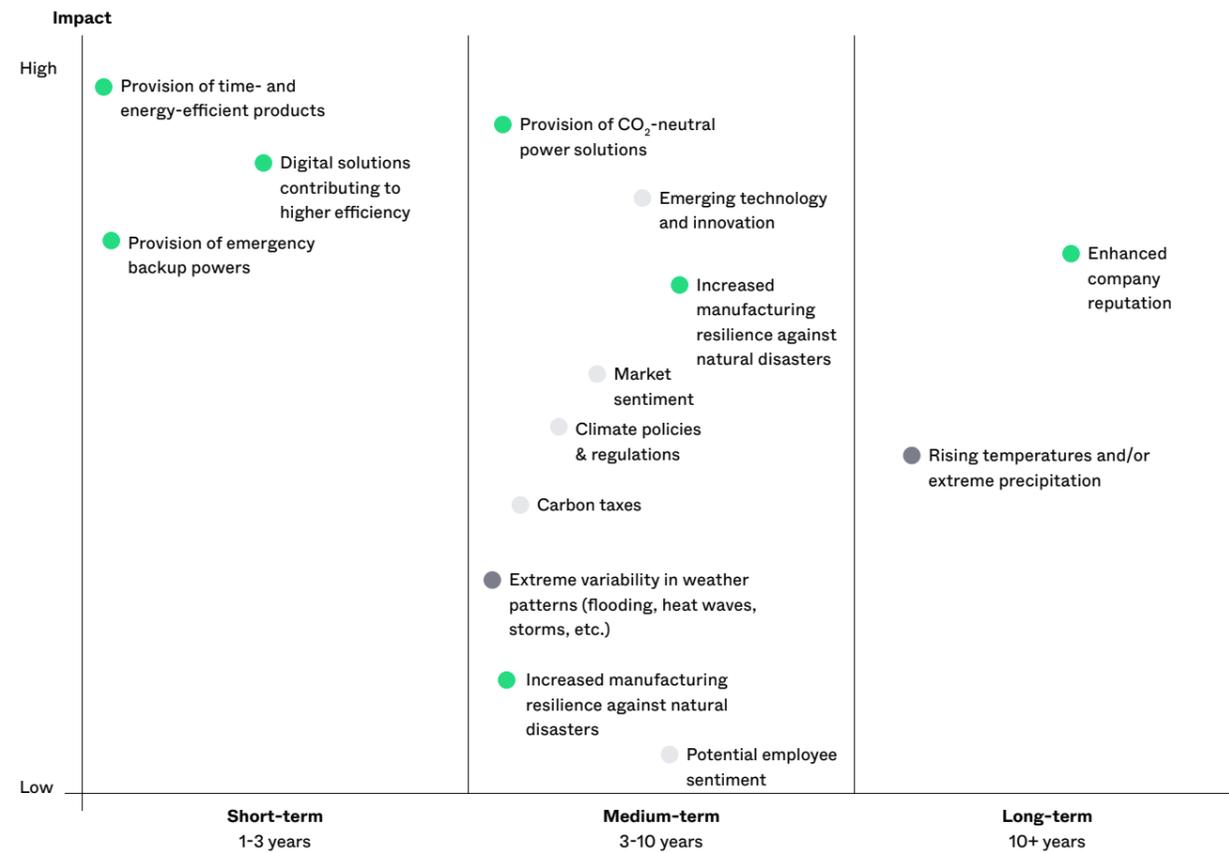
Table 22

## Executive Board



Graph 26

## Short-, medium-, and long-term risks and opportunities



Graph 27

● Physical Risks    ● Transition Risks    ● Opportunities

## Climate risks & opportunities

Physical Risks/Opportunities	Potential Financial Impact	Key Response Strategy
<ul style="list-style-type: none"> <li>→ Extreme variability in weather patterns (flooding, heat waves, storms, etc.)</li> <li>→ Rising temperatures and/or extreme precipitation</li> </ul>	<ul style="list-style-type: none"> <li>→ Extended periods of extreme weather events (short-term) or rising temperatures (long-term) can lead to production or sourcing disruption, bringing increased operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>→ We evaluate water stress risks for the company's manufacturing sites, and we consider the establishment of climate change-related risk adaptive measures. (Table 11, page 61)</li> </ul>
<ul style="list-style-type: none"> <li>→ Provision of time- and energy-efficient products</li> <li>→ Provision of emergency backup power</li> <li>→ Increased manufacturing resilience against natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>→ Meeting customers' demands for time- and energy-efficient products translates to incremental revenues.</li> <li>→ Strengthening climate resilience and lowering the risks of operational disruption can lead to reduced indirect operating costs and financial losses.</li> </ul>	<ul style="list-style-type: none"> <li>→ INNIO Group continuously designs and invests in the development of products that are time- and energy-efficient as well as resilient to extreme weather conditions.</li> </ul>
Transition Risks/Opportunities	Potential Financial Impact	Key Response Strategy
<ul style="list-style-type: none"> <li>→ Carbon taxes</li> <li>→ Climate policies and regulations</li> </ul>	<ul style="list-style-type: none"> <li>→ Energy transition policies, pollution control regulation, policies on resource conservation, and public subsidies potentially could cause restrictions on manufacturing capacity expansion and increase operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>→ INNIO Group continuously invests in research and development of energy-efficient products that can enable our customers to comply with existing and future climate policies and regulations. INNIO Group is one of the first OEMs offering hydrogen-ready engines and digital solutions for real-time monitoring and performance optimization.</li> </ul>
<ul style="list-style-type: none"> <li>→ Emerging technology and innovation</li> <li>→ Digital solutions contributing to higher energy efficiency</li> <li>→ Provision of CO<sub>2</sub>-neutral power solutions</li> <li>→ Increase of renewable energy programs in manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>→ Revenues potentially could decrease due to competition from energy storage innovation systems. Incremental revenues could result from increased demand for INNIO Group's CO<sub>2</sub>-neutral power and digital myPlant solutions.</li> </ul>	<ul style="list-style-type: none"> <li>→ INNIO Group already has established concrete renewable energy programs, and we plan to further accelerate renewable energy development in manufacturing.</li> </ul>
<ul style="list-style-type: none"> <li>→ Market sentiment</li> <li>→ Potential employee sentiment</li> </ul>	<ul style="list-style-type: none"> <li>→ People's awareness (including investors, consumers, etc.) and expectations concerning climate change are increasing, creating a shift in their behavior, preferences, and decisions. Failing to meet stakeholders' expectations and company perceptions could harm INNIO Group's reputation.</li> </ul>	<ul style="list-style-type: none"> <li>→ INNIO Group's energy solutions provide versatile application and flexibility of fuels for near-zero emissions.</li> <li>→ INNIO Group promotes climate-friendly corporate actions through our products and operations and adheres to transparent disclosures of our sustainability efforts.</li> </ul>
<ul style="list-style-type: none"> <li>→ Enhanced company reputation</li> </ul>	<ul style="list-style-type: none"> <li>→ Attraction of best talent, reduced costs, and potentially increased revenues</li> </ul>	

Table 23

## INNIO Group’s Climate strategies

### Provide energy-efficient technologies to help customers shape a greener future.

At INNIO Group, we recognize the importance of using our position as a global energy provider to help drive a sustainable future. We see low-carbon technology as a key element of sustainable development as it meets the needs of our present society while safeguarding the needs of future generations. Our Jenbacher and Waukesha product lines are designed and manufactured to last for multiple lifetimes. Furthermore, recycled input materials correspond to 61% of our products. INNIO Group aims to increase this percentage each year. In doing so, circularity will be promoted and driven throughout the life cycles of our products. We are committed to continued investment in research and development, which will enable our customers to transition to a resilient, low-carbon future using a long-term energy solution such as distributed and decentralized power and heat. In 2021, INNIO Group introduced our “Ready for H<sub>2</sub>” product portfolio for our Jenbacher engines, enabling customers to use the fuel of the future in various options today. In 2023, the INNIO Group received the “H<sub>2</sub>-Readiness” certification from TÜV SÜD for our Jenbacher Type 4 and 6 hydrogen product lines and the associated concept to operate power plants on 100% hydrogen.

### Promote responsible operations by adopting key mitigation technologies and increasing the use of renewable energy.

INNIO Group has a long-standing commitment to advanced manufacturing and aspires to be a global leader in low-carbon production. For many years, our headquarters in Jenbach has followed a production model in which all test benches are integrated and controlled with our future-oriented myPlant energy management system for self-supply of electricity and heat as well as with grid connection for electricity feed-in to the public grid. Since 2021, INNIO Group’s headquarters has taken significant steps toward our goal of Scope 1 and 2 near-zero emissions by investing in the hydrogen network to supply green hydrogen for our test benches and engineering labs. Through a cooperation between INNIO Group and the Tyrolean energy supplier TIWAG, we are building an electrolysis facility, which will convert electricity from renewable energy sources into green hydrogen. The produced hydrogen will be used at our main operating site in Jenbach. In 2022, INNIO Group began operating with a photovoltaic (PV) infrastructure at our Jenbach site. Overall, our INNIO360 Energy Lab at our Jenbach headquarters features a fully integrated microgrid, PV systems, battery storage, a Jenbacher CHP system, a small hydro-power plant, a power-to-heat hot water storage tank, and an entire energy supply chain controlled by our myPlant digital platform. It also will incorporate green hydrogen beginning in 2025. Additionally, construction of our Welland site used sustainable design strategies, including low-emitting materials, proper air quality and thermal comfort, and energy-efficient building envelopes, equipment, and lighting systems. Furthermore, the factory’s initiative included the deployment of digital communication throughout the facility, reducing waste. These considerations enable our production site in Welland to use a smaller amount of more efficient energy, thus reducing greenhouse gas emissions. For all our facilities, the Group has considered the establishment of climate change-related risk adaptive measures. These measures could help us successfully prevent potential operating losses from climate change and achieve no interruption to our operating activities.

## INNIO Group’s adaptive measures against potential physical climate risks

Physical climate risk	Adaptive measures
Extreme heat	INNIO Group, given the location of our main facilities, is currently not exposed to extreme heat scenarios.
Wildfires	INNIO Group, given the location of our main facilities, is currently not exposed to wildfires.
Droughts	In 2020, we assessed all of our facilities’ water stress risk using the Aqueduct Water Risk Atlas. None of INNIO Group’s sites operate in areas with high water stress.
Flooding	INNIO Group installed measures, such as protection walls and pumping systems, to prevent high water impact.
Strong winds	INNIO Group’s facilities are built to high construction standards using durable materials to ensure sufficient protection against strong winds and potential disintegration or structural damage of buildings or adjacent infrastructure.

Table 23

We are determined to continue using the best available technology to reduce GHG emissions. Regarding our own operations and in particular the impact on Scope 1 and 2 GHG emissions, we aim to decarbonize our emissions with low-carbon manufacturing. INNIO Group plans to do so in three ways. First, we are increasing our energy efficiency through the adoption of new energy-saving measures. At the same time, we are advancing the use of renewable energy in our operations. In addition, INNIO Group continues to invest in research and development to fully use our flexible solutions and successively expand our low-carbon technologies for our own operations as well as those of our customers.

### Build a resilient and low-carbon supply chain through extensive collaboration with suppliers.

The GHG equivalent of purchased goods in 2023 accounted for approximately 40% of Scope 3 (excluding use phase emissions). By expanding the use of recycled and reclaimed materials and optimizing upstream transportation, INNIO Group is able to promote a more sustainable, less carbon-intensive supply chain. To accomplish this, we have set ambitious targets for ourselves.

To further strengthen this commitment, INNIO Group began a partnership with EcoVadis, a global leader in third-party evaluations of business sustainability performance. This collaboration aims to assess the sustainability performance of INNIO Group’s suppliers through proactive ratings and evaluations using EcoVadis’ methodology. So far, this assessment has enabled us to gain a clearer view of our suppliers, evaluate them, and promote responsible business practices throughout the supply chain. Additionally, we also continue to gain important insights into challenges and collaboration opportunities to jointly decarbonize the value chain. To formalize joint commitments between INNIO Group and our suppliers, we have requested that suppliers set ESG-related and carbon-reduction goals. By the end of 2023, more than 80% of our top 200 suppliers have committed to a 50% reduction in their GHG emissions by 2030. We plan to further engage with suppliers to achieve these sustainable targets.

### Risk management

In addition to the conventional risk types—such as financial risks, operational risks, legal risks, and strategic risks—the management of non-financial risks is becoming increasingly important. ESG, including climate and regulations, data protection, and information or cybersecurity, plays a significant role within the spectrum of enterprise risks. Physical and transitional climate risks that could represent negative consequences to operations and financial results are included as potential ESG risks. In 2021, we performed a Group-wide climate risk and opportunity workshop under the TCFD agenda. With participation from the Engineering, Commercial, Procurement, Manufacturing, Accounting, Risk, ESG, and HR teams, an external advisory team presented the group with questionnaires and perspectives for functional review and scenario planning. Traditional risks associated with the energy sector include regulatory uncertainties, emission taxation, uncertainty around stimulation for large-scale hydrogen infrastructure adoption, and acute weather events potentially disrupting INNIO Group’s supplier operations. Opportunities identified include increased demand for efficient energy solutions run on low-carbon fuel, backup power, and flare capturing. The outcomes of this initial TCFD alignment workshop, along with potential climate change risks and opportunities, was reported to the Executive Board by the chair of the SRB. We agreed to continue working to evaluate the identified climate change risks and opportunities and the assessment of their impact on the company. INNIO Group’s risk management approach is described in the respective chapter.

### Targets and metrics

INNIO Group reports on Scope 1, 2, and 3 emissions, according to the GHG protocol. In addition, our near-term targets have been validated by the SBTi. INNIO Group commits to a 50% Scope 1 and 2 GHG emissions reduction by 2030 from a 2020 base year. In addition, INNIO Group commits to reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2020 base year.

### Future plans

INNIO Group is currently preparing to report according to the EU’s Corporate Sustainability Reporting Directive and European Sustainability Reporting Standards. As part of this preparation, we are updating our materiality assessment and continuing to analyze our risks and opportunities aligned with material topics. Since the implementation of ESG software in 2023, we will continue quarterly data collection and analytics, thereby further reducing the time between seeing data and making decisions to meet our commitment to the 1.5°C scenario.

## EU Regulations

### EU Taxonomy

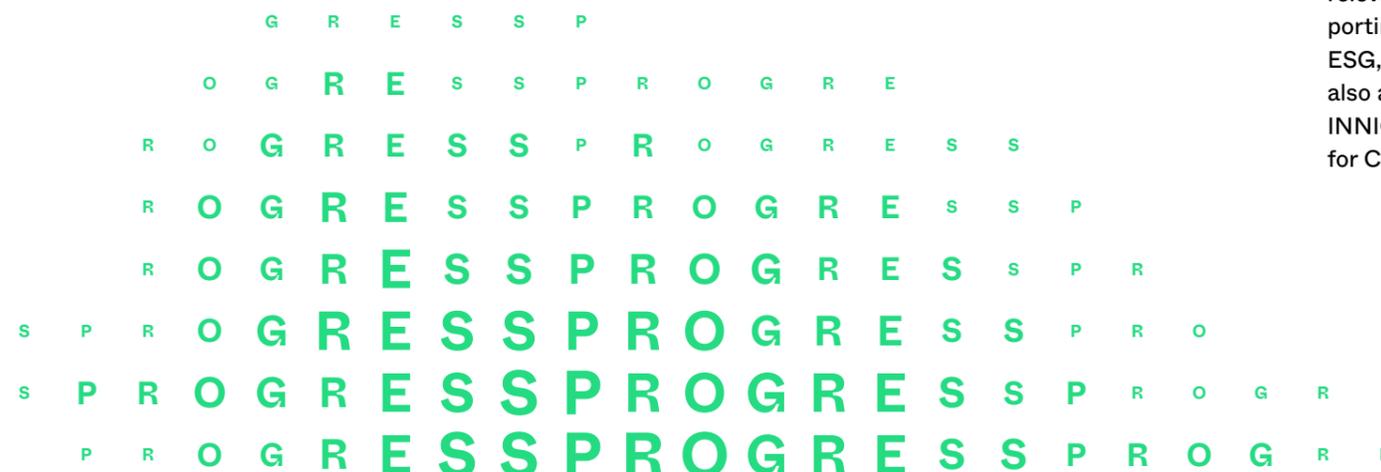
The EU Taxonomy Regulation requires information on how and to what extent a company’s activities are associated with environmentally sustainable economic activities. In response to the Action Plan on Sustainable Finance, which was adopted by the European Commission, INNIO Group performed initial quantitative analysis of portions of our own eligible activities in three main categories: turnover, capital expenditure (CapEx), and operating expenditure (OpEx). INNIO Group manufactures engines for power generation under the product brand Jenbacher as well as engines for gas compression under the product brand Waukesha. Our engines can be powered by renewable as well as non-renewable fuel types. In addition, INNIO Group equipment can be operated and/or upgraded to hydrogen operation, which can be classified as renewable, provided it is generated through a climate-neutral or renewable process. As of the time of this report, INNIO Group, as a privately owned company, is not under the regulatory conditions to report on EU Taxonomy Regulation. However, since 2022 we have been taking steps to study the requirements, apply proposed methodology to our business model, and prepare for future reporting once it becomes mandatory to companies in scope. The analysis is supported at present by external advisory (Big 4) to help with interpretation of certain methodological aspects and for alignment of future procedures.

### CSRD and ESRS

The EU’s Non-Financial Reporting Directive (NFRD) will be replaced by the upcoming Corporate Sustainability Reporting Directive (CSRD). The CSRD makes non-financial reporting mandatory for companies who meet two out of three of the following requirements: 250+ employees; turnover of more than €50 million; total assets of €25 million. Non-financial disclosures will have to be communicated through annual management reports. To be CSRD-compliant, companies must report following the European Sustainability Reporting Standards (ESRS). Due to the company size and private ownership of INNIO Group, as of this reporting cycle we are not yet in scope for reporting of either ESRS or CSRD. INNIO Group will report in line with ESRS from reporting year 2024. In 2023, we began the preparations for CSRD and ESRS compliance. INNIO Group is being supported by external advisory (Big 4) in our analysis of requirements and future reporting obligations. In 2023, as part of these preparations, we are conducting an updated materiality assessment based off ESRS that will be concluded in early 2024 as a first step towards ESRS-implementation.

### CBAM

The EU’s Carbon Border Adjustment Mechanism (CBAM) came into force in October 2023, with a transitional period lasting until 2026. EU importers must declare annually the quantity of goods and the amount of embedded emissions in the total goods they imported into the EU in the preceding year. The importer must surrender the corresponding amount of CBAM certificates. Under CBAM, INNIO Group is subject to reporting obligations for a small number of imports. In 2023, INNIO Group began closely collaborating with relevant suppliers to prepare and ensure CBAM’s reporting obligations are met. Internally, INNIO Group’s ESG, Procurement, and Tax and Customs functions also are collaborating closely on this regulation. INNIO Group is prepared to meet reporting obligations for CBAM and submit the first reports in 2024.



# Key Performance Indicators

Financial Information	Availability of Information	Unit	2021	2022	2023
Net sales	Group level	EUR (in million)	1,426	1,651	1,856

Board Effectiveness	Availability of Information	Unit	2021	2022	2023
Average board meeting attendance	Group level	Rate (%)	0.93	0.88	0.90
Minimum of attendance of members required			0.57	0.57	0.57
Board Average Tenure		Months	15 (range 3-33 months)	27 (range 15-45 months)	39 (range 27-57 months)

Compliance	Availability of Information	Unit	2021	2023	2023
Significant fines and non-monetary sanctions for non-compliance with law and/or regulations in the social and economic area	Group level	No.	0	0	0
Total monetary value of significant fines		EUR	0	0	0
Total number of non-monetary sanctions		No.	0	0	0
Cases brought through dispute resolutions mechanism			0	0	0

Cybersecurity	Availability of Information	Unit	2021	2022	2023
Number of security incidents	Group level	No.	0	2	0
ISO 27001 certification		yes/no	n/a	n/a	yes

Environmental Compliance <sup>11</sup>	Availability of Information	Unit	2021	2022	2023
Total monetary value of significant fines for non-compliance with environmental laws and/or regulations	Jenbach, Waukesha, Welland	EUR	0	0	0
Total number of non-monetary sanctions for non-compliance with environmental laws and/or regulations		No.	0	0	0
Cases brought through dispute resolution mechanisms		No.	0	0	0

<sup>11</sup> INNIO Group uses environmental, energy, and occupational health and safety law compliance management tools integrated into our Integrated Management System. These software-based tools provide the list of relevant EHS legal obligations the company must comply with, formulated as task, as well as changes in the law and a comparison of the previous and new legal situation. In this way, compliance with environmental, health, and safety laws is reassured.

Supply Chain Management	Availability of Information	Unit	2021	2022	2023
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## Supplier Environmental Assessments

Percentage (%) of new suppliers that were screened using environmental criteria	Group level	Rate (%)	100	100	100
Number of suppliers assessed for environmental impacts		No.	173	109	85
Number of suppliers identified as having significant actual and potential negative environmental impacts			8	6	5
Significant actual and potential negative environmental impacts identified in the supply chain			14	17	14
Percentage (%) of suppliers identified as having significant actual and potential negative environmental impacts—improvements were agreed upon as a result of assessment		Rate (%)	100	100	100
Percentage (%) of suppliers identified as having significant actual and potential negative environmental impacts—relationships were terminated as a result of assessment and an explanation related to the termination was provided		Rate (%)	0	0	0

## Supplier Social Assessments

Percentage (%) of new suppliers that were screened using social criteria	Group level	Rate (%)	100	100	100
Number of suppliers assessed for social impacts		No.	173	109	85
Number of suppliers identified as having significant actual and potential negative social impacts			8	5	8
Significant actual and potential negative social impacts identified in the supply chain			25	12	29
Percentage (%) of suppliers identified as having significant actual and potential negative social impacts—improvements were agreed upon as a result of assessment		Rate (%)	100	100	100
Percentage (%) of suppliers identified as having significant actual and potential negative social impacts—relationships were terminated as a result of assessment and an explanation related to the termination was provided		Rate (%)	0	0	0

Workforce <sup>12</sup>	Availability of Information	Unit	2021	2022	2023		
Full-time Equivalent (FTE)	Group level	No.	3,689	3,991	4,264		
Employee headcount			3,903	4,173	4,468		
Permanent			3,678	3,885	4,230		
Temporary			225	288	238		
Male			3,252	3,446	3,661		
Permanent			3,061	3,213	3,476		
Temporary			191	233	185		
Full-time			3,113	3,327	3,521		
Part-time			139	119	140		
Female			651	727	807		
Permanent			617	672	754		
Temporary			34	55	53		
Full-time			498	558	626		
Part-time			153	169	181		
<b>By region (and employment contract)</b>							
Europe			Group level	No.	3,228	3,381	3,502
Permanent	3,020	3,110			3,280		
Temporary	208	271			222		
America	610	722			888		
Permanent	605	717			886		
Temporary	5	5			2		
Asia & Australia	65	70			78		
Permanent	53	58			64		
Temporary	12	12	14				
<b>By age group</b>							
< 30 years	Group level	No.	742	835	860		
30–50			2,342	2,462	2,658		
> 50 years			820	876	950		

<sup>12</sup> Workforce data include all INNIO Group employees, excluding contractors. INNIO Group's workforce is not subject to any seasonal variations

<sup>13</sup> The data regarding the race self-identification provided voluntarily from the employees in U.S. and Canada.

<sup>14</sup> Average training hours per employee = Total number of training hours/ Full-time equivalent

Workforce <sup>12</sup>	Availability of Information	Unit	2021	2022	2023
<b>Race<sup>13</sup></b>					
Asian	Employees located in the U.S and Canada	No.	47	30	55
Black or African American			10	21	20
Hispanic or Latino			36	50	50
White			284	535	443
Indigenous or Native			1	2	2
Other: Two or more			4	7	7

New Employee Hires	Availability of Information	Unit	2021	2022	2023
Total number of new employee hires	Group level	No.	346	680	594
<b>By gender</b>					
Male	Group level	No.	272	529	467
Female			74	151	127

<b>By age group</b>					
< 30 years	Group level	No.	127	263	208
30–50			175	334	318
> 50 years			44	83	68

<b>By region</b>					
Europe	Group level	No.	220	461	382
America			120	207	203
Asia & Australia			6	12	9

Training and Development	Availability of Information	Unit	2021	2022	2023
Total number of training hours provided to employees	Group level	No.	105,785	115,535	127,321
Average hours of training that the organization's employees have undertaken <sup>14</sup>			29	29	30
Total number of training hours provided to customers			n/a	n/a	100,582
Percentage of total employees who received a regular performance and career development review		Rate (%)	access 100, executed 97	access 100, executed 97	access 100, executed 98

Employee Turnover	Availability of Information	Unit	2021	2022	2023
Total number of employee turnover	Group level	No.	402	427	394
<b>By gender</b>					
Male	Group level	No.	305	336	314
Female			97	91	80
<b>By age group</b>					
< 30 years	Group level	No.	82	107	103
30–50			229	231	206
> 50 years			91	89	85
<b>By region</b>					
Europe	Group level	No.	290	316	285
America			104	103	102
Asia & Australia			8	8	7

Health and Safety <sup>15</sup>	Availability of Information	Unit	2021	2022	2023
Number of recordable work-related injuries	Group level	No.	33	34	32
Number of fatalities as a result of work-related injury			0	0	0
Rate of fatalities as a result of work-related injury		Rate	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)		No.	0	1	0
Rate of high-consequence work-related injuries (excluding fatalities)		Rate	0	0.06	0
Rate of recordable work-related injuries			0.99	0.94	0.83
The number of near misses identified		No.	104	74	80
Near miss frequency rate (NMFR)			3.12	2.05	2.07
Lost-Time Injuries frequency rate (LTIFR)			4.94	4.71	4.15
Lost- Time Injury Rate (LTIR)			0.99	0.94	0.83

Materials	Availability of Information	Unit	2021	2022	2023
Total material usage	Group level	Tons	44,292	48,526	47,063
<b>Material by type (weight or volume):</b>					
Metals	Group level	Tons	41,301	45,248	43,884
Wood			686	752	729
Paper			128	140	136
Sand			80	87	85
Chemicals			925	1,013	983
Others			1,173	1,285	1,247
Percentage of recycled input materials used to manufacture the organization's primary products and services		Rate (%)	53	56	61

Waste <sup>16</sup>	Availability of Information	Unit	2021	2022	2023
Total waste generated	Group level	Tons	11,567	11,327	11,308
Total hazardous waste			743	775	1,171
Total non-hazardous waste			10,824	10,552	10,137
Total weight of waste—diverted from disposal			10,347	10,510	9,583
Hazardous waste			743	775	410
Non-hazardous waste			9,604	9,734	9,174
Total weight of waste—directed to disposal			1,220	818	1,725
Hazardous waste			n/a	n/a	762
Non-hazardous waste			1,220	818	963

<sup>15</sup> The main work-related injuries for 2023 were contact with sharp objects, soreness, and slips (work-related injuries = lost-time injuries).

The health & safety data does not include contractors. The numbers of hours worked for 2023 is 7,715,708.

The rate of recordable work-related injuries was calculated as such: (Number of recordable work-related injuries / Number of hours worked) x 200,000.

The number of hours worked was calculated as such: 38.5 working hours per week x (52 weeks in one year - 5 weeks of holidays).

The 38.5 working hours per week is based on our sector-specific collective agreements. The full-time equivalent (FTE) in 2023 was 4,264.

NMFR = ((Number of close calls identified in the reporting period) x 200,000) / (Total hours worked in the reporting period)

LTIFR = ((Number of lost-time injuries in the reporting period) x 1,000,000) / (Total hours worked in the reporting period)

LTIR = ((Number of lost-time injuries in the reporting period) x 200,000) / (Total hours worked in the reporting period)

<sup>16</sup> Primary data is used to calculate waste generation where INNIO Group operates. Estimates are used where primary data is not available. Waste generated is based on data from invoices and/or vendor/third party reports. In the absence of actual data, estimations and assumptions are used based on this source for commercial offices and based on employee headcount.

Energy	Availability of Information	Unit	2021	2022	2023
Total energy consumption <sup>17</sup>	Group level	GJ	652,746	637,063	666,612
Non-renewable sources on site			581,528	544,185	644,179
Natural Gas			581,528	544,185	644,179
Renewable sources on site			2,060	4,306	3,571
Hydropower			1,026	421	1,026
Photovoltaics			112	1,851	1,300
Others (Balancing Power)			922	2,034	1,246
Purchased energy			106,119	122,619	115,011
Purchased Electricity			105,694	122,166	114,479
Purchased Heat			425	453	532
Purchased Cooling			0	0	0
Purchased Steam			0	0	0
Sold energy			36,960	34,047	96,149
Electricity sold			35,707	32,665	94,767
Heat sold			1,253	1,382	1,382
Cooling sold			0	0	0
Steam sold			0	0	0

Spills	Availability of Information	Unit	2021	2022	2023
Number of recorded significant spills	Jenbach, Waukesha, Welland	No.	0	0	0
Oil spills			0	0	0
Fuel spills			0	0	0
Spills of wastes			0	0	0
Spills of chemicals			0	0	0
Others			0	0	0

<sup>17</sup> Total energy consumption within the organization = Non-renewable sources on site + Renewable sources on site + Purchased energy - Sold energy

<sup>18</sup> One life cycle represents 60,000 operating hours of an engine. Total emissions during the life cycle of a product are dependent on the application and the operational model. INNIO Group's engines are designed and built to operate for multiple life cycles, which significantly supports the concept of circularity.

<sup>19</sup> Tank-to-Wheel boundary including direct emissions from fuel combustion.

<sup>20</sup> Well-to-Wheel boundary including direct emissions of fuel combustion and indirect emissions from upstream activities

The energy-related data for our main facilities come from bills and onsite calculations and are used to calculate emissions for both Scope 1 and 2 emissions. Estimates are used where primary data is not available and are based on employee headcount. INNIO Group reports Scope 3 emissions for all relevant categories. For total GHG emissions, the market-based Scope 2 figures are used. In the reporting year, emission calculations for category 3.12 End of life have been added for the first time, recalculated back to INNIO Group's base year 2020. For more details about INNIO Group's GHG inventory, please see page 108.

GHG Emissions	Availability of Information	Unit	Base year 2020	2021	2022	2023	
Total GHG emissions (Scope 1, 2 and 3)—Reporting year	Group level	CO <sub>2</sub> -e (metric tons)	5,184,587	6,522,517	5,744,990	5,668,650	
Scope 1, 2 and 3 emissions reductions—Reporting year			n/a	1,337,930	-777,527	-76,341	
Total GHG emissions (Scope 1, 2, and 3)—Life cycle of sold engines <sup>18</sup>			61,798,864	61,328,687	56,080,381	53,344,683	
Scope 1, 2 and 3 emissions reductions—Life cycle of sold engines <sup>18</sup>			n/a	-470,177	-5,248,306	-2,735,698	
<b>Scope 1 emissions (Stationary Combustion)</b>			35,923	31,489	29,319	35,049	
<b>Scope 1 emissions intensity (t of CO<sub>2</sub>-e/t of material)</b>			0.82	0.71	0.60	0.74	
<b>Scope 2 emissions (market-based)</b>			6,680	5,351	5,188	5,536	
<b>Scope 2 emissions (location-based)</b>			8,408	7,759	7,380	7,000	
<b>Scope 2 emissions intensity (t of CO<sub>2</sub>-e/t of material)</b>			0.19	0.12	0.11	0.12	
<b>Scope 1 and 2 emission intensity (t of CO<sub>2</sub>-e/t of material)</b>			0.97	0.83	0.71	0.86	
<b>Scope 3 emissions</b>							
Total Scope 3 (Reporting year)			Group level	CO <sub>2</sub> -e (metric tons)	5,141,984	6,485,677	5,710,483
Total Scope 3 (Life cycle) <sup>18</sup>	61,756,261	61,320,927			56,073,000	53,304,098	
3.1 Purchased Goods	66,997	66,438			71,632	51,585	
3.2 Capital Goods	29,457	28,610			29,885	40,821	
3.3 Fuel indirect	12,895	10,871			10,365	9,024	
3.4 Upstream Raw Material Transport <sup>18</sup>	6,494	6,526			7,150	7,045	
3.5 Waste	2,365	1,170			3,056	2,960	
3.6 Business Travel <sup>19</sup>	332	280			754	705	
3.7 Employee Commuting <sup>19</sup>	2,544	2,956			4,414	3,910	
3.8 Upstream Leased Assets <sup>20</sup>	1,761	3,076			3,716	3,635	
3.9 Downstream Product Transport <sup>20</sup>	1,718	2,104			4,204	4,440	
Total transportation emissions (Well-to-Wheel) <sup>20</sup>	16,638	19,491			26,710	26,042	
Use of sold products (Reporting year)	5,009,263	6,354,867	5,567,559	5,497,645			
3.11 Use of sold products (Life cycle) <sup>18</sup>	61,623,540	61,190,117	55,930,076	53,173,678			
3.12 End of life	8,158	8,779	7,748	6,294			

Water <sup>21</sup>	Availability of Information	Unit	2021	2022	2023
Total water withdrawal	Group level	ML	1,065	1,049	918
Sources of water withdrawn					
Groundwater	Group level	ML	915	906	750
Third-party water			150	144	158
Surface water			n/a	n/a	10
Total water discharge		ML	1,030	1,019	884
Sources of water discharge					
Groundwater	Group level	ML	915	906	750
Third-party water			115	113	124
Surface water			n/a	n/a	10
Total water consumption		ML	35	30	34

Environmental Certifications for Operations	Availability of Information	Unit	2021	2022	2023
ISO 14001	Jenbach, Waukesha, Welland	Yes/No	Yes	Yes	Yes
ISO 50001			Yes	Yes	Yes
ISO 9001			Yes	Yes	Yes
ISO 45001			Yes	Yes	Yes

Non-discrimination	Availability of Information	Unit	2021	2022	2023
Total number of incidents of discrimination <sup>22</sup>	Group level	No.	0	0	3

Community Engagement	Availability of Information	Unit	2023
Charitable Donations	Jenbach, Waukesha, Welland	EUR	70,000

<sup>21</sup> Primary data is used to calculate water withdrawal, discharge and consumption where INNIO Group operates, and in some cases estimations were made where primary data is not available. Water withdrawals are based on data from utility bills from our largest sites. Estimates are based on employee headcount

<sup>22</sup> Three confirmed cases of inappropriate statements and behavior were reported as incidents of discrimination through our whistleblower platform "SPEAK UP!" in the reporting year. In order to resolve the incidents, a special training for affected functions was carried out in two cases (workshops on cultural sensitivity) and personnel consequences were drawn in the third case.

# 04 Index Tables

- 98 GRI and UN SDGs Index
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# GRI & UN SDGs Index

GRI Standard	Disclosure	Location	UN SDG
GRI 2: General Disclosures 2021	2-1 Organizational details	pp. 7, 109	
	2-2 Entities included in the organization's sustainability reporting	100% operational cover; 99% coverage of INNIO Group's workforce	
	2-3 Reporting period, frequency and contact point	pp. 109, 112	
	2-4 Restatements of information	<p>Due to better data availability and calculation model adaptations, recalculations of GHG emissions for the following categories and years have been conducted (see pp. 57-59, 95):</p> <ul style="list-style-type: none"> <li>→ Scope 1 and Scope 2 market-based 2021-2022: The adjustment of the calculation model has resulted in more accurate figures for previous years.</li> <li>→ Scope 3/Capital Goods 2021-2023: The capital Goods calculation has been expanded to provide more granularity, also for previous years.</li> <li>→ Scope 3/End of Life 2021-2023: The end-of-life emissions have been calculated for the first time in the reporting year. In the interests of completeness and comparability, the emissions in this category were also calculated back.</li> <li>→ Transport-related emissions 2021-2023: In line with SBTi, we consider not only the tank-to-wheel but also the well-to-wheel method for all transport-related emissions.</li> </ul>	
	2-5 External assurance	pp. 111-113	
	2-6 Activities, value chain and other business relationships	pp. 10, 12	
	2-11 Chair of the highest governance body	pp. 18-19	
	2-12 Role of the highest governance body in overseeing the management of impacts	pp. 18-19	
	2-13 Delegation of responsibility for managing impacts	pp. 18-21	
	2-14 Role of the highest governance body in sustainability reporting	pp. 18-20	
	2-16 Communication of critical concerns	a. pp. 74-76, 79-80, b. zero incidents	

GRI Standard	Disclosure	Location	UN SDG
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	pp. 13-17	
	2-23 Policy commitments	pp. 18-23, 64-65, 74-80 innio.com	16
	2-24 Embedding policy commitments	pp. 18-23, 64-65, 74-80	
	2-25 Processes to remediate negative impacts	pp. 74-76	
	2-26 Mechanisms for seeking advice and raising concerns	pp. 18-19, 74-76	16
	2-27 Compliance with laws and regulations	Zero instances (2022: zero instances)	16
	2-28 Membership associations	pp. 22-23	
	2-29 Approach to stakeholder engagement	pp. 24-26	
	2-30 Collective bargaining agreements	a. 65%	8
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	pp. 16-17, 107
3-2 List of material topics		p. 16-17	
3-3 Management of material topics		pp. 45-87	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	pp. 74-76	
	205-3 Confirmed incidents of corruption and actions taken	Zero incidents (2022: zero incidents)	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Zero instances (2022: zero instances)	
GRI 207: Tax 2019	207-1 Approach to tax	p. 77	
	207-2 Tax governance, control, and risk management	p. 77	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 93	
	301-2 Recycled input materials used	p. 93	8, 9, 12
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 94	7, 8, 12, 13
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	p. 96	6
	303-4 Water discharge	p. 96	6
	303-5 Water consumption	p. 96	6

GRI Standard	Disclosure	Location	UN SDG
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	pp. 95, 108	3, 12, 13, 15
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 95, 108	3, 12, 13, 15
	305-3 Other indirect (Scope 3) GHG emissions	pp. 95, 108	3, 12, 13, 15
	305-4 GHG emissions intensity	pp. 95, 108	13, 15
	305-5 Reduction of GHG emissions	pp. 40, 55, 60-61, 95, 108	13, 15
<b>GRI 306: Effluents and Waste 2016</b>	306-3 Significant spills	p. 94	3, 6, 12, 15
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	p. 93	3, 6, 12, 15
	306-4 Waste diverted from disposal	p. 93	3, 6, 12, 15
	306-5 Waste directed to disposal	p. 93	3, 6, 12, 15
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	p. 89	
	308-2 Negative environmental impacts in the supply chain and actions taken	p. 89	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	pp. 91-92	5, 8, 10
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	pp. 70-73	8
	403-5 Worker training on occupational health and safety	pp. 70-73	8
	403-6 Promotion of worker health	p. 73	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 72	
	403-9 Work-related injuries	p. 92	3, 8, 16
<b>GRI 404: Training and Education 2016</b>	404-3 Percentage of employees receiving regular performance and career development reviews	p. 91	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	p. 96	5, 8
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Zero incidents (2022: zero incidents)	
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero incidents (2022: zero incidents)	

GRI Standard	Disclosure	Location	UN SDG
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	p. 89	
	414-2 Negative social impacts in the supply chain and actions taken	p. 89	
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	p. 77	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	p. 55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Zero incidents (2022: zero incidents)	
<b>GRI 417: Marketing and Labeling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	Zero incidents (2022: zero incidents)	
	417-3 Incidents of non-compliance concerning marketing communications	Zero incidents (2022: zero incidents)	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero incidents (2022: zero incidents)	

## SASB Index

Topic	Code	Accounting metric	Category	Unit of measure	Description, References
<b>Energy Management</b>	RT-EE-130a.1/ RT-IG-130a.1	(1) Total energy consumed	Quantitative	Gigajoules (GJ)	pp. 57, 94
		(2) Percentage grid electricity		Percentage (%)	
		(3) Percentage renewable			
<b>Hazardous Waste Management</b>	RT-EE-150a.1	Amount of hazardous waste generated	Quantitative	Metric tons (t)	pp. 62, 93
		Percentage recycled		Percentage (%)	
	Number of reportable spills	Number			
	RT-EE-150a.2	Aggregate quantity of reportable spills		Kilograms (kg)	
		Quantity recovered			

Topic	Code	Accounting metric	Category	Unit of measure	Description, References
Product Safety	RT-EE-250a.1	Number of recalls issued		Number	INNIO Group had zero recalls in 2023 and we had no monetary losses as a result of legal proceedings associated with product safety. Please also see p. 55 for product safety.
		Total units recalled			
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety		Reporting currency	
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 ton miles	INNIO Group discloses Scope 3 emissions from products and their life cycles as illustrated on pp. 58-59. We do not measure sales-weighted fuel efficiency, but rather overall mechanical, electrical, and thermal product efficiencies. In addition, and specifically in relation to Code RT-IG-410a.4, we are not manufacturing any diesel equipment. Instead, we direct our investments toward research and development related to gas engines that generate fewer direct emissions. Please also refer to "Progress in action".
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment		Gallons per hour	
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators		Watts per gallon	
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NO <sub>x</sub> ) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines		Grams per kilowatt hour	
Materials Sourcing	RT-EE 440a.1/ RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and analysis	n/a	pp. 79-80
Remanufacturing Design and Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	INNIO Group's revenues from remanufacturing offerings have been systematically increasing since 2018.

Topic	Code	Accounting metric	Category	Unit of measure	Description, References
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior	Discussion and analysis	n/a	pp. 74-76
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Quantitative	Reporting currency	Zero, pp. 74-76, 88
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations			Zero, pp. 74-76, 88
Employee Health and Safety	RT-IG-320a.1	(1) Total recordable incident rate (TRIR)	Quantitative	Rate	pp. 70-71, 91
	RT-IG-320a.2	(2) Fatality rate			pp. 70-71, 91
	RT-IG-320a.3	(3) Near miss frequency rate (NMFR)			p. 91
Accounting Metrics	RT-IG-000.A/ RT-EE-000.A	Number of units produced by product category		Number	INNIO Group delivers more than 2 GW of newly installed base annually.
	RT-IG-000.B/ RT-EE-000.B	Number of employees			p. 89

# TCFD Index

Disclosure	Reference/Report section
<b>Governance</b>	
Describe the board's oversight of climate-related risks and opportunities.	Please refer to the "Task Force on Climate-Related Financial Disclosures (TCFD)" section—p. 81.
Describe management's role in assessing and managing climate-related risks and opportunities.	
<b>Strategy</b>	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Please refer to the "Task Force on Climate-Related Financial Disclosures (TCFD)" section—pp. 82-83.
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	INNIO Group is currently working on expanding our TCFD-related practices by including climate-related scenarios in our initial identification of climate risks and opportunities that will further help us assess the resilience of our climate strategy.
<b>Risk management</b>	
Describe the organization's processes for identifying and assessing climate-related risks.	Please refer to the "Task Force on Climate-Related Financial Disclosures (TCFD)" and "Enterprise risk management" sections.
Describe the organization's processes for managing climate-related risks.	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
<b>Metrics and targets</b>	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Please refer to the "Sustainability Strategy & Goals," "Resilient Manufacturing," "Task Force on Climate-Related Financial Disclosures (TCFD)," and "Key Performance Indicators" sections.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

# UN Global Compact Index

Global Compact Principle	Relevant Policies & Commitments	Sustainability Report reference
<b>Principles 1 &amp; 2</b>		
Businesses should support and respect the protection of internationally proclaimed human rights.	Labor & Human rights policy, Supplier Code of Conduct	"Ethical and Transparent Business" section
Businesses should make sure that they are not complicit in human rights abuses.		
<b>Principle 3</b>		
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Labor & Human rights policy, Supplier Code of Conduct	"Sustainable Supply Chain" and "Ethical and Transparent Business" sections
<b>Principles 4 &amp; 5</b>		
Businesses should uphold the elimination of all forms of forced and compulsory labor.	Labor & Human rights policy, Supplier Code of Conduct	"Sustainable Supply Chain" and "Ethical and Transparent Business" sections
Businesses should uphold the effective abolition of child labor.		
<b>Principle 6</b>		
Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Labor & Human rights policy; Diversity, Equity, and Inclusion policy	"Diversity and Inclusion" and "Ethical and Transparent Business" sections
<b>Principle 7</b>		
Businesses should support a precautionary approach to environmental challenges.	Environmental Policy	"Governance," "Resilient Manufacturing," and "Resource Management" sections
<b>Principle 8</b>		
Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Policy	"Leading the industry through collaborative action," "Sustainability Strategy & Goals," "Progress in action," "Sustainable Supply Chain," and "Resource Management" sections
<b>Principle 9</b>		
Businesses should encourage the development and diffusion of environmentally friendly technologies.	Quality Policy, Environmental Policy	"Progress in action" section
<b>Principle 10</b>		
Businesses should work against corruption in all its forms, including extortion and bribery.	Code of Conduct, Supplier Code of Conduct	"Progress in action" section

# 05 Appendix



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## Detailed materiality assessment process

The objective of conducting a materiality assessment is to evaluate the changing sustainability landscape, understand and prioritize the issues that matter to our business and stakeholders, and help ensure we concentrate our strategy in the right areas. We use our materiality assessment to help us determine which issues to include, set targets for, and report on.

**Our materiality assessment can be described in a five-stage process, detailed below:**

### PHASE 1 – Issue identification

We identified an initial, extensive list of 55 potential sustainability topics for analysis. It included issues and topics covered by the sustainability landscape and global frameworks such as the GRI, SASB, industry associations such as the Mechanical Engineering Industry Association (VDMA.com), the Paris Agreement, and the UN SDGs, as well as competitor practices.

### PHASE 2 – Issue prioritization

INNIO Group's C-level executives were asked to review each clustered material topic, provide their perspective, and assess each issue's impact on the business and importance to our stakeholders. Their perspectives then were discussed at the materiality workshop, where participants were asked to list the topics that they considered to be most substantial. Each topic was rated "high," "medium," or "low" according to its importance to the participants.

### PHASE 3 – Internal validation

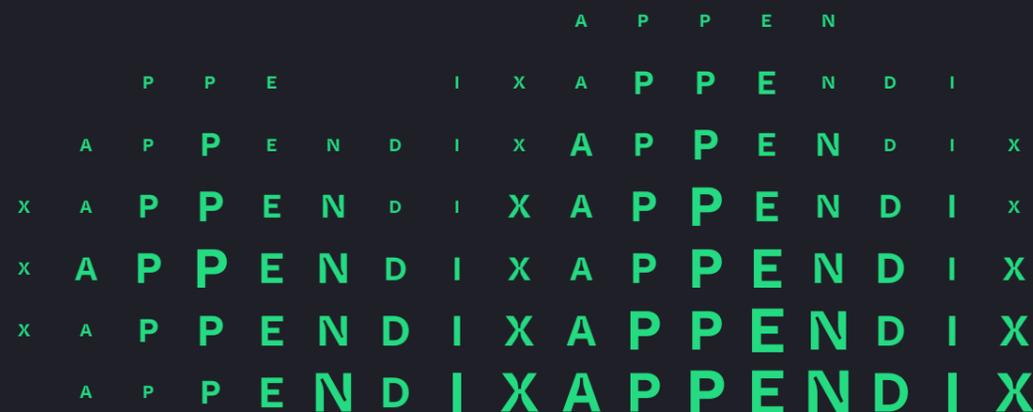
The outcome of the materiality workshop was the identification of 12 significant areas listed in Graph 05, page 17. INNIO Group's Sustainability team worked with specific functions and stakeholders on reviewing and refining the draft materiality matrix. The matrix was presented to both the senior management team and the SRB, with approval by the INNIO Group Board of Directors in August 2021.

### PHASE 4—Disclosure, transparency, and insights

The outcomes of our materiality analysis helped us review our management approach and assess where we can improve and create meaningful impact with respect to the environment and our business. Furthermore, it helped us shape our ESG disclosures and transparency on material topics.

### PHASE 5—Reporting on outcomes

We communicate the outcomes of our materiality assessment, the list of material topics, their level of significance, as well as our approach and performance on each material topic to the business and stakeholders.



# Detailed GHG emissions inventory

In the previous reporting year, all potential material emission sources of the INNIO Group were analyzed and calculated in accordance with the World Resource Institute Greenhouse Gas Protocol (GHG Protocol). Building on this, the focus in 2023 was on further expanding the data quality. Based on the standards of the GHG Protocol, INNIO Group's corporate carbon footprint is structured in three scopes as shown in Graphs 15, 16 and 17 (pages 57-59). Scope 1 emissions include all direct emissions from a company's activities or from activities under its control, including the combustion of fuels on site. Scope 2 emissions include indirect emissions from the purchase and use of electricity and heat by the company. Scope 3 emissions are defined as all other indirect emissions from activities of the company that originate from sources that the company neither owns nor controls, as well as emissions along the value chain. As part of INNIO Group's climate target submission to SBTi, we re-evaluated all scope 3 categories in the reporting year. The following scope 3 categories are considered to be relevant for INNIO Group's business model and therefore included in the corporate carbon footprint: 3.1 Purchased Goods, 3.2 Capital Goods, 3.3 Fuel Indirect, 3.4 Upstream Raw Material Transport, 3.5 Waste, 3.6 Business Travel, 3.7 Employee Commuting, 3.8 Upstream Leased Assets, 3.9 Downstream Product Transport, 3.11 Use Phase, and 3.12 End of Life. The end-of-life emissions have been calculated for the first time in the reporting year. In the interests of completeness and comparability, the emissions in this category also were calculated back to our base year 2020. Additionally, the Capital Goods calculation has been expanded to provide more granularity. In line with SBTi, we take into account not only the tank-to-wheel but also the well-to-wheel method for all transport-related emissions.

The emissions shown on pages 57-59 are demonstrated in tons of CO<sub>2</sub>-equivalents and cover more than 98% of the INNIO Group, using the financial control approach. For the calculation, we used actual data, including data provided by suppliers or other value chain partners. In some cases, model-based assumptions were made. To be more specific, in some of our office locations where data was not available, emissions from natural gas, electricity, and waste generation were estimated based on employee headcount at each location. CO<sub>2</sub> emissions factors are used from suppliers and databases, such as the U.S. Environmental Protection Agency (U.S. EPA), Environment Agency Austria (UBA-GmbH), Agence de la transition écologique (ADEME), and ecoinvent. GHG emissions include CO<sub>2</sub> (GWP100=1), CH<sub>4</sub> (GWP100=25), and N<sub>2</sub>O (GWP100=298) based on the Fourth Assessment Report (AR4) by the Intergovernmental Panel on Climate Change (IPCC). For some categories, also emissions from F-gases are considered.

Our near-term targets have been validated by the SBTi. INNIO Group commits to reduce Scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year. 2020 was chosen as the base year because since then the data for all applicable categories across the three scopes has been available in the required availability and quality. In addition, INNIO Group commits to reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2020 base year. INNIO Group is a proud supporter of Race to Zero, a global campaign established by the United Nations Framework Convention on Climate Change (UNFCCC) to bring together global leadership for a healthy, resilient, and zero-carbon future.

# About this report

This report is presented for the INNIO Group Holding GmbH, headquartered in Jenbach, Austria. It spans INNIO Group's Jenbacher and Waukesha brands and operations within the 2023 fiscal year. This sustainability report follows the same time span (fiscal year) as the financial report.

## Scope, material topics, and boundaries

INNIO Group's 2023 Sustainability Report is a non-financial disclosure published annually. The first Sustainability Report 2020 was published in September 2021.

This 2023 disclosure was prepared with reference to the standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). It also includes an initial analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations Framework. The report also serves as our Communication on Progress (COP) for the UN Global Compact (UNGC).

Through our non-financial reporting, we describe our management and performance of environmental, social, and governance (ESG) issues. Our disclosures focus on the topics that have been deemed most material to our business and stakeholder groups during INNIO Group's materiality assessment performed in mid-2021. INNIO Group's alignment with the United Nations Sustainable Development Goals (UN SDGs) is based on the GRI and the UNGC's Business Reporting on the UN SDGs. This report mainly covers data from 2023. Wherever possible, it also presents a series of data over three years (2019, 2020, and 2021) to make the information transparent, relevant, and comparable.

This Sustainability Report has been externally assured. KPMG Austria GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft has performed an independent limited assurance engagement on the combined consolidated non-financial report ("NFI report") for the financial year 2023. For the assurance report, please see pages 110-113. The data presented in the report is consolidated at Group level and covers 100% of business operations and of global location. This boundary applies to all material topics, unless clearly indicated otherwise for a particular material topic in the text of this Sustainability Report. All of the health, safety, and environmental data, including greenhouse gas (GHG) data for Scope 1, Scope 2, and Scope 3, cover the INNIO Group using the financial control approach.

## CONTACT

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For the INNIO Group Holding GmbH

→ **Dr Olaf Berlien**  
 President & Chief  
 Executive Officer

→ **Dr Dennis Schulze**  
 Chief Financial Officer

→ **Dr Klaus-Peter Weber**  
 Executive General Counsel &  
 Chief Compliance Officer

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# Independent Assurance Report on the Non-financial Reporting

## To the Board of Directors INNIO Group Holding GmbH, Jenbach

This English language independent assurance report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation nor for any errors or misunderstandings that may derive from the translation.

## Independent Assurance Report on the Non-financial Reporting

We have performed an independent limited assurance engagement on the consolidated non-financial report (“NFI report”) for the financial year 2023, which has been published as Sustainability Report 2023 of INNIO Group Holding GmbH, Jenbach (referred to as “INNIO” or “the Company”).

## Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “with reference to ” in all material respects.

## Management’s Responsibility

The Company’s management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option “with reference to” as reporting criteria.

The Company’s management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation, and maintenance of systems, processes, and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards) Option "with reference to" in all material respects.

Our engagement was conducted in conformity with the opinion of the expert group of the Austrian Chamber of Tax Advisors and Public Accountants (KFS/PG 13) as well as the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;
- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;

- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the processes for local data collection, validation and reporting, as well as the reliability of the reported data through a (remotely conducted) survey performed on a sample basis at a site;
- Analytical evaluation of the data and trend of quantitative disclosures regarding the GRI Standards listed in the GRI-Index, submitted by all locations for consolidation at the group level;
- Evaluation of the consistency of the of the GRI Standards, Option "with reference to" to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company.

### Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our assurance certificate and NFI report. However, publication may only be performed in its entirety and as a version has been certified by us.

### General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Linz, 17. April, 2024

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft signed by:

→ **Karl Braun**  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)



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