

## Sustainable Procurement – Priorities

Dear Supplier,

At INNIO, we are committed to sustainability. Our 2021 [Sustainability report](#) shows our efforts, targets and projects in detail.

In procurement, we have set some priorities which guide our relations with suppliers.

- INNIO is committed to decarbonization and uses the [Science Base Targets](#) initiative that validates if our targets are considered ‘science-based’, meaning they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. Our target is to reduce our GHG emissions by 50% by 2030. We also ask our suppliers to commit to this reduction target.
- INNIO is also developing Diversity, Equity and Inclusion (DEI) in its supply chain. With the definition of traceable KPIs, we are planning to improve DEI topic with our suppliers.
- INNIO now asks its suppliers to have an independent third-party ESG rating. This ensures the transparency and credibility of the ESG efforts of our suppliers and provides them with some actionable improvement on ESG topics. By 2025, we aim to have 80% of the spend (for direct and indirect materials) awarded to suppliers with the equivalent of an [Ecovadis](#) Gold medal, representing the top 5% of ESG performances from rated companies.
- INNIO is working towards a more circular economy. In procurement, the main focus is on the use of recycled material, which lowers the demand for new natural resources and their larger environmental impact. Our goal is to increase the rate of recycled material in our engine every quarter.
- The recycled material rate provided by our suppliers is then used for the greenhouse gas (GHG) calculation. We are currently calculating an estimation of the GHG equivalent associated with the products we buy. We expect our suppliers to work with us and own this calculation in the future. The best-case scenario is the release of an [Environmental Product Declaration \(EPD\)](#)

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