

# Deforestation Policy Statement

## Our Position

In line with the Baker Hughes core value of “care,” we strive to operate responsibly and conserve biodiversity. Deforestation can adversely impact biodiversity, increase greenhouse gas (GHG) emissions, and contribute to climate change. We believe that conserving and protecting ecosystems including forests, can preserve flora and fauna that rely on these habitats and are necessary to meet the Paris Agreement goals, the United Nations Sustainable Development Goals (UN SDGs), and our company commitment to environmental sustainability.

## Our Rationale

- Baker Hughes believes that climate change is one of the most significant challenges facing the world and warrants meaningful action to reduce GHG emissions resulting from human activities.
- Forest ecosystems provide clean air and water, a stable supply of food and other natural resources. Forests play a significant role in minimizing climate change, absorbing about 2.6 billion tonnes of CO<sub>2</sub> from the atmosphere every year.<sup>1</sup>
- However, forests are at risk, and deforestation is a major contributor to climate change. According to the United Nations Food and Agriculture Organization (FAO), 420 million hectares of forest were lost through deforestation between 1990 and 2020.<sup>2</sup> Forests in coastal areas, such as mangroves, are especially vulnerable to habitat destruction.
- Tropical forests face the highest pressure of deforestation, with South America and Asia recording the highest deforestation rates.<sup>3</sup>
- Estimates show that nearly 2 billion hectares of degraded land across the world offer opportunities for restoration. Increasing and maintaining forests is therefore an essential solution to climate change.<sup>4</sup>
- There are a variety of regulatory and voluntary efforts that have demonstrated success in conserving forests and recovering previously degraded forest ecosystems. For example, Costa Rica

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<sup>1</sup> “Forests and Climate Change”, IUCN, February 2021, Accessed [here](#) on 19 May 2022.

<sup>2</sup> “The State of the World’s Forests”, FAO, 2022, Accessed [here](#) on 19 May 2022.

<sup>3</sup> “COP26: Agricultural expansion drives almost 90 percent of global deforestation”, FAO, November 2021, Accessed here on 19 May 2022.

<sup>4</sup> “Measuring carbon emissions from tropical deforestation: an overview”, EDF, Accessed [here](#) on 19 May 2022.

implemented a set of policies and experimented with various measures to finance the conservation of its forests, such as debt-for-nature swaps.<sup>5</sup>

## Policy Principles

We support policy frameworks that address deforestation through risk-based application of the following principles:

- **Adequately fund and proactively manage forests on public lands.** Without active management, disease, invasive species, overgrowth, and other factors can make forests prone to catastrophic wildfire. Governments should ensure adequate funding for planning and management of forests on public lands.
- **Create economic incentives to conserve and sustainably manage forests on private lands.** In some countries, the number of forests on private lands can be extensive. Private landowners benefit from policies that incentivize conservation, especially policies that create markets for ecosystem services such as clean water, reduced fire risk, and access to sustainable fishing and hunting.
- **Develop the market for carbon offsets from forests.** The methods used to calculate offset credits need to be based on transparent, science-based standards.
- **Establish performance metrics.** Policies should include measures of forest protection, restoration, and sustainable forest development. Such measures provide valuable information on the effectiveness of respective policies.
- **Ensure active engagement of all parties.** All relevant stakeholders in the forest value chain should be involved in the development of policies focusing on forest ecosystems.
- **Foster international cooperation.** International dialogue between countries, organizations and communities is needed to learn from each other to develop strategies addressing deforestation that will be tailored to local conditions.

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<sup>5</sup> These allow countries to exchange their external debt for funds for nature conservation that are usually distributed by a third organisation. that reversed deforestation. Accessed [here](#) on 19 May 2022.

## Our Actions

- As a signatory to the UN Global Compact and with respect for the UN Sustainable Development Goals (SDGs), we commit to exploring our potential impacts on biodiversity, protected areas, and areas of significant biological value at or near our operational sites, including national parks and forests. For example, through our internal processes for establishing sites in new areas, we endeavor to minimize our environmental footprint, conserve natural habitats and protect ecosystems. Where possible, we select new locations in existing industrial areas rather than “greenfields.”
- We also enhance our use of electronic systems, strive for “paperless” offices, and encourage use of recycled materials that are then recycled again after use.
- Through the [Baker Hughes Foundation](#), we develop partnerships with conservation organizations and fund environmental projects that protect biodiversity and minimize the effects of climate change. We strive to support environmental projects such as:
  - Preservation of sensitive forest areas through enhanced management techniques, such as reduced impact logging practice.
  - Tree-planting projects to provide multiple benefits including erosion control, preserving biodiversity, restoration of forest damaged by wildfires, carbon sequestration, and economic diversification. Through our cooperation with [One Tree Planted](#), 250,000 trees were planted in five different regions of the world - Brazil, Cameroon, India, Romania, and the US.
  - Supporting the [Family Forest Carbon Program](#), a program that helps family forest owners access finance from carbon markets by paying them to implement climate-smart forestry practices.
- Baker Hughes is committed to doing our part to mitigate climate change by reducing our own carbon emissions. Since 2019, this has included our goal to achieve net-zero Scope 1 and 2 GHG emissions by mid-century. While we are also working to quantify and reduce Scope 3 GHG emissions, we believe conserving biodiversity and protecting our natural ecosystems is also important to achieve our net zero goals.