Acce//eron

Sustainability Report 2022

Table of contents

Dear stakeholder,

To be truly sustainable you need a long-term perspective, and at Accelleron we put that at the center of our company purpose – accelerating sustainability in the marine and energy sectors. For Accelleron, the leading turbocharging company for large engines, this means that the decarbonization journey will define the future of our company.

Our first sustainability report is inspired by the standards of the Global Reporting Initiative (GRI) and it is our ambition to fulfill the Science Based Target initiative (SBTi) standards in the future. This means meeting seven of the 17 Sustainable Development Goals (SDGs). Our report is a milestone for us as an independent company and it reflects the progress we made over the past year in the areas of people, products, services and the planet. But even more importantly, it shows us the hard work that still lies ahead.

Our challenge: global climate change

Climate change remains the most pressing global challenge for humanity, and we recognize the urgent need for action and a change in course. Our two main markets, marine and energy, are significant contributors to global warming in their current forms.

Of the estimated 35 billion tons of global annual CO_2 emissions, the energy and marine sectors together account for more than a third. They are now undergoing a full-scale transition to meaningfully reduce their emission levels, which we are best placed to facilitate.

Our industries: we go further to make a difference with products and services

A ship that goes into operation today will still be in service in 2050, the year that International Maritime Organization (IMO) is scheduled to achieve a reduction in total annual greenhouse gas (GHG) emissions of at least 50% (compared to 2008 values). Ambitious players within the marine industry estimate that this target can be achieved ten years earlier.

But as the rate of renewable energy increases, electrical power generation requires more complex configurations of base load, balancing and stand by applications – and internal combustion engines equipped with turbochargers can make a difference.

We are committed to driving decarbonization forward, and we work closely with our customers, academics and industry associations to accelerate progress. We also set high standards for ourselves and we are dedicated to reducing our greenhouse gas footprint wherever feasible. Our scope 1 and 2 targets are aligned with SBTi standards and achieve emission reductions in excess of recommended values, along with related measures. We also aim to reduce our scope 3 emissions in line with SBTi criteria.

Our expertise: curiosity leads to a better future for the planet

Talking about future maritime technologies in a recent article in Germany's business newspaper Handelsblatt, one of our key research & development partners said: "Accelleron's core competence is to extract every last ounce of efficiency." As prices for alternative fuels soar, every gain in efficiency we can achieve has an even greater impact on our customers.

In the medium term, liquified natural gas (LNG), ammonia and methanol are expected to play key roles in the transition of the maritime industry. As a market leader, Accelleron is in a prime position to assist with the transition of turbocharging. By providing innovative lifecycle solutions we enable our customers to accelerate their decarbonization journey. This includes harnessing the power of digitalization which we leverage through our platform Tekomar XPERT.

In the interests of a better future, we also take calculated risks, for example by investing in advanced technologies with long research & development cycles, such as the pressurization of fuel cells. We also seize opportunities provided by innovative manufacturing, such as 3D printing.

Our entrepreneurial resilience: a benefit for employees, shareholders, and partners alike

Our long-term perspective also contributes to our economic resilience. Sustainability is deeply intertwined with our financial success, as it ensures the long-term viability of our business and generates the resources required to reinvest in innovative solutions.

We are proud to have shareholders who share our vision and recognize the potential for both profit and positive impact. We have well-considered, transparent governance structures in place to ensure responsible decision-making. We adhere to reporting standards and frameworks guided by the rich heritage of ABB Group and will tailor them further to our needs over time.

Our people: trusted relationships with customers and society

Our people are the driving force behind our success and they are playing a pivotal role in shaping a sustainable future. We are committed to helping them realize their potential by promoting empowerment and leadership skills within our organization. We also prioritize work safety by providing a secure environment in which our employees can thrive.

We promote diversity and inclusion, acknowledging the unique perspectives and talents that different individuals bring. Our focus on high retention rates and ongoing training ensures that our employees remain at the forefront of productivity and innovation.

Both the Board of Directors and Executive Committee are fully committed to steering and accelerating our sustainability efforts and creating value for all stakeholders by ensuring a sustainable future.

We appreciate your collaboration and support on this journey and we hope you find the content informative and inspiring.

Thank you for your continued support.

Sincerely,

Oliver Riemenschneider
Chairman of the Board of Directors

Daniel Bischofberger
Chief Executive Officer

01

About Accelleron

About Accelleron

Accelleron is a global industry leader in turbocharging technology. Our products give engines an extra performance boost. This enhances their fuel efficiency and minimizes their environmental impact by decreasing emissions. The company designs, manufactures, sells, and services highly customized turbochargers for heavy-duty applications in the marine, energy, rail, and off-highway sectors.

All the main markets, from marine and energy to off-highway vehicles, are affected by the decarbonization and digital transformation megatrends, which both provide vast opportunities. The company's operations are based on an almost century-long foundation of significant and continuous investment in technology, partnerships with original equipment manufacturers (OEMs) and end users, and an unrivalled global service network with more than 100 service stations across 50 countries worldwide.

We have a network with more than

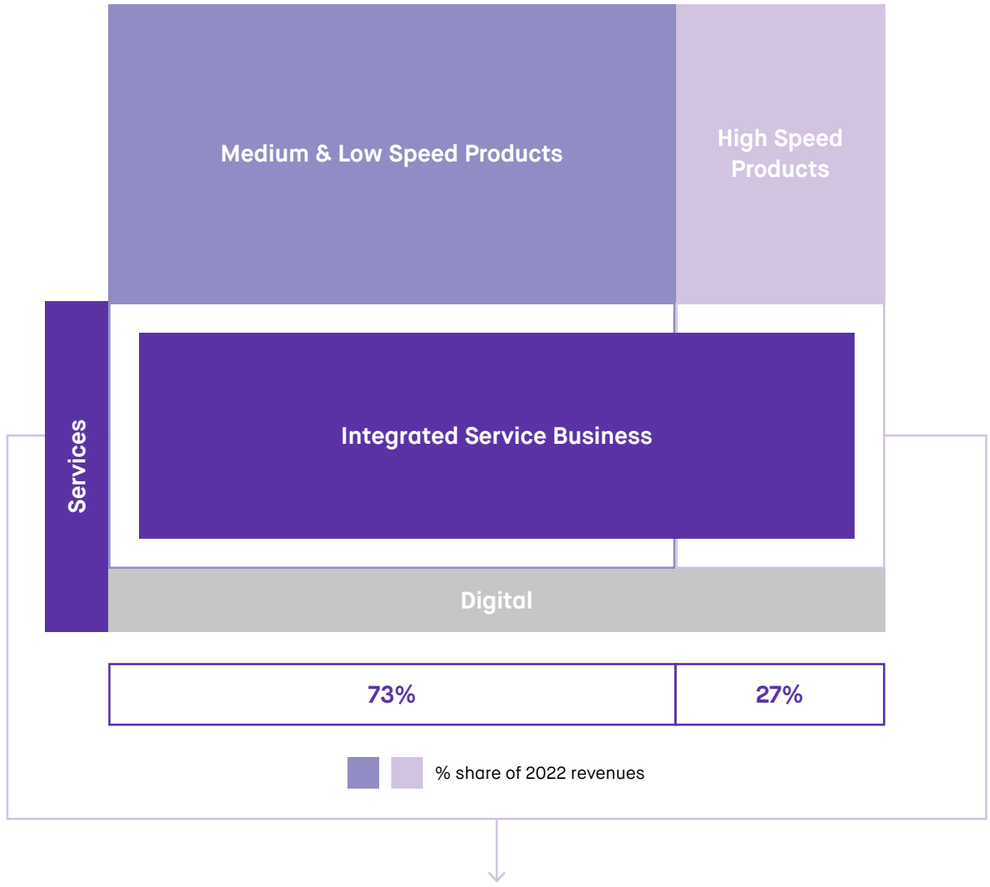
100

service stations across

50

countries worldwide.

Accelleron reports its business in two segments: Medium & Low Speed, and High Speed. They both cover product-related and integrated service businesses. From an operating perspective, the company is organized into four operating divisions: two product divisions, one service division, and one division for digital customer solutions.



Service business is intrinsically linked with the product businesses' value chain, while also making up one large overarching service network.

1.1 Company values

Since October 3, 2022, Accelleron operates as an independent company, nonetheless it is built on a strong history. The company has redefined itself with a new corporate profile as well as new values.

In an inclusive process, our employees collaboratively worked together to define these company values through dialogue at all levels. This approach ensured that the new values are deeply anchored among our global workforce.

We are curious
We are inclusive and learn from diversity. We welcome change and transform challenges into innovation.

We are all entrepreneurs
We see opportunities and we have the courage to take ownership of them. We feel empowered to drive added value for our customers and for Accelleron.

We trust each other
We are ethical and we work with integrity. In the Accelleron family, we respect the skills and knowledge of our colleagues, customers, and suppliers, and we have confidence in them to respect us equally.

We go further
We are proud to exceed expectations. In everything we do, we strive for the extra that will create loyalty and enhance our reputation as the global leader in our field.

1.2 Global presence

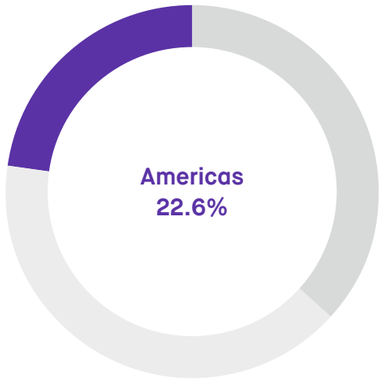
Accelleron is a truly global player with its 2,500 skilled, passionate employees: 36.8% of its revenues come from Europe, while 40.6% come from Asia, the Middle East and Africa (AMEA), where most of the new ships are built and maintained. In the Americas region, which accounts for 22.6% of its revenues the major markets are cruise ships, gas compression, and power generation.

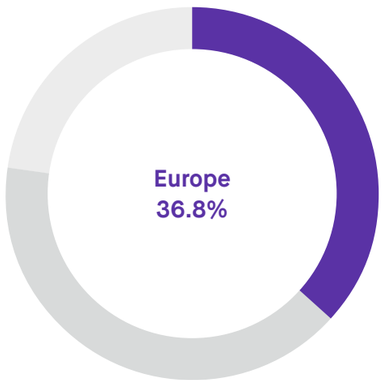
→ For more information on financial performance and market development, please see the Annual Report 2022.

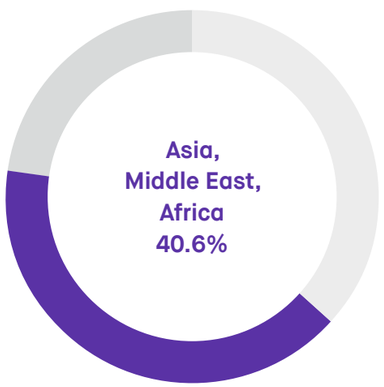
In 2023, Accelleron will acquire Officine Meccaniche Torino S.p.A (OMT). There are significant synergies between Accelleron and OMT. We are both respected leaders in the same global industry, and we both provide innovative solutions for achieving decarbonization through greater fuel efficiencies and the transition to zero carbon fuel technologies for our customers and end users.

The largest location is in Switzerland and covers the global key corporate functions that benefit from close cooperation: the global service center, R&D, and the European sourcing hub (where the main manufacturing site is located). Accelleron has further production and sourcing sites in China and India.

Revenue breakdown (2022)







1.3 Value chain

Accelleron cares for its customers. It starts out by designing turbochargers in close coordination with engine OEMs to develop the best-performing combustion engines. Accelleron's application engineering experts also collaborate closely with OEMs to tailor turbocharger specifications to every single installation. On top of that, our experts support to optimize end users' total cost of ownership by offering upgrades and lifetime extensions. Digital transformation encompasses all steps of a turbocharger's life cycle, improving transparency and effectiveness both for Accelleron and for its customers. In the market-leading service business, the company operates its own global sales and service network, which plays a role in setting Accelleron apart from its peers. The goal is to offer turbocharging services and solutions that help the customers be successful in their businesses. Through its own network, Accelleron can provide turbocharger services and spare parts from a single source. This helps Accelleron develop a full cover service model for its customers, which includes lifetime service agreements and digital offerings.

As an organization with a strong focus on manufacturing, our operations and value chain produce carbon emissions. Accelleron will report transparently on an annual basis, structured as scope 1, 2, and 3 emissions according to GHG Protocol and ISO 14064-1.[1]

Scope 3 emission represents the vast majority of the total carbon footprint similar to Accelleron's industry peers. Because Accelleron's scope 3 emissions are nine times higher than scope 1 and 2 emissions combined, we give it special attention. This is explained in greater detail in the carbon footprint section on page 28.

Accelleron's products help to avoid CO_2 emissions at the end user. These avoided emissions are quantified where Accelleron has ownership of them. The figures are available for the service upgrade business – more information on this is available in the service chapter starting on page 18 of this report.

[1] Scope 1 comprises emissions caused by the direct usage of fossil fuels by the company.
Scope 2 measures emissions caused by the use of electricity and district heating.
Scope 3 includes emissions caused by our activity but remaining outside our direct influence. It relates to employee commuting, business travel, upstream and downstream transport, fuel- and energy-related activities, supplied goods, and waste generated in operations. Our products do not generate additional GHG in the use phase which is therefore out of scope.

02

Sustainability at Accelleron

2.1 Sustainability strategy and goals

In September 2015, the United Nations identified and adopted 17 global SDGs which are an urgent call for action for all countries to act as part of a global partnership. In the same year, The Paris Agreement was adopted at the 21st Conference of the Parties (COP 21) in December. Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

For companies, it means taking measures to reduce their negative effects on both the environment and society. At Accelleron, we go further and define sustainability as follow: "Integrating environmental and social aspects into Accelleron's business model and striving towards a world achieving the goals of The Paris Agreement."

Our definition includes the "triple bottom line" approach, which considers the interconnectedness of environmental impact, social impact, and economic impact. In our sustainability strategy, we structure these elements under the three pillars "products & services", "planet", and "people" and call it the 3P-approach[2].

In order to realize the full potential of the 3P approach and showcase our capacity for accelerating sustainability in the marine and energy sectors, we intend to further the integration of sustainability into our business strategy. To boost decarbonization, we aim to strengthen our position as a market leader providing turbocharging technology by focusing on the following levers:

- Our products are compatible with the use of alternative fuels which leads to a reduction of direct CO_2 emissions at the end user level.
- Product upgrade services result in avoided emissions at end user level.
- Transitioning to a decarbonized supply chain and delivering products and services with a lower carbon footprint helps our customer reduce their CO_2 emissions.

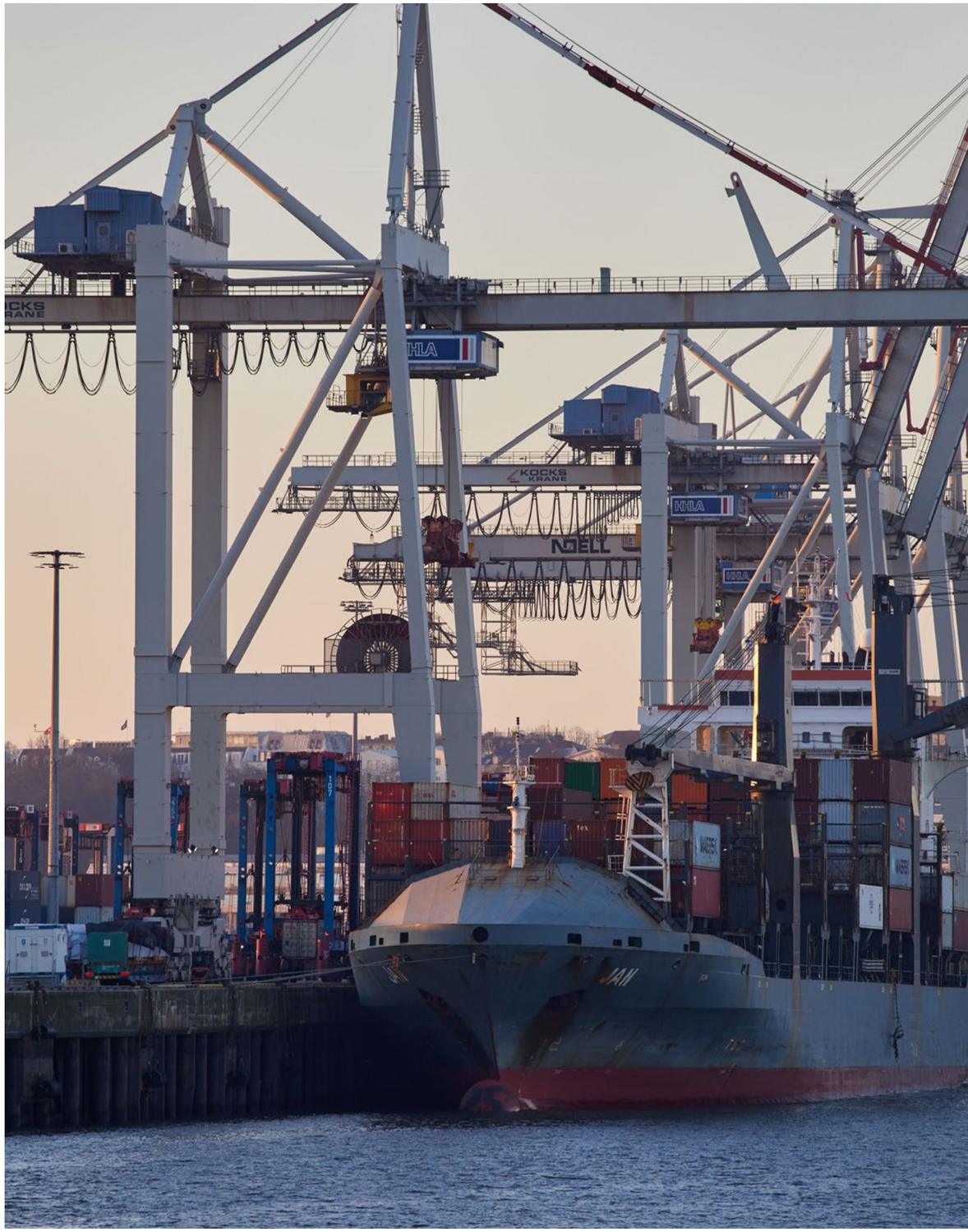
To successfully embed sustainability in our strategy we are focusing on increasing the engagement of our customers, suppliers and employees in further development.

Sustainability is a true driving force for us at Accelleron and our customers, and we have set further improvement of our social and environmental impacts as a priority. As a stand-alone company since October 2022, we tailored our approach to sustainability as an integrated part of our business strategy, based on ABB Group's well-recognized sustainability framework. We thereby ensure that Environmental, Social, and Governance (ESG) aspects are recognized and controlled. Accelleron is committed to building a culture in which all employees collaborate and drive sustainability further as an integrated part of the business.

The company establishes targets based on the business and regulatory contexts, data, and the requirements of the latest standards. Currently, there are 10 key targets addressing the top priorities from the materiality matrix (refer to page 12) within the period of 2023 to 2030 including milestones. These targets reflect our aspiration to fulfill our sustainability definition. Starting in 2024, two additional targets related to circularity and employee development will be added. In parallel, Accelleron has developed a clear roadmap to comply with upcoming regulations in the next three to six years.

The company will leverage its robust governance structure and closely monitor progress. Achievements will be disclosed on an annual basis, starting with this report and from 2024 on within an integrated report format together with the annual financial report.

[2] As per the Brundtland commission (1987).



2.2 Methodology and reporting framework

With our first sustainability report, we take the opportunity to showcase our contributions to reduce greenhouse gas (GHG) emissions and to create social value. Our company is committed to transparency and providing stakeholders with a clear view of our activities.

The report is structured around 15 material topics, derived from a materiality analysis conducted in November 2022, which were grouped into three impact areas: people, products & services, and planet. The report follows these three areas, with a focus on describing Accelleron's governance as the foundation for a sustainable impact.

Accelleron has defined where to act based on a structured approach inspired by the GRI. This helped us to identify, sort, and hierarchize the material topics and to set corresponding targets. Furthermore, Accelleron's sustainability strategy is based on the 3P approach: products and services – planet – people. This is in line with the sustainability definition and represents our contribution to a selection of 7 UN SDGs.[3]

Those selected goals are

- **SDG 3:** Good health and well being
- **SDG 4:** Quality education
- **SDG 5:** Gender equality
- **SDG 7:** Affordable and clean energy
- **SDG 9:** Industry, innovation and infrastructure
- **SDG 12:** Responsible consumption and production
- **SDG 13:** Climate action

[3] The reporting period covers the timeframe from 1st January 2022 to 31st December 2022. While Accelleron intends to meet the GRI reporting standard for sustainability reporting in the future, we currently lack some necessary data. Nonetheless, the company used the GRI standard as a guide when developing its materiality analysis to move in that direction. Reporting on the carbon footprint was also informed by the GHG protocol. In future, financial and sustainability information will be reported in an integrated format which will also include data for OMT.

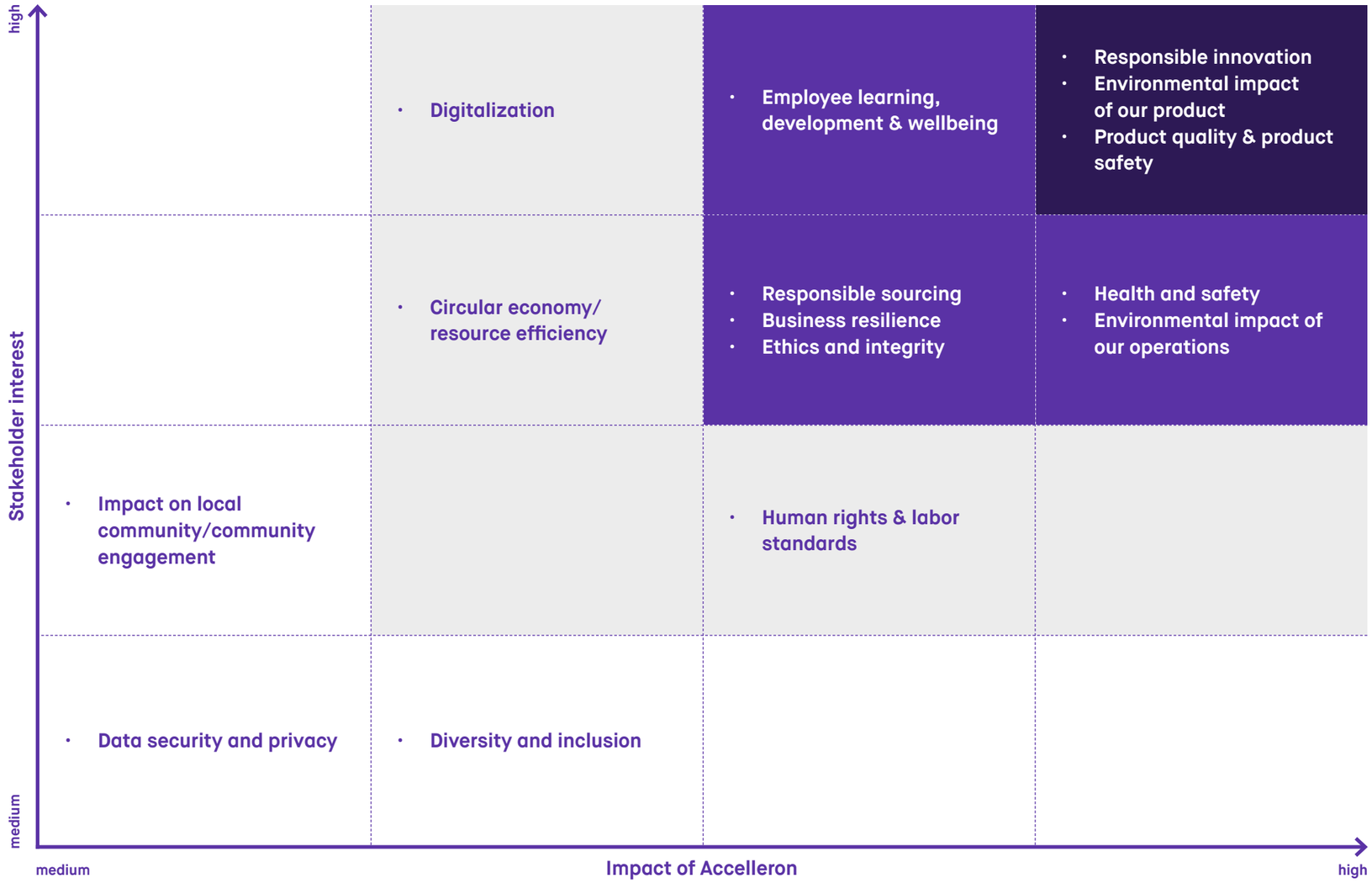
2.3 Materiality analysis and targets

Accelleron conducted an analysis of material topics involving relevant internal and external stakeholders, such as customers, suppliers, employees & employer representatives, local communities, local government and investors. The company used a methodology inspired by the GRI to help identify the key material topics most relevant to Accelleron as a business and its stakeholders through engaging interviews. An internal, cross-functional group conducted interviews with 40 stakeholders using a systematic approach. The aim was to understand their perspective on Accelleron's material sustainability impact. As a result, Accelleron established its first materiality matrix in 2022, which reflects stakeholders' interests and served as a foundation for developing the sustainability strategy.

The analysis has been reviewed and validated by a third-party sustainability expert to ensure its credibility and objectiveness. Accelleron strives to proactively address top-priority topics such as responsible innovation, the environmental impact of its products, and product quality and safety to improve value creation for its stakeholders.

Based on internal maturity assessment of those 15 material topics, we identified areas where we can improve and have set impact driven targets accordingly. As a result, 10 targets have been developed, which can be categorized as 3P: products and services, planet, and people. Additionally, these targets contribute to 7 SDGs. SMART targets will be set for some of these topics in 2023 and will be incorporated in our next sustainability report.

This is Accelleron's sustainability materiality matrix

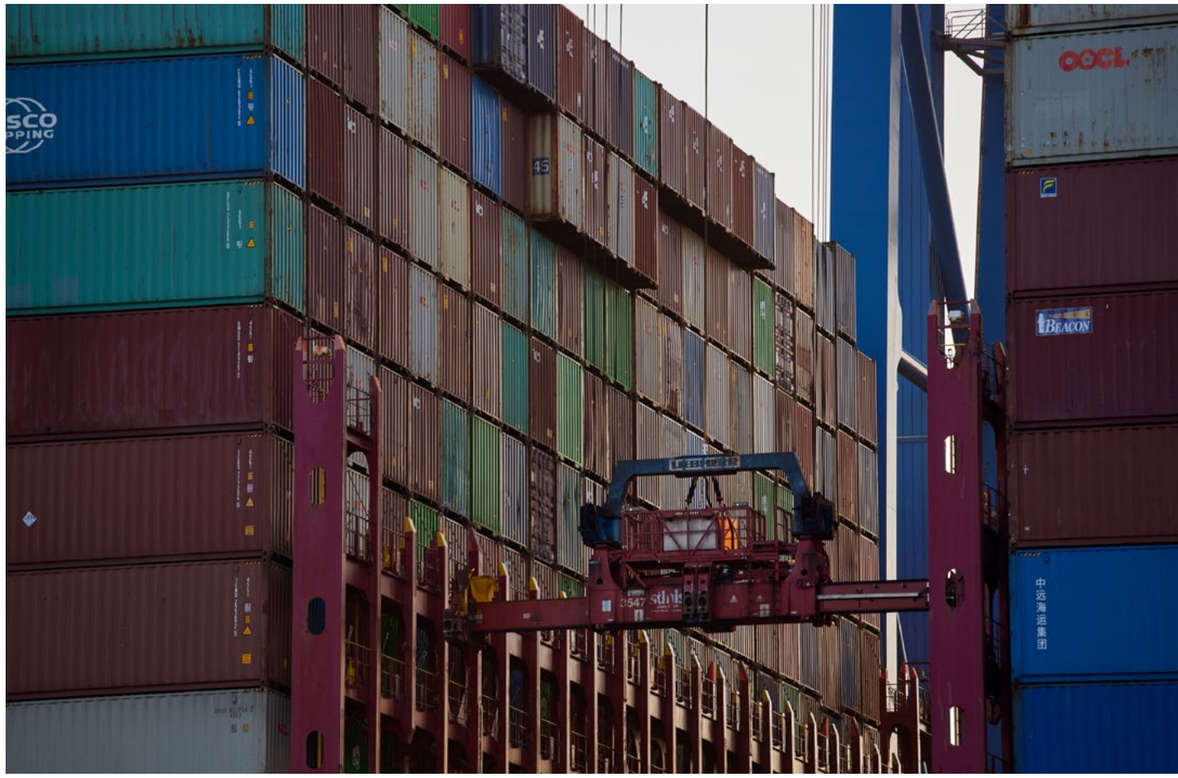


Maturity assessment of each topic done looking at existing processes, standards, system and programs and not the performance or results.

Material topic	Target	Direct contribution to SDG
People		
Health and safety	Reach LTIFR 0.2 by end 2025.	By providing a safe work environment, we reduce the risk of accidents and injuries. We strive to ensure high safety in the workplace, thus aligning with SDG 3, which aims to promote good health and well-being for all.
Employee development	To be determined in Q1 2024.	By investing in education and development, Accelleron can attract and retain skilled people, leading to higher productivity and future-proof competencies and contributing to SDG 4.
Inclusion and diversity	Women make up 25% of senior management by end of 2025.	A diverse, inclusive leadership team at Accelleron creates a supportive work environment and promotes a positive workplace culture. This contributes directly to SDG 4 and SDG 5 by improving gender equality and empowering all women.
Local community	Have at least one project that gives back to the community per year per local unit, starting 2027.	This target contributes to good health and well-being (SDG 3), quality education (SDG 4), and gender equality (SDG 5). Community projects can promote health, provide valuable learning opportunities, and empower women in the community.

Material topic	Target	Direct contribution to SDG
Products and services		
Responsible innovation	Portfolio ready for alternative fuel by 2030, scalable and ready to sell in production.	This target is in line with the SDGs of industry, innovation, and infrastructure (SDG 9), and climate action (SDG 13). Developing alternative fuel options can help reduce greenhouse gas emissions, improve air quality, promote sustainable industrialization and innovation, and combat climate change.
Responsible supply chain	100% of direct material suppliers in high-risk countries audited according to sustainability criteria by end 2028; 80% of direct material suppliers to have business continuity plans including climate risk by 2030.	We will audit suppliers and assess their adaptation to climate risks and their mitigation plans. This aligns with SDGs 9 and 13 which promote the building of resilient infrastructure, sustainable industrialization, and adaptation to climate change.
Circular economy	To be determined by December 2023.	The circular economy model corresponds with SDGs 9, 12 and 13, promoting sustainable industrialization and resource efficiency, reducing waste and environmental impact, and aligning with the goal of promoting sustained economic growth and decent work.

Material topic	Target	Direct contribution to SDG
Planet		
Environmental impact of our operations and our products	Reduce our CO_2 emissions by 70% (scope 1 and 2) compared to 2022 levels by 2030. Ambition to reduce our scope 3 in line with The Paris Agreement, with targets to be set in 2024.	This target also aligns with SDG 13, which emphasizes the need to take urgent and ambitious action to combat climate change.
Environmental impact of our operations	Assess our energy consumption and set energy-related targets in 2024.	This target is connected to SDG 7, which aims to ensure access to affordable, reliable, sustainable and modern energy for all, as it promotes energy efficiency and reduces energy consumption. Achieving our target can lead to a reduction in the carbon footprint of our operations and contribute to mitigation of climate change, thus also supporting SDG 13.
Environmental impact of our operations	Zero waste to landfill and 90% waste recycling rate for nonhazardous waste by 2030[4].	This target is connected to SDG 13, which emphasizes the need to take urgent and ambitious action to combat climate change and its impacts, including reducing waste generation and improving waste management practices that reduce greenhouse gas emissions. Additionally, by promoting sustainable waste management practices, it can contribute to preserving ecosystems and protecting human health and well-being, which are key objectives of several SDGs, including SDG 3 and SDG 4.
Environmental impact of our operations	Assess our water footprint and set water intensity reduction target in 2024.	The target of reducing water usage is directly connected to SDG 7 and 12, which also promote sustainable water management practices that contribute to reducing the environmental impacts of energy production and consumption. It is also connected to SDG 13, which emphasizes the need to take urgent and ambitious action to combat climate change and its impacts, which includes reducing water usage and improving water management practices. With this target we can help preserve ecosystems, protect human health and well-being, and mitigate the impacts of climate change.



[4] Some countries and regions (North America, Africa, and Middle East) are out of scope because they do not offer recycling waste streams fit for our purposes, with waste management oriented towards landfill.

We contribute directly to 7 SDGs

People

We contribute to social progress

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Health and safety
- Reach LTIFR 0.2 by end 2025.

Employee learning
- To be determined in Q1 2024.

Inclusion and diversity
- Women make up 25% of senior management by end of 2025.

Local community
- Have at least one project that gives back to the community per year per local unit, starting 2027.

Product and services

We contribute to industry decarbonization through responsible innovation

↓

Responsible innovation
- Portfolio ready for alternative fuel by 2030, scalable and ready to sell in production.

Responsible supply chain
- 100% of direct material suppliers in high-risk countries audited according to sustainability criteria by end 2028; 80% of direct material suppliers to have business continuity plans including climate risk by 2030.

Circular economy
- To be determined by December 2023.

Planet

We use resources more efficiently

↓

Environmental impact of our operations and our products
- Reduce our CO_2 emissions by 70% (scope 1 and 2) compared to 2022 levels by 2030. Ambition to reduce our scope 3 in line with The Paris Agreement, with targets to be set in 2024.

Environmental impact of our operations
- Assess our energy consumption and set energy-related targets in 2024.
- Zero waste to landfill and 90% waste recycling rate for nonhazardous waste by 2030.
- Assess our water footprint and set water intensity reduction target in 2024.

Governance as existing foundation

03

Products and services

How Accelleron supports the energy transition with its products, services, and innovation

Accelleron's customers are facing increasingly strict requirements for lower carbon emissions and a transition to low-carbon fuels. As a market leader in turbocharging technology and services, we work with our customers to accelerate the energy transition. Accelleron's services help customers keep their turbochargers at peak performance. The high efficiency of our turbochargers and their engines means less fuel consumption and therefore lower CO_2 emissions. Data availability and digital solutions help enable the achievement of sustainability goals. Innovation is crucial for decarbonization: it ensures that Accelleron can provide its customers with new solutions for reducing the environmental impact of its future products over their lifecycle. Both responsible innovation and the circular economy are considered as important material topics in the materiality analysis. The main contributor to sustainable products and services development is a supply chain with strong processes related to quality and evolving regulatory requirements.

3.1 Reducing CO_2 emissions

Accelleron's products are engineered to increase power density by three to four times, leading to CO_2 emission reductions of up to 20% compared to a combustion engine without turbocharging. By optimizing fuel efficiency, the company supports engine builders in their efforts to reduce CO_2 emissions.

Thanks to the technological leadership of our company, our business benefits from the ongoing energy transition in the present and in the short, medium, and long term.

Present: Accelleron's upgrades and retrofits enhance the efficiency of customers' engines while concurrently decreasing their CO_2 emissions.

Short term: Natural gas has increasingly been used to replace heavy fuel oil due to its lower CO_2 emissions, which are typically 15 to 20% less than those from diesel on tank-to-wake basis. However, natural gas is considered only a transitional fuel.

Medium and long term: Future fuels are expected to have a lower carbon footprint but will likely be more expensive. This is where Accelleron's proficiency in energy efficiency can give the company an additional competitive advantage.

3.1.1 Medium & Low Speed

In its Medium & Low Speed segment, Accelleron produces and services turbochargers for engines used mainly in marine and energy applications.

The most significant industry for turbochargers in the Medium & Low Speed segment is the marine sector, with 80% representation. Power generation (with typical plant sizes of 100 to 200 megawatts) covers the remaining 20%. While a turbocharged internal combustion engine is the prime source of energy in the marine sector, in power generation it competes with gas-turbine-based technologies.

Lower GHG emissions in the merchant marine sector

Currently, the marine sector represents approximately 3% of the total annual GHG emissions globally. In 2022, we have seen a further uptake of liquefied natural gas (LNG) as fuel, with a 20% lower carbon intensity compared to conventional diesel, where Accelleron participated through its A100/200-L low speed and A100-M medium speed turbocharger series. In terms of engine production, the alternative fuel low speed engine portion rose by 69%, while in terms of ship contracting in Gross Tonnage, it surged by approximately 20% points, lifting its share of the total global orderbook to over 30%. Regarding turbocharger decision rate for newly contracted ships, Accelleron's share was 67%, well above the overall market share proving its ambition to grow in the wake of the uptake of alternative fuels. It will convert into a higher market share in 2024 and beyond.

Net-zero carbon fuel

In 2022, we have seen the first engine deliveries capable of running on net-zero carbon fuels. Accelleron has been selected for the first commercial container vessel and a series of heavy lift vessels running on green methanol. We intensified our development activities to enable the broader use of net-zero carbon fuels, and our company has been chosen for most customers R&D projects, which underlines its ambition to be the partner of choice in the industry's energy transition.

↗ Next steps

In 2023 contracting for alternative fuels is expected to remain high with methanol surpassing LNG. In terms of deliveries, 2023 will witness a solid increase in favor of LNG because of the contracting boom in 2022. In addition, complete engine development results with "green ammonia" as the first zero-carbon fuel will be available. In this context, we will continue to deliver turbochargers with the highest efficiency levels.

First engine delivery on engine capable to run on net-zero carbon fuels

3.1.2 High Speed

High-speed engines provide power to applications between 500 kilowatts and 5 megawatts. These products are mainly used in the energy sector. Energy applications cover all kinds of electric power generation (EPG). Base load applications are decentralized solutions that provide continuous power to the grid. Balancing applications stabilize the grid, while other energy sources like solar and wind have fluctuating power supplies. A stable grid requires that supply and demand are always in tune – otherwise, there is a shutdown risk. Balancing applications run between 2,000 and 4,000 hours a year. Backup or standby applications are used in emergencies to power mission critical infrastructure such as data centers, hospitals, shopping malls, or large buildings. Gas compression is another important application in the energy market. Here, pumps push gas and oil through the pipelines. The marine and off-highway sectors complement the key markets in High Speed.

The electric power demand grows

The energy transition to a CO_2-neutral future impacts the high-speed engine industry. A growing share of renewable power resources will result in higher demand for balancing power. The flexibility and fast ramp-up capability of high-speed engines makes them a solution to the increased demand for the unstable power grid.

The value of engine efficiency gains importance due to the total fuel cost, which is expected to rise, resulting in higher costs for CO_2 neutral fuels and higher prices for emission trading scheme certificates. Customers intend to offer engines that can run on a wider range of CO_2-neutral fuels and blends with conventional fuels. That is where Accelleron's high-performance turbocharger fits in. It provides the operational flexibility to run on different fuels and fuel blends.

Gas is gaining importance as a transition fuel. In Europe, Accelleron has observed a trend of combined heat and power generation. Together with all major OEMs in the high-speed gas market, the company achieved the 20% to 30% hydrogen and natural gas blend. This directly affects carbon emissions: 25% green hydrogen blending reduces CO_2 emissions by roughly 9%.

The benefit of power density

With the TPX product, Accelleron launched its first dedicated diesel turbocharger in 2020. This innovation makes the company more competitive and allows for a material increase in engine output through increased power density. In 2022, Accelleron delivered more than 1,100 TPX for backup power for data centers. With its superior power density, the TPX allows for a 29% improvement in the power to weight ratio compared to previous engine versions. This results in over 1,600 tons less engine weight required for the same output.

↗ Next steps

In 2023 we continue to support engine OEMs in the development of the combustion recipes for 100% hydrogen combustion and we will test A200-H at engine OEMs to further improve power density and efficiency for engines.

3.1.3 Services

Turbochargers require regular maintenance to ensure peak condition and optimum performance throughout their entire life cycle. Smartly enabled services allow Accelleron to optimize turbocharger maintenance, performance, and customer experience individually for each customer. By leveraging operational data, Accelleron uses turbo analytics to identify and tap into further efficiency potentials of turbochargers in operation and to develop anomaly detection models. The company is advancing its digital twin capabilities. These allow us to enhance our turbocharger health analysis with predictive capabilities and further tailor our services offerings toward individual customer needs.

Accelleron supports more than 5,000 ship owners, power plant operators, and other end customers around the globe with more than 500 dedicated, trained service engineers in over 100 locations. They play a key role in differentiating Accelleron's business and delivering world-class local service. The company's specialists service more than 60 turbocharges per day, 365 days a year. All service engineers are trained and certified according to Swiss quality and

safety standards. This includes training in Switzerland to ensure the same high level of service globally.

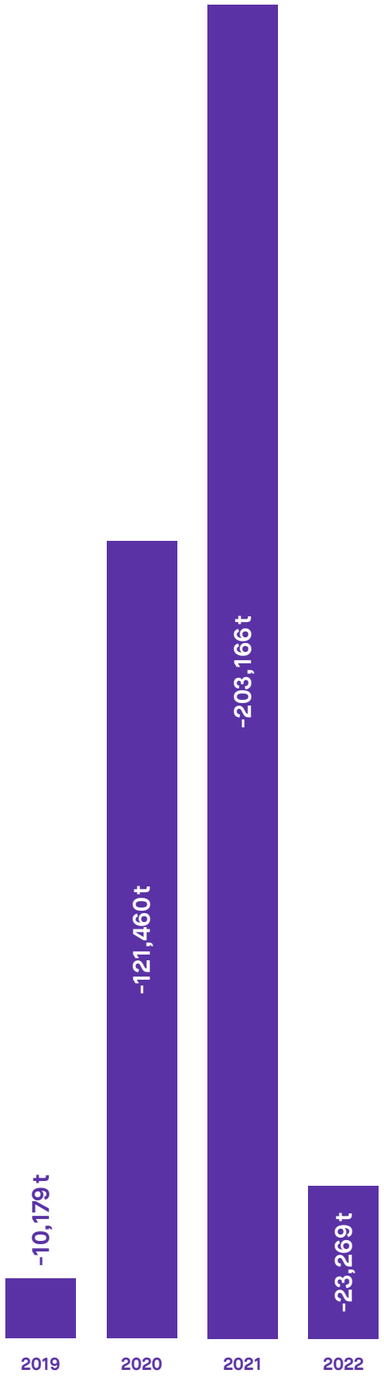
It is important that Accelleron not only supplies spare parts with a high availability and within short delivery time, but also performs the work servicing the turbochargers. Through the maintenance work, our service teams gain practical knowledge about the products' lifecycle and can simultaneously consult customers, learn about their needs, and demonstrate how to use the equipment better.

Our 24/7 service center in Switzerland ensures spare parts availability within 48 hours at any airport worldwide. It is essential that the Accelleron services division reaches customers worldwide fast. A container owner, for example, could quickly lose USD 50,000 to 100,000 per day as a result of downtime due to engine problems. And if turbochargers no longer perform at their peak, engines are less efficient and generate more GHG emissions.

New legal requirements in the shipping industry

Since January 2023, all ships must calculate their energy efficiency according to the Energy Efficiency Existing Ship Index (EEXI) to measure their energy efficiency and begin data collection to report their annual operational carbon intensity indicator (CII) and CII rating. These amendments require ships to improve their short-term energy efficiency, thereby reducing their greenhouse gas emissions. With our innovative turbochargers, we support our customers in the marine industry on the path to higher energy efficiency. Specifically, this leads to less fuel, lower CO_2 emissions, and meeting the legal requirements.

Estimated CO_2 reduction in absolute figures by year



By keeping an axial medium speed turbocharger operated with Heavy Fuel Oil (HFO) in peak performance through maintenance and removal of contamination, the efficiency improvement is in the range of, about 1.5 to 2.0% correlating to a similar improvement in fuel consumption. The reduction depends of course on contamination, application, engine and fuel type.

Upgrading business

Accelleron's services organization has a dedicated team to sell, develop and supply product upgrade packages to customers. Key benefits for our customers are related to higher power output, lower fuel consumption, lower emissions, and a longer component lifetime.

An example: a customer's investment in one vessel is USD 800,000. This leads to expected annual fuel savings of more than USD 200,000 in a normalized fuel price environment and a reduction of 1,400 tons of CO_2 per year. Additionally, the payback for the customer is less than four years and is only two years when considering the previously referenced investment in turbocharging maintenance[5].

Since Accelleron began calculating the CO_2 emissions avoided due to upgrades in 2019, there have been fluctuations in the amount of CO_2 avoided due to the specific upgrades installed. The primary distinguishing factor between 2022 and the previous years are upgrades related to fuel conversion from HFO/diesel to natural gas at the customer's location. We enable the customer to fulfill stricter emission legislation or support their decarbonization journey. In cases where fuel conversion is implemented, the amount of emissions avoided is higher than in previous years. This is because the upgraded system operates on a cleaner energy source, resulting in a greater reduction in CO_2 emissions[6].

Regulatory activity and pressure from end consumers toward decarbonization in the shipping industry (CII, EEXI; see box below) are continuously on the rise. Upgrades are essential to enhance performance and reach customers GHG emissions reduction targets.

We are well positioned with a broad and strong upgrade package portfolio, which was also developed in cooperation with OEM engines to promote and capture upgrade opportunities. We have the required technical capabilities and experience to provide complete turbocharger upgrade solutions and retrofits. This can also include replacing competitor turbochargers with our products, including class certification.

Re-manufacturing instead of replacing

Another option we provide to avoid CO_2 emissions is the re-manufacturing of turbochargers. In 2022, our service team re-manufactured 3,600 units as an alternative to replacing them. Assuming an average turbocharger weight of 200 kilograms and 75% reusability, the company saved 45,000 kilograms of steel and aluminum compared to 2021, avoiding 76,500 kilograms of CO_2 emissions.

↗ Next steps

In 2023, we continue to promote turbocharger upgrade solutions and Engine Part Load Optimization's to support customers on their decarbonization journey.

[5] In case of wear and tear and based on our experience, we foresee a 1%–5% increase in fuel consumption but we do not have yet field measurements or peer-to-peer literature to confirm our assumptions. Initial results are expected in 2026.

[6] CO_2 reduction calculation related to sold upgrade projects has been performed based on about 70% of the revenues. For the remaining 30% generated revenues, we did not calculate them. Some projects are standardized and known (www.wartsila.com/insights/case-study/ms-finnsun) and some are based on typical engine power and yearly running hours. In case the engine power and utilization deviates from the standard assumption, the changes are considered. Therefore, we have a conservative approach.

3.2 Our digital solutions

Digitalization is part of our daily life as a company. At Accelleron, we understand that our customers need reliable, relevant data to improve their sustainability performance and meet targets. We offer our customers a number of digital solutions. These solutions assist with the collection of data and provide information for decision-making. This means that through measurement and analysis, we can support our customers in their energy efficiency journey and help reduce their GHG emissions.

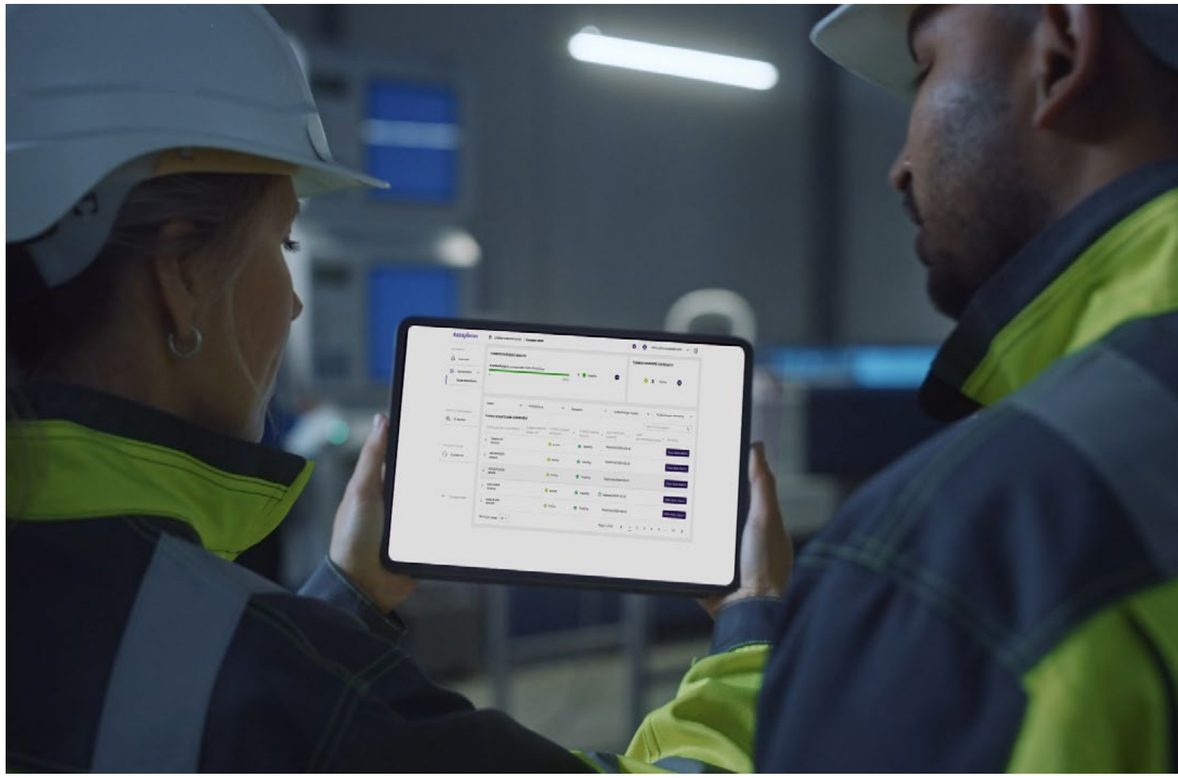
Our cutting-edge digital innovation capabilities are significantly contributing to Accelleron' industry-leading position. Our Digital Division possesses the ability to leverage data in two distinct ways. First, it is used in Accelleron's direct business activities with customers. Tekomar XPERT, our flagship digital product, recommends optimization measures for combustion engines based on the OEM's conditions, plus emissions based on data evaluations. It immediately advises on the appropriate improvement measures. As each vessel is analyzed individually, the software also offers a benchmark across the client's fleet. If Tekomar XPERT's recommendations are applied by the vessel crew on board, fuel consumption can be reduced between 1% to 3%, resulting in reduced costs and lower GHG emissions. The software also provides advice on the optimal timing for cleaning the vessel's hull and propeller, leading to further reduction of fuel consumption. The optimization of the emissions on an annual basis is also possible through a dedicated reporting and planning module. Vessel crews are trained accordingly, either virtually or on board. Data shows that thanks to Tekomar XPERT, crews can achieve fuel savings of 2% on average per vessel if all the software's recommendations are applied. More than 2,100 vessels are currently using our solution to improve the fleet CO_2 emissions by an average of 2%. One example is our customer Shanghai Ming Wah Shipping Co., which operates a fleet of nearly 50 vessels and has installed Tekomar XPERT in 12 bulk carriers. This has led to valuable savings in fuel consumption and reduced fleetwide CO_2 emissions by 5,800 tons per year.

The second way to leverage data and enhance our business is to analyze data within the framework of service agreement by the digital and technical experts' team. This includes maintenance recommendation and exclusive aftermarket support for customers, as the installed turbochargers have a customized digital twin that enables real-time analysis. These efforts lead to continuous optimization of the turbocharger system. One of our customers, Associated Maritime (Hong Kong) Co. Ltd, said: "Ensuring the continuous uptime of our fleet is of immense importance. The service that Accelleron offers is very much aligned with our business objectives of protecting vessel uptime and digitalization. We will use the digital platform to monitor the health status of all turbochargers under maintenance contract and ensure that turbocharger maintenance events are proactively undertaken under the guidance and expert services provided by Accelleron."

→ Visit our website for more information.

↗ Next steps

In 2023, our company's Digital Division will further intensify its collaborative efforts to co-create useful and scalable digital solutions with our clients, thus enabling them to meet new legislation. We also intend on broadening our scope of Tekomar XPERT to support our customers in their energy transition.



Demonstration of Tekomar XPERT in a vessel environment

3.3 Product reliability

Meeting customers' needs and expectations in all circumstances is our key driver to ensure product quality and reliability. High quality for us includes deployment of skilled and competent workforce and careful usage of natural resources. We strive to deliver the highest possible quality of products and be our customer's very first choice.

To achieve our ambition, we have established a product quality, compliance, and safety management system in 1999 in our Swiss factory and in 2006 for our Chinese factory:

- The company has an ISO9001:2015 certified management system in place. Its effectiveness is regularly assessed and confirmed by external auditors and customers.
- Accelleron meets specific industry standards and national regulations, such as for the heavily regulated marine market, where external classification societies routinely assess the quality and reliability of our products including product safety (refer to "Product development and qualification process").

We continuously train our people and conduct regular internal audits to guarantee the quality assurance of the services stations as well as our factories. Having established robust processes[7] and high-quality standards, we went successfully through external 29 audits according to ISO 14001/45001 and external 41 audits according to ISO 9001 standards in 2022.

Quality assurance by constant field monitoring

We constantly monitor the reliability of the field population via our extensive service network. We systematically analyze our products for improvement potential and act on these analyses rapidly. We use the results to enhance the product design and its processes. Reporting on improvements through our database allows us 24/7 contact with our field operations.

For every service job performed in the workshop or field a service report is issued and shared with the customer. Our Technical Service actively monitors the turbocharger fleet in operation based on service report reporting and field statistics. Based on these monitoring activities, we derive improvement potential related to technical or safety issues. Customers are regularly informed about best practice or adaptations in the operation and maintenance of a turbocharger through specific communication channels.

A Continuous Project Improvement (CPI) project is launched, whenever a specific turbocharger matter is observed in the field, which will be investigated and where appropriate mitigated by means of a turbocharger service procedure, design, or material change.

Product development and qualification process

We define product safety as creating a reliable product with minimum risk for the user, installation, people, and environment. We have stringent development processes for technology and product development in place. These include extensive simulations and tests of the components and products under development. These processes ensure our product safety and compliance with all relevant type approval demands especially from classification societies[8] and the EU Machinery Directive[9]. In 2024, we will have a century of experience of industrial turbochargers in operation and these are used for the development of our new products.

Based on this experience we have established a process that ensures the reliability of our products in the field. This process includes a product safety assessment approved by an external third party specialized in machinery safety. This means we are able to give our customers an outlook on the maximum reliable duration of use.

Around 180,000 turbochargers are in operation. Accelleron is familiar with the harsh conditions that characterize field operations. Its sophisticated methods and tools for design, simulation, testing, and validation allow the optimization of procedures so that the products can withstand these conditions. In 2022, there were no product safety issues or product safety design with an impact on occupational health and safety or the environment.

↗ Next steps

Accelleron began the process of integrating its service stations, located in over 50 countries, into a one global quality, health, safety and environmental (QHSE) management system in late 2022. This will involve replacing the current site or country-specific management systems with a global ISO-compliant integrated management system, which is expected to be completed by 2024.

7 In 2022, 42 internal audits according to ISO 9001, 40 internal audits according to ISO 45001 and 38 internal audits according to ISO 14001 have been carried out.

8 The rules for steel ships, materials and equipment for the following classification societies: American Bureau of Shipping, Bureau Veritas, China Classification Society, DNV, Korean Register, Lloyd's Register, ClassNK, RINA. These rules incorporate the IACS (International Association of Classification Societies) Unified Requirement UR M73, which represents the minimum standard for marine equipment classification.

9 Machinery Directive 2006/42/EC.

3.4 Innovation at Accelleron

Responsible innovation is key for further growth at Accelleron. It ensures that we can provide our customers new solutions to reduce their environmental impact with our future products over their lifecycle. To achieve this, Accelleron invests around 7% of its annual sales revenue into research and development. Approximately 185 employees, or 7.5% of the global workforce, are involved in R&D activities. Accelleron files an average of 30 to 50 patents per year. Most of Accelleron's R&D activities are performed at the company's test facilities in Baden, Switzerland.

We foster ongoing partnerships with highly renowned research institutions (e.g., ETH Zürich, Switzerland, EPF Lausanne, Switzerland; Empa, Zürich, Switzerland, Paul Scherrer Institut, Villigen, Switzerland), industry associations and organizations (e.g., International Council on Combustion Engines CIMAC, the Swiss Association of Mechanical and Electrical Engineering Industries. Swissmem, Verband Deutscher Maschinen- und Anlagenbau VDMA) and other appropriate partners (e.g., Sauber Technologies, Hinwil, Switzerland). The R&D-focused dialogue with these organizations contributes to Accelleron's best in class R&D output; these collaborations also offer the possibility to position the company as the employer of choice for future talents. See 5.2 Employee learning and development on page 34 and 5.3 Local community engagement on page 35.

Accelleron is working with its Formula 1 partner, Sauber Technologies, in the additive manufacturing sector to enhance its ability to produce 3D-printed turbocharger parts within the next five to ten years. This effort will result in reduced warehouse expenses of long-lasting spare parts, unlock new design possibilities, and improve supply chain resilience.

Efficiency is important for customers as they want to reduce their fuel consumption and CO_2 footprint. At the same time, authorities and industry organizations are introducing increasingly strict rules and regulations (for example, the IMO aims to reduce CO_2 emissions by 50% by 2050 vs. 2008). Therefore, the key focus of Accelleron's innovation activities is helping customers decarbonize and implement the

transition from fossil fuels to lower carbon footprint energy sources. Accelleron has identified several technological opportunities in dealing with emission-related challenges: for example, in the maritime industry, switching from heavy fuel oil to natural gas and other more sustainable liquid fuels like green ammonia and methanol. In power generation, it is more about increasing the use of hydrogen.

Accelleron has obtained valuable insights into turbocharging high-temperature fuel cells, theoretically improving their fuel efficiency by up to 70%. These turbocharged fuel cells are versatile and can play a major role in a decarbonized future by running on a broad range of fuel types, like natural gas, green ammonia, green methanol or green hydrogen.

↗ Next steps

We support the engine builder energy transition with our existing products portfolio and we want to have our product portfolio ready for alternative fuels by 2030. The products should be scalable and ready to sell in series by then. Furthermore, Accelleron is developing a turbocharged fuel cell by 2030.

Accelleron's new innovation and technology strategy is going to be finalized in Q4 2023 and the R&D activities will be based on the strategy and on the business and customers' needs.

In 2023 we are also launching a specific initiative related to life cycle assessment of our products according to ISO 14040 and the overall approach will be verified by an assurance third party. The intention is to provide carbon footprint of our turbocharger groups with a cradle to gate perspective to our customers and therefore helping them to decrease the carbon footprint of their own products.

[10] Turbochargers do not consume any energy during the "use phase" and are therefore not accountable for any additional GHG emission. In conclusion having a cradle-to-cradle approach would not add any value.

[11] It's an LCA model that assesses a product's environmental footprint from raw materials extraction until it leaves the factory-"gate".

3.5 Responsible sourcing

The adoption of sustainability standards is critical in our collaboration with suppliers and for utilizing sustainable materials to produce turbochargers. Following the United Nations' lead, we define responsible sourcing as the process of ensuring that our business practices, both internally and throughout our supply chain, have a neutral or positive impact on people and the environment.[12]

Accelleron's requirements towards its suppliers

We maintain long-term partnerships with our suppliers, which facilitates our sustainability targets to a great extent. Doing business with us means acknowledging and adhering to our Supplier Code of Conduct (CoC) and material compliance, sourcing metals from conflict-free areas, considering global standards like, REACH/RoHS, and those prohibiting or restricting the use of special substances[13].

Our Supplier CoC covers human rights, fair labor conditions and wages, prohibition of discrimination, freedom of association and bargaining, the prohibition of forced labor and underage workers, health and safety and working hours. Business ethics and trade compliance chapters as well as other internal regulations secure our firm commitment to integrity in general and compliance with applicable laws and regulations.

→ For more information on our Supplier CoC, visit our website.

We expect our business partners to do the same as per our trade compliance processes. As a newly standalone company, we are adapting from ABB Group and implementing specific rules to mitigate risks related to trade compliance, including screenings of suppliers and customers to avoid breaches of international sanctions, processes to comply with dual-use regulations, and systems to ensure accurate declarations to customs and other trade authorities.

> "We maintain a zero-tolerance policy towards child labor."

Managing the supplier base

Accelleron has defined procurement standards and procedures for onboarding and qualifying new suppliers[14]. One of these standards maintains that Accelleron's suppliers must share their commitment to ethical business and conduct business respectfully, cascading this through their own supply chain. Accelleron uses a risk-based approach where the following issues are addressed: general management, labor rights, social benefits, health, safety and the environment. Depending on the risk level, further due diligence is carried out. Thanks to our holistic onboarding process that encompasses relevant environmental, social and quality factors, Accelleron ensures that it only enters into business relationships with properly verified suppliers. In the case of any breaches related to the Supplier CoC, a specific action plan based on the severity of the breach is engaged. We maintain a zero-tolerance policy towards child labor, and any such instance would result in the immediate termination of business relations. In 2022, we successfully upheld positive collaborations with all of our suppliers and we did not need to terminate any business relationships due to any breaches of our Supplier CoC related to human rights or environmental issues. This accomplishment highlights our commitment to responsible sourcing and sustainability, and we aim to build on this progress moving forward cooperating closely with our suppliers.

To properly ensure our suppliers meet our expectations, the procurement team received specific training on human rights in 2021 and 2022.

↗ Next steps

Accelleron has set two key targets in relation to its supply chain. Firstly, all direct material suppliers located in high-risk countries must undergo an environmental and social sustainability audit by end 2028. To achieve it, we plan to adapt our internal sustainability audit scheme from the ABB group while upholding high human rights standards. The aim is to conduct ten audits per year, starting from 2024.

As a second target, by 2030 we will require 80% of our direct material suppliers to have a Business Continuity Plan (BCP) that addresses climate risk.

In 2023, we will raise awareness towards our direct material suppliers about our sustainability strategy and we will communicate to 80% of our direct material suppliers our requirements to have BCP including climate risk.

Discussion about Accelleron requirements

12 Accelleron also refers to Sedex definition of responsible sourcing.

13 Persistent organic pollutant (POP), Toxic Substances Control Act; California Proposition 65, Swiss Chemical Ordinance CH (ChemV, ChemRRV).

14 The following environmental and social criteria of our suppliers are screened: social (policy to prevent child labor, identity papers or passports from their workers to avoid they use child workers, compliance with local legislation on minimum wage and overtime regulations, company policy that allows freedom of association and bargaining) and environment (valid environmental license, permit as required by law, environmental management system must exist, system to manage hazardous substances and provide greenhouse gas emissions figures). Suppliers have the option of confirming whether they comply with REACH and ROHS requirements; if the supplier cannot confirm, they are delisted.

3.6 Focus interview with Christoph Rofka, Head of the Medium & Low Speed Division

Enabling decarbonization

Accelleron plays a vital role in facilitating the decarbonization journey, for the maritime industry in particular. With products and services that increase the power density of combustion engines and reduce emissions, we make fuel use much more efficient. Christoph, Head of the Medium & Low Speed division, explains how Accelleron's turbochargers are helping the industry's decarbonization efforts.

Medium & Low speed products – can you explain what that means? The Medium & Low Speed division produces and services turbochargers with engine power output between 500 and 80,000 kilowatts using one to four turbos per engine. These turbochargers are used mainly in marine and related applications as well as electric power generation.

How does your business contribute to the decarbonization of the world? Our products increase the power density of combustion engines by three to four times and reduce their emissions by up to 20%. In other words, we make much more efficient use of fuel. We are positioning ourselves as the partner of choice for turbocharging and supporting engine builders in their development efforts to reduce CO_2.

Where can Accelleron's turbochargers have the most significant impact in reducing CO_2 emissions? In the merchant marine sector, which is responsible for about 80% of the shipping industry's greenhouse gas emissions. In 2022 we saw another steady increase in liquefied natural gas dual fuel propulsion. LNG is a transition fuel with approximately 20% less CO_2 intensity than traditional diesel, according to the International Maritime Organization. We actively support engine builders in switching from fossil fuel engines to net zero or zero-carbon fuels[15].

What is the driver of this technology development? The world is calling for net zero cargo transportation, and the major cargo owners are responding. Scope 3 emissions are becoming more relevant as the need for decarbonization comes into a much stronger focus. Society and environmental groups are demanding it. Meanwhile, technology providers and regulatory authorities like the IMO and the EU are moving towards stricter standards.

How do you help the industry on the decarbonization journey? Accelleron is a member of the International Council of Combustion Engines, where we contribute as a thought leader by promoting different fuel pathways. When most members still had heavy fuel on their R&D agenda, we led the greenhouse gas strategy group within the council. We gave the members insights into alternative fuels like hydrogen, which requires further processing to form green methanol, green ammonia, or liquefied hydrogen. Ultimately, we bring different players to the table – environmental groups, legislators, financial institutions, ship owners, and cargo owners. We contribute to a broader industry discussion with varying viewpoints on decarbonization.

> "We contribute as a thought leader by promoting different fuel pathways."
>
> **Christoph Rofka**

Can you point to a real-world example of the decarbonization journey? One of the world's biggest container vessel operator and owner decided to order a vessel that runs on methanol. During development, we supported the engine OEM with our expertise, turbochargers, and capabilities in our test centers. Accelleron provided an improved standard product and supported the OEM in building the machinery. The engine OEM successfully passed the factory acceptance test for this engine at the end of last year, which was a great success. And we at Accelleron are proud to contribute to this "industry first".

Christoph Rofka, Head of the Medium & Low Speed Division

How does servicing of medium and low speed turbochargers play a role in this journey? Before the digital era, service was done based on strict time intervals as the real operation and exposure was unknown. Today, with increased connectivity, related access to data and digital tools, we are shaping our service offerings based on operational data. The resulting flexibility does not only support the customer's operation but also helps us to optimize our processes leading potentially among others to a reduction of material and air freight costs, which reduces the CO_2 emissions produced by our company.

[15] Net zero fuel or net zero carbon fuel refer to fuel which produce no net GHG emission when burnt.

04

Planet

How Accelleron preserves natural resources

Climate change is without a doubt the most pressing challenge facing humanity, and is connected with the majority of SDGs. Every organization must address it with urgency. To tackle the climate crisis we stay in line with the materiality matrix analysis and are committed to using natural resources more efficiently and contributing to the Paris Agreement by reducing our carbon footprint. In order to do so, we are taking into consideration the environmental impact of our products, services, and operations, which are the key priority material topics for us to address.

4.1 Method

At Accelleron, we use a tailor-made, web-based platform to collect environmental data, including data on energy, water usage and consumption, and waste, from the majority of our sites[16]. All inputs are reviewed by local HSE managers and approved by the global HSE and Sustainability Team.

[16] 90% of the sites are represented in the data, while the environmental impact of the remaining sites is estimated based on similar-sized sites in similar climate conditions.

4.2 Energy

The production and on-site maintenance of turbochargers requires energy. The world is changing, and the energy transition may lead to more unstable power access. Therefore, energy efficiency and energy resilience are key for our business continuity.

Our factories in China and Switzerland, our two biggest sites, started to address energy consumption topics in a systematic way many years ago. Both manufacturing sites have been certified in accordance with ISO 14001 since 2009. This lays the foundation for the continuous performance improvement of key environmental factors. Additionally, our Chinese site went on to be certified under the ISO 50001 standard, which focuses specifically on energy management. In the area of service, 68% of the company's service

Collective impact of small actions on energy consumption

Several actions were taken in 2022 at Accelleron's headquarters in Baden to improve energy usage. We sought improvements in the use of compressed air, ventilation and cooling systems, and lighting in our operational processes. Our actions included:

- Replacement of compressed air, for a reduction from 6 bar to 3.5 bar
- Switching lighting to energy-saving LED lamps
- Optimization of energy used for ventilation and cooling in the factory

At the beginning of the energy crisis, an interdisciplinary team was formed to spot opportunities for improvement, such as temporarily shutting down machinery and equipment on the production floor, turning the power on and off in certain areas, and lowering the temperature by one to two degrees in winter. The air circulation sequence was adopted to generate savings. The service division went through similar local assessments where needed.

stations are ISO 14001 certified. More than 60% of our energy consumption comes from electricity. In 2022, 70% of electricity was supplied from renewable sources.

The remaining energy is fossil-based and is largely used for product quality testing, operating the service fleet (20%), and for gas-generated heating (6%). In November 2022, we changed the conventional light fuel oil used by the Swiss test center to a blend of 70% fossil and 30% bio-based fuels. This modification provides the same test conditions, but with a lower carbon footprint. This positively affects our scope 1 emissions. Twelve percent of the energy used is related to district heating, where the carbon footprint is dependent on local infrastructure. The remaining energy (2%) is used by diesel back-up generators.

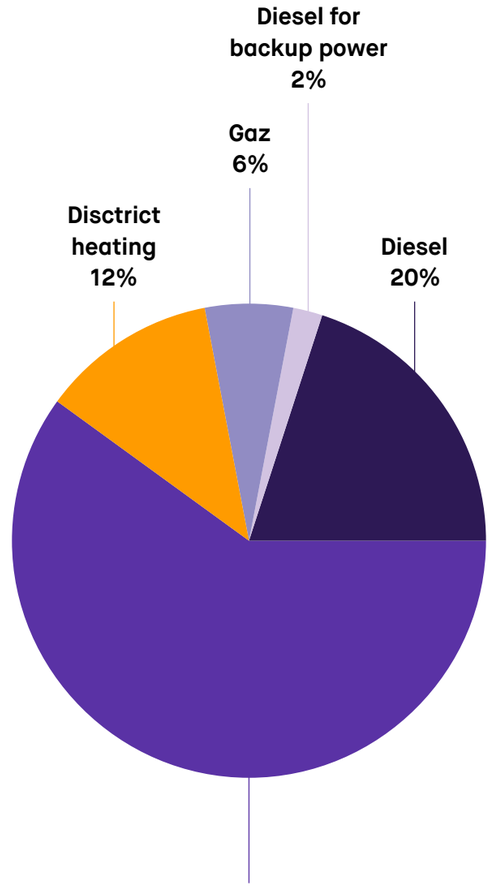
The Swiss factory is the most energy-intensive site within Accelleron. We therefore decided to install solar panels in 2023. This initiative builds on the experience gained from the Indian and Singaporean service stations and will enable the site to meet 10% of its energy needs and produce 980 megawatt-hours (MWh) in 2024 (with a target of 1,700 MWh in 2028).

→ You can find empirical data concerning energy use in the appendix on page 51.

↗ Next steps

In 2023, we will investigate the potential for solar panels in all suitable locations and will assess the energy efficiency potential at the ten sites with the highest energy consumption. These sites represent 60% of our total electricity consumption.

Energy consumption in 2022



4.3 Carbon footprint

Accelleron and its value chain consume energy, which leads to carbon emissions. The company calculated its scope 1, 2, and 3 emissions based on the GHG protocol. These are partially verified by a specialized third party[17]. The aim is to have all three scopes externally verified in the next years.

To align ourselves with the SBTi methodology and 1.5°C global warming limitation, we decided to consider 2022 as a base year for our near-term target setting.

Scopes 1 and 2 represent 9% of our total carbon emissions, while scope 3 represents 91%. Our value chain carbon footprint is primarily represented by supplied goods (45%) and upstream-downstream transport (37%).

Within scope 1 carbon emissions, we are working on changing the fuel used for product testing to a less carbon-intensive fuel. Since November 2022, we have used a 30% bio-based fuel blend. We plan to steadily increase this, reaching a 92% bio-based fuel blend by 2030. Regarding scope 2 emissions, we have reduced our operational carbon footprint through procuring renewable electricity[18] at the Swiss and Chinese sites since 2019, and we will continue this transition wherever possible. Scope 3 will be improved by increasing marine transportation of manufactured goods and reducing the carbon footprint of supplied goods. We have identified various options for reduction such as partial replacement of fossil fuel with Sustainable Aviation Fuel (SAF)[19] for air freight and bio carbon fuel for sea freight, and using iron casting suppliers with a lower carbon footprint where feasible. These solutions will be offered to customers to assist them reducing their carbon footprint.

In addition to scopes 1, 2, and 3, scope 4 emissions are increasingly being discussed. In March 2023, guidance on scope 4 was published in the "Guidance on Avoided Emissions: Helping business drive innovations and scale solutions towards Net Zero". Scope 4 represents avoided emissions, which are defined as "the positive impact on society when comparing the GHG impact of a solution to an alternative reference scenario where the solution would not be used."

→ Those interested in learning more can read about the "upgrade business" on page 18 of this report.

↗ Next steps

By 2030, we want to decrease our scope 1 and 2 emissions by 70% compared to 2022 and thus go beyond the expectations of the SBTi's near-term reduction target.

We also have the ambition to reduce scope 3 emissions in line with The Paris Agreement.

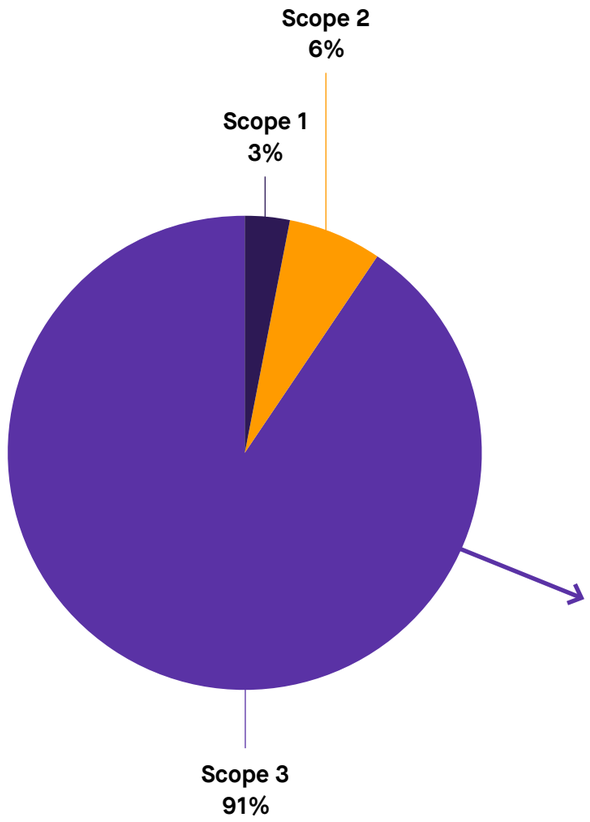
In 2023, we are paving the way to achieving our 2030 targets and will set intermediate milestones to ensure a credible and transparent approach.

[17] Scopes 1 and 2, along with some categories of scope 3 (upstream part of energy and business travel), are under verification by TÜV SÜD. The certificates will be made available on Accelleron's website. Scope 1 and scope 2 CO_2 data is specific to our company, while scope 3 CO_2 emissions such as supplied goods, upstream energy and waste are derived from industry average data. Scope 3 emissions from transport are provided by our logistic suppliers using EcoTransit methodology. For scope 3 business trip emissions, our travel services supplier applies DEFRA methodology.

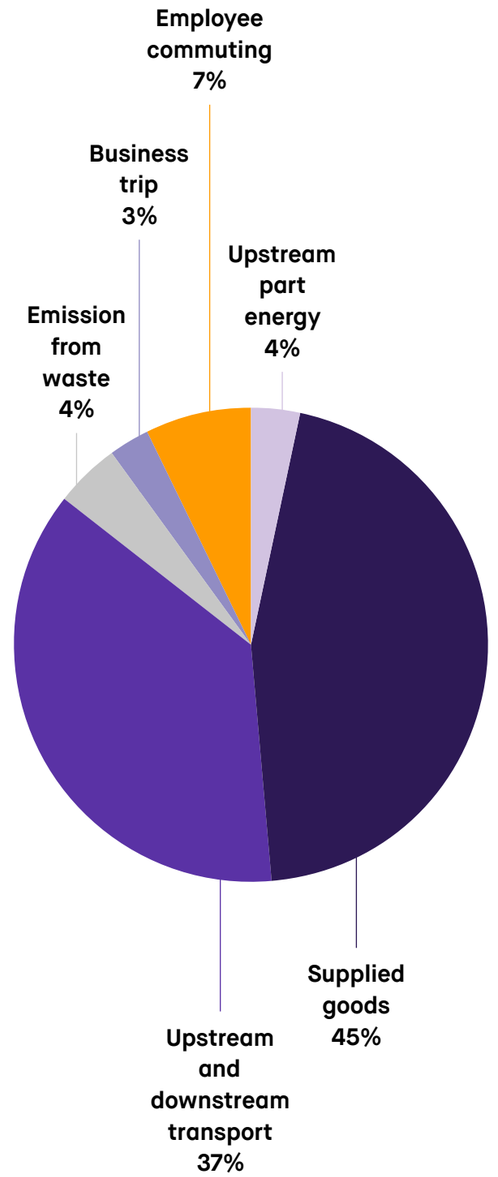
[18] Specific contract equivalent to Guaranteed Origin certificate applied in EU and I-REC.

[19] SAF is produced from sustainable feedstocks and renewable power and is very similar in its chemistry to traditional fossil jet fuel. Using SAF results in a reduction in carbon emissions compared to the traditional jet fuel it replaces over the lifecycle of the fuel. Typical feedstocks used include cooking oil and other non-palm waste oils from animals and plants, as well as solid waste from homes and businesses, such as packaging, paper, textiles and food scraps that would otherwise go to landfill or incineration. Other potential sources include forestry waste, such as waste timber.

CO_2e footprint 2022



Scope 3



T CO_2e

Scope 1	**2,035.0**
Scope 2	**3,958.6**
Upstream part energy	2,015.6
Supplied goods	25,780.5
Upstream and downstream transport	20,907.3
Emission from waste	2,528.6
Business trip	1,569.8
Employee commuting	4,105.8
Scope 3	**56,907.6**
Total Scope 1+2+3	**62,901.2**

4.4 Water

Accelleron's manufacturing and service sites require water mainly for operational purposes, which represents 90% of our total water withdrawn. The rest is used for domestic purposes (10%). We use water in our operations for cooling[20] during the manufacturing process (90%) and cleaning parts of our products during service operations (10%).

According to WRI Aqueduct, half of Accelleron's sites are located in water-scarce areas, which represents about 9% of the total water withdrawn. In these areas, it is essential to use water even more efficiently. The climate crisis will impact our access to water and our business could be affected. As we must use water to clean and complete turbocharger service on time, it is important to act responsibly and find solutions to reduce water use. Therefore, we have decided to set up an initiative to assess best water usage practices and analyze if there are further opportunities to use water in a more efficient manner[21].

Water withdrawal

The water source is grouped into surface water[22], municipal water[23], and groundwater. The Swiss manufacturing site is the only site that uses surface water – it represents 76% of the total withdrawn water for all of Accelleron. Around 24% of water is sourced from the municipal network. Only two sites use groundwater, based on a special permit, corresponding to the remaining 0.02% of the total yearly volume.

Water usage

Our Swiss factory uses water from the local river (Limmat) for cooling purposes, without affecting its chemical and physical characteristics. At Accelleron, it is the most used water source for cooling purposes (98%). Using water as a cooling media helps to reduce energy consumption otherwise required for processes. In addition, the site has a closed water circuit that uses the water as a coolant many times over before it is returned to the river.

The same concept is applied in our Chinese production facility, where it saved the equivalent of 300 cubic meters of water through the closed-loop cooling system in 2022, as well as in other Asian sites.

The area of services represents 10% of water usage and primarily uses water for cleaning purposes.

Water used for cleaning is either released into the local sewage treatment plant or treated by a specialized third party, and then discharged to sewage according to the local environmental regulations.

Water discharge

Depending on how it was used, water must be processed further. In the case of domestic usage, 100% of the water goes to sewage for treatment through a municipal wastewater treatment plant. Industrial water usage is divided into three categories according to local regulation:

- Sewage
- Surface water used only for cooling water
- Hazardous wastewater which requires cleaning treatment by specialized third parties

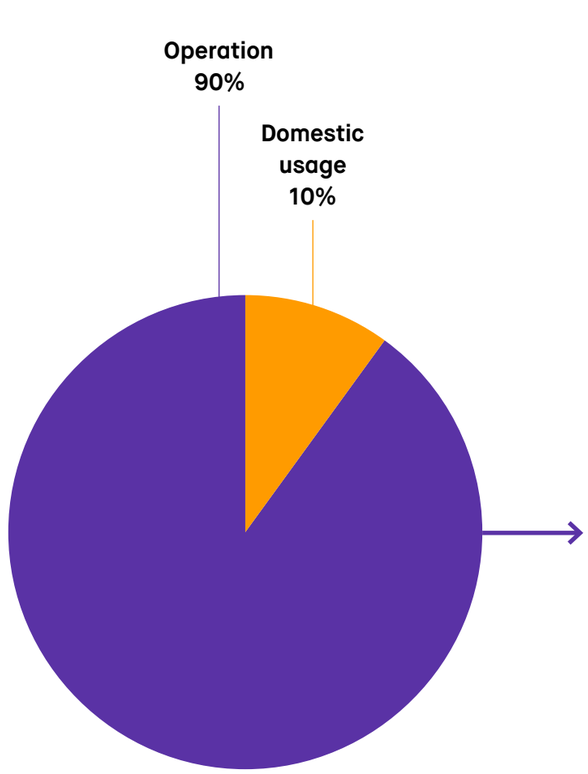
Regarding discharge, 58% of our sites are equipped with water discharge treatment systems used before releasing water to sewage systems. 40% have a primary water treatment system[24] and 18% have a secondary water treatment system based on the CDP[25] water security definition.

→ **For more details about water, see page 51 of the appendix.**

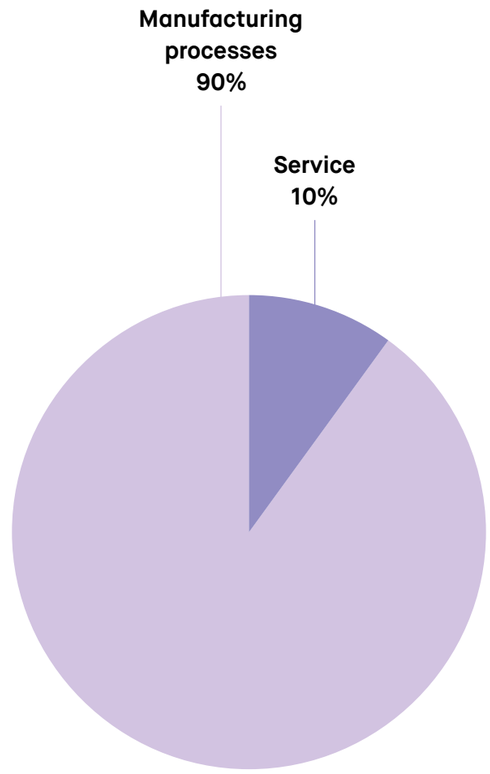
↗ **Next steps**

In 2023, we initiated an assessment of sites located in water-scarce areas to improve water usage intensity by 2030. Based on the results, action plans – including decisions for potential investments – will be defined and approved for implementation at a later stage including milestones from 2024 to 2030.

Total water usage in 2022



Total water usage in operation



[20] The cooling purpose refers to the process of circulating water through a piping network, which is then discharged without altering its physical or chemical characteristics.

[21] By 2030, Accelleron wants to equip all sites located in water scarcity regions with technologies or practices that enable more efficient water usage.

[22] From a river, a lake, or precipitation.

[23] From a third party, used for domestic and/or industrial usage.

[24] Primary treatment involves the physical removal of suspended solids and floating material, typically by sedimentation. A preliminary treatment may often be applied, which involves the physical removal of large debris, large particles, oils, and grease, typically through screens and grit chambers. Secondary treatment involves the degradation of organic matter and reduction of solids through biological treatment. The removal of nutrients (nitrogen and/or phosphorus) can also be achieved at this level of treatment using a combination of chemical and biological treatments. Secondary treatment follows the primary treatment.

[25] CDP is a nonprofit organization that runs a global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts.

4.5 Waste

98% of Accelleron turbochargers are made of recyclable materials, mainly steel and other metals. These are the dominant waste elements that we generate. We support the efficient use of materials by ensuring that they are recycled and then used by other metal users.

Waste destination

75% of our total waste is recycled. Of the non-recycled waste (25%), 41% is incinerated with energy recovery, 19% goes to landfills, and 40% is incinerated without energy recovery or undergoing another treatment aligned with local regulations.

Of the total generated waste, 84% is classified as nonhazardous, while 16% is classified as hazardous waste and is systematically treated according to local regulations.

Where possible, we ensure full traceability of our waste by using accredited waste management suppliers. In some countries, we have to rely on public waste management providers and public information because there are no other options currently available. One of our challenges is the lack of recycling infrastructure in countries like the USA and regions like the Middle East or Africa.

Nonhazardous waste

Of the total amount of nonhazardous waste generated, 82% is recycled and 18% is otherwise disposed of. 75% of the nonhazardous waste generated and recycled is metal-based. 25% of the nonhazardous waste generated and recycled is plastic, paper, cardboard, and wood[26].

Regarding the 18% of nonhazardous waste that is otherwise disposed of, 31% is incinerated with energy recovery, while 64% goes to landfills, and 5% is incinerated without energy recovery.

Hazardous waste

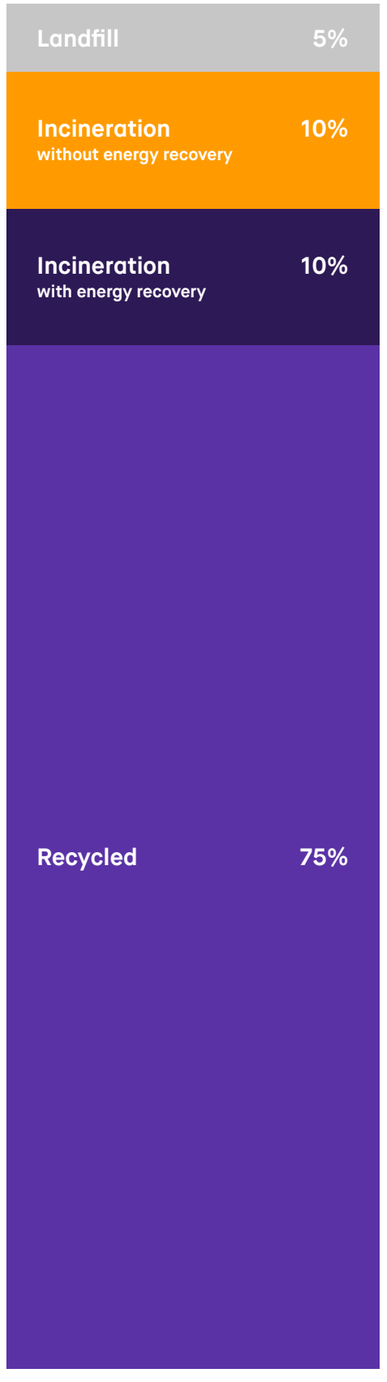
Hazardous waste represents 16% of the total waste and is mainly the result of cleaning operations in service and manufacturing sites. Of the hazardous waste, 40% is recycled via specialized third parties. The rest is disposed to a specialized secured landfill[27].

↗ Next steps

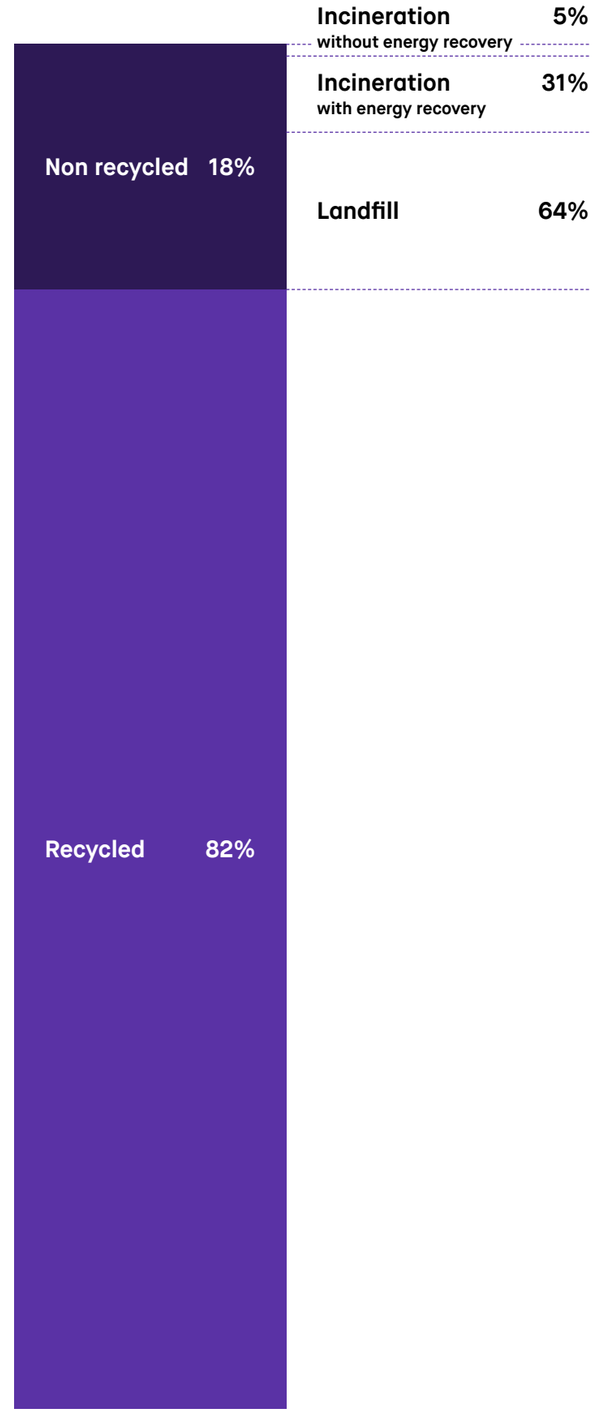
In 2023, we will develop a waste management framework for setting improvement priorities for site performance and managing the challenges involved. By 2030, we want zero waste to reach landfills and we want a 90% waste recycling rate for nonhazardous waste where the infrastructure exists. We will design a tailored roadmap and set our priorities and targets by analyzing local challenges.

[26] Starting next year, we will enhance our classification reporting.
[27] None of Accelleron's waste is shipped to another country for disposal. Accelleron has no record of violation related to environmental law in 2022 regarding emission, waste, or water usage.

Total waste destination in 2022



Non Hazardous waste destination in 2022



05

People

How we care for our people and their development

The future depends on the extensive use of sustainable power. Accelleron's team of experts is a reliable partner for customers looking to transition to more efficient and advanced power solutions.

To secure continuation of our and customer's business success, the company acknowledges need to cultivate a workplace culture that values respect and equality as well as enhances employees' well-being. To create long-term value and attract and retain talented employees, we prioritize continuous learning of all our employees. Health and Safety remain Accelleron's top priorities in line with our materiality matrix and a business license to operate. This approach positions our employees as a crucial component of our sustainability strategy.

5.1 Health and safety

Safety is our top priority, which is rooted in ABB Group's strong safety culture built over the past decades. Our obligation to operate responsibly and ethically includes creating and enhancing workplace safety for our employees, contractors, and partners across all aspects of our operations. Accelleron makes a concerted effort to have all incidents and non-conformances reported and investigated so that the company can learn from them and prevent similar events from happening in the future.

Safety aspects

At Accelleron, most of the at-risk employees work on our premises, either at manufacturing sites or in service stations. There, we can directly control and influence the workplace environment, which is also reflected by the safety performance. However, the field service teams operate in remote locations that are supervised and controlled by customers, which are more challenging workplace areas for us to influence. In all scenarios, we rely on our health and safety management system, which covers robust processes, procedures, and tools that help to control the risks and prevent employees and contractors from suffering any injury or ill-health.

Building on our culture, in 2022, we continued our transition towards a new risk assessment approach in our locations and at customer sites with the activity-based risk assessment (ABRA). This is an engaging method to create a safe workplace that involves looking at every single activity a company takes and working in teams to identify specific hazards and safety measures to control the risks. In 2021, we began our ABRA journey by introducing it to our operations teams and offering trainings. By the end of 2022, we had already managed to cover 60% of our activities globally with the new approach focusing on individual tasks.

This has helped us to bridge the interaction and collaboration between our operations and HSE teams more successfully. The transition also empowers employees to influence and improve how we work, positively affecting our safety culture. ABRA is a great opportunity for Accelleron to create full awareness among all affected staff on workplace risks and build ownership of safety within our operation teams.

Our target is to have 100% of our activities transitioned to ABRA by Q3 2023.

Building awareness for health and safety

As a multinational company operating in more than 50 countries, we have established a global network of HSE advisors and representatives. Currently, we have over 20 highly competent and dedicated HSE experts supported by almost 80 site HSE representatives, all working to implement and improve Accelleron's HSE standards. To continue strengthening safety awareness, we organize regular global HSE/Sustainability calls where over 100 people from operations, senior and top management, and HSE advisors join in. This platform allows us to build and shape the safety spirit by engaging with leaders and allowing them to 'walk the talk", sharing local teams' successes and failures, learning from them, and taking collective actions to strengthen a safe and healthy environment.

In 2022, we adopted a compliance approach to operational HSE duties. It can be challenging to navigate legal frameworks in over 50 countries with relatively small on-site teams, so we have centrally contracted access to online legal services. This helps local management teams stay up to date with changing requirements and ultimately gives them full control and monitoring of their compliance status and maintain their license to operate. In 2022, there were no reports of any breaches of HSE-related rules within the company's operations.

"We actively engage our employees in activity based risk assessment process."

Performance review

Accelleron established regular monitoring of leading and lagging indicators that helps assess the efforts and progress towards the ambition to achieve zero incidents. Leading indicators focus on proactive hazard reporting and resolving and conducting sustainability observation tours, whereas the lagging indicator reflects the lost time incident frequency rate (LTIFR[28]). To monitor and measure Accelleron's performance, we developed our own HSE global reporting tool, which covers identified workplace hazards, the sustainability observation tour (SOT), incident management, corrective action plans, and non-conformity management. All sites use it, which helps to ensure data consistency and availability for various health, safety, and environmental reporting obligations as well as for designing improvement programs.

Leading indicators

Leading indicators indirectly affect the incident rates and support a safety culture improvement. They help Accelleron remain proactive in improving workplace health, safety, and environment and involve all employees in this process. SOT builds a bridge between the managers and the workforce, helping us to learn, collaborate and introduce changes where needed. Hazards reporting ensures that employees work with open eyes to spot any hazards and solve them in a

timely manner, helping to keep the workplace environment safe and healthy.

In 2022, we reached our targets with both leading indicators. Globally, there was an average 4.2 SOT conducted by our managers and leaders, which is two times more than the target. When it comes to hazard reporting, Accelleron closed the year with an average of 3.2 hazards reported per person, against the target 2.0. 95% percent of them have been resolved on time, as targeted.

Leading indicators (global)	Target
SOT Rate (Managers)	2.0
Hazard Reporting	2
Hazard Resolved Rate (HRR)	95%

Lagging indicators

The lagging indicator of safety, LTIFR, provides insights into Accelleron's past safety performance. Between 2017 and 2022, we achieved a reduction in LTIFR of around 40%. Last year's target of 0.6 LTIFR has been achieved, but we are continuously working hard to send people home safely every single day. Reducing lost time incidents was possible thanks to various safety initiatives like implementing global HSE Management System, standardization of controls for high-risk activities, improvement of field service planning and last-minute risk assessments on customer sites, as well as starting our journey towards activity-based risk assessment.

At the same time we have observed that continuing this steep incident reduction path has become more challenging since 2020, and we have started to look for alternative solutions and methods to connect with employees on safety in a more engaging and impactful way and we continue to promote a positive safety culture.

As a stand-alone company in 2023 we have established ambitious mid-term target to further reduce the incident rate to 0.2 by 2025.

Safety performance

All recordable and verified incidents are thoroughly investigated by trained HSE advisors. We put a strong emphasis on the investigation process and quality root cause analysis, ensuring that the lessons learned are shared globally to avoid similar cases in the future.

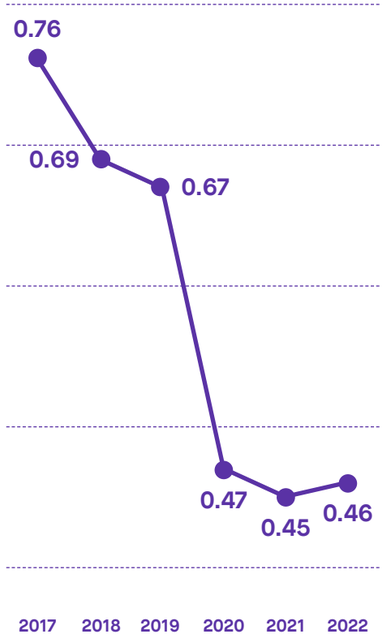
↗ Next steps

In 2022, we developed an integrated management system for quality and HSE for our service division, with the intention to obtain external certification in accordance with ISO standards in 2023. The project involved multiple functions and countries collaborating to ensure that the system addressed the company's risk profile and was easy to implement.

In 2023, we plan to continue implementing our integrated QHSE management system to all divisions. We see this as an excellent opportunity to standardize our processes, procedures, and tools globally, which will help manage QHSE risks in the most effective and efficient way. We believe that the integrated management system has the potential to further improve QHSE performance and keep employees safe and ensure customer satisfaction while getting closer to our long-term target of achieving an LTIFR of 0.2 by 2025.

[28] LTIFR is calculated for employees, per 200 000 hours worked.

Safety performance



Production operator in our Swiss manufacturing site

5.2 Employee learning and development

Accelleron's commitment to employee learning and development is a cornerstone of our corporate sustainability efforts. As we recently gained independence, the Human Resources (HR) department is focusing on developing a people strategy aligned with the business strategy.

We recognize the importance of being an attractive and responsible employer that takes care of its employees.

Continuous learning is in the DNA

Accelleron focuses on lifelong learning and development. We utilize various methods and tools to promote learning and development, and we encourage all employees to take ownership of their own growth while HR supports them by providing relevant structures and resources. Leaders play a crucial role in ensuring that these opportunities are utilized for the benefit of the people and the company.

As part of a modern approach to lifelong learning, every single employee at Accelleron has access to a learning platform, provided by Harvard University, where they can enhance their skills and knowledge. All employees who join the company get a tailored introduction plan and access to relevant learning content. All employees also need to complete mandatory trainings, e.g., on safety and cyber security.

Development actions are agreed upon in collaboration with the employee's line manager. We promote various methods of learning, including on-the-job learning, mentoring, coaching, project work, enlarging responsibilities, job rotation, as well as classroom and online learning. We also conduct 360 evaluations on our leaders to give and receive feedback to help our leaders to grow. We also engage coaches to support improving leadership skills and maintaining a work-life balance. Additionally, we offer language courses to foster language skills development.

Performance management practices align and guide target setting

To ensure that learning and development efforts are aligned with the overall performance management system and enhance the set objectives, all employees have a target-setting discussion at the beginning of the year. As part of this discussion, leaders give and receive feedback not only on the performance but on how they work and collaborate. Line managers are also encouraged to conduct a mid-year review to ensure that targets are continuously valid, and that employees are progressing as planned. Assessment of target achievement and planned development takes place at the end of the year for every employee.

We strongly emphasize sustainability, which is reflected in our bonus program. Starting in 2023, employees who qualify for the corporate short-term incentive plan are assigned a sustainability target that accounts for 10% of their annual bonus. We have identified 18 departmental sustainability targets that employees can work towards, such as LTIFR targets, reducing waste or driving a giving back to community project.

Taking care of future talent and competence needs

Accelleron demonstrates a commitment to fostering the development of young talent. We are currently in the process of redefining our internship program and plan to collaborate with Unitech, a consortium of highly qualified European technical universities, for the 2023 program. Additionally, we frequently engage with university students for project work in departments such as technology. This provides an opportunity to identify talented individuals for potential future employment.

Every year, we employ and train around 50 apprentices in different functions but mainly in manufacturing, primarily at our largest site in Baden. These apprentices undergo thorough training for approximately two years, during which we get to know each other. Selected trainees are offered permanent positions.

Moreover, we offer continuous training globally for all service engineers. Initially, all service engineers undergo training at our headquarters in Baden to ensure that they meet the same Swiss quality standards across all locations. The curriculum includes basic training through an e-learning program followed by on-the-job training that covers quality and safety aspects. To ensure that the up-to-date knowledge and technology are spread globally, the service engineer travels to headquarters to complete a training refreshment every three years. However, due to the pandemic, we were only able to partially conduct trainings that required in-person attendance and travel. Looking ahead, the plan is to return to the previous level of training hours.

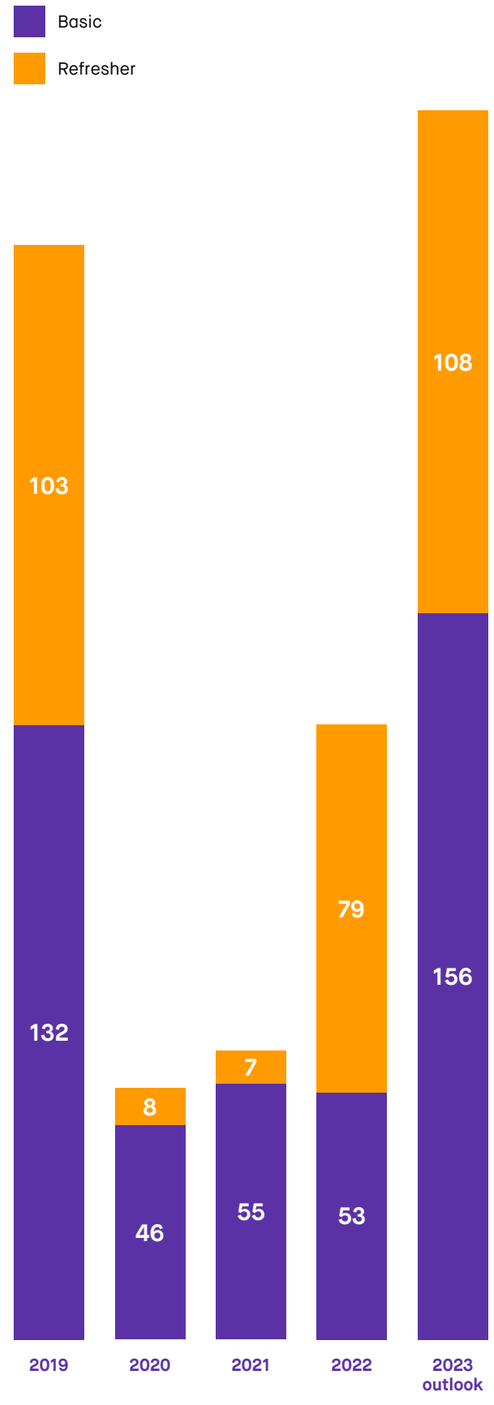
Inclusion and diversity at Accelleron

Accelleron is present in over 50 countries and most of our sites are managed by local people. This makes us a global and culturally diverse company. We acknowledge that inclusion is essential for business growth and are committed to fostering a safe workplace where employees can be their authentic selves. Efforts to attract diverse candidates and applications are appreciated.

We recognize diversity as a fundamental driver of innovation and creativity. It brings together different perspectives and ideas, leading to better decision-making and problem-solving.

At Accelleron we consider health from a broad perspective covering physical, mental and social aspects. Understanding that employees face various life challenges, we provide resources to help them navigate those situations. To foster employee work-life balance, Workplace Options, a leading provider

Number of trained Accelleron Service Engineers



of employee well-being solutions, offers a global employee assistance program on behalf of Accelleron.

Achieving a healthy work-life balance by our employees is further facilitated by a global remote work policy. Employees in roles where their work can be done remotely are generally able to work from home up to 80% of their working hours if the local legislation allows.

Gender diversity and representation in leadership roles

We are committed to increasing gender diversity in our leadership positions. The goal is for women to hold 25% of senior leadership positions by 2025, up from the current 21%. In 2022, we had more female leaders (17%) than women in the entire company (15%). We are proud to highlight that women are leading in some countries and our service operations, which has the largest team in the company, is also led by a woman[29].

Parental leave program

We recognize the importance of supporting working parents. To promote a more inclusive and equitable working environment, a gender-neutral parental leave program has been implemented globally. This program provides paid leave to both caregivers following the birth of a child or when becoming a new parent through adoption or surrogacy.

Example of inclusion and diversity initiatives at Accelleron

India has been particularly active in promoting diversity and inclusion. The India team has initiated discussion groups for women to empower them and training groups for all employees to create awareness and sensitivity towards diversity. These efforts have resulted in an increase in the number of women employed at the site from 11% to almost 15% in one year. The team in India is also planning to focus on promoting awareness and acceptance of sexual orientation as the next topic, despite local cultural challenges.

> "We had more female leaders than women in the entire company."

↗ Next steps

We will focus on improving diversity and inclusion through gradually increasing women in senior leader positions. We aim also to conduct a gender pay gap analysis in 2023 through which we aim to identify and address possible inequalities. We want to secure fair and equitable compensation practices for all our employees. We will also focus on continuous learnning and ensuring that all employees have defined development plans and respective learning opportunities.

[29] At Accelleron, we understand that diversity at work has multiple dimensions including religion, gender, sexual orientation, ethnicity, age – to name just a few. For the moment, the organization is not yet in a position to set meaningful target on all these issues. Nevertheless, both the UN and a 2022 McKinsey report confirm that working women at work are statistically the minority most likely to suffers from lower income and less access to top management positions. This is where we decided to focus at a global level. diversity-at-work-policy-brief-2020.pdf (oecd.org) and Women in the Workplace | McKinsey

5.3 Local community engagement

As a global company with over 100 locations in over 50 countries, Accelleron sees itself as part of the local communities where it operates. We believe in giving back to the community and supporting local associations, social organizations, and social causes. The aim is to promote social issues and community cohesion beyond our business activities.

These projects are focused on areas such as environmental and social issues, and they are organized locally in compliance with our integrity guidelines. Drawing on our core competencies, our Dutch colleagues refurbished four aging turbochargers VTX200 from 1951, despite the lack of spare parts. This enabled the Sea Cadets to continue practicing and learning in a safe environment.

In addition to this project, we organized an auction in Baden and donated the equivalent of USD 2,500 to Save the Children.

Accelleron's involvement in communities extends beyond that of an employer. The organization provides local training opportunities for its employees, enabling them to acquire highly specialized technical skills that may not have been able to gain otherwise in their local and communities. Furthermore, the majority of our local unit management team comprises individuals from the local community. We also engage actively with the public in our locations by organizing events and fostering dialogues with the local community.

Dutch sea cadets

↗ Next steps

We have identified 15 different sites where we will dedicate our time, competencies, and resources to develop specific social projects. The projects will be selected and executed in 2023. The following years will also see an increase of similar projects in other locations to achieve more than 100 projects in 2027 and meet our target of organizing at least one giving back to the community project annually in each local unit by the end of 2027.

5.4 Focus interview with Annika Parkkonen, Chief Human Resources & Sustainability Officer

"Listening is not a one-way street – it is much more about leadership"

Annika joined Accelleron in September 2022 as the head of the Human Resources department. She sees the launch of the independent company as a welcome challenge and a great opportunity to achieve better collaboration and improved productivity with simplified processes.

Annika, Accelleron has only been operating as an independent company for a few months. It must be a big challenge, but do you see opportunities there as well? It is a very welcome challenge and opportunity at the same time. The launch of the independent company is an opportunity to bring our collaboration as well as our productivity to new levels. We are reviewing and simplifying processes and aligning them more closely with employee needs. We are embracing this opportunity.

What is the atmosphere like among the employees? I sense a very positive spirit across the company. We conducted an employee engagement survey in November 2022 to explore the needs of our employees, and the results are now being discussed within the organization.

What are the initial findings? Our strengths are related to learning opportunities, good relations among peers, and our employees' belief that our strategy is taking us in the right direction. The survey also highlighted Accelleron's strong safety culture, which people greatly appreciate. Employees were similarly positive about the new company values, which were created through an inclusive process. The survey also provided a market comparison with similar type of companies.

What was the outcome? We identified potential areas for improvement. We are now addressing these issues across the company. Our agenda has three specific areas in which we scored lower than other companies and which we now want to focus on: the workload, the sense of achievement in work, and support for mental health. This isn't so surprising – we transformed ourselves into a new company, so of course the workload has been high. We want to use this as a starting point to address these three areas. In 2023, the line managers have started discussing them with their employees. We also ask them to listen very carefully to employees' ideas about where processes can be simplified and improved.

Does Accelleron face a shortage of skilled workers and if so, how are you addressing it? In some markets, it is a challenge attracting highly skilled engineers. In certain territories we are recruiting cross-border employees. In general, the best way to find employees is through networks. And the shortage goes beyond skilled workers.

What do you mean by that? People who want to work with their hands, craftsmen, they are rare, and that is what our service engineers are; they repair and maintain turbochargers. People tend to choose other careers. One solution is to promote this career path in countries that still offer traditional apprenticeships.

How do you attract women to work for Accelleron? We are in close contact with schools and universities, because the challenge is the limited number of female students in technology. We try to reach out to women at student fairs by considering this target group and their needs when we put together our messages and representation at the fairs. It is important that our diverse workforce is represented whenever we approach schools.

Annika Parkkonen, Chief Human Resources & Sustainability Officer

> "When we hire people, we do not only choose a person, but we also think about how to influence the team dynamics."
>
> **Annika Parkkonen**

Innovation is crucial for our future success and sustainability. How do you ensure you get the best team members to deliver on this innovation promise? When we hire people, we're not just choosing an individual, we're also thinking about how to influence the team dynamics. How will the new addition contribute to diversity, broaden our perspectives, or act as an important driver for innovation? This gives us an opportunity to consciously build teams with a diversity of backgrounds and ways of thinking to drive innovation and create new solutions.

06

Governance at Accelleron

6.1 Building a strong governance framework

Accelleron has a robust sustainability governance framework that incorporates sustainability considerations into main decision-making processes. This approach ensures that sustainability is effectively implemented and monitored, leading to long-term value creation.

Sustainability is a strategic responsibility of the Board of Directors (BoD) and the Executive Committee (EC) at Accelleron, encompassing economic, environmental, and social dimensions. The Nomination and Compensation Committee (NCC) of the BoD oversees corporate governance and sustainability practices, including proposing the sustainability strategy and targets for decision. Sustainability strategy is discussed by the BoD at least annually, with the implementation of sustainability targets reviewed at least twice a year.

The EC is responsible for implementing the sustainability strategy and cascading targets and measures throughout the organization. It assigns responsibilities and reviews progress. The EC is supported by a designated Global Health, Safety and Environment (HSE) and Sustainability Team that reports to the Chief Human Resources and Sustainability Officer (CHRSO), a member of the EC.

The success of the sustainability strategy is a collaborative effort. Each employee in the company eligible for the global short term incentive plan has at least one yearly sustainability target (outlined in chapter 5.2 Employee learning and development on page 34).

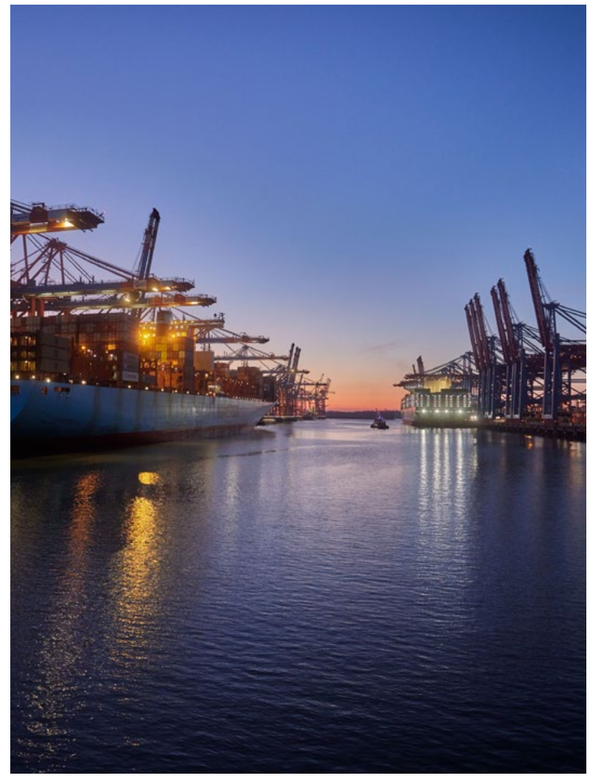
The Legal and Integrity function is responsible for designing, implementing and managing the Accelleron Integrity Program, which is based on the three pillars of prevent, detect and respond. This team consists of four senior legal and integrity counsels, including the Group Integrity Officer, based in our main locations of Switzerland, China, USA and India. The team is led by the General Counsel who reports to the CEO. The team supports and facilitates management and other corporate functions in their control accountabilities and cooperates with internal and external bodies in their audit functions . The Audit Committee (AC) of the BoD is tasked with providing oversight and ensuring the effectiveness of the Integrity management system.

→ Please find the following descriptions in the annual report: board and executive description, board remuneration, board biography, board diversity, accounting and tax disclosure, internal policy statement, or refer to the annual statement, compensation, shareholder rights, and AC.

[30] There was no compliance audit in 2022.

6.2 Code of Conduct

Our corporate Code of Conduct (CoC) is the cornerstone of our commitment to upholding integrity in all areas. It applies globally to all employees, managers, officers, directors, and employees of joint ventures or entities in which we have a majority ownership interest or exercise effective control. A dedicated Supplier CoC applies to our suppliers and other business partners. For further information, please refer to chapter 3.5 Responsible sourcing. The CoC establishes internal regulations and fundamental principles of behavior concerning the following areas: communication, conflict of interest, anti-money laundering, antitrust, fair employment, diversity and inclusion, trade compliance, health and safety, human rights, anti-bribery and corruption, inside information, intellectual property, data privacy and working with suppliers.



The CoC is available on our website, and an extended internal version that includes practical guidance and examples is accessible on the Legal and Integrity (L&I) Intranet page. The CoC was published alongside Accelleron's stock listing on October 3, 2022, and has been presented at various internal events, such as the global country managers meeting and local management meetings. The development of Accelleron's CoC is based on the ABB Group's CoC, which was previously communicated to our employees before the stock listing.

We have a strict zero-tolerance policy towards any illegal behavior or breaches of the CoC and take the appropriate disciplinary and legal actions when this occurs. The CoC also sets out how our employees, contractors, and stakeholders can report any concerns of wrongdoing via the various channels, including an anonymous ethics reporting hotline (which is also in line with the relevant EU directive[31]). For more details, refer to 6.4 Reporting misconduct.

Preventing bribery and corruption, political contributions as well as anti-competitive behavior are important for us. For more details on these topics, please refer to appendix chapter integrity on page 45.

[31] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

6.3 Respecting human and labour rights

We promote an organizational culture that respects human rights and seeks to avoid complicity in human rights abuses. Our company supports the principles of the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Labour Organization (ILO) Core Conventions on Labour Standards, and other national and supranational regulations. We require our suppliers, contractors, and other business partners to abide by similar standards in those areas where human rights issues are commonly implicated, such as working hours and conditions, discrimination and equality, child labor, fair wages, compulsory or forced labor, and modern slavery. Our employees are free to associate with and take part in unions.

Accelleron conducted a human rights risk assessment across its operations and supply chain, resulting in the development of specific plans tailored to the identified risk levels in each country. Prioritization was given to combatting forced labor and child labor.

In 2022, almost all our country managing directors and all of head of operations and service sales organization have been trained in human and labor rights. All employees with a managing position in the procurement team have also been trained[32].

The supply chain team oversees the approach to conflict minerals. Further information can be found in section 3.5 Responsible sourcing of this report.

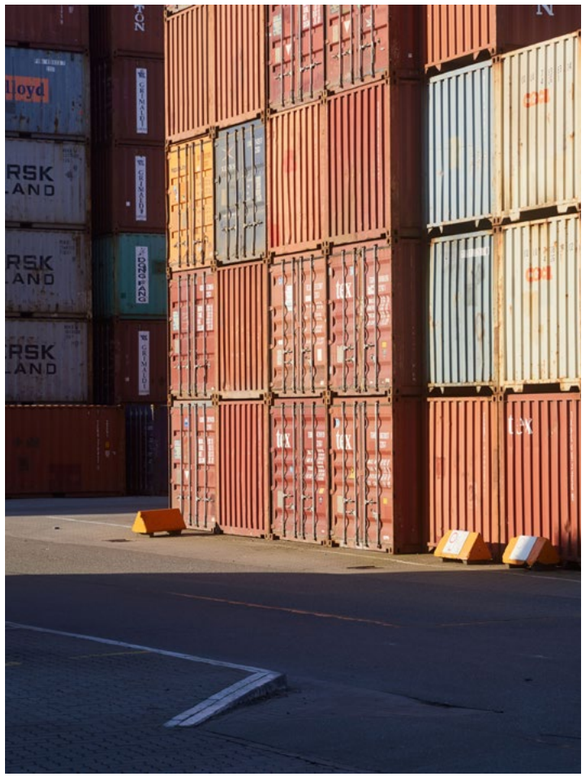
[32] The training covered the following topics:
- Significance and necessity of human rights
- Stakeholders expectations
- Risks and opportunities related to the new regulation
- Impact on business in case of violations of this law
- Different categories of human rights
- Universal declaration of human rights
- Risk profile at customer level, in our supply chain and our operations

6.4 Reporting misconduct

Our company is dedicated to cultivating a culture where employees and stakeholders are encouraged to report any potential breaches of the CoC or the law without any fear of retaliation. Our leadership teams are accountable for establishing and fostering an environment that prioritizes integrity and promotes a positive tone throughout the organization. We will not tolerate retaliatory action against an employee who reports concerns about integrity in good faith.

Misconduct can be reported through various channels, including on an anonymous basis, via an externally run website, by telephone, through post or an email to the Integrity Office.

Our organization has a well-established process in place for receiving and assigning all such cases to a designated investigator. Based on the nature of each case, external investigators are hired to support internal investigators when necessary, and appropriate disciplinary measures and other remedial actions are taken. Furthermore, the "lessons learned" are compiled and shared for awareness and training purposes where appropriate. From January 2022 to September 2022, 14 cases were reported, of which six have been found substantiated. After the spin-off from ABB Group, Accelleron received two low-severity workplace behavior-related cases in the period from October to December 2022. All of them have been investigated and were found unsubstantiated.



↗ Next steps

Our strategy is to adapt various integrity policies and processes, which were in place while we were part of the ABB Group and customize them according to Accelleron's specific needs and risks as a medium-sized company operating globally. As part of this strategy, we have developed a successor training and awareness program that will begin implementation in 2023, including the implementation of new e-learning modules, renewed CoC acknowledgement, classroom trainings, and internal communications.

6.5 Risk management

Accelleron aims to identify risks and opportunities early and respond effectively. Relevant risks for the company are, in particular, geopolitical risks, cyber security, and shortage of skilled workers.

We are committed to risk-based thinking across the organization, and this is promoted at the highest levels of our company. The current risk management approach is made up of both enterprise and operational risk management systems. In both cases the approach to managing risk is based on the recognized international standard (ISO 31000) and has been developed in line with industry expectations.

Crisis management

In the event of a crisis, Accelleron has crisis response teams and plans in place across the organization. Crisis management is organized locally. The company is engaged in the process of ensuring the robustness of this setup. Furthermore, Accelleron recognizes the importance of resilience and is establishing in 2023 an interdisciplinary business resilience group and associated processes to ensure its crisis preparedness. This group brings in expertise from across the entire business.

↗ Next steps

Starting in 2023, we will initiate a climate risk and opportunity assessment as per the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. It will enable our stakeholders to better assess their individual climate-related risks and opportunities.

Accelleron is committed to improving its risk approach and process risk management system starting 2023.

07

Glossary

List of abbreviations used in the report

A

ABRA	Activity-based risk assessment
AC	Audit Committee
AMEA	Asia, Middle East, Africa

B

BCP	Business Continuity Plan
BoD	Board of Directors

C

CEO	Chief Executive Officer
CHRSO	Chief Human Resources and Sustainability Officer
CII	Carbon intensity indicator
CO_2	Carbon Dioxide
CoC	Code of Conduct
COP 21	United Nations Framework Convention on Climate Change, 21st Conference of the Parties
CPI	Continuous Project Improvement

E

EBITA	Earnings Before Interest, Taxes, Depreciation and Amortization
EC	Executive Committee
EEXI	Energy Efficiency Existing Ship Index
EPG	Electric power generation
ESG	Environment, Social, Governance

G

GHG	Greenhouse Gas
GRI	Global Reporting Initiative

H

HFO	Heavy Fuel Oil
HR	Human Resources
HRR	Hazard Resolved Rate
HSE	Health, Safety and Environment

I

ILO	International Labour Organization
IMO	International Maritime Organization
I-REC	International Renewable Energy Certificates
ISO	International Organization for Standardization

K

KPI	Key Performance Indicators

L

L&I	Legal and Integrity
LNG	Liquefied Natural Gas
LTIFR	Lost time incident frequency rate

M

MWh	Mega Watt Hours

N

NCC	Nomination and Compensation Committee

O

OECD	Organisation for economic co-operation and development
OEM	Original Equipment Manufacturer
OSHA	Occupational Safety and Health Administration

P

POP	Persistent organic pollutant

Q

QHSE	Quality, Health, Safety and Environment

R

RCA	Root Cause Analysis
R&D	Research and Development
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROHS	Restriction of Hazardous Substances

S

SAF	Sustainable Aviation Fuel
SBTi	Science Based Target initiative
SDGs	Sustainable development goals
SOT	Sustainability observation tour

T

TCFD	Task Force on Climate-related Financial Disclosures

U

UN	United Nations

W

WRI	World Resources Institute

3

3P	Products & Services, Planet, People

08

Appendix

Human Resources

	Unit	Data	Explanation
Employment			
Total number of employees		2,422	valid per 31/12/2022
Percentage of full-time employees	%	92.9	valid per 31/12/2022
Percentage of part-time employees	%	7.1	valid per 31/12/2022
Rate of new employees hired	%	19.4	valid per 31/12/2022
Rate of new employees hired by age group (<25)	%	2.3	valid per 31/12/2022
Rate of new employees hired by age group (25–34)	%	9.4	valid per 31/12/2022
Rate of new employees hired by age group (35–44)	%	4.6	valid per 31/12/2022
Rate of new employees hired by age group (45–55)	%	2.4	valid per 31/12/2022
Rate of new employees hired by age group (>55)	%	0.7	valid per 31/12/2022
Tenure in the company	Years	10.7	valid per 31/12/2022
Number of worked hours	Hours	4,844,000	We estimated the number of working hours due to carve-out reasons with an average of 2,000 hours per employee. This means 2,422 × 2,000.
Benefit to employee by significant locations			
Define significant location			Significant locations are locations that represent the vast majority of our employee base. China, Switzerland and USA represent more than 50% of our total employee baseline.
Retirement provision		Yes	The Swiss facility offers special conditions for the third pillar pension (3A), to which every employee can contribute up to CHF 15k. Accelleron adds up 3% of the total amount.
Stock ownership plan		Yes	Senior executives have a stock ownership plan
Variable performance-based component to pay		Yes	White-collar employees have a bonus
Collective Bargaining Agreement		Yes	The following locations have a collective bargaining agreement: India, Singapore, Brazil, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden, Switzerland. These countries represent 59% of the total Accelleron workforce
Other benefits specific to Switzerland			Employees have access to a child day care at a reduced price and Accelleron paid the equivalent of USD 210k in 2022 to sponsor this price reduction. Accelleron offers a fee reduction (10%) at specific health insurance providers and a price reduction for general practitioners. Partnerships with car dealers allow our employees to have an extra price reduction on top of the proposed reduction (13–20%). Accelleron supports a fund and provides money for charities and social causes, through which 80 people were helped in 2022.
Parental leave			
Total number of employees who were entitled to parental leave in significant locations (USA, China and Switzerland)		1155	

	Unit	Data	Explanation
Total number of female employees who were entitled to parental leave in significant locations (USA, China and Switzerland)		184	
Total number of male employees who were entitled to parental leave in significant locations (USA, China and Switzerland)		971	
Total number of employees who took parental leave in significant locations (USA, China and Switzerland)		46	
Total number of female employees who took parental leave in significant locations (USA, China and Switzerland)		6	
Total number of male employees who took parental leave in significant locations (USA, China and Switzerland)		40	
Total number of employees who returned to work in the reporting period after parental leave ended in significant locations (USA, China and Switzerland)		45	
Return to work rate of employees who took parental leave in significant locations (USA, China and Switzerland)	%	99.2	
Retention rate of employees who took parental leave in significant locations (USA, China and Switzerland)	%	99.2	

Training and education

Total training hours for service engineers	Hours	4,856	The training hours cover the operational aspect of the job including preparation and all relevant safety aspects, such as field preparation, risk assessment and last-minute risk assessment before starting the job.
Average training hours per year per service engineer	Hours/ service engineer per year	36.8	Historical data shows that, in 2019, the training hours per service engineer were 34.9 hours, 31.4 hours in 2020 and 32.6 hours in 2021. This demonstrates that we managed to overcome the COVID-19 situation by ensuring a certain level of training, and in 2022 we came back to an even better level of training hours per engineer than in 2019.
Percentage of employees receiving a performance review and career development review	%	>+95	
Percentage of female employees receiving a performance review and career development review	%	>+95	
Percentage of male employees receiving a performance review and career development review	%	>+95	
Percentage of management receiving a performance review and career development review	%	>+95	
Percentage of non-management receiving a performance review and career development review	%	>+95	

Diversity and equal opportunity

Share of women on Board of Directors	%	33	Accelleron has surpassed the gender quota requirements for Swiss corporate law on its BoD
Share of women on Executive Committee	%	14	
Share of women in management positions	%	16	Definition of management: senior and middle management

	Unit	Data	Explanation
Share of women in senior leadership positions	%	21	Senior leadership position refers to people who directly report to EC members and/or who are country managing directors
Share of women in the overall company	%	15	

Integrity

	Unit	Data	Explanation
Anti-corruption			
Risk assessment related to anti-corruption		Yes	Until September 2022, Accelleron was part of the ABB Group, which annually conducted anti-corruption risk assessments of its business as part of ABB Group as a whole during 2020–2021, and in 2022 as part of ABB's larger business unit, Process Automation (ex Accelleron Business Unit of ABB Group), along with other annual risk assessment activities as part of its Enterprise Risk Management and Fraud Risk Assessment programs. Anti-corruption is defined in our Anti-Corruption Policy available on the Accelleron website. In 2023 and going forward, anti-corruption risks are assessed within the ERM process and are acted upon like any other risk. For more information, visit our website: Integrity
Code of Conduct			
Volume of unique visitors on the Integrity Awareness Portal (IAP) for integrity training for the period January–end September 2022	%	61.4	This number reflects the number of visitors to the portal. As of 2023, a specific system will replace the ABB Group approach to fit better with Accelleron's reality.
Total number of governance body members and EC members who Accelleron's CoC has been communicated to		13	The six members of the BoD and the seven members of the EC have had the CoC communicated to them.
Percentage of governance body members who Accelleron's CoC has been communicated to	%	100	The six members of the BoD and the seven members of the EC have had the CoC communicated to them.

	Unit	Data	Explanation
Confirmed incidents of corruption and actions taken			
Total number of confirmed incidents of corruption (incl. facilitation payments)		3	In 2022 when Accelleron was part of ABB Group, 6 cases of corruption/facilitation payments were investigated leading to 3 confirmed cases where we undertook appropriate actions including dismissal, written warnings, trainings and vendors being blocked from doing business with us. No lawsuits for anti-corruption were pending or concluded.
Nature of confirmed incidents of corruption (incl. facilitation payments)			Facilitation payments and payments through non authorized channel partners involving small amount of money (USD +–100).
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption (incl. facilitation payments)		2	
Total number of confirmed incidents in which contracts with business partners were terminated or not renewed due to violations related to corruption (incl. facilitation payments)		1	
Public legal cases regarding corruption (incl. facilitation payments) brought against Accelleron or its employees during the reporting period and the outcomes		0	
Anti-competitive behavior			
Number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which Accelleron has been identified as a participant		0	There were no cases brought and there are no pending anti-trust actions. For more information about our approach to antitrust compliance, visit our website: Accelleron-Code-of-Conduct.pdf)
Main outcome of completed legal actions, including any decision or judgements	Not applicable		No case, therefore, this is not applicable.
Non-discrimination			
Total number of discrimination incidents reported		1	The case happened when Accelleron was part of ABB Group.
Status of the incident and actions taken with reference to the following: A) Incident reviewed by Accelleron B) Remediation plan being implemented C) Remediation plan has been implemented with results reviewed through internal management review process D) Incident no longer subject to action			Discrimination is understood as an unequal or differential treatment that disfavors an individual or a group and that is based on origin, ethnicity, race or nationality, belief, or gender. A) The case has been reviewed by the ABB group as it was still under the ABB Group authority. B) A remediation plan has been implemented. C) Remediation plan including final written warning, coaching, and mandatory communication training has been implemented as per Accelleron procedures. D) The case is closed.
Public policy			
Total monetary value of financial and in-kind political contributions made directly and indirectly by Accelleron by country and recipient		0	Accelleron is part of various industrial associations that are represented at the EU level (see Innovation chapter). Political contributions are explained in the Anti-Corruption Policy. No contributions shall be made without the approval of the Legal and Integrity team. To date, Accelleron has not made any political contributions. More details can be found in the Anti-Corruption Policy.

	Unit	Data	Explanation
Customer privacy			
Total number of substantiated complaints received concerning breaches of customer privacy		0	No complaints have been reported on this issue.
Total number of identified leaks, thefts or losses of customers data		2	Two computers were lost or stolen.
Freedom of association and collective bargaining			
Operations in which the right to freedom of association and collective bargaining may be at risk due to country fragility index status and provide the countries		12	Based on fragilestatesindex.org, the following countries represent a source of risk as they have a score of at least 80 which is the starting point of the "warning" classification: Bangladesh, Pakistan, Philippines, Thailand, Indonesia, Egypt, Cameroon, Senegal, Nigeria, Myanmar, Sri Lanka, Turkey.
Provide the measures to support rights to exercise freedom of association and collective bargaining			Our policies and CoC leave the choice to any worker of any of our operations to create any type of worker association.
Child labor			
Number of operations considered to have significant risks for incidents of child labor due to country fragility index status and provide the countries.		12	Based on fragilestatesindex.org, the following countries represent a source of risk as they have a score of at least 80 which is the starting point of the "warning" classification: Bangladesh, Pakistan, Philippines, Thailand, Indonesia, Egypt, Cameroon, Senegal, Nigeria, Myanmar, Sri Lanka, Turkey.
Number of operations considered to have significant risks for incidents of young workers exposed to hazardous work		0	Our young workers are not exposed to hazardous work as per our internal policies.
Measures taken by Accelleron to contribute to the effective abolition of child labor			Our policies and CoC explicitly express the absence of tolerance related to child labor. Our global hiring procedures require evidence of the age of the future employee and we do not hire or work with people under the age of 18 years (except apprentices). On top of that, all our employee policies are aware of the regulation through the CoC. Regular visits from the management team, and human rights training sessions for the operational management team have been conducted. For more information, visit our website.
Forced or compulsory labor			
Operations in which the risks are significant for incidents of forced or compulsory labor due to country fragility index status and provide the countries		12	Based on fragilestatesindex.org, the following countries represent a source of risk as they have a score of at least 80 which is the starting point of the "warning" classification: Bangladesh, Pakistan, Philippines, Thailand, Indonesia, Egypt, Cameroon, Senegal, Nigeria, Myanmar, Sri Lanka, Turkey.
Measures taken by Accelleron to contribute to the effective abolition of forced or compulsory labor			The Accelleron policies and CoC explicitly express the absence of tolerance related to forced labor. On top of that, all our employees are aware of the rules and the possibility of reporting any cases of abuse in an anonymous manner.
Product safety			
Number of incidents related to product usage		0	No occupational and/or environmental incidents were reported in 2022 during usage of our products by our customers.

Occupational health and safety

	Unit	Data	Explanation
Management system			
Report all leading and lagging indicators used to inform management about Accelleron health and safety performance			At Accelleron, we actively monitor leading indicators covering proactive hazard reporting and resolution targets for every employee and conducting sustainability observation tours (SOT) dedicated to line managers and supervisors. Lagging indicators cover the lost time incident frequency rate (LTIFR), calculated per 200,000 working hours.
Definition of different types of work-related incidents and the reporting rules			Accelleron incident classification is in line with US OSHA rules and the reporting system covers the following categories: near miss, first aid incident, medical treatment incident, restricted work day incident, lost time incident, serious injury incident (high consequence work related injury), workplace fatalities. EXCLUSIONS: incidents that happened during commuting* are reported but not considered as work-related and are not recordable. *Commuting – Accelleron employees and/or contractors traveling to or from their place of work and are not undertaking any work-related activities, with the exception of when the transportation agent is a contractor to Accelleron. Reporting rules: all work-related environmental, health, safety, and security incidents are immediately reported to the line manager. Based on the incident severity, the line manager initiates incident communication following Accelleron's Incident Reporting Guidance and deadlines. The incident shall be reported in the Global Reporting Tool within 48 hours.
Total amount of SOT		1,624	Total number of all SOTs conducted by the line managers in the organization (manager with at least one direct report).
Define SOT			SOT: sustainability observation tour – a sustainability observation tour is a visit and walk-around of a work location undertaken by managers/supervisors and those who are appointed by them to observe working practices, engage with people, and talk about health, safety, environment, security, sustainability, and everyday working behaviors.

	Unit	Data	Explanation
Percentage of ISO 45001-certified sites	%	70	The Swiss and the Chinese manufacturing sites are ISO 45001-certified, along with several service stations.
Percentage of sites ISO 14001-certified	%	57	The Swiss and the Chinese manufacturing sites are ISO 45001-certified, along with several service stations.
Number of ISO 50001-certified sites		1	The Chinese manufacturing site is ISO 50001-certified.
Description of the process to identify work-related hazards and to assess risks on routine and non-routine activities and to apply the hierarchy of controls including how Accelleron ensures quality of these processes and competencies. Explain how the results of these processes are used to evaluate and improve the OHS management system			The key processes at Accelleron regarding hazard identification and risk control are defined within the globally implemented HSE management system and cover: hazard reporting and resolution, business-level HSE risk registration, activity-based risk assessment for own operations, and last-minute risk assessment executed prior to starting the service job on the customer site. The quality of those processes is ensured through: regular performance reviews, data sanity checks, delivery of specialist training sessions, regular workplace inspections including control measures applied, and various quality controls performed by line managers. The results are analyzed globally through the collection of local management review results, data analytics (incidents, non-conformities, hazard trends, etc.), focused feedback loops, etc. The results are used to further improve the relevant safety standards, procedures, and processes, contributing to improved HSE performance.
Explain the "stop work authority"			All Accelleron employees and contractors are authorized to apply stop work authority. They are expected to stop work whenever they believe a situation may be immediately dangerous to the life and health of themselves or others, and/or result in significant environmental damage, and/or where the product is at risk of damage. All stop work events shall be reported and investigated (with a root cause analysis performed), regardless of the outcome. In 2022, there were no reports of stop work authority being applied. In 2023, we are planning to standardize and enforce the procedure across our operations.

	Unit	Data	Explanation
Describe the process to investigate work-related incidents			All verified incidents and near misses shall be investigated. The incident investigation level and technique to be used are defined based on the incident severity and focus thoroughly on a root cause analysis (RCA). The investigations are undertaken by trained and qualified employees. Regular investigation checks are performed to ensure a focus on investigation quality, operational leadership, and availability of the resources and support required for the investigation. The investigation process includes the investigation kick-off, RCA review, and final incident close-out meeting led by the senior operational leaders and supported by the global investigation expert.
Describe the process for worker participation and consultation in the development, implementation, and evaluation of the Accelleron OHS management system and for providing access to and communicating the relevant information to workers			Throughout 2022, Accelleron developed its own, ISO-based integrated management system for quality and HSE, ensuring the full involvement of employees from various roles in the development phase. Employee consultation and participation is promoted through maintaining committees, focus groups, safety briefings, hazard reporting, sustainability observation tours, feedback loops, and the use of visual communication means. Accelleron communicates all the relevant HSE information through various channels, including a global HSE quarterly call, monthly country managing directors' calls, and monthly HSE community calls. The relevant information is then cascaded down to the local employees via local communication plans.
Health			
Explanation of access to health services related to non-occupational medical and healthcare services and the scope of access provided			Accelleron partners with a third-party to provide travel, medical, and security advice and assistance to employees on international trips and work assignments. Assistance centers offer services and advice within these categories related to health: • Epidemics/pandemics • Illnesses and injuries (cooperation with hospitals, clinics) • Local conditions in country of destination (e.g., air quality, water potability, etc.) • Personal wellbeing (depression, psychological problems, stressful situations)
			The contracted services also cover e-learning sessions for travel-related health topics such as: • Medical travel risk awareness • Stress management • Safe food and water • Tips for working from home • Emotional resilience
Description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks in our manufacturing sites.			Accelleron employees across the world have access to an Employee Assistance Program (EAP). The platform is internally owned by HR. It provides mental health assistance and helps employees cope with current life challenges and prepare for new life experiences, both personal and work-related. The Chinese manufacturing site offers the following activities: 1) Wellbeing and resilience training, led by HSE advisor 2) Fitness room setup and promotion, led by HSE (few locations) 3) Ergonomics in the office, led by HSE (health posters, adequate workstations/laptop holders/monitors for standing working provided) 4) Ergonomics in workshop and logistics (manual handling training and practice, elevated workstation and pallet carrier) 5) Travel health, led by HSE advisor and supported by international SOS 6) Annual employee medical check, led by HR 7) Monthly online health training for employees, led by HSE advisor 8) Health support to combat COVID-19, led by HSE team.

	Unit	Data	Explanation
			The Swiss manufacturing site offers the following activities: 1) Resilience training led by medical staff from a medical services supplier 2) Ergonomics training and ergonomics walks and checks led by the medical service provider and HSE advisor 3) Fitness program – several classes per week (on-site and online), e.g., yoga, pilates, online courses available on the provider's website; several on-site workshops per year, e.g., "ready to ski", "bike to work" 4) Free seasonal flu vaccinations for employees 5) Health campaigns: "mental health - early bird", "good nutrition" 6) Fruit day – fresh fruit available for employees in lunch and coffee areas

Safety performance

	Unit	Data	Explanation
Number of fatalities			
Employees		0	No cases were reported in 2022.
Contractors		0	No cases were reported in 2022.
Number of serious injuries			
Employees		0	No cases were reported in 2022.
Contractors		0	No cases were reported in 2022.
Number of lost time incidents			
Employees		11	
Contractors		0	No cases were reported in 2022.
LTIFR (employees only)		0.46	Lost time incident frequency rate (LTIFR) – calculated by finding the total number of lost time incidents per 200,000 hours worked over a certain period.
Main types of work-related injuries (employees only)			Due to the nature of our work, where the at-risk workforce work manually, the majority of workplace lost time injuries relate to fingers and hands during manual/power tool operations.
Number of total recordable incidents			
Employees		17	
Contractors		0	No cases were reported in 2022.
TRIFR (employees only)		0.71	Total recordable incident frequency rate (TRIFR) – calculated by finding the total number of recordable incidents (fatalities, serious incidents, lost time incidents, medical treatments, restricted work day cases, occupational diseases) per 200,000 hours worked over a certain period.
Number of recordable work-related ill health cases			
Employees		0	No cases were reported in 2022.
Main types of work-related ill health			Non applicable.

Environment

	Unit	Data	Explanation
Energy			
Total energy consumed	Gigajoule	135,400.0	
Total amount of electricity consumed	Gigajoule	82,936.7	
Total amount of oil consumed	Gigajoule	22,894.6	
Total amount of gas consumed	Gigajoule	6,897.7	
Total amount of coal consumed	Gigajoule	0.0	
Total amount of district heating consumed	Gigajoule	23,468.6	
Total amount of electricity from renewable sources (wind, sun, geothermal, water, biomass)	Gigajoule	60,318.1	
Total amount of conventional electricity	Gigajoule	22,618.5	
Total amount of electricity generated on-site by solar panels	Gigajoule	49.5	
Total amount of energy consumed per working hour	Gigajoule/hour	0.03	
Number of sites supplied with electricity from renewable sources (wind, sun, geothermal, water, biomass)		19.0	
Share of sites supplied with electricity from renewable sources (wind sun, geothermal, water, biomass)	%	22.9	
Share of electricity from renewable sources (wind, sun, geothermal, water, biomass)	%	70.0	

	Unit	Data	Explanation
Water and effluents			
Percentage of reporting sites in water scarcity areas	%	50.0	
Percentage of water withdrawal from water scarcity areas in comparison to total amount of water withdrawn	%	8.8	
Define water scarcity area			Area rated at least "High" by WRI Acqueduct website regarding physical risk quantity parameters.
Total amount of withdrawal	Cubic meter	379,227.0	
Total amount of water withdrawal from third parties	Cubic meter	71,126.0	
Total amount of water withdrawal from sea	Cubic meter	0.0	
Total amount of water withdrawal from groundwater	Cubic meter	84.0	
Total amount of water withdrawal from surface water	Cubic meter	308,005.0	
Total amount of water used	Cubic meter	379,215.0	
Total amount used for industrial purposes	Cubic meter	341,150.0	This represents 90% of water usage.
Total amount used for domestic purposes	Cubic meter	38,065.0	
Total amount of water released directly to surface	Cubic meter	308,005.0	The total amount directly released to rivers is related to cooling water. The water has not been affected physically and/or chemically during the usage as "coolant" or "heater" media.

	Unit	Data	Explanation
Total amount of water consumed	Cubic meter	3,407.9	
Total amount of water used for cooling purposes without interfering with chemistry and physical characteristics	Cubic meter	312,565.5	
Amount of rain water collected	Cubic meter	1,503.0	Rain water is then reused for gardening purposes and other domestic usage.
Total amount of water withdrawn per working hour	Cubic meter/ hour	0.08	
Percentage of site equipment with primary water treatment	%	59	
Percentage of site equipment with secondary water treatment	%	18	
Percentage of site equipment with tertiary water treatment	%	0	

Waste

Total amount of waste	Ton (metric)	3,530.2	
Total amount of non-hazardous waste	Ton (metric)	2,984.0	
Total amount of hazardous waste	Ton (metric)	553.7	
Total amount of waste recycled	Ton (metric)	2,651.2	
Total amount of waste disposed of	Ton (metric)	879.0	
Thereof total amount of waste going to landfill	Ton (metric)	169.7	
Thereof total amount of waste going to incineration with energy recovery	Ton (metric)	356.9	
Thereof total amount of waste going to third option	Ton (metric)	352.5	This option represents incineration without energy recovery or any other legal solution for hazardous waste and non-hazardous waste management.
Total amount of non-hazardous waste recycled	Ton (metric)	2,440.3	
Total amount of non-hazardous waste disposed of	Ton (metric)	545.2	
Thereof total amount of non-hazardous waste going to landfill	Ton (metric)	349.0	
Thereof total amount of non-hazardous waste going to incineration with energy recovery	Ton (metric)	169.0	
Thereof total amount of non-hazardous waste going to incineration without energy recovery	Ton (metric)	27.3	
Total amount of hazardous waste recycled	Ton (metric)	221.6	
Total amount of hazardous waste disposed of	Ton (metric)	332.1	
Total amount of waste generated per working hour	Ton (metric)/ hour	0.001	

	Unit	Data	Explanation
Volatile organic compounds (VOC)			
Total amount VOC emissions	Ton (metric)	3.5	VOC are the results of painting processes.
Environmental incidents			
Total number of significant environmental incidents		0	Significant environmental incident (recordable) – an environmental incident is regarded as significant if at least one of the following criteria applies to the incident: 1) Accelleron is obliged to inform local authorities or a governmental agency about the incident and/or regulatory violation; 2) an inspection by an environmental agency results in a formal complaint; 3) Accelleron receives an environmental Notice of Violation, a Consent Order or a Potential Responsible Party notification; 4) Accelleron receives a penalty or a fine; 5) someone is injured or affected due to the incident, or there is a significant impact on an ecosystem; 6) costs related to the incident exceed, or may exceed, USD 10,000; or 7) the incident is likely to bring media attention, or in some other way harm Accelleron's reputation.

Supply chain

	Unit	Data	Explanation
Spent and definition			
Percentage of amount spent for the Swiss factory that is spent on local suppliers	%	90	The share represents the amount spent from the Swiss factory on European suppliers.
Percentage of amount spent for the Chinese factory that is spent on local suppliers	%	73	The share represents the amount spent from the Chinese factory on Chinese suppliers.
Define "local"			The supplied goods are bought by the Swiss and Chinese manufacturing sites solely. Accelleron internally defines a local supplier for the Swiss site as being based in Europe except for Turkey and Russia. Accelleron defines a local supplier for the Chinese site as being based in China.
Define "significant location"			The Swiss and Chinese sites are considered as significant locations because they represent the vast majority of our population (55%) and they are where the supplied goods are mainly supplied in terms of amount spent.
Supplier environmental issue			
Percentage of new direct material suppliers that went through a supplier environmental qualification questionnaire	%	100	All new direct material suppliers must go through a questionnaire including environmental topics related to their operations and their GHG emissions. Due to carve-out reasons, historical data is not available.
Number of suppliers having incidents related to the environment		0	Absence of reported incidents.

	Unit	Data	Explanation
Freedom of association and collective bargaining in supply chain			
Percentage of direct material suppliers where potential risk related to "freedom of association and collective bargaining" could occur in high-risk areas and provide the list of countries	%	7	China, Vietnam, Turkey, India, Russia. Effective 2023, Accelleron no longer sources from Russia.
Provide the measures to support rights to exercise freedom of association and collective bargaining			Accelleron has a specific supplier CoC forbidding its suppliers from preventing their workforce from undertaking collective bargaining and enforcing the freedom of association. Accelleron considers this aspect in the onboarding risk evaluation and it is also covered by the supplier audit process.
Child labor in supply chain			
Percentage of direct material suppliers where potential risk related to "child labor" could occur in high-risk areas and provide the list of countries	%	7	China, Vietnam, Turkey, India, Russia. Effective 2023, Accelleron no longer sources from Russia.
Number of suppliers having incidents related to child labor		0	Absence of reported incidents.
Measures taken by Accelleron to contribute to the effective abolition of child labor			Accelleron has a specific supplier CoC forbidding the use of child labor, a contract summarizing the obligations related to the absence of child labor, 20 process audits performed in 2022, and several supplier visits.
Forced labor in supply chain			
Percentage of suppliers where potential risk related to "forced or compulsory labor" could occur in high-risk areas and provide the list of countries	%	7	China, Vietnam, Turkey, India, Russia. Effective 2023, Accelleron no longer sources from Russia.
Suppliers with cases of forced or compulsory labor		0	Absence of reported incidents.
Measures taken by Accelleron to contribute to the effective abolition of forced or compulsory labor			Accelleron has a specific supplier CoC forbidding the use of forced or compulsory labor, a contract summarizing the obligations related to the absence of forced or compulsory labor, 20 process audits performed in 2022, and several supplier visits.
Supplier social issue			
Percentage of new direct material suppliers that were screened using social criteria	%	100	All new direct material suppliers must go through a questionnaire including social topics related to their operations. Due to carve-out reasons, historical data is not available.
Supplier Code of Conduct			
Percentage of suppliers who signed our supplier CoC including anti-corruption policies	%	100	"Suppliers" means every company working on our premises delivering goods and/or services to us.

Join us in driving sustainability towards the targets of The Paris Agreement.

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