



GE HealthCare

# Greenhouse Gas Emissions Accounting Methodology

Updated July 2024

## Methodology

The GE HealthCare Greenhouse Gas (GHG) Inventory follows the World Resources Institute/ World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the Protocol). GE HealthCare utilizes the Protocol for all definitions, assumptions, and calculations discussed in this document unless explicitly stated otherwise.

GE HealthCare reports under the “control” approach for emissions in Scope 1 and 2, as defined in the Protocol, from sources over which it has operational control. At a high level, the Protocol defines Scope 1 emissions as direct GHG emissions from sources that are owned or controlled by the company, Scope 2 emissions as emissions from the use of purchased energy consumed by the company, and Scope 3 emissions as emissions that are a consequence of the activities of the company but occur from sources not owned or controlled by the company. GE HealthCare reports this data with the unit of CO<sub>2</sub>-equivalent, which is the universal unit of measurement to indicate global warming potential of GHG emissions.

GE HealthCare’s GHG emissions will be quantified and reported on an annual calendar year basis (January 1 through December 31) and will be made publicly available via the annual Sustainability Report published the following reporting year.

## Organizational boundary

GE HealthCare assumes operational control over all facilities and assets over which it has full authority to introduce and implement its operating policies. The GHG inventory includes GHG emissions data from individual facilities (primarily manufacturing facilities), additional rooftops (primarily offices, warehouses, and small service /repair shops), and mobile sources that GE HealthCare operates. For large facilities and/or mobile sources that were only operational for a portion of the reporting year, the emissions collected will only reflect the active period. The inventory scope is adjusted annually to account for divestiture, closure, or consolidation with other facilities, acquisitions, newly established facilities, or changes that affect the reporting criteria of an existing facility.

GE HealthCare’s worldwide operational Scope 1 and 2 GHG emissions include the following three classification groups:

- Data from the largest facilities in the Company (Large Sites)
- Estimates for smaller facilities (Small Sites)
- Data from mobile sources, comprising of vehicles operated by GE HealthCare.

The organizational and operational boundaries a company selects for its Scope 1 and 2 inventories, as well as its selected consolidation approach, have implications on what activities in the value chain are included in its Scope 3 inventory. The GHG Protocol offers guidance on this point, indicating consistency as the main driver for determining which activities in the value chain should be included in the Scope

3 inventory. Therefore, all GE HealthCare modalities (products) and activities supporting the manufacture and distribution of the products are included within Scope 3 emissions.

GE HealthCare includes the following Scope 3 categories in the GHG inventory:

Category 1: Purchased Goods and Services

Category 2: Capital Goods

Category 3: Fuel and Energy related activities not included in Scope 1 and 2

Category 4: Upstream Transportation and Distribution

Category 5: Waste Generated in Operations

Category 6: Business Travel

Category 7: Employee Commuting

Category 8: Upstream leased assets

Category 11: Use of Sold Products

Category 12: End-of-Life Treatment

Category 13 : Downstream leased assets

Category 15: Investments

## Emission factors and global warming potentials

GE HealthCare uses emission factors to determine the GHG emissions from units of activity data such as fuel combustion, electricity consumption, and direct releases of greenhouse gases to the atmosphere. Emissions factors from the U.S. Environmental Protection Agency (EPA) Mandatory GHG Reporting Rule (40 CFR part 98) are used to calculate GHG emissions for combustion of fuels, except for Biofuels which have DEFRA emission factors applied for both within and outside of scopes GHG emissions. The 100-year global warming potential (GWP) for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and other greenhouse gases are taken from the Intergovernmental Panel on Climate Change (IPCC) documents.

For market-based Scope 2 emissions calculations, GE HealthCare applies the market-based emission factor hierarchy provided in the GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard. In keeping with the market-based emission factor hierarchy, based on availability and accessibility of emission factors, the order of preference applied for emissions factors used in our market-based emissions calculations is Emission Factors from Energy Attribute Certificates > Supplier Utility Emission Rates > Residual Mix Factors > Grid Average Factors.

For location-based Scope 2 emissions calculations, the location-based emission factor hierarchy is applied and GE HealthCare uses U.S. EPA eGRID sub-regional average emission factors to calculate emissions resulting from the use of purchased electricity in the United States, while International Energy Agency (IEA) grid average emission factors are used to calculate purchased electricity emissions for countries outside of the U.S. Purchased electricity emissions for the current reporting year are calculated using the most recent grid emission factors available for the reporting year in question.

## Large Sites

GE HealthCare's GHG inventory is maintained in a database run by a cloud-based environmental management system. This database collects the necessary detailed emissions data from the following types of facilities collectively referred to as Large Sites:

- Industrial facilities (manufacturing sites, refurbishment centers)
- Service/repair centers with greater than 50 employees
- Offices with greater than 200 employees
- Warehouses larger than 100,000 sq. ft.

The GHG inventory database allows each Large Site to enter the quantity of electricity and fuel used by electricity/fuel type in the site's preferred unit of measure based on its own electricity and fuel purchase and/or combustion records. Data on direct emissions of GHGs are also logged. The software system calculates emissions, in CO<sub>2</sub> equivalents, for each emission category.

The software system calculates GHG emissions by multiplying the quantity of the emission source that is used or emitted by the appropriate emission factor. Direct emissions resulting from any on-site generation of electricity for export off-site are included in the organization's direct emissions.

The inventory includes sites in Europe and Asia that import steam or hot water from third-party cogeneration plants or district heating plants. Each of these sites determine the quantity and type of fuel used by the third-party plant to generate the steam or hot water purchased by the site. This quantity of fuel is then multiplied by the appropriate emission factor to determine the indirect emissions from steam or hot water purchases. Where the fuel quantity or thermal efficiency is not available from utility vendors, a default thermal efficiency of 80% is used to calculate the quantity of fuel needed to generate the steam or hot water that was purchased based on guidance provided in the WRI/WBCSD Emission Calculation Tool.

Direct process/fugitive emissions of GHGs (e.g. CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and other GHGs) are entered directly in units of mass and converted to metric tons of CO<sub>2</sub> equivalent by applying their 100-year GWP coefficients. For certain processes, site-specific knowledge of the process and/or emissions rates are used to determine actual emissions. Alternatively, emissions are based on the quantities documented in purchase records.

GE HealthCare quantifies biomass-related emissions but as prescribed by the Protocol, does not include CO<sub>2</sub> emissions from biomass combustion as part of the Scope 1 emission numbers. Rather this is reported separately.

Large Sites are responsible for at least 70% of the organization's Scope 1 and 2 GHG emissions. To ensure adequate monitoring of footprint data from Large Sites, GE HealthCare collects all data from this group of facilities at least quarterly.

Facilities that do not meet the criteria defined above for Large Sites are categorized as Small Sites. GE Healthcare Small Sites comprise primarily of small offices.

## Small Sites

Small Sites are estimated to account for less than 5% of the organization's Scope 1 and 2 GHG emissions. GE HealthCare does not collect detailed emission source data for Small Sites due to the difficulty and expense that would be associated with such an effort in comparison to the relative significance of the emissions in GE HealthCare's overall GHG emissions inventory.

Emissions for these Small Sites are calculated based on the Commercial Buildings Energy Consumption Survey (CBECS) estimates, published by the U.S. Energy Information Administration. Using these estimates, GE HealthCare estimates the energy usage for facilities categorized as Small Sites, based on the type, location, and square footage of the facility. GHG emissions are calculated using this estimate of energy usage and the appropriate emission factor as described above.

## Mobile sources

GE HealthCare calculates emissions from motor vehicles operated by GE HealthCare that may be:

- Centrally managed by third-party contractors globally
- Leased or rented from third parties; or
- Owned by GE HealthCare businesses

The scope for mobile sources also includes any emissions from any aircraft that the company owns. Mobile source emissions are calculated by obtaining fuel use and/or battery power consumption data which is translated back into electricity consumption data, and applying appropriate emission factors. Where fuel supply for a vehicle is carried out at a GE HealthCare Large Site, the emissions resulting from the fuels dispensed are included in the emissions data for the Large Site in question.

## Scope 3 Categories

Methodologies used for calculation of the Scope 3 categories applicable to GE HealthCare are detailed in the table below:

Scope 3 Category	Description	Methodology for calculations
Category 1: Purchased Goods and Services	GHG Protocol sets a minimum boundary for category 1 such that companies should report all upstream (cradle-to-gate) emissions of purchased goods and services which are not included in categories 2-8. Hence, all direct and indirect purchases of goods and services reported by GE HealthCare for the reporting period are included in this category.	Spend-based method
Category 2: Capital Goods	Includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting year. Hence, all direct and indirect purchases of Capital goods for the reporting period are included in this category.	Spend-based method
Category 3: Fuel and Energy related activities not included in Scope 1 and 2	Includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in Scope 1 or Scope 2. Upstream emissions of purchased fuels and electricity and transmission and distribution losses are reported based on purchase of Fuel and electricity by GE HealthCare.	Average-data method
Category 4: Upstream Transportation and Distribution	Upstream Transportation and Distribution emissions encompass the greenhouse gases generated from the transportation and distribution of products purchased in the reporting year, specifically between GE HealthCare's tier 1 suppliers and its operations, using vehicles not owned or operated by GE HealthCare. This includes multimodal shipping involving multiple carriers, but excludes fuel and energy products. Additionally, emissions from third-party transportation and distribution services bought by GE HealthCare, either directly or via intermediaries, are included. These services cover inbound and outbound logistics, and transportation between GE HealthCare's facilities.	Distance-based method
Category 5: Waste Generated in Operations	The GHG Protocol mandates that this category must at least include emissions from the Scope 1 and Scope 2 activities of waste management suppliers during the disposal or treatment of waste generated by the reporting company's operations. It also allows for the inclusion of emissions from waste transportation. GE HealthCare complies with this minimum boundary. Nevertheless, the emission factors used for this category are calculated to account for an average amount of emissions from waste transportation as well.	Waste-type-specific method
Category 6: Business Travel	Includes Scope 3 emissions associated with GE HealthCare's Business Travel (transportation and accommodation) related activities in the reporting year, not already included in Scope 1 or Scope 2. The life cycle emissions associated with manufacturing vehicles or infrastructure used for business travel purposes are excluded due to insufficient data.	Spend-based method
Category 7: Employee Commuting	Includes GHG emissions from the transportation of employees between their homes and their worksites in vehicles not owned or operated by GE HealthCare.	Average-distance method
Category 8: Upstream leased assets	Includes emissions from the operation of assets that are leased by GE HealthCare in the reporting year and not already included in the GE HealthCare's scope 1 or scope 2 inventories.	Activity-based method
Category 11: Use of Sold Products	Includes the total expected lifetime emissions from all relevant products sold in the reporting year across the GE HealthCare's product portfolio. GE HealthCare reports direct use phase emissions across a product's lifetime. However, most of GE HealthCare's sold products do not have significant consumption of energy indirectly except a few products from the pharmaceutical segment. Hence, indirect emissions from the pharmaceutical segment are included in this category.	Direct use phase method Indirect use phase method
Category 12: End-of-Life Treatment	Includes emissions from the waste disposal and treatment of products sold by GE HealthCare (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.	Waste-type-specific method
Category 13 : Downstream leased assets	Includes emissions from the operation of assets that are owned by GE HealthCare and leased to other entities in the reporting year and not already included in the GE HealthCare's scope 1 or scope 2 inventories.	Activity-based method
Category 15: Investments	Includes Scope 3 emissions associated with the GE HealthCare's investments in the reporting year, not already included in Scope 1 or Scope 2. Emissions from investments are allocated to GE HealthCare based on the GE HealthCare's proportional share of investment in the investee.	Average-data method

## Sources not included

The following GHG emission sources are not included in the Scope 1 and 2 GHG emissions inventory because GE HealthCare does not have operational control:

- Minority-owned joint ventures
- Majority-owned joint ventures where GE HealthCare does not have operational control
- Any aircraft, motor vehicles that may be owned by GE HealthCare, but leased to and controlled by others

The following operational emission sources are not included in GE HealthCare's GHG inventory because contributions from these sources have been estimated to be very small::

- Motor vehicles controlled by GE HealthCare but not centrally managed through a third-party fleet contractor
- Motor vehicles owned by GE HealthCare businesses outside the United States, Canada, and Puerto Rico that are not refueled at GE HealthCare properties
- Remedial activities operationally controlled by GE HealthCare.

The following Scope 3 emission categories are excluded from reporting:

- Category 9: Downstream Transportation and Distribution. This category encompasses emissions resulting from the transportation and distribution of products sold by the reporting company and the end consumer, if not covered by the reporting company. Since emissions from the logistics and transportation of sold products are paid for by GE HealthCare, they are included in Category 4 – Upstream Transportation and Distribution. Thus, this category is excluded.
- Category 10: Processing of Sold Products: This category pertains to emissions from the processing of intermediate products sold by the reporting company in the reporting year. GE HealthCare does not sell intermediate products; this category is excluded.
- Category 14: Franchises: This category includes emissions from the operation of franchises during the reporting year. As GE HealthCare does not operate any franchises, this category is excluded.

## Base year adjustment

Effective from the 2023 Reporting year, GE HealthCare has changed the established 2019 base year for measuring progress toward achieving our current GHG emissions-reduction goals/commitments to 2022. As outlined in the Protocol, base year GHG- emissions data are adjusted to reflect the changes in GE HealthCare's structure so as to ensure that the real change in emissions and energy use of the current portfolio of operations is correctly determined. However, mobile sources are not base year adjusted and interim years are not necessarily adjusted.

## Quality assurance

GE HealthCare continues to work toward increasing the accuracy of its GHG Inventory. It has changed its GHG Inventory collection database and associated service provider to a platform which has improved QA/QC controls and provides automated activity data for a higher number of facilities across the globe. GE HealthCare performs data-quality reviews on its GHG inventories, including quarterly side-by-side comparisons of GHG emissions across years for Large Sites, to look for and correct possible errors and/or identify and understand the reasons for significant differences in GHG emissions data (e.g. changes in production, fuel, manufacturing processes, etc.). Small Sites, mobile sources, and Scope 3 footprint data is computed at least once a year and extensive data quality reviews are done before numbers are published.

When data quality issues are identified, they are analyzed and gaps are corrected where necessary. For adjustments to disclosed GHG emissions data, GE HealthCare defines the "significance threshold" to be a structural or methodology change or discovery of error(s) individually or collectively resulting in at least a 5% change in total Scope 1 and 2 or total Scope 3 GHG emissions over or under the emissions that would result if a correction were not made. Internal Audit resources carry out periodic audits on the appropriateness of source data, verifiability of the data, data quality and methodology(ies) used to process and report GHG data according to industry standard frameworks such as the Task Force for Climate-related Financial Disclosures (TCFD).

An external verification audit is also carried out on energy & GHG emissions data. Please see our independent audit report available in the Appendices of our Sustainability Report.

## GHG and energy efficiency projects

GE HealthCare is focused on generating value and outcomes for our customers, the Company, people, and the planet. One way the organization measures this is to track energy efficiency and GHG reduction projects. Each project logged includes descriptive information, projected costs, and estimated GHG and cost savings.

