HITACHI
Inspire the Next

Sustainability Report 2023

Fiscal 2022 Results

Hitachi Energy

Contents

CEO Message

The climate change challenge calls for global and urgent actions, and accelerating the clean energy transition is a fundamental part of these actions. Electricity will be the backbone of this clean energy system, and accelerating its transition to carbon neutrality requires adapting and adopting policies and regulations to enable technology and new business models that will deliver scalable, flexible, and secure energy systems benefitting all.

The global scale of this challenge can only be solved through collaboration and innovation across geographies, sectors, and stakeholders. In most countries — enterprises, governments, institutions, and academia, are now working together, removing barriers and silos to reach net-zero emissions by 2050.

At Hitachi Energy, we have placed sustainability and this energy transition at the heart of our Purpose:

Advancing a sustainable energy future for all. We are advancing the world's energy system to be more sustainable, flexible, and secure. As the pioneering technology leader, we collaborate with customers and partners to enable a sustainable energy future – for today's generations and those to come.

In June 2021, we launched "Sustainability 2030," and one year later, our "Hitachi Energy 2030 plan," a purpose-driven strategic plan setting out our commitments to drive sustainable and profitable growth. Aligned with the UN's Sustainable Development Goals (SDGs), it also allows us to create a platform for stronger collaboration and innovation with our customers and partners.

We strive to consistently adopt science-based targets and new solutions within our operations, for customers and partners, and throughout the value chain to reduce carbon emissions in line with the Paris Agreement goal of limiting temperature rise to 1.5 degrees Celsius. Ensuring access to affordable, reliable, and sustainable energy for all through the integration of clean, renewable energy resources provides the best business opportunities.

Key pillars of our 2030 plan are strengthening our power grids' core, expanding at the edge with digital and lifecycle services, and building a partnership ecosystem to co-create with customers solutions that enable the acceleration of the clean energy transition. With our core technologies and portfolio of products, systems, software, and services, we contribute to decarbonizing the existing and future energy infrastructure. High-Voltage Direct Current (HVDC) systems, a technology we introduced in the market over 60 years ago, has become a key enabler for large-scale renewable integration and interconnections. With the latest generation of our HVDC Light, we are enabling >30 percent carbon reductions. Our EconiQ™ portfolio of products, services, and solutions that are proven to deliver exceptional environmental performance is another good example of our commitment toward a carbon-neutral energy future.

Thanks to all for the good work done by the Hitachi Energy team as we were awarded the EcoVadis Gold Medal for our strategic approach to sustainability in 2022. In addition, we made tangible progress during 2022 toward our target of 80 percent reduction of scope 1 and 2 emissions by 2030.

Therefore, I am particularly proud to present Hitachi Energy's first annual Sustainability Report, which describes our environmental, social, and governance performance toward customers, partners, employees, government, institutions, academia, and other stakeholder groups.

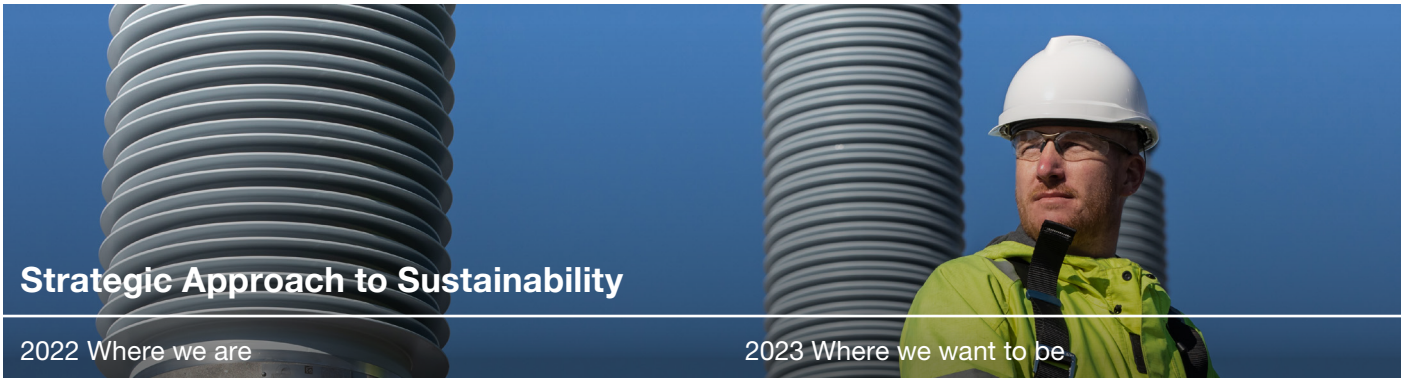
In 2022, the United Nations recognized a new human right to a healthy and sustainable environment, setting sustainability as a vital component of the wealth of nations. The crucial decade of action ahead will require businesses to help governments and society to decarbonize while fostering sustainable growth of the global economy, further integrating new ways of doing business, and aligning with the Sustainable Development Goals. As the pioneering technology leader right at the center of the clean energy transition, we have a duty to help accelerate this change. We must challenge ourselves to transform and continuously improve with authentic passion and ownership, and motivate others to do the same.

We believe that sustainable development is only achievable through partnerships, and that innovation comes from open and transparent collaboration across diverse teams, with customers and partners. We will continue to inject a sense of urgency as we are advancing a sustainable energy future for all.

Best regards,

Claudio Facchin
CEO
Hitachi Energy

Highlights



Strategic Approach to Sustainability

2022 Where we are

Management
We have created a sustainability strategic function.
Our Head of Sustainability has joined the Management Team.

Transparency and accountability

- Our first sustainability report with limited assurance
- EcoVadis Gold Medal, with both Labor & Human Rights and Sustainable Procurement Score Improvement of 20 points
- Proactively started to integrate the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), and the EU Ecodesign Directive for more sustainable products
- Applied other regional and international requirements in coordination with relevant internal functions

2023 Where we want to be

Revising and updating our sustainability strategy to fully align with Hitachi Energy 2030 business plan. This work includes:

- Review of Risk Framework to include Environment, Human Rights, and Supply Chain Management risks
- Formalization of a dedicated, cross-functional team to evaluate ESG trends and develop a strategic framework
- A Climate Transition Plan (CDP-aligned), including assessment of risks, materiality, and opportunities across different timescales

Projects in development include:

- A carbon neutrality roadmap and Climate Transition Plan with scenarios and resource planning for phasing out fossil fuels in operations
- Circular Economy and Biodiversity roadmaps
- Action plans for Human Rights Salient Issues and CSR strategy

Ethics and Integrity

Milestones

2021

Launched HILDI, Legal & Integrity chatbot

Ethisphere's Compliance Leader Verification™ and Anti-Bribery Management System Verification™

Updated Code of Conduct (CoC)

Modern slavery and human trafficking transparency statement

2022

ISO 37001 Anti-Bribery Management System global certification

Supporting Human Rights

Milestones

2021

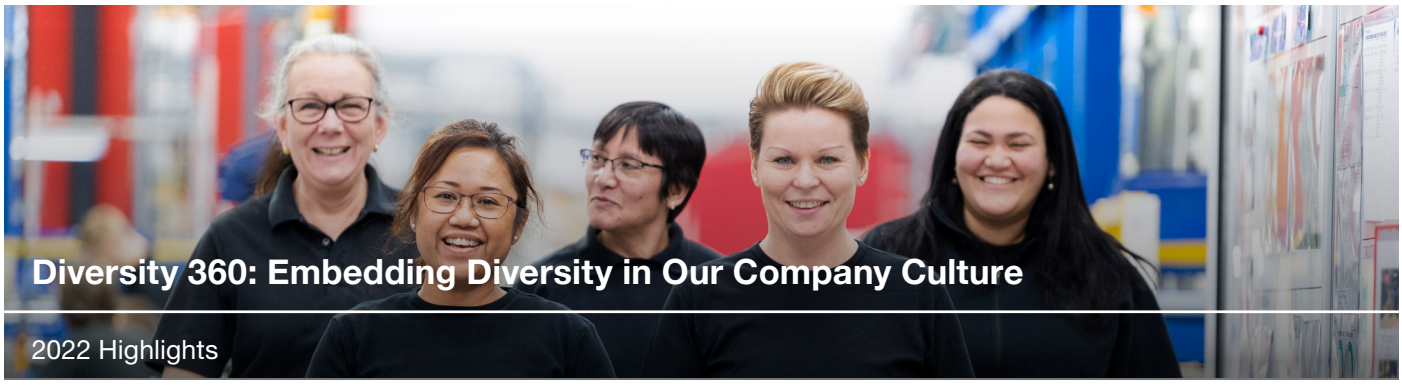
- Identified and communicated our Salient Issues
- Modern slavery and human-trafficking transparency statement
- Updated Code of Conduct and Supplier Code of Conduct to further embed Human Rights
- Created our Human Rights Champions Network

2022

- Created the Sustainability and Human Rights function
- Maintained regular meetings and awareness through the Human Rights Champions Network

+44% Human Rights training increase from last year

2,090 employees across 53 countries completed our web-based Human Rights courses to date



Diversity 360: Embedding Diversity in Our Company Culture

2022 Highlights

82% **Leadership Pillars Index** favorable in engagement survey

Diversity 360

80% Favorable DEI Index in engagement survey

HEERA Harmony, Energy, Equity, Respect, Ambition

- Gender Equity Council activated with a revamped strategy
- Gender Equity & Inclusion Impact Month

Diversity 360 Council **Annual Incentive Program** linkage

Female Acceleration

19% women in manager roles

21% women at organization

28% women in external hires
women in early career hires

38% Global Talent Pool are women

Learning-Attract and Grow

32% Percipio adoption rate

59% favorable on growth sentiment in Exit Survey

Health and Safety

2022 Highlights

-60% Total recordable injury frequency rate vs. 2017

-25% Severity rate vs. 2017

91% Eligible workforce completed Life Saving Rules eLearning, available in 14 languages

>90% NCR on-time closure

27,000 SOTs performed

644 Leaders trained during the HSE Masterclass

Environment

2022 Highlights

-75%
Scope 1 and 2 GHG Emissions equal to

GHG =

-269
$ktCO_2e$
vs. baseline (2019)

-11% freshwater use vs. baseline (2013)

-70% SF_6 emissions through improved operational management and loss prevention efforts vs. baseline (2019)

100%
fossil-free electricity in our operations

3 New environmental trainings:
- Environmental essentials
- Circularity in operations
- Green Steps

89% share of non-hazardous waste recovered (recycled, reused, or energy recovery)

energy consumed ↓↑ increased production

- Factories waste-flow mapping
- Packaging reduction/reuse
- Scrap metal recycling
- Wood repurposing
- Closed-loop processes

= **59kt** waste diverted from disposal

Hitachi Energy's Journey to Carbon Neutrality

2020

Carbon assessment for Hitachi Energy

Development of our own carbon reporting process

2021

- Focus on Scope 1 and 2
- Top 10 sites Energy Map
- SF_6 Management

Sustainability 2030:
Our commitment to carbon neutrality

2022

100% fossil-free electricity
Top 50 sites energy map
- Electric fleet policy
- EconiQ™ eco-efficient circuit-breaker
- Carbon neutrality Steering committee
- SBTi commitment and targets validation

2023

- **Increased focus on Scope 3: collaboration with customers**
- **Scope 3 emissions standard**

↓CO_2 Linked incentives

Carbon neutrality plan or Top 20 sites

Enabling real circularity through resource use

2021 2022

- Implemented two management standards for waste and water
- Conducted LCAs and leveraged digitalization for extended assessments
- Launched eco-efficient portfolio, EconiQ™

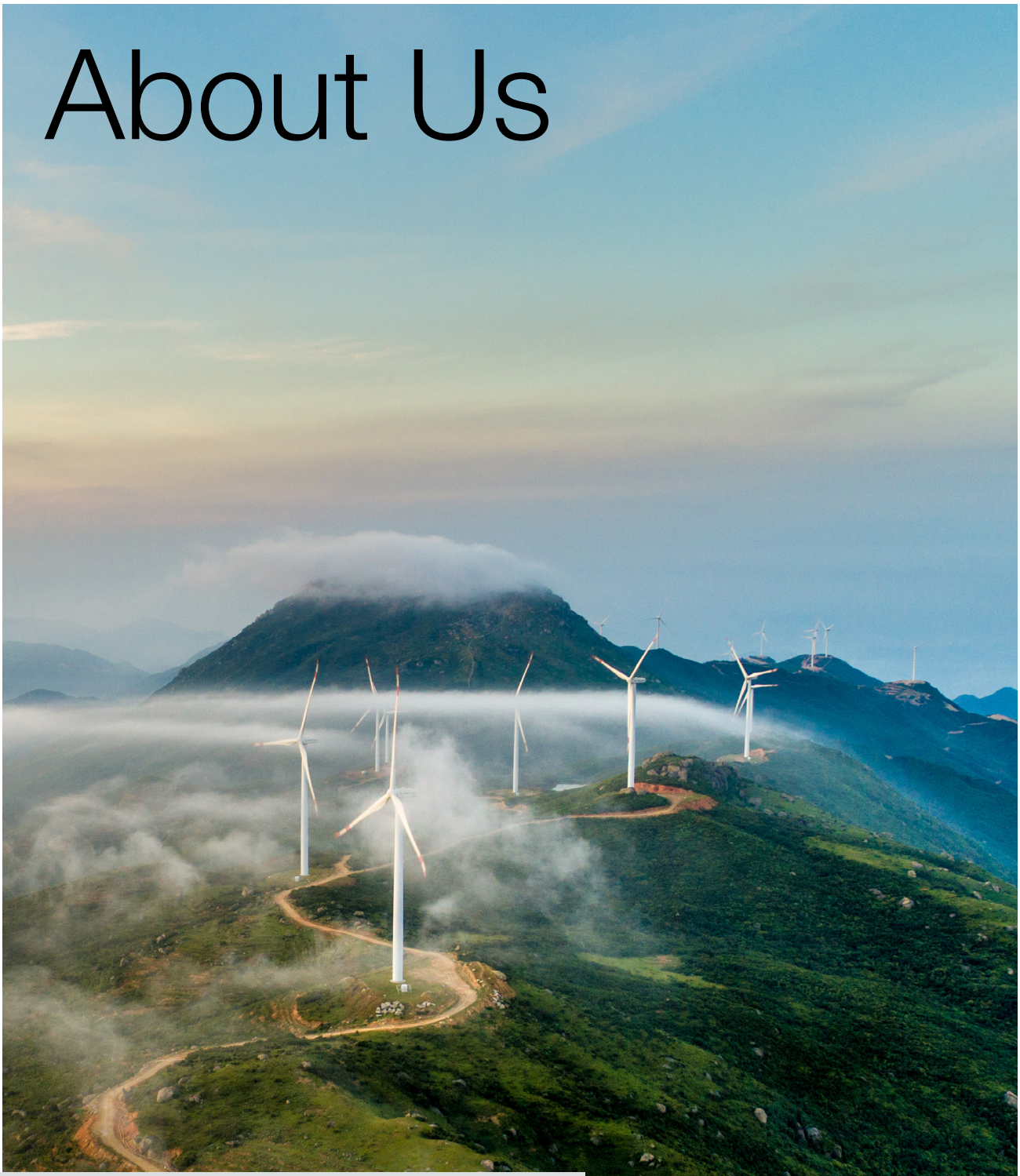
76% recycling reached

90% maximum recycling rate offered to customers on selected products

86% recovered waste including energy recovery

82% of packaging waste in our operations recycled

About Us



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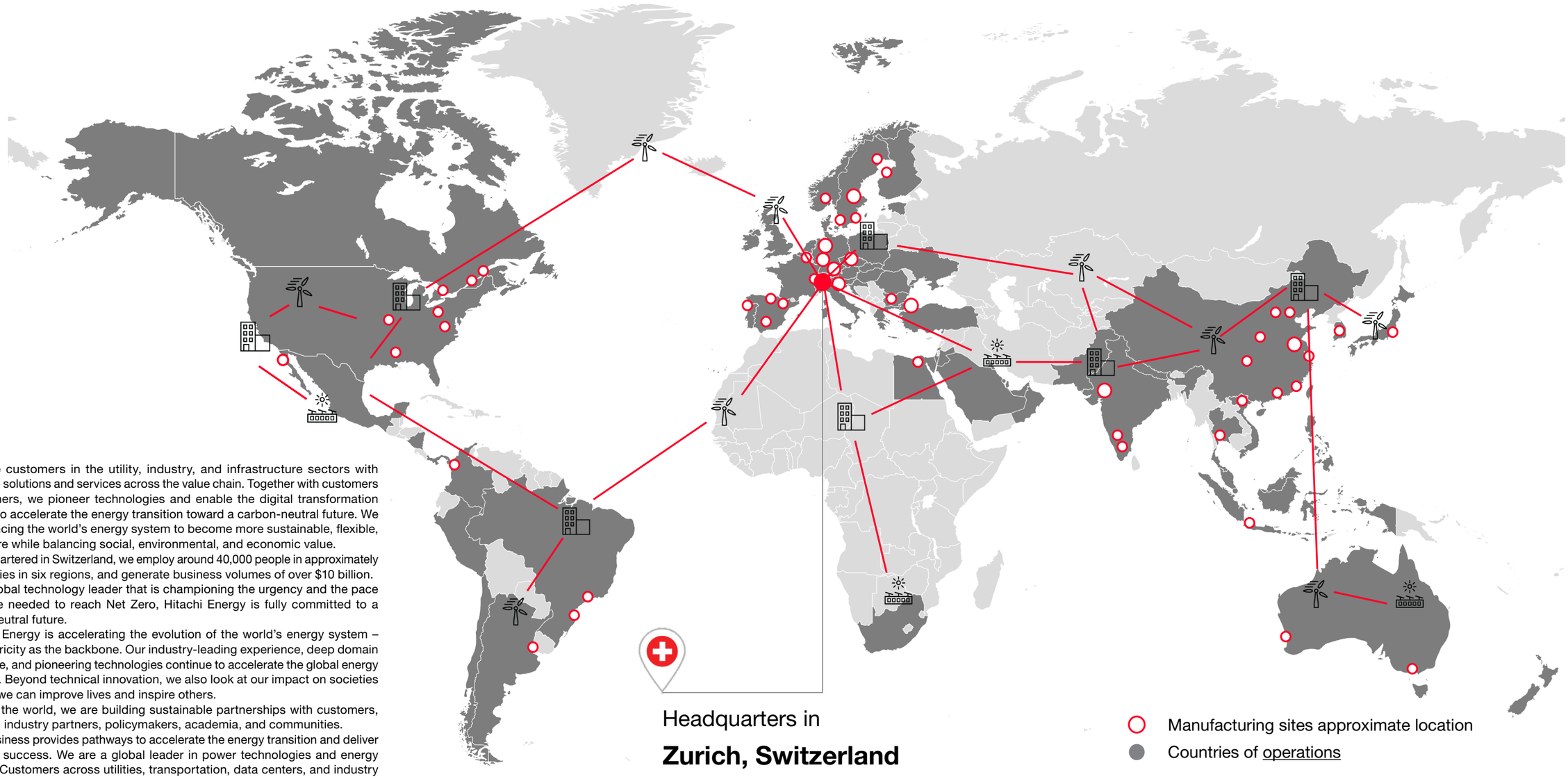
Hitachi Energy is a global technology leader that is advancing a sustainable energy future for all.



We serve customers in the utility, industry, and infrastructure sectors with innovative solutions and services across the value chain. Together with customers and partners, we pioneer technologies and enable the digital transformation required to accelerate the energy transition toward a carbon-neutral future. We are advancing the world's energy system to become more sustainable, flexible, and secure while balancing social, environmental, and economic value.

Headquartered in Switzerland, we employ around 40,000 people in approximately 90 countries in six regions, and generate business volumes of over $10 billion.

As a global technology leader that is championing the urgency and the pace of change needed to reach Net Zero, Hitachi Energy is fully committed to a carbon-neutral future.

Hitachi Energy is accelerating the evolution of the world's energy system – with electricity as the backbone. Our industry-leading experience, deep domain knowledge, and pioneering technologies continue to accelerate the global energy transition. Beyond technical innovation, we also look at our impact on societies and how we can improve lives and inspire others.

Across the world, we are building sustainable partnerships with customers, suppliers, industry partners, policymakers, academia, and communities.

Our business provides pathways to accelerate the energy transition and deliver customer success. We are a global leader in power technologies and energy systems. Customers across utilities, transportation, data centers, and industry trust our world-class teams of experts to deliver pioneering and digital solutions. We support customers across the value chain and throughout the full life cycle — plan, build, operate, and maintain.

over 40,000 employees	**approx.140** nationalities
90 countries **6** regions	**200+** offices
~250 years' heritage combined	**Over $10 billion** USD business volumes

Four Business Units

Grid Automation	**High Voltage Products**
Grid Integration	**Transformers**

Market Segments

- Power and Utilities
- Industry
- Transport
- Data Centers

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Hitachi Energy – Advancing a sustainable energy future for all

We are advancing the world's energy system to be more sustainable, flexible, and secure. As a pioneering technology leader, we collaborate with customers and partners to enable a sustainable energy future – for today's generations and those to come.

Driven by our Purpose, industry-leading experience, and deep domain knowledge, our pioneering technologies continue accelerating the global energy transition. We're accelerating the evolution of the world's energy system – with electricity as the backbone.

Our sustainability portfolio is designed and developed to contribute to improving environmental performance, focusing on the digital and energy platforms needed to manage the increased complexity and additional capacity required for the energy transition.

Our products, services, and solutions support our customers' journey toward sustainability across industries and geographies.

Bridging power generation and renewable energy sources through sustainable, flexible, and secure power transmission and distribution, we serve different markets, proudly powering the lives of millions of people around the globe.

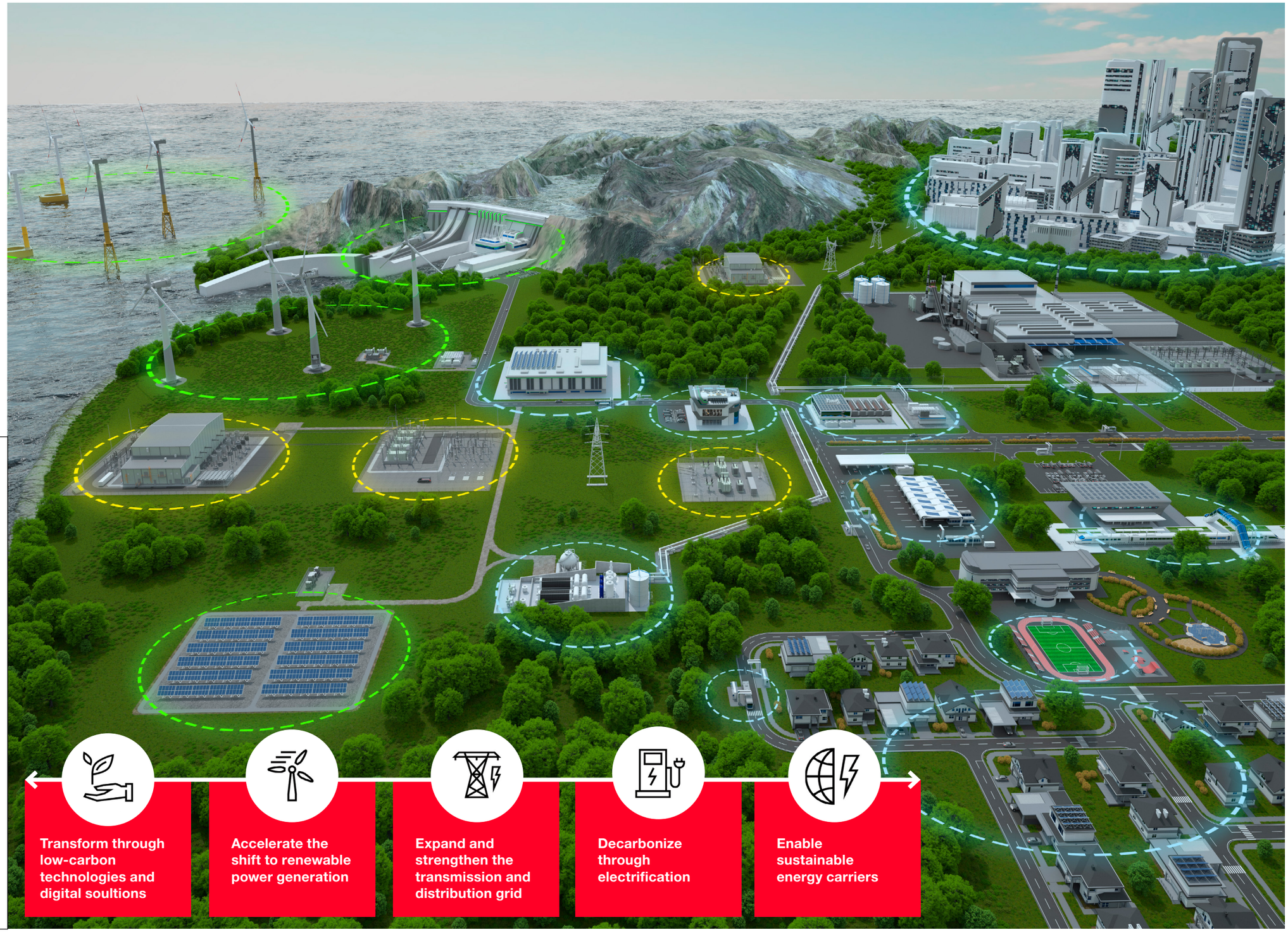
We serve customers across the energy value chain generation

Generation
- Offshore wind
- Onshore wind
- Solar
- Hydropower
- Conventional

Transmission and distribution
- Converter station
- Transmission substation
- Distribution substation

Consumption
- Hydrogen consumption
- Hydrogen production
- Data center
- Transportation (e-bus depot and rail station)
- Commercial by industry

Markets we serve
- Utilities
- Renewables
- Transportation
- Data centers
- Industries
- Buildings



Transform through low-carbon technologies and digital solutions

EconiQ™ is our eco-efficient portfolio that delivers superior environmental performance compared to conventional solutions through their life cycle. Our sulfur hexafluoride (SF_6)-free EconiQ technology is reliable and scalable with the lowest carbon footprint while our EconiQ transformers use biodegradable esters, rupture-resistant tanks, and dry bushings to eliminate pollution impacts from mineral oil leakages, being manufactured with fossil-free electricity in our factories. Our EconiQ's EcoSpace services provide guidance and energy solutions to customers replacing their existing installed base, transforming it into a more eco-efficient one.

- Hitachi Energy and Linxon support National Grid, London, achieving sustainability targets through the world's first replacement of SF_6 in existing high-voltage equipment.
- TenneT's grid connection, Germany will avoid nearly 2,300 kg of SF_6, equivalent to the CO_2 emissions of around 1,150 passenger vehicles per year.
- EconiQ transformers for China's first "zero carbon" SGCC energy-saving eco-efficient substation will save about 18,000 tonnes of CO_2 emissions over its lifetime.
- Our eco-efficient EconiQ Live Tank Breaker LTA's game-changing technology as an alternative to SF_6 provides the highest reliability while lowering its footprint.
- Energy Harbor uses our energy trading and risk management (ETRM) solution to help its customers achieve sustainability by offsetting energy consumption with carbon-free power.

Accelerate the shift to renewable power generation

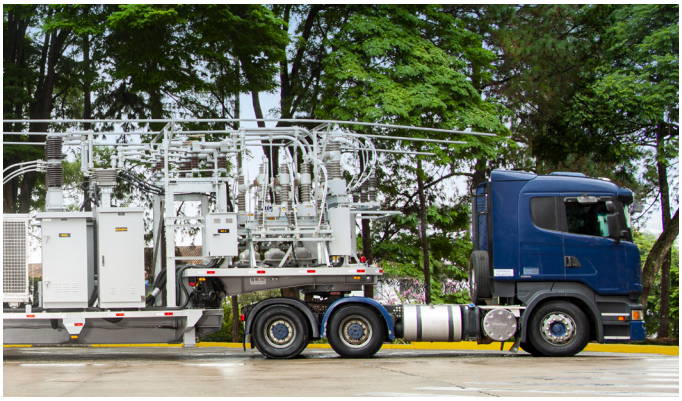
Our grid-connection solutions based on AC (alternating current) and DC (direct current) technologies expand the existing power grid to connect and integrate remote wind and solar generation, transferring renewable power to the consumers. Our power quality and grid automation solutions enhance the flexibility, efficiency, and resiliency of the power grid under transition, ensuring its stability and proper operation. Hitachi Energy is well-positioned to scale up and support grids to remain resilient and more flexible while adapting to the world's fast-changing energy demands.

- Dogger Bank HVDC Light® (high-voltage direct current) systems will connect the world's largest offshore wind farm off North England to the mainland.
- Châteauguay is one of the largest back-to-back HVDC converter stations in North America to enable power exchange between Hydro-Québec and New York.
- Radius Elnet received the first urban battery storage solution to support renewables in the urban environment of Copenhagen to be the world's first carbon-neutral city by 2025.
- NordLink HVDC Light® — the first direct power connection between Germany and Norway (623 km), and the first with a 525kV cable — integrates 1,400 MW renewable power catering to 3.6 million households.

Expand and strengthen the transmission and distribution grid

Transmission and distribution grids enable a sustainable energy system through direct and indirect electrification. Power grid expansion and strength are essential to achieve a 100 percent renewable-based energy system. Our modular prefabricated Grid-eXpand™ solutions allow fast, safe deployment of power infrastructure. The distribution transformers connect and transform voltages across the grid, maximizing efficiency. The high-voltage switchgear, protection, and control offerings, together with the energy management and trading solutions, ensure affordable sustainable power, while HVDC interconnects national and international grids, making them stronger and more flexible.

- Finland's Fingrid's eliminates SF_6 gas in its new 110 kV gas-insulated switchgear (GIS) substations by 2025 featuring EconiQ Live Tank.
- Interconnexion France-Angleterre 2 (IFA2) strengthens integration between France and England through HVDC with a capacity of 1000 MW, covering 240 km across the sea.
- Hybrid STATCOM for Borken substation, Germany enables wind energy from the north to be transported to the heavy-load centers in the south.



> Sustainability is at the heart of our Purpose. We are committed to act now and drive business in a sustainable way to address the urgency of the global energy transition.

Claudio Facchin
Chief Executive Officer

Decarbonize through electrification

Hitachi Energy offers unrivaled solutions for reliable, sustainable electrification of transport and industries. At the same time, it offers proven digital technologies that enable organizations to become more efficient, agile, and data-driven. Our Grid-eMotion™ portfolio helps electrify public transport, ranging from rail to bus fleets, drastically reducing the CO_2 emissions of transporting passengers or freight. Our Grid-eXpand™ solutions connect reliably the industrial facilities to the grid, enabling the electrification of industrial processes such as metal and glass manufacturing.

- Deutsche Bahn's 120-megawatt (MW) converter station, among the world's most powerful, will secure power supply to the Greater Berlin rail network, serving around 3.5 million people.
- Clermont-Ferrand progresses toward carbon neutrality and sustainable urban mobility through Grid-eMotion® Flash — reducing emissions, traffic, and noise, it will create a better quality of life for people.
- Power Consulting helps transform LKAB's mining operations, making power and energy systems more affordable, efficient, and flexible in one of the largest industrial investments in Swedish history.
- Deploying battery energy storage systems in the Australian mining industry to meet ambitious emission reduction targets while maintaining non-stop efficient operations.

Enable sustainable energy sources

Where direct electrification is not possible or cannot be achieved, a complementary sustainable energy source is needed to allow the full decarbonization of the energy sector. We provide techno-economic analysis advisory services to help developers design reliable and affordable hydrogen production plants. Our grid-connection solutions and power quality portfolio support the production of green hydrogen, ammonia, methanol, and other biofuels to efficiently enable a clean energy transition in high-power demand sectors such as metals, glass, buildings, and long-haul transportation.

- The green steel partnership with H2 Green Steel leverages electrification, digitalization, and green hydrogen to deliver Sweden's first fossil-free steel plant and giga-scale green hydrogen electrolyzer plant.
- Finland's first industrial-scale green hydrogen production plant is a 20 MW green iconic project and a significant step toward a greener energy future.
- Ovako, Sweden's largest fossil-free hydrogen facility, enables climate-neutral steel production and hydrogen-powered heavy vehicles.
- Arcadia eFuels selects Hitachi Energy to carry out the grid connection FEED study for the world's first commercial eFuels facility for sustainable aviation fuel production in Vordingborg, Denmark.

Partnerships to accelerate Sustainability

We are advancing the world's energy system to be more sustainable, flexible, and secure. As a pioneering technology leader, we collaborate with customers and partners to enable a sustainable energy future — for today's generations and those to come.

Sustainability is a journey and shared responsibility that requires collaboration, cooperation, and active participation from various stakeholders. Together with our customers and partners, we will create a collective impact contributing to a sustainable energy future. To enable the deployment of technology at the scale and speed required, we adapt and adopt new business models new ways of thinking and working to collaborate with stakeholders to advance a more sustainable, flexible, and secure energy system.

Hitachi Energy is co-creating innovative solutions, with pioneering technology to solve the global challenge of an inclusive and equitable carbon-neutral future. Electricity will be the backbone of the entire energy system.

New Business Models

Hitachi Energy and Petrofac support the world's most ambitious offshore wind initiative by TenneT.

The partnership confirms that the opportunity to innovate state-of-the-art technology can be deployed effectively through new business models, enabling the scale needed for the green energy transition: six projects, 12 GW of clean power serving 12 million homes. This approach allows Hitachi Energy and Petrofac to plan and increase their workforce and manufacturing capacity timely, as well as train people to have the skills needed in the industry while also capturing synergies between successive projects to meet the in-service dates.

Hitachi Energy and Schneider Electric collaborate to speed up the energy transition.

Hitachi Energy's collaboration with Schneider Electric provides greater customer value and accelerates the energy transition. It accelerates the deployment of sustainable and smart energy solutions, leveraging both technology-leading companies' complementary portfolios, trusted track record, global footprint, and extensive experience, a collaborative ecosystem to benefit customers' sustainability efforts, including decarbonizing the energy and industrial sectors. This collaborative ecosystem will provide benefits for customers across their operational life cycle, including a more holistic offering, strengthened supply chain, and enhanced efficiencies.

Hitachi Energy and H2 Green Steel partner to leverage electrification, digitalization, and hydrogen for green steel production.

The collaboration with H2 Green Steel is a pioneering example of value creation. Aiming to accelerate the global steel industry's greatest technological green shift, the collaboration builds on three pillars: Hitachi Energy's equity investment in H2 Green Steel, products and services from Hitachi Energy needed to construct and improve the electrical infrastructure to power steel production and giga-scale electrolyzer plants, and the green steel to be used in the manufacturing of Hitachi Energy's products once production starts.

Innovation

Hitachi Energy partners with National Grid on the world's first replacement of SF_6 in existing high-voltage equipment.

As one of the world's largest investor-owned transmission and distribution utilities, National Grid has the ambition to remove all SF_6 from its fleet by 2050. Hitachi Energy partnered with National Grid to co-create the world's first replacement of SF_6 in existing high-voltage equipment, using EconiQ retrofill eco-efficient gas mixture to support National Grid in achieving their sustainability targets. The pilot project replaced SF_6 from 420 kV gas-insulated lines installed in 2016, eliminating 755 kilograms of SF_6, equivalent to taking approximately 100 passenger cars off the road.

Dalrymple ESCRI: the world's largest autonomous microgrid.

ESCRI Dalrymple BESS project is the first and only large-scale grid-forming energy storage system in Australia's grid, and the world's largest autonomous microgrid. It is aimed to improve the reliability of supply in the lower Yorke Peninsula while supporting the integration of renewables. The technology de-risks the interconnection of the renewable project, unlocking new revenue streams and supporting the broader, clean energy transition. Through a Virtual Synchronous Machine with energy storage, it stabilizes the electricity grid and enhanced reliability while utilizing local wind power.

> "Integrating large-scale renewable energy sources with the power grid is a key enabler of the energy transition and a field in which we have been a pioneer for decades.

Niklas Persson
Managing Director, Grid Integration

> In the global power system of 2050, we need to have power generation with a capacity factor of four times of today and we will need to transfer three times as much electrical energy as we do today. Electricity will be the backbone of the entire energy system, and the urgent energy transition requires us to collaborate across stakeholders and sectors.

Gerhard Salge
Chief Technology Officer

Delivering Sustainability Targets

Hitachi Energy to support major renewable electricity transmission between Canada and New York City.

By 2026, the Champlain Hudson Power Express interconnection between Canada and the USA will power New Yorkers with clean, renewable hydropower in line with the city's goal to use 70 percent renewable energy by 2030. Using Hitachi Energy's HVDC Light® technology, the underground over-600 km link will reduce environmental and community impact, while transferring up to 1,250 MW of low-cost renewable power into 1 million households, saving 3.9 million metric tons of CO_2 per year, equivalent to removing 44 percent traffic from New York City.

Hitachi Energy's battery energy storage solution will ensure full utilization of solar energy generation.

The Darwin-Katherine Battery Energy Storage System reinforces the Northern Territory as the solar capital of Australia. The solution will be part of an intelligent electrical ecosystem to ensure full utilization of solar energy generation and less reliance on fossil fuels. Supporting Australia's plan to achieve 50 percent renewables by 2030, it will deliver cost savings of around $9.8 million per year, paying for itself in approximately five years from grid connection while delivering an annual reduction of around 58,000 tons of CO_2 emissions.

Hitachi Energy's OceaniQ™ innovative solutions help accelerate the development of China's offshore wind power.

Making full use of the Zhejiang province wind resources, the Tuci offshore wind power project will help balance the electricity supply and demand, optimize the area's energy mix, and significantly contribute to China's 2060 carbon-neutrality goal. The project features Hitachi Energy's WindSTAR™ transformers, high-voltage hybrid switchgear Plug, and Switch System (PASS). The solutions will enable the wind farm to operate steadily and reliably at 66-kilovolt (kV) voltage level, thus promoting the efficient utilization of offshore wind power and optimizing the local energy structure.

Energy Independence

A new renewable microgrid to help remote communities' resilience and cut dependence on diesel.

Ontario Power Generation (OPG) is working with the Kiashke Zaaging Anishinaabek (KZA), also known as Gull Bay First Nation, to help remote communities resilience in Canada through a ground-breaking renewable microgrid project to reduce dependence on diesel generation and its associated negative health and environmental effects, promoting local economic development.
Solar panels, lithium-ion batteries for storage, and a control system will help the community offset diesel usage by more than 100,000 liters per year, equal to 25 percent of current consumption.

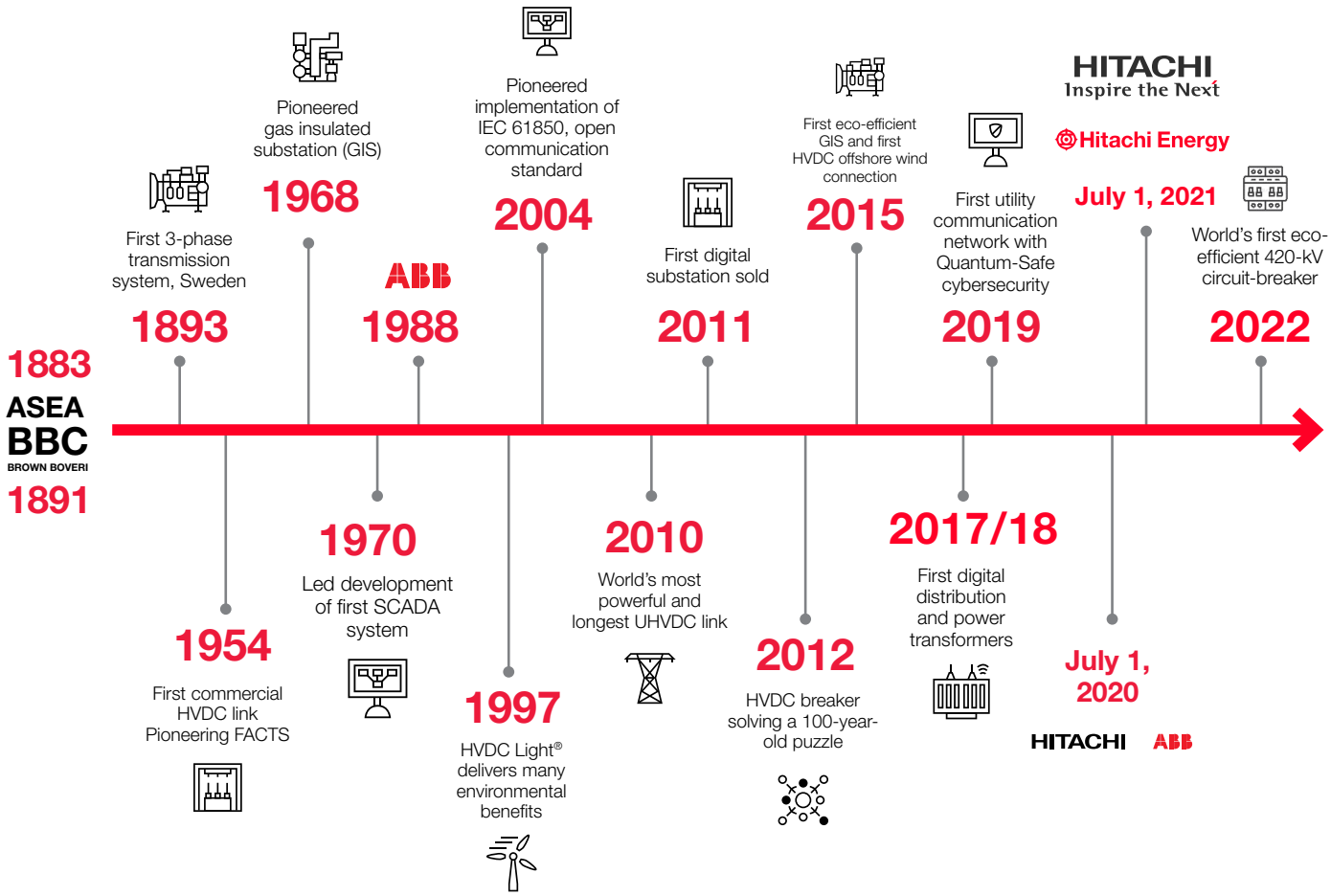
Supporting a remote and resilient Alaska fishing town becoming closer to energy independence.

Meeting the increased energy demand of Cordova's commercial fishing and processing industry poses different challenges: the remote community is not connected to major electric transmission lines or highways and is subject to extreme weather conditions and environmental concerns. Hitachi Energy helped establish a microgrid that supports the adoption of renewable power, reducing reliance on fossil fuels by saving 40-50,000 gallons of diesel a year — taking full advantage of the hydropower generation potential while bringing closer the vision of having a self-sufficient and sustainable energy system.

> OceaniQ will enable greater volumes of clean energy being efficiently harvested and integrated into the world's energy system, a key to achieving carbon neutrality.

Bruno Melles
Managing Director, Transformers

A culture of collaborative innovation and co-creation



At Hitachi Energy, we believe that ideas can come from anywhere, anytime and that the best ideas are often developed within teams of multidisciplinary experts. This is why we apply an open, inclusive approach to our everyday work to give our experts the opportunity to develop new customer-centric solutions. We are applying this concept internally but also in co-creation with our customers, suppliers, and all other partners.

Our Research and Development (R&D) employs 2,000+ world-class experts in 20+ countries, encouraging professionals to form wide networks and partnerships that span national borders and domains together with customers, industry partners, policymakers, academia, research bodies, and startups. Our culture nurtures a co-creation philosophy to solving challenges, and jointly generate value through robust expertise — and a genuine passion for — science and technology.

While our customers count on us to be pioneers in our own core business, the additional value we generate comes from the ability to transfer technological advancements from other sectors and apply them into our core domain space to accelerate innovation.

Sustaining our pioneering approach is fundamental to our business strategy and to our culture. We invest over 4 percent of our revenue in R&D annually, affirming our ongoing commitment to help solve our customers' challenges.

We have five main Research Centers located around the world — in Asia, Europe, and North America for next-generation technology and product development, and a worldwide network of solution-development centers. Combined with our extensive global footprint and local network, we are constantly adding to our ecosystem of knowledge, which includes the latest reference points and best practices required to:

- Anticipate future customer needs for our company technology and portfolio roadmap
- Diversity of thought, balancing our global footprint with our regional and local presence
- World-leading developments in core technology
- Partnerships and collaboration for cutting-edge technology and product development
- Strategic protection of intellectual property

> "Our 420-kilovolt (kV) EconiQ circuit-breaker technology is reliable and scalable to reach ultra-high-voltage levels with the lowest carbon footprint.
>
> **Markus Heimbach**
> Managing Director, High Voltage Products

Circularity

Shifting to a new approach to business, focusing on closing loops, and maximizing the use of resources unlocks a swift path to innovation, growth, and competitiveness. This is vital for sustainable value-creation and the core of the Circular Economy within Hitachi Energy.

Circular economy is defined as an industrial system that is restorative or regenerative by intention and design. By applying circularity principles, we can minimize pollution, waste, and resources use in all our operations. We can also reduce the environmental impact of our products and solutions along their life cycle, from the extraction of raw materials and transport to customers' use and end-of-life to protect the planet.

We are committed to creating resource-efficient solutions to help achieve an increasingly circular economy by implementing the 5R principles:

RETHINK the way we deliver value to customers, designing waste out of the system

REDUCE reliance on virgin resources and reduce waste generated throughout our value chain

REUSE products, components, and materials where possible, designing for reuse and modularity

REPAIR equipment and parts to extend their useful lifetime for as long as possible

RECYCLE materials from products that can no longer be reused or repaired, striving where possible for closed-loop or open-loop recycling

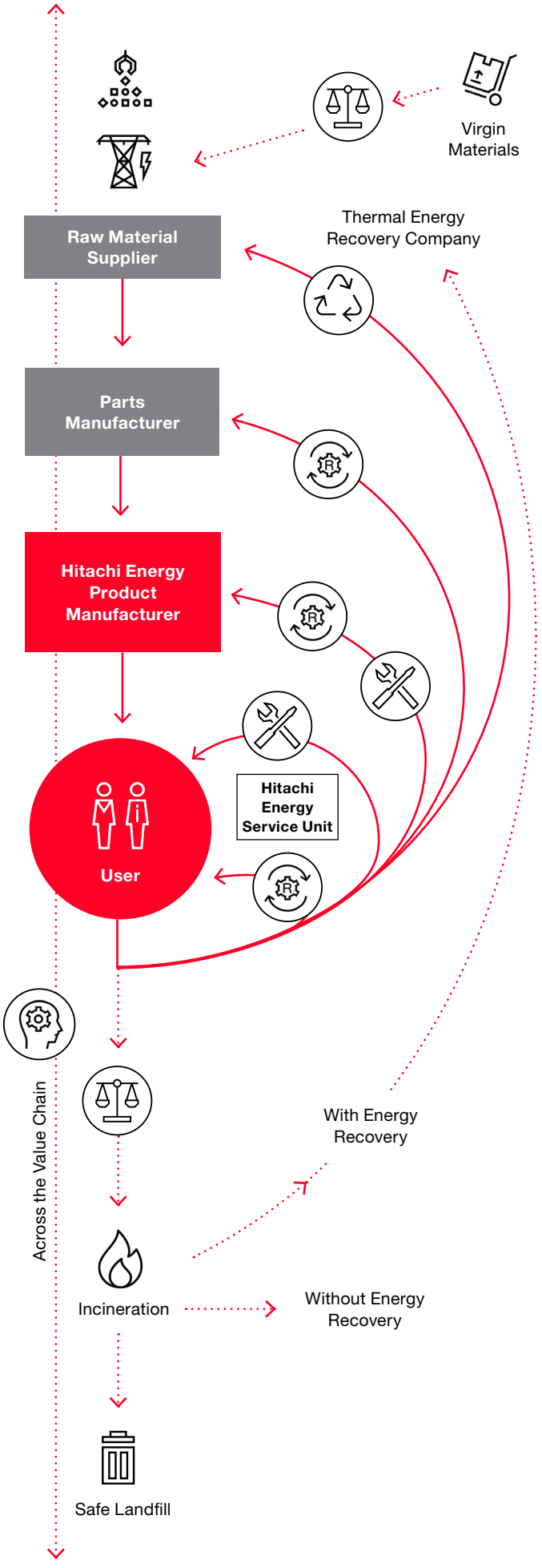
We have a successful track record and experience collaborating with stakeholders to create more circular, sustainable solutions.

We are the world leader in installing High Voltage Switchgear equipment, which is vital in ensuring reliable and safe connections of renewable energy solutions to the grid. With this experience, we are in a unique position to deliver our services to maintain, upgrade, monitor, and even refurbish delivered equipment. This results in significant environmental improvements as well as minimizing downtime for customers.

We advise customers on designing their energy solutions through our power consulting business. We offer our Ecospace platform, Lifecycle Assessments (LCAs) for projects or products, and specific resource-related factor assessments for issues such as waste generation and water use. Together, these resources support decision-making for new or existing installations such as replacing, maintaining, or upgrading current equipment.

Within our operations across the world, guided by our global framework, our facilities use process innovation and design to address resource efficiency and waste reduction. Our initiatives include Design to Value, Lean Six Sigma (L6S) projects, continuous improvement, or direct action resulting from opportunities identified by our teams.

We want to increase opportunities for all employees to contribute to the company's environmental efforts. To raise awareness and trigger action at all levels of our organization, we have launched a series of trainings such as Environmental Essentials and Circularity in Operations.



Eco-design

We are committed to minimizing the environmental footprint of our products and operations, and providing innovative solutions for our customers.

Eco-design plays an important role in R&D and product development, providing the solutions required for a truly circular economy, and includes:

- Selecting materials with lower environmental footprints, i.e., materials from sustainable sources such as bio-based or recycled materials
- Designing for recycling and improved end-of-life treatment, e.g., ease of disassembly
- Designing for repair and reuse
- Reducing, e.g., material demand or energy consumption
- Rethinking design or processes, e.g., to minimize waste during production

Our product portfolio presents various eco-design offerings aligned with Hitachi Ltd's Environmental Action Plan, which includes a 2024 target of 100 percent eco-design considerations in new developments or designs.

Life-cycle perspective

At Hitachi Energy, our life-cycle perspective means looking beyond our own operations to include our supply chain, the use of our products, and their end-of-life.

Lifecycle Assessments (LCAs) are key, providing us with quantitative environmental information to improve the environmental performance of our products, systems, and services.

We assess our main product groups' LCA impacts and provide comprehensive information to customers and regulators. We perform LCAs according to ISO 14040 and 14044 on request.

To address the complexity of our portfolio and the high customization of the systems we deliver, we perform LCAs for the base solutions of systems such as HVDC, FACTS, grid connections, and e-mobility solutions, among others. For our service solutions and project installations, we are implementing tools that allow us and our customers to directly assess project-specific configurations from their early-stage development.

> "Digitalization is the only way to manage the complexity of the power systems driven by the energy transition.
>
> **Massimo Danieli**
> Managing Director, Grid Automation

EconiQ Ecospace: calculate, cut, and compensate environmental impact

A digital solution to evaluate and improve the environmental footprint of projects and services, mainly in relation to Scope 3 emissions. It covers LCAs and Environmental Product Declarations (EPDs) complemented by all-encompassing execution activities data. Ecospace can be employed at any stage to compare scenarios, providing accurate, reliable data to select the most sustainable options.

- **REPORT:** Measure and evaluate projects and services carbon footprint
- **COMPARE:** Design alternatives with lower emissions (e.g., replace vs. upgrade)
- **ANALYZE:** Environmental performance evolution per period, region, type of activity, business application

Calculate

Increase the awareness of your environmental footprint through a comprehensive assessment and report.

Cut

Reduce the environmental footprint of the activity by combining measures such as:

1. Use more sustainable products and material (e.g., Hitachi Energy EconiQ product portfolio)
2. Prevent unnecessary activities (e.g., reduce the frequency of a task or perform it more efficiently)
3. Reduce the footprint of each activity execution

Compensate

Define carbon-neutral and net-zero services identifying suitable compensation measures for residual environmental impact.

Governance

Our Purpose is to advance a sustainable energy future for all. Effective governance is key to us fulfilling this Purpose.

Hitachi Energy continuously strives to fully integrate our Purpose within and across our business strategy to deliver our own sustainability targets, as well as help our customers achieve and exceed their own.

Our culture, management system, and operating model are designed to deliver our Purpose while creating positive environmental and social value impact on global and local levels. We are a purpose-led business with our own ambitious sustainability targets and the opportunity and skills to support our customers to meet and exceed theirs.

We are championing the urgency and the pace of change needed to reach Net Zero. We do this in collaboration with our customers and partners to enable a sustainable energy future — for today's generations and those to come.

Hitachi Energy Leadership

To ensure the highest-quality stewardship of the business, we have an active approach to leadership. The members of the Board of Directors of Hitachi Energy are appointed at the general meeting of shareholders based on their core skills and experience. The nomination is reviewed in line with Audit and Remuneration Advisory Board (RAB) regulations.

These regulations are defined by the Chief Legal and Integrity Officer and Secretary to the Board of Hitachi Energy. Yoshihiko Kawamura, the Executive Vice President, Executive Officer, and Group Chief Financial Officer (CFO) of Hitachi, Ltd., is Chair of Hitachi Energy's Board (ended March 31, 2023).

Hitachi Energy's Executive Team is our top management body responsible for key aspects of our company's operations. The Executive Team is committed to serving the interests of the business and achieving sustainable growth in company value. The Executive Team members direct the business according to strategy and policy, and are jointly responsible for the management of the company.

The Executive Team normally meets once a month to discuss matters such as financial performance, major development projects, competence development, and succession planning, along with other strategic business priorities, including sustainability, diversity and inclusion, and supply chain management.

Twice a year, we conduct conflict of interest and criminal record checks on our directors. Read more in Strategic Approach to Sustainability.

We bring energy

We feel the **urgency** and have the **commitment** and **passion to advance a sustainable energy future** for all. We are **accelerating** the evolution of the world's energy system — with **electricity as the backbone**. It is crucial that we take on the challenge of **accelerating the pace of change,** and this will need our **unwavering energy.**

We achieve more together

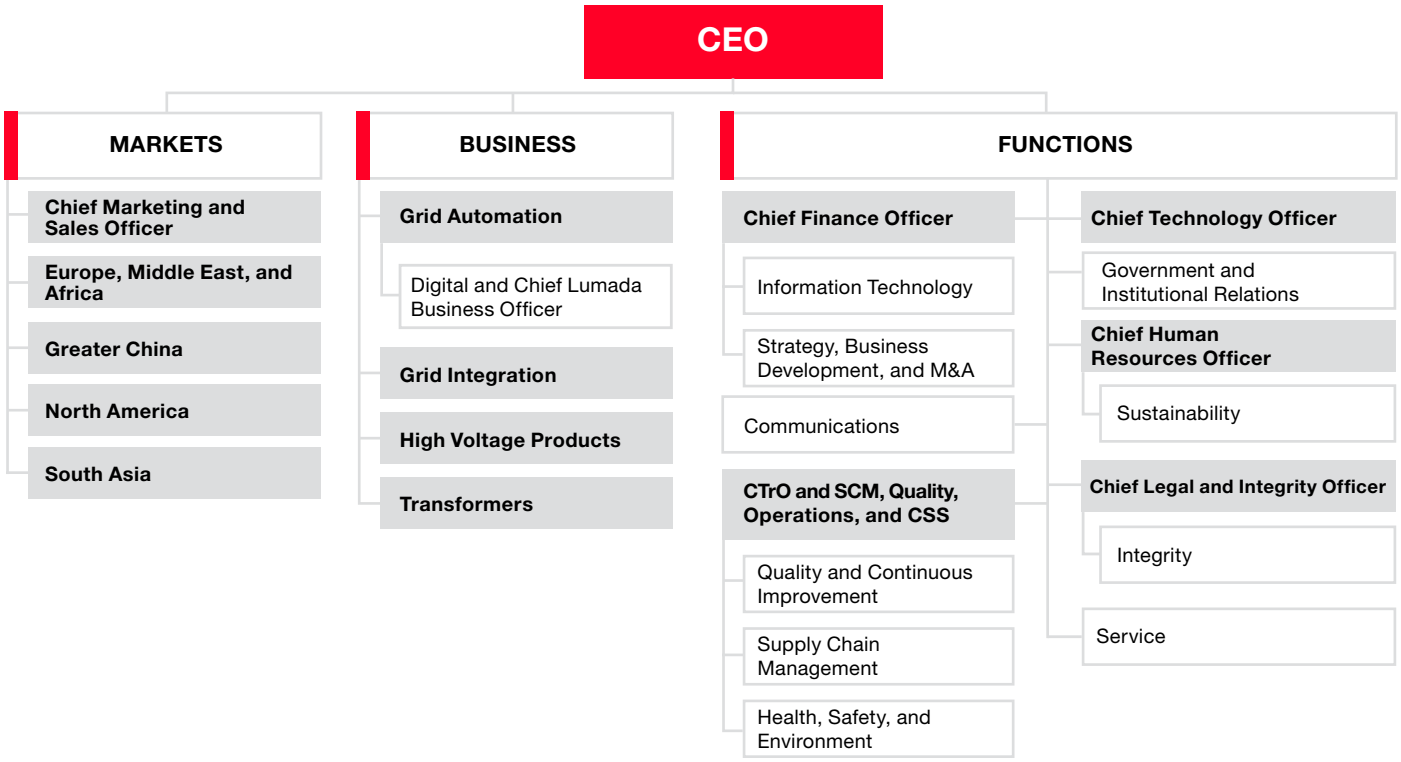
The Net Zero challenge is **bigger than one company**, one team, and one individual. Trusted **partnerships and collaboration** are essential to finding the solutions our world needs. Together with customers and partners, we collaborate to deliver innovative solutions, combining world-class digital and energy platforms. Collaboration and **diversity of thought** are key to our culture **of innovation and impact.**

We inspire progress

Meeting this challenge requires new **technologies**, innovative **thinking**, and creative **ways to work**. Our **industry-leading experience, deep domain knowledge, and pioneering technologies** continue to accelerate the global energy transition. Beyond technical innovation, we also consider our **impact on societies** and how we can **improve lives** and **inspire others**.

Our impact is real

We deliver real value for customers and measurable positive environmental impacts. We are making the energy system more **sustainable**, **flexible,** and **secure** with a system that is **scalable, reliable, resilient, and safer**. We achieve this across industries, geographies, and within every step of each customer's unique journey. **Safety, Integrity, and Quality** are integral to how we operate.



Strategic Approach to Sustainability

2022 Where we are

Management
We have created a sustainability strategic function.
Our Head of Sustainability has joined the Management Team.

Transparency and accountability

Our first sustainability report with limited assurance

EcoVadis Gold Medal, with Labor and Human Rights and Sustainable Procurement Score Improvement of 20 points

Proactively started to integrate the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), and the EU Ecodesign Directive for more sustainable products

Applied other regional and international requirements in coordination with relevant internal functions

2023 Where we want to be

Revising and updating our sustainability strategy to fully align with Hitachi Energy 2030 business plan. This work includes:

- Review of Risk Framework to include Environment, Human Rights, and Supply Chain Management risks
- Formalization of a dedicated, cross-functional team to evaluate ESG trends and develop a strategic framework
- A Climate Transition Plan (CDP-aligned), including Assessment of risks, materiality, and opportunities across different timescales

Projects in development include:

- A carbon neutrality roadmap and Climate Transition Plan with scenarios and resource planning for phasing out fossil fuels in operations
- Circular Economy and Biodiversity roadmaps
- Action plans for Human Rights Salient Issues and CSR strategy

Impact Assessment, Materiality, Risk Governance, and Culture

We formally assess our internal and external sustainability risks and opportunities using the concept of materiality.

This process identifies and ranks issues according to their relevance to our business and objectives. We use the outcomes to define Hitachi Energy's impact assessment to set our strategic priorities and to inform our Enterprise Risk Management (ERM) program.

Our corporate materiality is strictly linked to our internal and external risks and opportunities governance structure and culture, forming the basis of Hitachi Energy's impact assessment, strategic priority setting, and Risk Management.

The dedicated governance structure sets the tone, reinforces the importance of, and establishes oversight responsibilities for overall enterprise risk management. This impact-driven culture pertaining to ethical values, desired behaviors, international trends, and understanding of risk is thoroughly reflected in decision-making.

The primary responsibility sits with the Board of Directors (BoD), which provides strategic oversight and carries out governance responsibilities to support management in delivering strategy and achieving business objectives. Safety, Integrity, Quality, and Sustainability topics are formally included in the Board's agenda. The Board regularly receives ERM information and sets annual strategies and KPIs to ensure transparent measurement and to understand performance. To ensure appropriate resource allocation and alignment with the remediation activities, the KPI results are considered in annual budgeting.

Active issues-management and reporting

The Executive Team meets monthly to discuss sustainability topics from an agenda driven by the Head of Sustainability. Since February 1, 2023, Sustainability has existed as a separate function from Health, Safety, Environment, and Security (HSE&S), and the Head of Sustainability is now part of the Management Team.

The CEO has a delegated responsibility for overseeing impacts throughout the company. Such responsibility is cascaded to the Executive Team members who are accountable for managing relevant impacts and risks by establishing practices and nurturing capabilities. The Chief Financial Officer is the ERM owner, while the Chief Human Resources Officer, together with the Chief Technology Officer, oversees the Sustainability Strategy development and implementation, which is led by the Head of Sustainability. A Sustainability Board chaired by the CEO and composed of all corporate Executives holds regular meetings and interactions on Sustainability topics. Furthermore, Sustainability topics are discussed with the Executive Team monthly and brought to the Executives' attention through the Head of Sustainability.

A flexible operating model

The impact priority identification and associated ERM function is embedded into tactical and strategic planning, with regular reports provided to the Board. Critical impacts, the deriving material issues, and associated risks are reflected in business KPIs to ensure transparent measurement. The annual exercise results are factored into the annual budgeting process to ensure resource allocation and alignment with the remediation activities. Proactive and continuous monitoring facilitates early identification and effective implementation of response strategies. Regular reporting supports monitoring risks, identifying opportunities, and overseeing the implementation of corrective actions.

Our ERM framework aligns with the specific Supply Chain and Sustainability function to cascade key corporate priorities throughout the value chain with specific methodologies, employing external reporting and assessment tools (such as EcoVadis, ISO certifications, ESG reporting) to monitor performance, highlighting risks and opportunities and standardizing response.

Hitachi Energy has established processes, backup plans, and tools, and identified and trained people to ensure establishing and pursuing material topic response plans while enacting business continuity, resiliency, and effective risk management. Our operating model is aligned with the need to adapt quickly and adequately to new norms and trends while pursuing our Purpose.

All organizational units determine key impact areas. Key themes are prioritized and assigned relevancy, forming the basis of our material issues prioritization. At the same time, critical themes become ERM's scope along with potential sub-areas that may have a significant impact. Once identified, key focus areas become integral to our ERM Portfolio and are assigned to a Global Risk Owner — periodical reassessment ensures that response plans are implemented, if needed, with a control grid to ensure effectiveness. A process is in place to ensure impact mitigation and remediation.

Impact mitigation and remediation

We have a single unified system to manage risks across our global organization and supply chain.

Our grievance system enables all employees, partners, and customers to share complaints or concerns, monitored through measurement, mitigation, remediation, and timescales.

Our global system is fully integrated within our supply chain. Specific functions are responsible for managing response actions, which are captured and reported at the Executive Management level. Specific remediation procedures for managing the complaints or concerns, including timescales, enable equal access to and participation through our grievance system. We mandate teams dealing with similar risks to work together to develop high-level proposals for the Executive Team to sanction and fund as projects.

Collaboration is fostered within teams that are involved in the same themes to develop high-level proposals, then a plan with a timeline, timescale, and resources are presented to the Executive Team list of high-level resolutions, with the top ones developed into project management documents approved by the Executive team and implemented across the organization by theme owners.

> We have the technologies to accelerate the energy transition but need to deploy them at speed and scale. Collaboration across stakeholders, sectors, and geographies will be a key success factor in addressing climate change as we advance a sustainable energy future for all. Above all, we must act — act now — and act together!

Harmeet Bawa
Global Head of Government and Institutional Relations

Bring Kids to School

We at Hitachi Energy are proud to partner with bringkids2schools — BK2S, a Swiss-based charity with a mission to finance and build schools in the world´s poorest countries to give more children the chance to develop their valuable potential.

Stakeholders' Engagement

To be successful, we build each stakeholder's trust through the integrity of our words and our actions.

Together with our customers, partners, and other key stakeholders, we are committed to accelerating the energy transition toward a carbon-neutral system with electricity as its backbone. This transition requires strong collaboration and engagement. By embracing diversity and working together, we enable effective innovation to ensure that we achieve our ambitions.

Our Sustainability 2030 strategy emphasizes that engaging and partnering with stakeholders is key to the success and endurance of our business. We participate in associations and long-term partnerships that contribute to sustainable development in the regions and countries we live and work.

As a global international company committed to pursuing a cleaner future through sustainably sourced electricity, we engage and partner with a variety of stakeholders at multiple levels in the regions and countries where we operate (GRI 2-29).

As the world moves to decrease the use of fossil fuels, there is a variety of challenges to overcome, most notably their connection and integration with the grid to ensure a secure and reliable energy supply for all. The next generation of ambitious multistakeholder collaborations at stakeholder, geography, and sector levels are needed to overcome decarbonization and accelerate the energy system toward carbon neutrality. Undertaking Sustainable Development Goal 17 as part of our core business, we recognize that the global sustainability drive can be successful if we pursue open and honest collaboration with relevant stakeholders at large, maintaining a mutual positive dialogue with policymakers, regulators, international organizations, investors, industry platforms, customers and suppliers, the media, academia, and local communities.

Establishing mutually beneficial relationships with governments as well as industry peers is integral to our management of social responsibility within and outside the boundaries of our organization. Starting with our employees, customers, suppliers, and business partners, and developing through extended social dialogue in the communities, countries, and regions where we live and work, Hitachi Energy has embedded a business model that puts people at the core.

Hitachi Energy proactively engages with and is recognized as a valuable technical contributor to policymakers, regulators, and other key stakeholders who are helping shape the path to Net Zero. We offer our knowledge and skills to help accelerate the transition to a carbon-neutral energy system to enable technology and new business models to support scalable, flexible, and secure energy systems.

The Government and Institutional Relations (GIR) function actively connects with government agencies, businesses, and social institutions to provide strategic and technical inputs that help shape policy and regulation. Overseen by the CEO and the Executive Team, the GIR also explores funding opportunities that support technological innovation and development.

Hitachi Energy does not make payments to political parties (GRI 415-1), organizations, or their representatives. We prohibit all employees, suppliers, or contractors acting on behalf of Hitachi Energy from using corporate funds or resources, either directly or indirectly, to help fund political campaigns, parties, and candidates, or anyone associated with them.

Business and social institutions and other key stakeholders

Given our holistic approach to driving social, economic, and environmental value, we also engage with business and social institutions, as well as other stakeholders, including investors and financial analysts. Hitachi Energy subscribes to externally developed charters and principles for sustainability management, working groups, and conferences (GRI 2-28). Some specific examples include:

Carbon Disclosure Project (CDP)	In 2021, we reported our GHG emissions for the first time as Hitachi Energy.
EcoVadis	In 2021, we had our sustainability performance rated by EcoVadis for the first time as Hitachi Energy (under the name 'Hitachi ABB Power Grids') and was awarded a silver medal. In 2023, we achieved a Gold medal.
CSR Europe	Hitachi Europe is a member of CSR Europe, a platform for stakeholder collaboration and a catalyst for innovation to build a sustainable and inclusive society in Europe and beyond.
Ethics and Compliance Switzerland (ECS)	Hitachi Energy is a founding member of this interdisciplinary society promoting ethics, integrity, and sustainability in Switzerland and abroad.
International Energy Agency (IEA)	Hitachi Energy's CEO joined high-level meetings and multi-stakeholder roundtables highlighting the importance of grid development and modernization as a key enabler for accelerating the energy transition. Our executives also contributed to several IEA reports, including the World Energy Outlook, World Energy Investment Report, and Technology Perspectives.
Powering Net Zero Pact – Human Rights Working Group	Hitachi Energy UK participated in the group aimed at "developing targeted modern slavery and human rights abuse risk-based approach across global supply chains."
Responsible Minerals Initiative (RMI)	We are long-term members of this multi-industry initiative of the Responsible Business Alliance (RBA), addressing issues related to the responsible sourcing of minerals in the supply chain.
The Science Based Targets initiative (SBTi)	We have formally committed to science-based targets, and the validation process has started.
Transparency International's Business Principles for Countering Bribery	Our Integrity program mirrors the framework created to guide enterprises in developing, benchmarking, and strengthening their anti-bribery programs.
UN Climate Change Conference of Parties (COP)	In 2022, Hitachi Energy participated in the 27th UN Climate Change COP in Sharm El-Sheikh, Egypt, where our CEO and our Global Head of Government and Institutional Relations championed the urgency of energy transition acceleration.
World Business Council for Sustainable Development's (WBCSD) Task Force on Avoided Emissions	Hitachi Energy represents Hitachi Ltd. in the Task Force on Avoided Emissions, contributing to developing global guidance.
World Economic Forum	Our CEO attended the WEF's 2022 Annual Meeting. He spoke to a global audience on electricity becoming the backbone of the new energy economy and engaged in discussions with peers on accelerating the energy transition. During 2022, our CEO also engaged in dialogue with industry peers on a variety of related topics. Similarly, other executives engaged in peer discussions and contributed to reports on designing integrated energy systems, increasing clean power and electrification, and improving the cyber resilience of critical infrastructure.

Hitachi Energy's participation in COP27

Our CEO, Claudio Facchin, joined panel discussions at the COP27 Climate Summit in El Sheikh, Egypt, where he reiterated the need to turn vision into action: "Each country is starting the Net Zero journey at a different point, and each country will get there based on their individual journey. It is, therefore, extremely important that we ensure that the energy transition is a just transition, and we leave no one behind."

Key Material Topics

Milestones

2019

Stakeholder engagement sessions to define our material topics

2020

Gap analysis to create our Climate Transition Plan

2021

- **Identification of our Human Rights Salient Issues**
- **Sustainability 2030 strategic plan**

2022

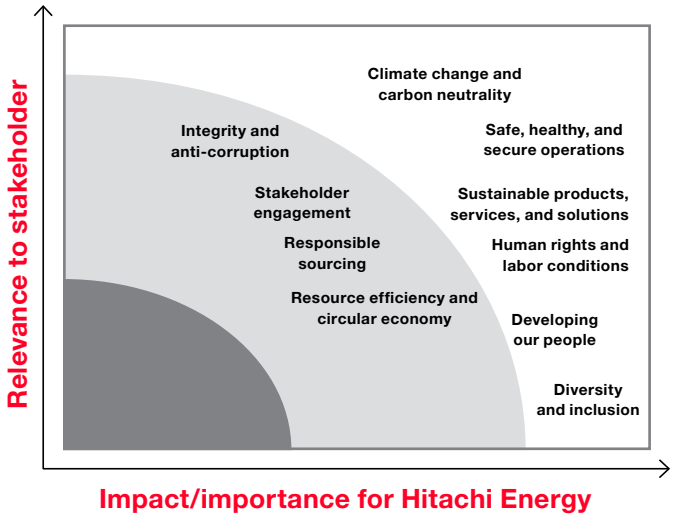
- **Material issues confirmed by the annual internal risk theme prioritization**
- **Updated our Climate Transition Plan**

We are advancing the world's energy system to be more sustainable, flexible, and secure. We are committed to contributing to sustainable development and positively impacting the environment and people.

As a global partner in the journey to a sustainable energy future, our aim is to build long-lasting, value-creating partnerships with our stakeholders in the worldwide communities where we live and work. To understand the full range of our impacts, we conduct an impact assessment that identifies and ranks our material issues in our corporate strategy, global trends, relevant stakeholders' input, and international frameworks.

The material topics are analyzed within our impact assessment account for corporate strategy, global trends, relevant stakeholders' input, and international frameworks.

To design our sustainability strategy, we began our journey to investigate and identify the issues most important to our stakeholders at the time of the creation of the new company. We started by initiating dialogue with identified key stakeholders toward the end of 2019 and during the first quarter of 2020. With this specialist audience, we discussed the key topics related to sustainability, their significance, and how they relate to our relationships with their organizations.



Once collected, we consolidated and evaluated this information with our Executive Team to build our 'materiality matrix,' which we then mapped against the 17 UN Sustainable Development Goals. This exercise was instrumental in identifying the macro-areas addressed by our Sustainability 2030 strategic plan, launched in June 2021.

The first results of the materiality exercise reinforced the great significance of climate change and carbon neutrality. We then decided to conduct a simultaneous carbon assessment of our operations, combined with a climate scenarios exercise, which has been key to informing our carbon-neutrality journey.

Our ambition is to continuously improve and become the partner of choice for the energy transition. With sustainability such a fast-evolving topic, we have continued developing and improving our strategic plan beyond this initial phase. This has made our work in this area more closely tied to the overall business plan, and strengthened our portfolio of products and services.

Taking the same analytical approach to other salient issues, in 2021, we ran several workshops with our Human Rights (HuRi) Champions Network, a global cross-functional employee group dedicated to spreading awareness and identifying human rights-related risks and opportunities. External experts reviewed the results, which the Sustainability Board also approved.

Having identified our Human Rights salient issues, we performed a gap analysis for each topic to understand our status and to define remediation plans. In 2022, an annual internal risk theme prioritization exercise confirmed these material issues during our Enterprise Risk Management Process.

Following the transition from ABB to Hitachi Group in December 2022, we are currently working to refine our materiality exercise further. This will better reflect our corporate priorities and embed global climate requirements. It will also align with international industry trends and legislation, as well as more deeply integrate our stakeholders' perspectives and priorities.

During 2022, we also updated our climate transition plan, and we are now updating our analysis of future climate scenarios.

Material Topics																	
Safe, healthy, and secure operations				●					●								
Integrity and anti-corruption									●		●		●				●	●
Climate change and carbon neutrality					●			●		●		●	●	●				●
Human rights and labor conditions	●				●	●		●	●		●		●					●
Stakeholder engagement					●	●		●		●	●	●		●			●	●
Responsible sourcing	●								●		●		●			●		●
Resource efficiency and circular economy							●	●		●		●	●			●		●
Sustainable products, services, and solutions					●		●	●		●		●	●					●
Developing our people				●	●	●			●	●				●				
Diversity and inclusion					●	●					●			●				●

Sustainability 2030

Our Sustainability 2030 plan summarizes Hitachi Energy's commitment to act and drive business based on four pillars: **Planet, People, Peace, and Partnerships.**

Our strategy draws from the UN's Sustainable Development Goals, where each pillar has corresponding targets that drive our business to contribute social, environmental, and economic value.

> We have made a promise to contribute to a sustainable energy future for all, and we are championing the urgency of the energy transition through innovation and collaboration. To get to a sustainable, flexible, and secure energy system of 2050, we see that both sustainability and energy security will be key drivers in driving the needed acceleration of the energy transition. A sustainability plan aligned with a net-zero emissions future is integral to our business, to our growth, and long-term success.

Claudio Facchin
Chief Executive Officer

Planet

- ↓ Carbon neutrality in own operations
- ↓ 50% CO_2 emissions along the value chain
- ↓ 50% waste disposed
- ↓ 25% freshwater use
- ↓ 25% hazardous substances and chemicals

People

- Zero harm
- Top quartile health absence rate
- Life-long learning culture
- Increase female diversity to 25% by 2025

Peace and Partnerships

- Zero incidents of corruption and bribery
- Increase involvement in multi-stakeholders' partnerships

PLANET

By 2030, we aim to reduce our emissions along the value chain by 50 percent with customers, partners, and suppliers, supporting SDG 7 (Affordable and Clean Energy) and in alignment with the Science-Based Targets initiative (SBTi) and Paris Agreement — to limit global warming to 1.5 degrees Celsius.

We contribute to SDG 12 (Responsible Consumption and Production) and SDG 6 (Clean Water and Sanitation) by employing circularity principles throughout our operations and value chain.

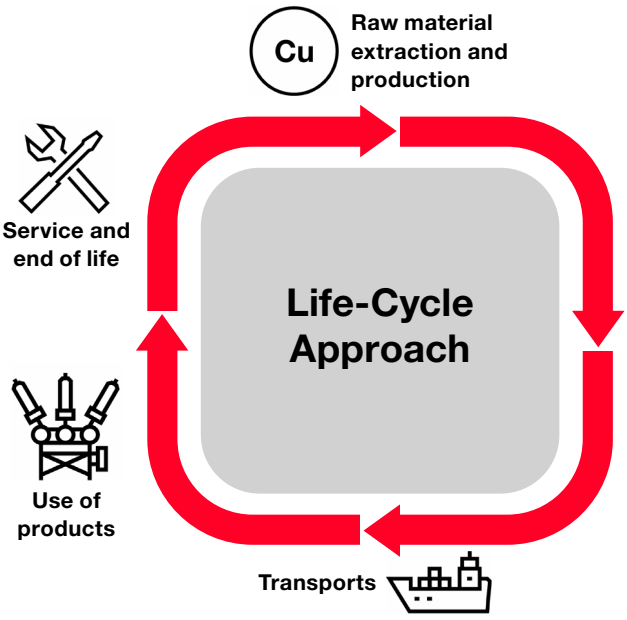
Within the Planet pillar, our activities focus on three areas:

Carbon neutrality

We feel the urgency and have the commitment and passion for advancing the world's energy system to become more sustainable, flexible, and secure — while balancing social, environmental, and economic value. We accelerate the energy transition through innovative technologies toward a carbon-neutral future. Through Sustainability 2030, we aim to achieve carbon neutrality in our own operations by 2030. In addition, we target to reduce our emissions along the value chain by 50 percent with customers, partners, and suppliers, supporting SDG 7 (Affordable and Clean Energy) and aligned with the Paris Agreement to limit global

Our Planet Action Plan

1. **Carbon neutrality** — Energy efficiency, fossil fuels & SF_6
2. **Circularity** — Materials, chemicals, waste & water
3. **Ecosystem protection** — Biodiversity & pollution mitigation



warming to 1.5 degrees Celsius (2019 baseline). We aim to mitigate business risks and identify opportunities related to climate change by assessing our carbon impacts and building a climate transition plan for Hitachi Energy.

Our first steps, and improving the overall energy efficiency of our facilities as well as investing in fossil-free electricity.

Hence, Hitachi Energy has reached its first-step target of using 100 percent fossil-free electricity in its own operations in 2022, stepping up the pace in achieving its Sustainability 2030 target of becoming carbon-neutral. By using 100 percent fossil-free electricity in its own operations, Hitachi Energy reduced its CO_2e emissions by over 50 percent compared to 2019. The targeted 50 percent reduction achieved ahead of plan will amount to approximately 175 kilotonnes CO_2e per year, equivalent to removing over 35,000 passenger cars off the road.

Circularity

We also contribute to SDG 12 (Responsible Consumption and Production) and SDG 6 (Clean Water and Sanitation) by improving our resource efficiency, and in effect minimize the use of water, materials, pollution, and waste in our operations and throughout the life cycle of our solutions through a circular mindset.

Managing waste from our own operations is a priority and a focus for continuous improvement, aligned with the Zero Waste to Landfill ambition of Hitachi Ltd. We continue to implement our 5R approach to improving resource efficiency and add value to both our portfolio and operations.

In our operations, we introduced the Green Steps initiative, focusing efforts in four areas: understanding and mapping waste generation, applying a reduce, reuse, recycle approach, optimizing packaging, and caring for water resources. This benchmarking initiative provides our sites actionable insight on their relative performance.

Alongside this, we execute actions for minimized downtime and environmental footprint, including equipment health checks and monitoring. A wide array of additional solutions and products are offered through our EconiQ portfolio.

Ecosystem protection and biodiversity

Acknowledging that our business, society, and our own lives on this planet are highly dependent on natural capital, we have boosted our efforts to understand and assess our positive and negative impact on biodiversity, with the aim of putting in place robust actions to become a nature-positive company.

Sustainability 2030: Humanizing Energy

We have placed sustainability at the heart of our Purpose and made a promise to advance a sustainable energy future for all. Sustainability 2030 is our new strategic plan for sustainability, summarizing our key commitments to act and drive business in a sustainable way. Discover the people and technologies behind the multiple pathways toward a carbon-neutral future through the Humanizing Energy series produced by BBC StoryWorks, featuring the human story at the heart of the energy transition.

PEOPLE

We contribute to 'Quality Education' (SDG 4) by nurturing a life-long learning culture and creating inclusive learning opportunities for all.

We contribute to 'Gender Equality' (SDG 5) by increasing female diversity from 19 percent to 25 percent by 2025, and are championing our Diversity 360 approach and mindset in our daily work.

Sustainability is all about people — those within our company and the worldwide communities where we have the privilege to live and work.

Our Diversity 360 is where our extraordinary people are given the right environment and empowered to thrive – wherein everyone can bring their best selves to work every day. As mission-critical infrastructure providers, we are proud of our people and their passion and commitment to pioneering a sustainable energy future. We foster a safe working environment to protect our people, preserve business continuity, and operate effectively – physically and mentally.

Through our Diversity 360 approach, we are committed to attracting and developing the best talent by cultivating life-long learning and creating inclusive learning opportunities. We are continuously developing our experts and leaders to further advance their professional skills and knowledge, enabling our business to provide superior, high-quality products, systems, and services to our customers.

Female Acceleration is an important part of Diversity 360 to ensure full inclusion and equal opportunities for women at all levels of our business through global platforms, internal talent bench strength, and our Female Talent Development Program.

PEACE

We contribute to 'Peace, Justice, and Strong Institutions' (SDG 16) by striving for zero incidents of corruption and bribery, and making it a part of our DNA.

We promote inclusive and sustainable societies. Everything we do is based on safety, integrity, quality, and respect for Human Rights — our license to operate.

- We extend our commitments throughout our value chain
- We continuously engage with our stakeholders to advance a more sustainable future for all
- We partner with educational institutions, mentoring and sponsoring diverse talents at an early stage
- We partner with external organizations to help make education available to all

PARTNERSHIPS

We contribute to 'Partnerships for the Goals' (SDG 17) by increasing our involvement in multi-stakeholder partnerships.

The energy transition requires strong collaboration. Our ambition is to be the partner of choice for a sustainable-energy future.

By balancing economic, societal, and environmental value creation, we know that true progress will be made. Together, we are committed to advancing the world's energy system to be more sustainable, flexible, and secure. As the pioneering technology leader, we collaborate with customers and partners to enable a sustainable-energy future — for today's generations and those to come.

Ethics and Integrity

Milestones

2021

Launched HILDI, Legal & Integrity chatbot

Updated Code of Conduct (CoC)

2022

Ethisphere's Compliance Leader Verification™ and Anti-Bribery Management System Verification™

Modern slavery and human trafficking transparency statement

ISO 37001 Anti-Bribery Management System global certification

OSI: 270 cases raised, 93% closed

Fostering a Culture of Integrity and Compliance

A strong culture of integrity and a robust compliance program are key to our Purpose of advancing a sustainable energy future for all.

As one of our five strategic imperatives, integrity encompasses leadership, responsibility, and accountability within our daily professional life. Hitachi Energy is committed to ensuring that employees, partners, and suppliers always meet the highest ethical and legal standards wherever they operate.

We aim to create a working environment where there is no ambiguity on what it means to behave responsibly. As such, we provide clear guidance, tools, systems, processes, and training to identify risks, ask questions, and report potential misconduct in a culture where it is safe to speak up. The Hitachi Code of Conduct, also available as a free mobile app, provides employees and contractors with clear standards on business conduct, ethics, and environmental responsibility.

Our Corporate Regulations provide specific guidelines for the practical application of the code in day-to-day activities, covering:

- Anti-bribery and Anti-corruption
- Substance-based Due Diligence
- Donations and Sponsorships
- Gifts, Entertainment, and Expenses
- Antitrust
- Intellectual Property
- Digital and Data Privacy

In line with this, our Supplier Code of Conduct sets out these standards for companies and individuals operating in our supply chain, and is aligned both with our internal policies and guidelines and the rule of law. It represents a fundamental part of our supplier qualification, development, and evaluation requirements.

Managing responsibility: from compliance to integrity

Business Unit Managing Directors and Business Unit Controllers regularly review and report on integrity and compliance developments as part of performance evaluation.

While all our functions collaborate for integrity, there is a strong link with Human Resources and Sustainability Function. With different legislation and cultures across markets, our six regional Heads of Integrity live in the regions they support, ensuring compliance with local guidelines.

Our Code of Conduct is enforced through systematic disciplinary actions.

The Integrity Disciplinary Committees at our headquarters, regions, and countries implement decisions based on investigative results. They implement additional controls for increased risk exposure. In addition, to understand employee attitudes, awareness, perceptions of integrity and compliance, and progress, the Regional Heads of Integrity focus on high-compliance risk area processes and internal surveys. At the same time, internal audit focuses on:

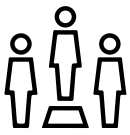
- Regular anti-bribery reviews throughout the year and around the world
- Evaluating fraud risk exposure and developing trends across functions to prevent and detect potential fraud

> "Together with our employees and external stakeholders, we are committed to ensuring that integrity is deeply embedded in our organizational culture and DNA.

Dominique Abrokwa
Head of Ethics and Integrity

Top Leadership

- **Board of Directors**
- **CEO**
- **Executive Team — Business Unit Managing Directors/ Region Heads/ Function Heads**
- **Head of Legal & Integrity**



Local Leadership

- Business Leadership teams in a country
- Local Business Unit Managers
- Company Officers
- Country Heads of Integrity/ Country Legal

Integrity Resources

- Head of Integrity
- Integrity Committees
- Legal and Integrity
- Antitrust
- Regional Heads of Integrity

Partner Resources

- Human Resources
- Corporate Communications
- Sustainability
- Quality and Supply Chain Operational Excellence
- Internal Audit
- Finance and Internal Controls

Beyond Regulatory Compliance

It is Hitachi Energy's highest priority to strictly adhere to all environmental, ethical, and financial regulations in the markets we serve. We believe that this is the best and only way to help our customers and partners achieve their commercial goals, and is the most efficient route to advance a sustainable energy future for all.

Ethisphere®

Hitachi Energy has been recognized for ethical business practices by the Ethisphere® Institute, a leading international research-based think tank dedicated to creating, advancing, and sharing best practices in business ethics, corporate social responsibility, anti-corruption, and sustainability. We have earned both Ethisphere's third-party verifications of compliance programs and ethical cultures: Compliance Leader Verification™ and Anti-Bribery Management System Verification™.

ISO 37001 global certification

Hitachi Energy obtained the certification for the Anti-Bribery Management System ISO 37001, which includes 12 countries. We established its framework to prevent, detect, and respond to bribery to reduce financial and reputational risks. The certification demonstrates that we operate under the highest global standard for managing bribery-related risks. We firmly believe that implementing this standard can increase stakeholder trust, and ensures that we work with relentless focus, striving for an anti-bribery culture across the company and value chain.

Ultimately, compliance is more than about fulfilling regulatory or other obligations. It involves establishing a culture of integrity throughout our operations and value chain, fostering full participation of our workforce in the management of health and safety within our products and processes, within and beyond their life cycle (GRI 2-23 and 2-24).

This forms the basis of our commitment, which further develops across circularity, research and development (R&D), and end-of-life assessments, with the full participation of our supply base.

Products compliance

To retain our license to operate and deliver on our potential, it's essential that we achieve product compliance across the full portfolio in all the markets we serve.

Rapidly changing policies and regulations, combined with the demands of customers, investors, and consumers, are driving industrial sectors to transition to more sustainable solutions. Hitachi Energy's existing and future products and services are well-positioned for this new context.

Our product regulatory compliance's integrated approach is founded on a cross-functional program led by the Legal and Integrity team. It is closely aligned with, supported, and eventually executed by our Business Units, Portfolio Management, Research and Development, HSE and Sustainability, and Supply Chain Management. Hitachi Energy's Board members are fully committed and provide Executive Leadership Team sponsorship.

Materials compliance

At Hitachi Energy, we take seriously our responsibility to ensure that the materials we use do not contribute to environmental degradation or lead to conflict or exploitation in the countries where they are sourced or deployed.

Hitachi Energy expects suppliers to actively support ongoing efforts to manage and demonstrate that materials comply with all regulations and enforce the same standards in their own subcontractor supply chains.

Chemicals and substances compliance

We constantly monitor our supply chain to identify and replace hazardous substances in our products and operations. We comply with the following current legislation, and are vigilant as new regulations emerge:

- The European Union Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- The European Union Directive on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)
- European Union Waste Framework Directive (WFD) Database created and maintained by the European Chemicals Agency for information on Substances of Concern in articles as such or in complex objects (SCIP–Products)
- The US Polyfluoroalkyl substances (PFAS) restriction proposal
- The US Toxic Substances Control Act (TSCA)

To facilitate compliance and protect ecosystems, as well as workers, customers, consumers, and stakeholders at large, Hitachi Energy has issued a list of Prohibited and Restricted Substances. This is aligned with the global standards IEC62474 (Material Declarations for the Electrical and Electronics Industry) and the Railway Industry Substance List (RISL). Its scope includes goods supplied for product development, production processes, products and components, packaging materials, service activities, construction sites, and end-of-life phases.

Embedded within our General Terms and Conditions of Purchase, the list comprises a table of regulated substances most relevant to our products. While it does not replace specific national or international regulatory obligations, it is biannually reviewed along with the REACH's Candidate List updates.

As a manufacturer, importer, and supplier of products in the EU, Hitachi Energy and all its European subsidiaries understand the importance of environmental and regulatory management. We register with the European Chemicals Agency's (ECHA) SCIP database for substances of concern for particular items ('articles') and products ('complex objects').

This enables the identification of any items containing substances of very high concern (SVHCs) on the Candidate List at a concentration above 0.1 percent weight by weight. Those substances in our products are recorded in a blockchain web database tool that reports information about such products to the SCIP database. We work closely with all our vendors and suppliers to keep the ledger updated.

> "We are progressing sustainability by proactively addressing regulations and committing to responsible sourcing, carbon reduction, circular economy, and biodiversity by improving our own processes and those of our suppliers.
>
> **Armin Ploetz**
> Chief Procurement Officer

Key documentation

- Hitachi Energy Product Regulatory Compliance
- Hitachi Energy List of Prohibited and Restricted Substances
- Hitachi Energy Material Compliance–REACH Management
- Hitachi Energy Substances of Concern in Products Program (SCIP)
- SVHC declarations for the assemblies from our product portfolio are updated in the ECHA SCIP database

Conflict minerals

To fulfill our duty of ensuring that the materials we use do not contribute to environmental degradation or lead to conflict and exploitation, we have systems and processes that closely monitor the sources of certain minerals. We also set out guidance in the Supplier Code of Conduct and in our HSE & Sustainability Policy.

Hitachi Energy is a downstream consumer of 3TG and cobalt, and does not directly purchase raw minerals or ores. Although we do not perform direct audits of those second- or third-tier suppliers, we proactively assess indirect links using a Reasonable Country of Origin Inquiry report.

We work with our suppliers to facilitate conflict-free sourcing that contributes to economic growth. Our organization supports transparency and responsible minerals sourcing as a member of the Responsible Minerals Initiative (RMI), and also adheres to the OECD guidelines.

We are committed to:

- Not buying products and materials containing conflict minerals
- Identifying which products could be affected by this issue and targeting our efforts accordingly
- Requesting that suppliers have a clear plan to ensure that any minerals contained in the products and materials supplied to us originate from conflict-free sources
- Contributing to conflict-free trade by requiring our suppliers to select legitimate sources of minerals
- Engaging with our customers regarding their disclosure obligations

Supporting documentation available on our website:

- Our 2022 Responsible Minerals Sourcing Report includes the Reasonable Country of Origin assessments of the sources of 3TG and cobalt in our products
- Our annual due diligence exercise, according to the Organization for Economic Cooperation and Development

Trade compliance

We are committed to ensuring that all our trading activities are compliant, fair, efficient, and sustainable wherever we operate and source from.

Hitachi Energy complies with all applicable laws and regulations governing the movement and transfer of goods, services, software, and technology across international and regional borders.

To achieve this, we have a specialized Global Trade team mandated to "ensure trade compliance and optimize trade-related business operations" globally.

Acting in accordance with Trade Compliance laws is also a key element of our Code of Conduct. The code contains our explicit commitment to comply with national and international export control regulations that control the cross-border transfer of our products and services, economic sanctions, and customs laws. In our daily work, we also commit to understanding export and import policies, being informed, and complying with trade regulations.

Conflict minerals documentation

- Hitachi Energy Conflict Minerals Policy
- Hitachi Energy Cobalt Policy
- Conflict Minerals Program

> We commit to maintaining trade activities that are fair, efficient, and sustainable, in compliance with all applicable laws and regulations globally.
>
> **Maxine Kennet**
> Head of Trade Compliance and Security

Our Business Principles

As a technology-driven company operating in many markets, our employees, partners, and suppliers experience complex challenges. To avoid ambiguity, we apply the following principles to conduct business.

Intellectual property

Hitachi Energy understands that the intellectual property (IP) rights belonging to us and those of third parties are crucial to protect investments in innovation and the assets of the business.

Over the years, we have updated our IP strategy and regularly improved our IP portfolio. Innovation for sustainability is a crucial part of our IP strategy, regularly being followed up and addressed.

Currently, we have more than 11,300 patent and utility model applications and registrations, of which about 2,650 are pending. In addition, Hitachi Energy has around 1,500 trademark and domain name applications and registrations, of which about 220 are pending.

Anti-competitive behavior, antitrust, and monopoly practices

Complying with antitrust requirements is non-negotiable at Hitachi Energy. We believe in a competitive, free enterprise system that enables our work and innovation to be rewarded.

The behaviors of our teams with customers, other business partners, and the communities where we operate must be guided by our business principles — Respect, Responsibility, and Determination. Our Code of Conduct requires us to compete fairly, safeguard confidential information, and be mindful of antitrust risks (GRI 206-1).

To support this commitment and increase our understanding of antitrust risks, we have developed specific guidance and training for all our employees operating in certain high-risk environments.

Anti-bribery and anti-corruption

Hitachi Energy enforces a rigorous zero-tolerance policy against any involvement in corruption. Our Anti-Corruption Policy (GRI 205-1 and 205-2) is reflected in all aspects of our culture and training, and we communicate this topic to our employees and stakeholders on a regular basis.

We make suppliers aware of our expectations around anti-corruption before their services are procured or any agreements are signed. We have put in place robust policies to prevent all bribery in the form of gifts, entertainment, expenses, and charitable contributions:

- **Gifts, entertainment, and expenses:** Activities involving gifts, meals, entertainment, travel, and lodging are vulnerable to bribery. We offer our employees a policy and explicit guidance on requests of this nature, and any approvals are awarded by the line manager and the Integrity team.
- **Sponsorships and donations:** Sponsorships or donations are only made in strict compliance with our Code of Conduct, according to our values, and under applicable law. Donations may only be given for public benefit — meaning social, educational, environmental, or cultural purposes — and when deemed appropriate for the benefit of the community, as part of our Corporate Social Responsibility (CSR) program.

The Country Head of Legal or Integrity is responsible for local legal and tax oversight.

Rigorous information security

Hitachi Energy employs rigorous information security to support our partners' and our own critical infrastructure systems.

As a global leader in developing fundamental technology for some of the world's most complex and critical infrastructure systems, we are fully committed to adhering to strict data protection practices and embedding proven cybersecurity solutions.

Information Security Management System (ISMS)

Our Information Security Management System (ISMS) defines the principles we use to manage our own information. It identifies risks and how to mitigate them, and aligns with some of the world's most stringent and comprehensive models for protecting connected digital systems and equipment.

Available as a formalized set of policies and standards, the ISMS guides all data-handling activities, including human resources, security, IT asset management, physical security, and operational security. It also covers external considerations like legal and regulatory compliance, supplier screening, and data protection regulations.

Suppliers support and complement our efforts to safeguard all systems and information. Before working with new contractors, we conduct a rigorous Vendor Security and IT Security Risk Assessment process.

Data privacy and protection

Hitachi Energy is fully committed to complying with relevant data protection legislation around the world. As a baseline, we have developed a data protection compliance program based on the strict EU General Data Protection Regulation (GDPR) principles.

A team of dedicated privacy specialists, supported by a global network of lawyers and business-process experts, ensures that privacy risks are identified, monitored, and managed.

All employees and contractors must comply with the internal privacy regulation and training program. Where suppliers are processing personal data on behalf of Hitachi Energy, contracts are supplemented with detailed data protection and security obligations on how personal data should be processed and secured.

In the event of a data breach or loss, our processes allow effective management of any potential privacy risks. Our website Privacy Notice, available in 15 languages, further explains how personal data is collected and processed.

Tax compliance

Hitachi Energy strictly complies with all relevant local taxation laws and regulations in the countries where we are tax-resident. In line with our commitment to being a socially responsible organization, we continually and proactively manage tax-related risks in a responsible manner.

With oversight from the Chief Financial Officer (CFO), the Hitachi Energy Tax Team is responsible for ensuring and certifying that appropriate tax accounting arrangements have been established and are maintained throughout the organization (GRI 207-1, 2, and 3).

Our specialist team manages tax governance designed to address risks associated with the globalization of the business, and initiates and maintains internal controls. The team deploys appropriate tax accounting arrangements, covering the responsibilities, policies, appropriate people, and procedures for managing compliance risks up to the finalization of tax returns.

We strive to maintain a high standard of knowledge among all employees involved in tax management activities. This includes expertise in filing and paying taxes, managing tax audits, internal and third-party contract reviews, mergers and acquisitions activities, any voluntary disclosures to tax authorities, error-correction notices, and more.

Group companies strictly comply with all relevant laws and regulations in-country, managing tax risks when pursuing business activities. They observe international Transfer Pricing Guidelines for Multinational Enterprises and tax administrations of the OECD, as well as the OECD's Action Plan on Base Erosion and Profit Shifting. Our internal Transfer Pricing Practice Group supports all group companies in preparing, concluding, and reviewing transfer-pricing local files. The group also manages risks on joint cross-border projects and maintains Local Transfer Pricing files, as required by local authorities.

Group companies are continually and proactively managing tax-related risks in a responsible manner. Our teams act in accordance with the highest professional standards, ensuring our status as a socially responsible organization is maintained. We comply with country-by-country reporting through the Hitachi channels, and relevant information is annually disclosed by the Hitachi Group in a timely manner. Tax compliance is in accordance with all applicable laws and regulations, and we have not received any significant fines or nonmonetary sanctions for noncompliance with tax laws and regulations during the current fiscal year.

Training and Communication

We require our employees to attend regular training courses throughout their employment. These include both interactive e-learning and face-to-face sessions assured by tracking and certification. Targeted courses are mandatory for employees with responsibilities in specific risk areas, including integrity leadership, antitrust, and export credit agencies.

- **New employees:** Every new employee requires onboarding training on Integrity and Antitrust within three months of their start date. The program extends to external contractors engaged for a period of three months or more, together with employees from acquired companies or new joint ventures.
- **Reinforcing integrity:** To further reinforce our Integrity culture, from October 2022, in addition to current e-learning and face-to-face trainings for new employees, Hitachi Energy conducted a mandatory refresher training based on the Hitachi Code of Conduct and the Hitachi Code of Ethics and Compliance. Training completion for the refresher training was 77.1 percent for employees with the specific responsibility for Integrity behaviors and culture within Hitachi Energy. We also provide face-to-face training during onboarding, reinforced by continuous education. Cohorts acquire specialist knowledge on antitrust, data protection regulations, and operational handling.
- **Antitrust learning:** Selected employees, including external contractors, are required to attend mandatory face-to-face refresher training led by the Country Head of Legal. Topics include pricing, trade associations, and commercially sensitive information.
- **Business partner courses:** In accordance with Hitachi Energy's Corporate Regulations, we offer third-party risk management online courses for business partners. These cover topics such as anti-corruption, our Code of Conduct, conflicts of interest, gift-giving, and protecting data.

Regular and varied communications with employees and our partners further strengthen our commitment to Ethics and Integrity and highlight the consequences of unethical actions. To ensure that our commitment to this area is well-understood and emulated, we use a wide range of voices to connect to our audiences, including industry experts and our own senior leaders. We communicate regularly across a wide variety of channels, using assets such as campaigns, events, podcasts, and newsletters to bring the topics to life.

76% **Ethics and Integrity trainings**
Employee completion 2022–2023
(GRI 205-2)

Supporting Human Rights

Milestones

2021

- Identified and communicated our Salient Issues
- Modern slavery and human-trafficking transparency statement
- Updated Code of Conduct and Supplier Code of Conduct to further embed Human Rights
- Created our Human Rights Champions Network

2022

- Created the Sustainability and Human Rights function
- Maintained regular meetings and awareness through the Human Rights Champions Network

+44% Human Rights training increase from last year

2,090 employees across 53 countries completed our web-based Human Rights courses to date

Advancing a sustainable energy future means people are at the heart of our operations and strategy, within and beyond our company.

Hitachi Energy fully commits to respecting all internationally recognized human rights within and across its activities and value chain. This includes the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Core Conventions on Labor Standards.

Through this framework and related programs, we openly commit to respecting human rights, including non-discrimination, the prohibition of child labor, forced labor, and modern slavery. We also actively support safe working conditions, non-retaliation, freedom of association, and the right to engage in collective bargaining.

Key Human Rights documentation

Driven by our firm belief that respect for human rights is a material issue, we focus our efforts on defined areas within a set of commitments, policies, and standards:

- **Hitachi Energy Human Rights Policy** identifies, assesses, and manages human rights impacts within our value chain, our formal declaration of support
- **Hitachi Energy Social Policy** covers engagement in Society, Human Rights, Child and Forced Labor, Freedom of Engagement, and Health and Safety
- **Hitachi Energy Code of Conduct** is the framework explaining the behavior we expect from every employee and toward stakeholders globally
- **Supplier Code of Conduct** defines the principles underlying the business activities of our suppliers
- **Hitachi Energy HSE & Sustainability Policy**
- **Modern Slavery and Human-trafficking Transparency Statement**
- **Hitachi Energy Conflict Minerals Policy** manages our specific obligations

> We develop an organizational culture that implements a policy of support for internationally recognized human rights and seeks to avoid complicity in human rights abuses.
>
> **Alicia Argüello**
> Head of Sustainability

Governance: A Global Commitment

The Hitachi Group Chief Sustainability Officer is responsible for the Hitachi Group Human Rights Policy, with oversight by the Hitachi Group's Board. Her brief includes ensuring human rights due diligence (HRDD), as well as maintaining progress and awareness of human rights and their value to the business. HRDD Group Execution Managers meet regularly and are supported by dedicated implementation committees. The Head of Human Rights Due Diligence Development supports best practices for our operations in Europe.

Within Hitachi Energy operations, the Chief Human Resources Officer is responsible for policy implementation, supported by the Head of Sustainability and Human Rights, who coordinates day-to-day management and awareness within operations and business relationships.

We apply our human rights policy widely to include employees, suppliers, contractors, local communities, and general society. Key human rights topics are embedded in internal risk assessment processes and guidelines, and are also being addressed explicitly in documents such as the Supplier Code of Conduct, our Supplier Sustainability Development Program, and the Responsible Minerals Sourcing Program.

We continue to participate in multilateral efforts to support human rights by taking part in a wide range of activities such as the COP 26 Powering Net Zero Pact – Human Rights Working Group.

From January 2023, our legal entities covered by the German Supply Chain Due Diligence Act have been reporting supply chain responsibility. Hitachi Energy has ensured that comprehensive due diligence obligations for human rights and selected environmental matters have been established. Throughout 2023, we will be working to further embed and strengthen sustainability and human rights within our risk management strategy.

Our salient human rights issues

The Hitachi Energy Human Rights Due Diligence (HRDD) process sits at the core of the overarching corporate strategy and risk management function. It enables us to understand and respond to our most salient human rights issues across our operations and extended value chain to prevent and mitigate issues. The approach also assesses the severity and likelihood of impacts, leading to the prioritization of actions, response-tracking, and knowledge-sharing.

We recognize that reaching excellence in human rights compliance is a journey that requires partnerships with various stakeholders such as suppliers, as well as transparency and accountability. An extensive two-year process involving wide-ranging consultation within and beyond our business enabled us to identify the following salient issues.

Further to this, we mapped existing processes and tools that could support salient issues mitigation. We identified areas for improvement and are currently working on updating our action plans with the collaboration of various internal functions. These include Legal and Integrity, Human Resources, Supply Chain, and Risk Management, which will monitor, assess, and minimize relevant risks. Our process is also further informed by findings from ongoing supplier assessments, which we regularly report in terms of progress.

Our Salient Human Rights Issues

Supply Chain

- Health, Safety, and Integrity
- Child Labor
- Modern Slavery
- Forced Labor

Own Operations

- Health, Safety, and Integrity
- Working Conditions
- Freedom of Association and Collective Bargain
- Living Conditions in Projects
- Discrimination and Harassment

Customer-related Business

- Health, Safety, and Integrity
- Nature and Cultural Impacts
- Population Displacement
- Occupied Territories

Raising awareness of human rights issues

Hitachi Energy continues to build expertise and raise awareness of human rights risks. This approach aligns with the UN Guiding Principles on Business and Human Rights and the UN Sustainable Development Goals, and includes the following:

- Training management teams at various levels of the organization to provide decision-makers with the skills to avoid or mitigate such risks
- Providing general trainings such as e-learnings and webinars for all our employees to increase understanding of the business relevance of the topics
- Building internal capabilities by further developing the Human Rights Champions Network to act as advocates and first points-of-contact within the businesses
- Developing awareness of such topics within the Tier One supply chain through the Supplier Sustainability Development Program
- Promoting an open reporting and transparency culture via communication campaigns, including events with other organizations

Dedicated Human Rights trainings, aligned with the ILO Core Standards, are available to all employees and external stakeholders, from basic to advanced levels. Similarly, principles and risks are also included in our professional and functional learning portfolio, with specific topics being addressed in more detail, such as non-discrimination, anti-bribery, and modern slavery.

Our Human Rights (HuRi) Champions cross-functional network is a platform for collaboration and knowledge-sharing, which explores human rights issues, topics, and their eventual connection to our day-to-day business. Through quarterly meetings, webinars, and workshops, the network addresses challenges, facilitates the exchange of information and best practices, and offers employees training and capacity-building activities.

Grievance System

We seek a working environment where our employees and stakeholders at large are encouraged to identify risks, ask questions, and raise concerns.

To encourage all stakeholders to speak up against breaches of our core values and standards, we have introduced the Whistleblower Policy.

Launched in December 2021, the policy covers all issues mentioned in our Code of Conduct and Supplier Code of Conduct. These include ethics and compliance issues, together with discrimination, retaliation, health and safety, human rights, and environmental breaches. We enforce a strict, zero-tolerance policy for violations of the law or our corporate policies. Enhanced integrity and compliance processes have been developed to address certain areas, with additional due diligence reviews and controls for specific risk areas (GRI 2-16, 2-25, and 2-26).

As a first step, concerned parties can communicate issues to their direct management or functions, such as Integrity, Legal, and HR. Employees and external stakeholders can also report concerns or violations of our policies and processes through other multiple channels which include a web-based reporting system run by a third party:

- The Hitachi Global Compliance Hotline is an externally hosted web portal that can be reached via the Ethics Web Portal or the Ethics Hotline, through which reporters may submit concerns anonymously
- Hitachi Energy's Office of Special Investigations (OSI) is a corporate function within Hitachi Energy reached via a mailbox
- Correspondence by post is also available

The Whistleblower Policy offers protection to people reporting integrity concerns in good faith. We act against retaliation or its threat, in whatever form, and treat any incursion as a disciplinary matter. This protection also extends to facilitators, third parties, and anyone associated with an investigation.

We review and investigate all reports and take disciplinary actions as applicable and appropriate, including termination of employment or business relationship. A detailed process explanation and Q&As are available on our website in multiple languages.

Our investigation process

The Hitachi Energy's Office of Special Investigations (OSI Department) triages integrity concerns and investigates or refers these concerns to other corporate functions. The department first substantiates reported violations of the Code of Conduct, underlying local law or internal regulations. The Head of OSI and Head of Integrity then refer any matter for disciplinary actions and lessons learned to either the Country Disciplinary Committee (CDC) or the Regional Disciplinary Committee (RDC). The highest-level reports go to the Integrity Disciplinary Committee (IDC).

The Chief Human Resources Officer, Regional Head of HR, or Country HR Manager has the overall responsibility for the implementation of disciplinary actions.

Lessons learned are implemented by business representatives, supported by OSI, via the inclusion of such failure in the Group Risk and Controls Management tool.

Individual and specific employee grievances or complaints relating to job performance are raised with the Human Resources function as they are not considered integrity concerns.

Our Supply Chain Management has a dedicated multi-layered system to detect, identify, and audit health and safety, environmental, and human-rights related issues. It monitors performance and enforces mitigation programs for high-risk entities, with the potential termination of the business relationship if issues are not resolved in a timely and comprehensive fashion.

Supply Chain Management

Effective supply chain management is vital for Hitachi Energy to deliver on our Purpose of advancing a sustainable energy future for all.

As a global business operating in a complex and interconnected world, Hitachi Energy commits to the highest standards of business ethics, sustainability, accountability, and compliance. We apply these standards within our own operations and demand these from our partners and suppliers to create value for our customers and stakeholders in a responsible and efficient manner.

Our dedicated team of supply chain specialists provides partners with a clear framework, tools, and feedback, including a Supplier Code of Conduct, and a clearly defined pathway to becoming a partner, the Supply Base Management Process. To mitigate significant sustainability risks, we also offer our partners and employees support, training, and evaluation via our Supplier Sustainability Development Program. Furthermore, we combine this internal program with independently verified assessments developed with the leading provider, EcoVadis. Although we do not source raw minerals and ores directly, our Responsible Minerals Sourcing Program offers regular training and communications for our suppliers and internal teams to work toward ensuring compliance with our Conflict Minerals Policy.

Combined, these initiatives help us ensure that our suppliers can assess, maintain, and improve their performance, remaining long-term partners — this joint commitment to excellence is crucial to deliver the innovative and sustainable energy solutions our customers demand.

Supply Quality, Sustainability, and Risk

Our long-term non-negotiable target is to only do business with fully qualified, fully compliant, high-performing suppliers.

Hitachi Energy's license to operate depends on values, including health, safety, integrity, quality, sustainability, and respect for human rights. Our Supply Chain Management (SCM) team implements dedicated programs to monitor, assess, and report performance and progress against these values.

Among these is the Supplier Sustainability Development Program, which directs our strategy across the business — encompassing goal setting, performance assessment (internal and external, EcoVadis), monitoring and reporting processes, strengthening relations with external stakeholders, and ensuring overall accountability.

The Supply Quality function is responsible for supplier qualification, product quality, performance measurement, sustainability, and risk management processes. This function in turn flows into a larger team that also consists of representatives for the four Business Units, Indirect and Trade, Transport, and Logistics (TT&L) functions, which are operationally responsible for the execution.

Each sub-process has a specific owner to define requirements, secure effectiveness and efficiency, promote key stakeholders' buy-in, and ensure appropriate documentation, training, support, and user-friendly performance reports.

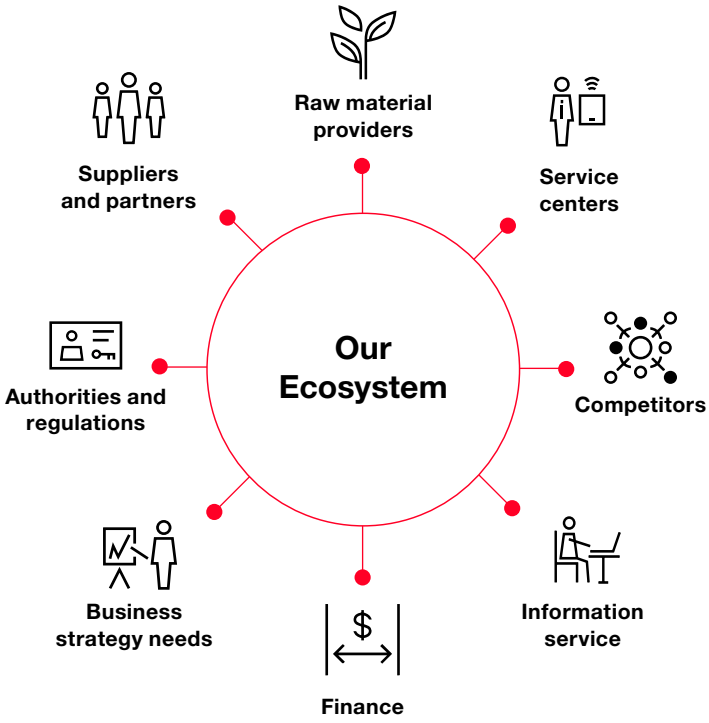
Supplier Code of Conduct

Our Supplier Code of Conduct (SCoC) defines the principles with which we require our partners to conduct business. We have committed to only sourcing goods and services from suppliers who are fully compliant with these standards.

The principles are explained in the Supplier Sustainability Implementation Guide, reflected in our Supplier Qualification, Evaluation, and Classification processes, and in our General Terms and Conditions of Purchase (GTCP).

Supply Base Management Process

Our robust Supply Base Management Process enables the Hitachi Energy team to understand the performance of suppliers across the entire supply chain life cycle, from Registration and Qualification to Performance Evaluation, and Classification.

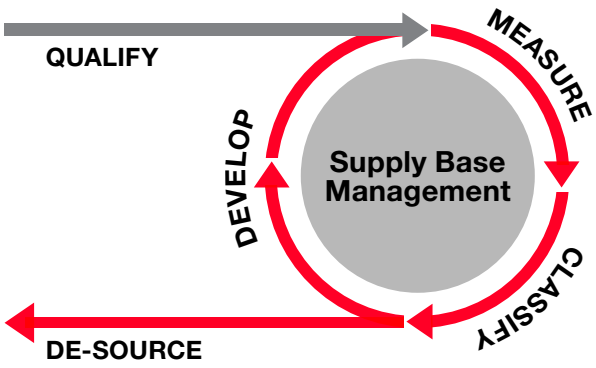


- The Registration process involves adding a supplier company to our Supply Base Management platform. This includes their profile, products, and acknowledgments of our Supplier Code of Conduct, including our policies on quality and sustainability, and acceptance of the Hitachi Energy General Terms and Conditions of Purchase.
- A supplier company is then assessed based on standardized business-sensitive questionnaires, which include details about quality and management systems, their operations, health and safety, sustainability, human rights (including child labor, working hours and labor conditions, wages, modern slavery, freedom of association and collective bargaining, and nondiscrimination), data privacy, and integrity.
- Subsequently, operational performance is evaluated based on quality, delivery, commercial, issue resolution, and sustainable practices.
- Further to this, Category Managers further assess suppliers as potential partners based on their long-term operational and sustainability performance, integrity, and anti-bribery compliance. This Classification process also considers de-sourcing and blocking suppliers in case of non-compliance.

Supplier Sustainability Development Program

For suppliers with higher sustainability risks, we offer a Supplier Sustainability Development Program (SSDP) that prioritizes partners according to a risk matrix, aggregating country and commodity risks, operational characteristics, the criticality of the supplier, and spending. This program includes:

- Training, awareness, and capacity-building
- Assessments and audits conducted remotely and on-site
- Monitoring of supplier sustainability performance



Supply Chain Management Framework

Health, Safety, Environment, and Sustainability

Supplier Sustainability Development Program (SSDP) Trade Compliance

Cybersecurity Requirements

Business Ethics and Integrity

Quality Management and Supplier Quality Assurance Agreement

Human Rights and Fair Labour Conditions

Modern Slavery and Human Trafficking Transparency Statement

Material Compliance and Responsible Minerals Sourcing Regulations

EU Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH)

EU Restriction of Hazardous Substances Directive (RoHS)

Hitachi Energy Substances of Concern in Products (SCIP) Compliance Statement

EU Waste Electrical and Electronic Equipment Directive

Hitachi Energy List of Prohibited and Restricted Substances

Hitachi Energy Conflict Responsible Minerals Policy for materials including cobalt, tin, tantalum, tungsten, and gold (3TG)

The SSDP focuses on Tier One suppliers in priority countries, and expands its reach yearly. We encourage our Tier One suppliers to cascade the results of our sustainability assessment to Tier Two suppliers, ensuring that sustainable practices flow smoothly throughout the value chain.

With assessments and Corrective Action Plans (CAP) closures lasting from eight months to two years, the SSDP focuses on the 21 most high-risk countries. Within this, we help suppliers assess their strengths and weaknesses. Our supplier assessment tools provide performance and response monitoring on a real-time basis. When potential risks are identified, we work with suppliers to detect and implement corrective actions. If those are not implemented within a reasonable timeframe, the supplier is recommended for de-sourcing (GRI 308-2 and 414-2).

Sustainability assessment via EcoVadis

Hitachi Energy's global supply chain presents unique and diverse sustainability profiles. In 2021, we launched a pilot project with EcoVadis to deliver a maturity assessment of our supply base according to sustainability management practices, and as a further resource to the Supplier Sustainability Development Program (SSDP).

The EcoVadis methodology assesses suppliers across four core performance areas: environmental, social, ethics, and supply chain. It draws upon internal policies and documents, external reporting, and certifications, together with reported results. Further to this exercise, we have worked with EcoVadis to integrate additional sustainable procurement activities.

An EcoVadis assessment helps identify high and low performers, identify gaps, target actions, and monitor progress, while the SSDP supports those who need to reach the next stage of their journey.

While we continuously work to help make improvements, in some cases, we are compelled to phase out the supplier (de-sourcing) if the right conditions are not met.

Responsible minerals sourcing

Hitachi Energy does not directly purchase raw minerals or ores, and we are a downstream consumer of 3TG and cobalt. Although we do not perform direct audits of those second- or third-tier suppliers, we proactively assess these indirect links using a Reasonable Country of Origin Inquiry report.

In 2022, we enhanced communications with suppliers identified as sourcing 3TG and cobalt from high-risk smelters and refiners (SOR) to further encourage conformity to the Responsible Minerals Initiative's Assurance Process.

We believe in paving forward our sustainability, human rights, health, safety and labor practices, and quality commitments by co-creating tailored solutions to engage our suppliers in their journey to excellence.

100% **Newly qualified suppliers** assessed through environmental and social criteria (GRI 308-1 and 414-1)

690 **Suppliers** completed qualification (2022)

26,926 **Qualified suppliers** including legacy partners from ABB

403 **Critical supplier assessed** 84% identified risks closed since 2017

Our Modern Slavery and Human Trafficking Transparency Statement, approved by the Board of Directors of Hitachi Energy, covers our operations worldwide, including those of our direct and indirect subsidiaries.

It requires suppliers to take measures to avoid any form of forced, bonded, or compulsory labor (or any kind of modern slavery or human trafficking), recognizing the extremely complex nature of modern slavery.

EcoVadis Suppliers Assessment

4 - 9 **Points higher** All EcoVadis-assessed suppliers on average score higher than the industry average in all the four core categories

51.1 Our suppliers' overall score is higher than average: 51.1 vs. 45.2 average

76% **Medium to large enterprises**

23% **Newly assessed**

71% **Previously assessed**

6% **Re-assessed**

Responsible Minerals Sourcing Program

Suppliers have been identified in the conflict minerals survey, as part of a risk-based approach.

91% **Responses** with 92% of those accepted, according to the criteria

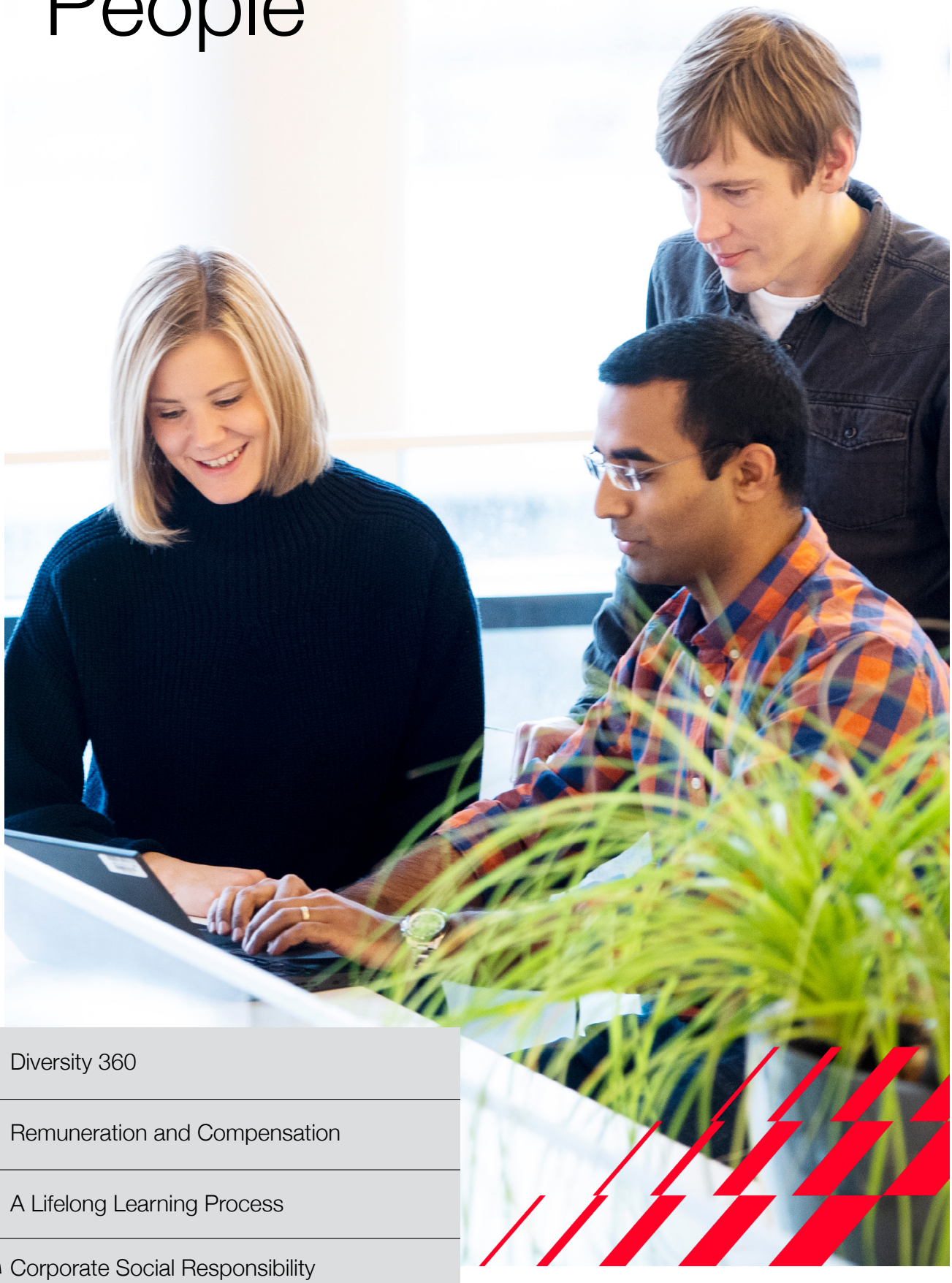
64% **of smelters and refiners (SORs)** have conformant status

40% **Cobalt survey received** with 92% accepted according to the criteria

52% **of SORs** have conformant status, with the remaining 45% being monitored through communications and outreach

We also promote internal awareness through several communication channels to specific employee groups, including Supply Chain Management. We maintain a dedicated supply chain website for materials compliance, including a statement on our position on conflict minerals and cobalt. Our annual supply chain due diligence, according to the OECD guidance, is published on our website.

People



Diversity 360: Embedding Diversity in Our Company Culture

2022 Highlights

82% **Leadership Pillars Index** favorable in engagement survey

Diversity 360

80%
Favorable DEI Index in engagement survey

Diversity 360 Council
Annual Incentive Program linkage

HEERA Harmony, Energy, Equity, Respect, Ambition

- Gender Equity Council activated with a revamped strategy
- Gender Equity & Inclusion Impact Month

2025 Targets

20% **Age Diversity Target** all external hires should be early career

40% **early career of all external hires**

25% **women in manager roles**

Female Acceleration

19% women in manager roles

21% women at organization

28% women in external hires
women in early career hires

38% Global Talent Pool are women

40% external hires are women
women in early career hires

Learning—Attract and Grow

32% Percipio adoption rate

59% favorable on growth sentiment in Exit Survey

50% engaged in two or more core learnings annually

Hitachi Energy has a team of 40,904 employees representing 136 nationalities across 90 countries and six continents (GRI 2-7). We believe that the diversity of our people is key to our Purpose of advancing a sustainable energy future for all.

The complexities of the environmental challenges we are helping to solve require the world's most creative and determined people. To ensure we can create this culture, in 2019 we launched Diversity 360. This vision embraces differences in creativity, skills, culture, experience, ethnicity, sexual orientation, religion, education, background, and gender.

By connecting colleagues across the globe in an inclusive environment, we can capitalize on a true diversity of thought. We focus on developing a culture that accelerates careers, attracts great people, and provides an opportunity to work with purpose.

Strong, authentic leadership enables our Diversity 360 vision to be understood, felt, and carried by everyone in our organization, regardless of their seniority and role.

Since 2019, we have run a series of programs, interventions, and events to bring ambition and thinking to life. These included flagship items such as launching our Female Talent Development Program in 2019, boosting our learning culture with Percipio in 2020, and launching our Unconscious Bias workshop in 2020. In 2021, we also established our annual Diversity 360 Week, launched the Our Leadership Pillars model, and initiated programmatic impact months recognizing International Women's Day, Pride, including Disability Awareness in 2023.

Our Diversity 360 people-centered approach includes four key workstreams of focus:

- Our Leadership Pillars
- Female Acceleration
- Live Diversity, Equity, and Inclusion
- Attract and Grow People

Our Leadership Pillars

Built on a foundation of trust, our leaders create an environment for a diversity of thought and innovation by connecting our employees to four fundamental pillars: our Purpose, People, Potential, and Performance.

At Hitachi Energy, we enable our people to:

Work with purpose
We bring energy

Think big
Our impact is real

Diversity + Collaboration = Great Innovation
We achieve more together

Energize your career
We inspire progress

We believe that our leaders create the environment for a diversity of thought to thrive, and leaders are key to creating the culture we need to reach sustainable growth.

Our Leadership Pillars outline our company's drive to create a purposeful organizational environment. Our leaders create an environment for a diversity of thought by connecting our people to four fundamental pillars: Purpose, People, Potential, and Performance.

Just like a circuit needs all its components connected for electricity to flow, all Our Leadership Pillars play their part in enabling an engaging, inclusive, and trusting culture.

Launched globally in 2021 to over 4,000 people leaders, we defined Our Leadership Pillars through a co-creation process that engaged 500+ colleagues across the globe. The model defines success and outlines effective tools and behaviors for people managers. The pillars are integrated into all the different ways we enable diverse people through hiring, developing, and growing their careers.

To date, over 85 percent of our people managers have completed a training to understand the Our Leadership Pillars concept with around 40 percent at an advanced level. We continue to enroll new people managers in the program annually.

The initiative has established a clear understanding of expectations and behaviors on diversity and inclusion. Hitachi Energy continues to develop and empower leaders to exemplify these behaviors, holding them accountable as advocates and champions of our signature leadership style.

Female Acceleration

We are committed to increasing the number of women in our workplace and overall gender equity. We do this through development programs, global employee networks, partnerships, and benefits which serve women and their allies in the business.

Our goal is to ensure that our female colleagues at every level feel empowered, supported, valued, and respected. We continuously work to balance the gender composition of our managerial team and the overall workforce.

Growing Reserves of Female Talent

We have integrated gender considerations into all people's processes. We work hard to ensure a strong pipeline of potential leaders and experts for key roles within the organization. Early successes include accelerating female representation in these internal talent pools.

By the end of 2022, 38 percent of all talent pools members were female (GRI 405-1).

Live Diversity, Equity, and Inclusion (DEI)

We are creating a culture where our people are empowered to contribute and unique strengths are embraced, respected, and used to drive us forward. Living Diversity, Equity, and Inclusion is a daily commitment while continuously implementing interventions that help us reach our goal.

Interrupting Unconscious Bias

To increase the awareness and action of our employees, in 2020, we launched the Interrupting Unconscious Bias learning initiative. This training focuses on helping employees understand what bias is and how to interrupt the behaviors associated with it. We started with training our most senior leaders, including our CEO, and 30 percent of our people managers completed the training by end of FY22.

Enabling Authenticity

We seek an enabling employee experience where everyone can bring their best, authentic selves to work. This means including, accepting, and respecting all areas of diversity, such as our LGBTQIA+ colleagues. Together we are creating an inclusive culture where all are welcomed, accepted, appreciated, and respected. During 2022, we ran several training programs to promote the virtues of difference and integrated clear LGBTQIA+ guidelines into our recruitment policies.

93% female employees earn, on average, 93% of what male employees receive

Activities to Accelerate

HEERA (Harmony, Energy, Equity, Respect, Ambition)

Launched in 2021 as the Global Women's Network, the initiative has been repurposed in 2022 as a strategic council to advocate, advance, influence, and inspire our Gender Inclusion journey. HEERA fosters an environment that supports gender equity and inclusion at work, enabling a culture of allyship and fueling diversity of thoughts as we advance a sustainable energy future for all.

The council includes representation from senior leaders across functions and geographies, with 11 nationalities from 10 countries, and a women-to-men gender split of 11:4. In 2022, the council hosted multiple conversations with key stakeholders influencing Gender Inclusion at work. On International Women's Day, March 8th, during DEI Month, HEERA hosted a listening session on advancing Gender Equity and Inclusion. Over 100 key enablers, leaders, and influencers attended the event, where we launched our first non-technical white paper on the topic.

EVP (Employee Value Proposition)

To recruit high-potential talent with a diversity of thought, we are increasing our diversity hiring ambition. Our 2025 target is to reach at least 25 percent of females in the organization, and we are focusing on all professional levels, including early, mid, and senior careers.

Power+ (Graduation Rotational Program)

We partner with universities known for their commitment to gender diversity in their student bodies. Our flagship engineering rotational program, Power+, annually offers experiential opportunities for recent graduates to learn about our business and accelerate their careers. In 2021 and 2022, 60 people participated in this learning program, with 50 percent female attendance.

> "Diversity of thought is what brings us forward as an organization.
>
> **Stefanie Ratzel**
> Head of Talent & Learning

Employee Resource Groups (ERGs)

ERGs are employee-led, self-directed voluntary groups coming together to build and sustain an engaging workplace community. ERGs engage passionate individuals, are organized around a common interest, and operate according to a strategic direction. The ERGs are our vehicle to advance the DEI agenda. They are a critical feedback loop for the organization, helping to curate a sense of belonging and connecting people to each other. There are 14 ERGs at local, country, and regional levels, engaging more than 1,650 members.

Generational Inclusion

To bridge the generational gap, we are leveraging the Collaborative Learning Framework of Mentoring + Coaching + Collaborative Learning Circle. Two specific tools we promote from the Global Mentoring Framework are Reverse Mentoring and Leadership Mentoring.

Disability Inclusion

Diversity 360 is our 360-degree approach to living diversity, equity, and inclusion. The year 2022 saw us bring Disability Inclusion into our strategy, and we plan to strengthen our efforts in reasonable accommodation and accessibility. We believe in the ability, and in December 2023, we plan to stage DEI Month with the theme of Advancing Ability Awareness.

Diversity 360 Week

Diversity 360 Week is a global engagement initiative focused on our diversity, equity, and inclusion commitments. It offers an opportunity to pause, reflect, and engage on how important diversity is to the success of our organization.

To support our people, the week consists of live learning sessions, on-demand learning resources, engagement with customers and suppliers, team-based exercises, and more. While we dedicate an organization-wide week to Diversity 360, we know that living diversity, equity, and inclusion is a daily commitment.

To provide ongoing support, our people can access the resources throughout the year via our intranet. In 2022, we had 22 live learning sessions, 18,000+ audience members, and a 7.41 recommendation rating. We also launched new interventions during the week, such as our global mentoring framework, offering further development opportunities for our people.

Diversity 360 Week in 2022

18,000 **attendees across the globe viewed**

22 **live sessions**

7.4/10 **attendee recommendation rating**

We also engaged customers and suppliers, expanding our external impact — learn more about our Diversity 360 strategy.

Attracting and Growing People

We create the environment and opportunity for diversity of thought to thrive, enabling our current and future people to reach their full potential.

Our flagship graduate program attracts top early career talent into our business, tasking them with solving some of the biggest challenges of today, as well as the demands of the future.

For the people already in our business, we foster a culture of lifelong learning, to creating opportunities and challenges for talent of all levels and backgrounds.

Our learning programs include training in technical issues, mentorship, project management, and environmental sustainability.

Remuneration and Compensation

To motivate, retain, and attract the best people, we design compensation packages that are easy to understand, fair, and appropriate to our business.

Sustainable Remuneration Drivers (GRI 2-19 and 2-20)

Our senior executive remuneration philosophy reflects sustainable and measurable value creation. Our fixed remuneration offer is proportionate to each role and level in our organization. We award short-term incentives for outcomes that reflect our financial performance, diversity and inclusion, safety, integrity, quality, and sustainability. Our long-term incentive payments occur three years after they are set and agreed upon. This timing underlines the nature of our business, strategic goals, and our desire to encourage value creation and sustained performance.

Continuous Improvements: We continuously update our policies to guide employee remuneration according to seniority, job profile, qualifications, experience, skills, performance, and behaviors. Our policies encourage internal pay equity between peers performing comparable work.

Environmental Commitments: To enhance the company's environmental performance, we have included CO_2 reduction targets in our annual short-term incentive plan. We are also rolling out our new electrification car benefit policy to encourage further emissions reductions.

Recruitment Incentives: We sometimes compensate joining senior executives for specific incentives they forfeit upon resignation from their previous employer to maintain their financial stability (GRI 401-2).

Retirement Benefits: We regularly review the internal and external environment to make risk-aware investment decisions regarding our pension programs. We provide the same retirement benefits to senior executives as we do for other employees, aligned with local statutory requirements and company policies.

Remuneration Governance

To learn how each remuneration component compares against different peer groups, we typically perform market benchmarking studies every two years with the support of independent external consultants. This process ensures our salaries and variable remuneration plans remain fair, appropriate to current market trends, and robust enough to compete for senior talent.

Our external consultants join benchmarking discussions with senior leaders to establish sustainable pay proposals for our senior executives. We meet four to six times yearly with our Remuneration Advisory Board (RAB) to discuss different remuneration topics. These include pay proposals for our senior executives, benchmarking study results, peer group composition, quality, performance, motivation, business context, and general market trends.

The RAB Chair presents our remuneration proposals for approval by our Board of Directors (Board). Since our company was incorporated in July 2020, we have presented and obtained approval for senior executive RAB-related items from our Board on 11 occasions.

Career and Salary Advancement

We grade jobs objectively and rigorously, following an internal standard process to assess the level of each job profile with consistency and fairness. We offer different career progression opportunities and corresponding salary ranges for each job profile. This framework enables employees with relevant experience and qualifications to move across different roles and career paths, allowing them to grow professionally and financially within our organization.

We adjust our salary ranges annually to pay people fairly and according to performance. During the salary ranges adjustment process, we consider collective bargaining agreements, local laws applicable to

Employee Engagement Survey: employees agree that

94% all respect each other irrespective of race, gender, religion, origin, age, or disability

92% safety comes first at work

specific employee groups, market benchmarks, and affordability. We also deliver training to equip line managers with enough information to apply and explain our global merit increase standards to their employees, helping them to make informed and sustainable remuneration decisions.

Global Performance Management Process (GPM)

Our Global Performance Management process (GPM) empowers managers to support, encourage, and guide all our current and future talent to perform and reach their full potential.

The GPM process forms the foundation for business management and performance enhancement to promote the sustainable growth of both the organization and individuals alike.

The GPM process combines individual goals, aligned to the Hitachi Energy organizational goals, with expected behaviors, also called 'competencies.' To encourage continuous performance improvements which lead to the short and long-term development of employees, managers provide regular coaching and feedback to their employees. They can also define development actions to drive better performance, career progression, and personal development.

We aim to cultivate a culture where employees feel empowered to reach their career goals. We do this by enabling them to take ownership over their work and pursue self-development. Managers also take time to clarify how their reports' actions contribute to the overall success of the business.

A Lifelong Learning Process

We believe that when given the right tools, everyone has the potential to succeed.

We foster diversity of thought by providing equal access to learning and opportunities for personal and career growth. Our internal learning team and on-demand learning platform provide people with world-class training and focused development programs that are available anywhere, anytime.

98% **~26,000 employees** of the eligible group performed performance reviews and had regular career conversations [GRI 404-3]

As a new company, we strive to deliver innovative employee experiences powered by our Diversity 360 approach. Hitachi Energy is invested in a culture of lifelong learning, offering opportunities to support, encourage, and guide all current and future employees to reach their full potential.

Driven by the principles of Lifelong Learning, we are committed to providing new and diverse opportunities to learn. We empower our people via collaborative learning through community-based, self-managed learning spaces for both business and personal growth (GRI 404-2).

We operate according to a 70:20:10 development philosophy. Empirical studies confirm that 70 percent of learning comes from on-the-job informal knowledge acquisition, 20 percent from social interactions, and 10 percent from formal course-based learning.

We consider learning and development an investment in our people and strive to provide an inclusive learning opportunity for all. With the support of managers, employees may access our vast learning portfolio of resources. This includes tools, systems, platforms, courses, and programs, enabling individuals to take development into their own hands and increasing accountability.

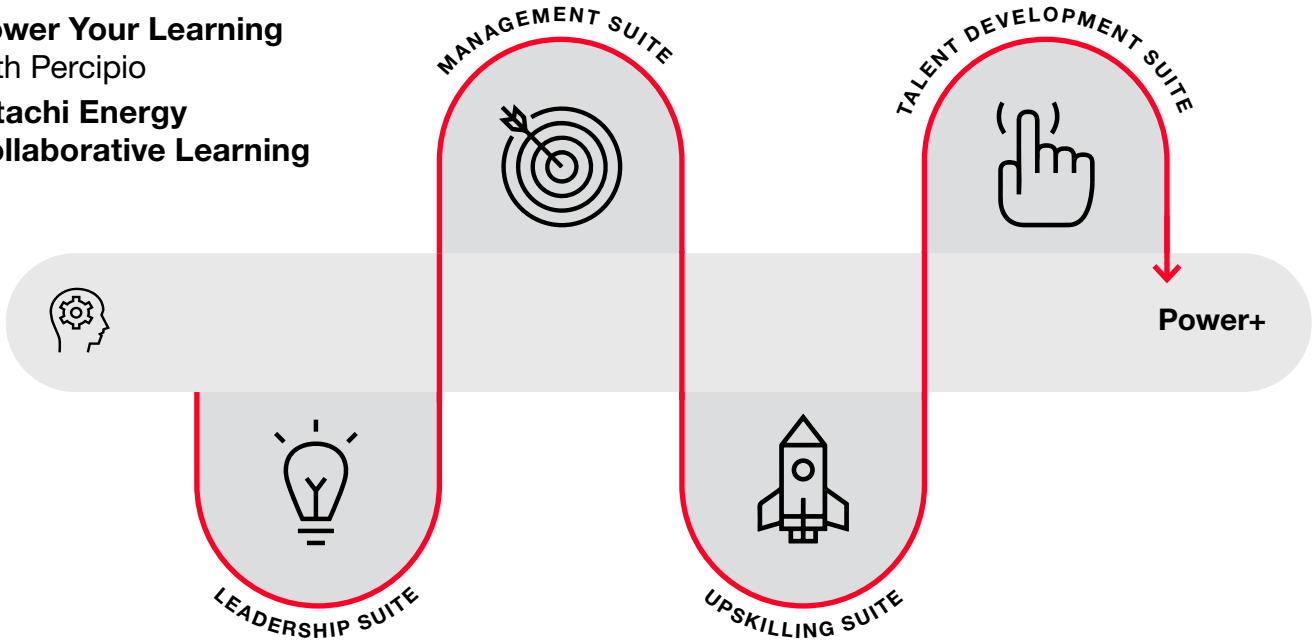
Inspiring
through leadership and role-modeling

Developing
through learning and developing others

Engaging
through experience-sharing

Participating
through networking and open conversations

Power Your Learning
with Percipio
Hitachi Energy Collaborative Learning



Mentoring

Everyone in Hitachi Energy is encouraged to support others to learn as a mentor, or learn from others as a mentee regardless of their level, tenure, or age. There are four types of mentorships available: leadership mentoring, career mentoring, reverse mentoring, and onboarding mentoring. As of the publication of this report, 132 employees have signed up as mentors, offering support to others.

Digital Learning

Digital coaching utilizes a user-friendly app and a pool of highly professional external experts. Fifty managers and employees benefited from this way of learning for their development. They have demonstrated improvements in the areas such as developing others, improving trust and relationships, as well as leading change.

Hitachi Energy is committed to the Sustainable Development Goal of Quality Education (GRI 404-2). In 2021, we promoted learning for all within the organization through new on-demand learning platforms and our Female Talent Development Program. Externally, we created partnerships with schools to promote our industry and activate interest in science, technology, engineering, and mathematics (STEM). In addition, we partnered with NGO BringKids2Schools, whose mission is to finance and build schools in the world's poorest countries, providing better access to quality education for all children.

Learning Insights

2,600 employees took park in the global core Leadership and Management development programs

10,008 employees visited and engaged in the skill development online learning platform **Percipio**

46,401 hours spent

=

95,727 completed sessions

=

11,241 badges earned

4,200 employees

=

6,200 visits to **Culture Wizard**

The learning platform helping to gain inter-culture awareness, and build skills to work effectively across cultures

1,000 employees and **300 family members** used language learning platforms (EF and Rosetta Stone) to improve their foreign languages profiency

> "Investing in the future at Hitachi Energy means putting people first, making our Leadership Pillars and Diversity 360 a strategic priority to provide employees the opportunity to develop and realize their unique potentials across the globe.

Achim Braun
Chief Human Resources Officer

Digital Learning

Percipio

- An intelligent online learning platform and mobile app with a library of 120,000 learning opportunities available 24/7.
- 65,000 videos, 15,000 books, 1,200+ audiobooks, 7,000+ courses.

Culture Wizard

- Cultural learnings, tools, and assessments to build culture insights and awareness by accessing over 8,000 learning components, courses, and tools.

Language Learning

- 12 available languages on goFLUENT platform for self-paced, tested learning.

Collaborative Learning

Mentoring and Coaching

- A goal-oriented learning partnership where a more experienced coach helps employees achieve their personal best.
- With mentoring, employees at every level share experiences and provide deeper insights of the organization with either one mentee or a group of mentees.

Collaborative Learning Circles

- Self-administered non-hierarchical group learning using tools and frameworks.
- Drives continuous learning, networking, and knowledge-sharing that enables broader access to know-how and experience within the organization.

Global Programs

Leadership and Culture

- Power Your Leadership
- Interrupting Unconscious Bias
- Learning Agility

Management

- People Manager Journey
- Inspire and Energize for Senior Leaders

Global Upskilling and talent development suite

- Interrupting Unconscious Bias
- Female Talent Development Program (FTDP)
- Career Accelerator Program (CAP)

Corporate Social Responsibility

As a global technology leader committed to advancing a carbon-neutral future, Hitachi Energy is committed to being a responsible and caring corporate citizen by partnering with and actively contributing to the communities where we live and operate.

Hitachi Energy contributes to the sustainable development of worldwide societies by committing to responsible business operations across its activities while proactively engaging with local communities.

Thanks to our global presence, we are able to implement distinctive activities to foster coexistence with communities. We are committed to ongoing voluntary positive contributions to the development of the local communities we operate as part of our license to operate and our Sustainability 2030 plan.

The wide range of corporate citizenships activities is organized across four core areas, aligning with the Hitachi Group approach:

- Human Development
- Environment
- Community Support
- Employee Donation

Our global Sponsorships and Donations policy ensures strict compliance with our Code of Conduct, according to our values and applicable laws.

In 2022-23, Hitachi Energy companies implemented 90 global and local activities across 26 countries involving employee participation and financial and in-kind contributions.

For 2023, we are developing a global assessment of our activities and planning to revise the strategic approach to social investments by emphasizing the strong link between technology, innovation, and education with a focus on STEM subjects, and contributing to raising awareness about the energy transition.

Corporate Citizenship Promotion System

Hitachi Energy believes in contributing to the local communities as part of its DNA and license with a strong focus on education.

Fostering employee participation in corporate citizenship activities is key to our approach. Starting with our employees and site-neighboring communities, besides providing opportunities through our volunteer program, we also engage employees to participate, encouraging the participation and selection of activities catering to the needs of the local communities. The key principle of our actions include:

Employee Participation

Employees are the driving force of both our social and business impact. Employees are active agents of corporate citizenship by helping select activities at the global level, contributing through donation drives and volunteering their time, skills, and expertise.

Connection with the local communities

Local activities are conducted with the communities that live in the specific area or region. Often employee or project-driven, our local projects are designed to sustainably support communities in need.

Co-creation and partnership with stakeholders

In line with SDG 17 and our Sustainability 2030 strategy, selecting and fostering local partnerships is key to ensuring a truly sustainable development. We carefully select international organizations, nonprofit, and civil-society organizations to help us deliver activities around the globe.

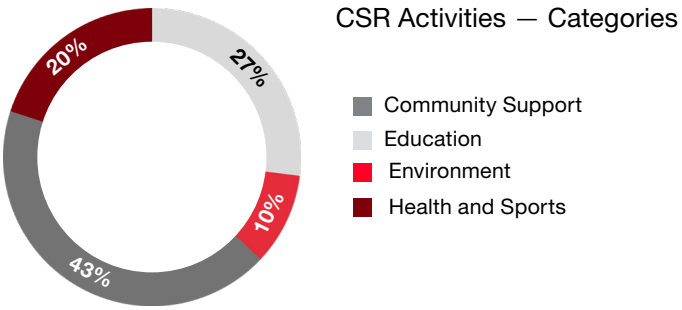
Our partnership for children's education with BringKids2Schools (BK2S)

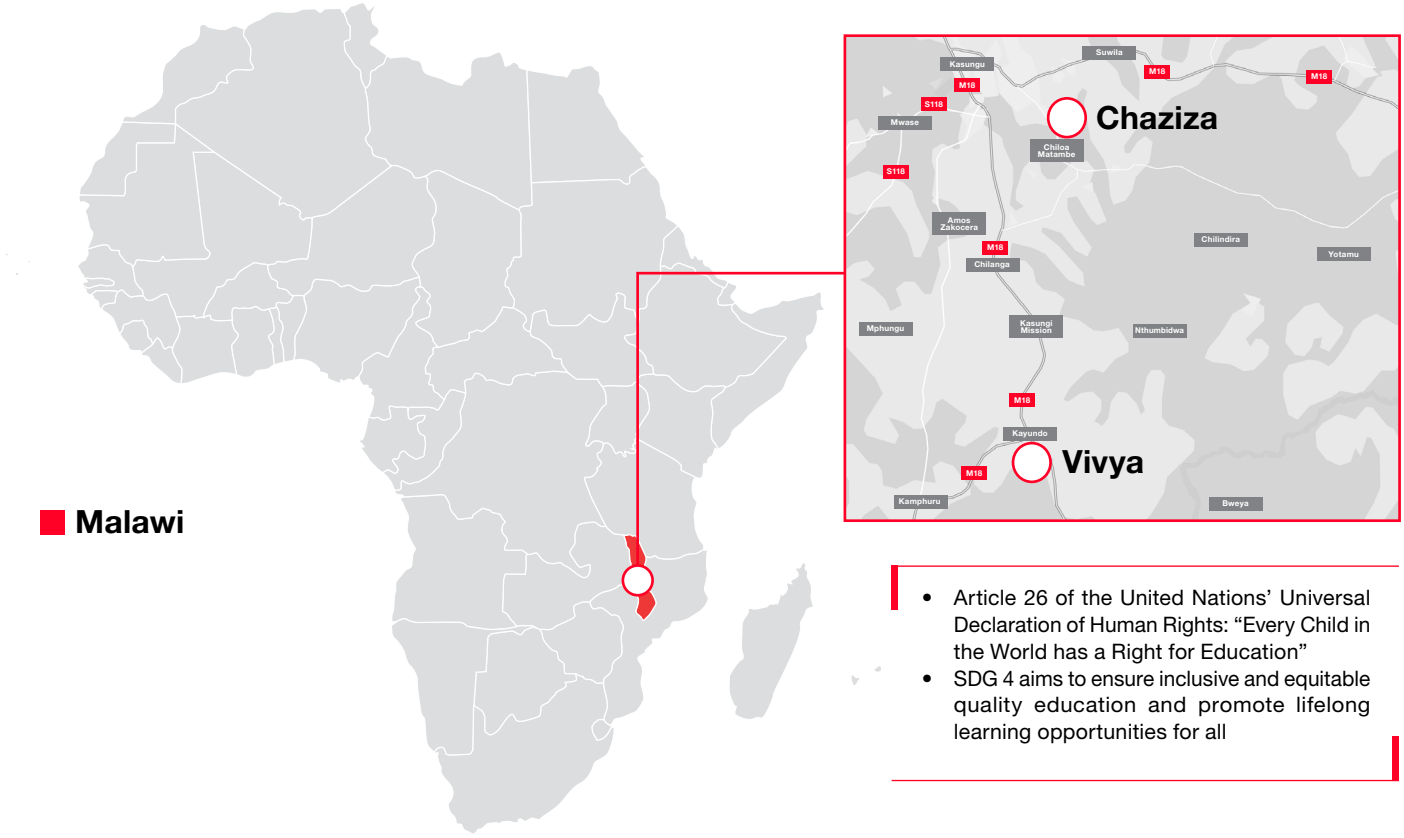
BringKids2Schools (BK2S) is a Swiss nonprofit foundation dedicated to pursuing children's right to quality education. Operated on a pro-bono basis, with internal cost coverage entirely met by membership fees, 100 percent of the funds go to delivering their mission: to finance and build schools in the world's poorest countries, giving children a chance to develop their valuable potential. Since 2017, BK2S has constructed schools, often the safest and largest buildings in the villages, capable of accommodating up to 150 students in three countries: six primary schools in Malawi, five in Nepal, and two in Senegal, with more underway. Two of the six schools built in 2022 were financed through the Hitachi Energy Tokyo to Malawi Challenge. In over 90 days, a total of 1,026 Hitachi Energy employees, families, and friends completed the virtual sporting challenge.

Operating in collaboration with a construction partner and full coordination with the community, BK2S ensures girls and boys have equal rights to go to school, engaging the community through a steering committee with both women and men while engaging the villagers to build the schools themselves under professional supervision. Communities learn how to build and maintain the schools; there are no "free gifts"—commitment, engagement, and sustainability are the key principles to ensuring that the local communities are involved in planning, constructing, and operating the schools.

Hitachi Energy India is empowering women through STEM education

As pioneers in electrical transmission, we strive toward building an inclusive and more collaborative environment for all women by empowering our female workforce and inspiring the next generation of women in STEM. Through development programs, global employee networks, partnerships, and benefits that serve women and allies, we are committed to not only increasing the number of women in our workplace but also empowering our female workforce to be ready for senior leadership positions.





- Article 26 of the United Nations' Universal Declaration of Human Rights: "Every Child in the World has a Right for Education"
- SDG 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Vivya School

Located approximately 20 km south of Kasungu. Construction began in November 2022 and was completed in February 2023.

Together with buildOn, we have built a school alongside local communities. The community of Vivya contributed the land and natural resources such as sand, water, and gravel to the project.

A School Project Leadership Committee consisting of six men and six women was selected to oversee the school build. The community leaders not only helped to collect supplies, but they also organized crews to volunteer on the worksite each day. By the end of the project, the men and women of Vivya had proudly contributed 5,236 volunteer workdays to the construction of their new school.

Chaziza School

Chaziza is located approximately 30 km east of Kasungu. Construction began in January 2023 and was completed in April 2023.

Hitachi Energy's support also included supervision of the school building from a Health and Safety perspective, ensuring that workers and volunteers were equipped with the right knowledge and tools to safely delivering the project.

By raising funds through the Tokyo to Malawi Challenge in 2022 (#Tokyo2Malawi), over 1,000 employees from more than 40 countries contributed to the virtual sporting challenge, inviting teams to compete and cover the distance from Malawi to Senegal in just 90 days, from September to November 2022.

Health, Safety, and Environment

Health, Safety, and Environment (HSE)

Highlights

New Health, Safety, Environment, Security, and Sustainability Operating System (OS)

Separation of the HSE and Sustainability function into three distinct functions: HSE, Sustainability, and Security

Sustainability is about balancing economic success with environmental stewardship and social progress to benefit all our stakeholders. As critical infrastructure providers, our duty is to continuously strive for excellence in Health, Safety, and Environmental performance.

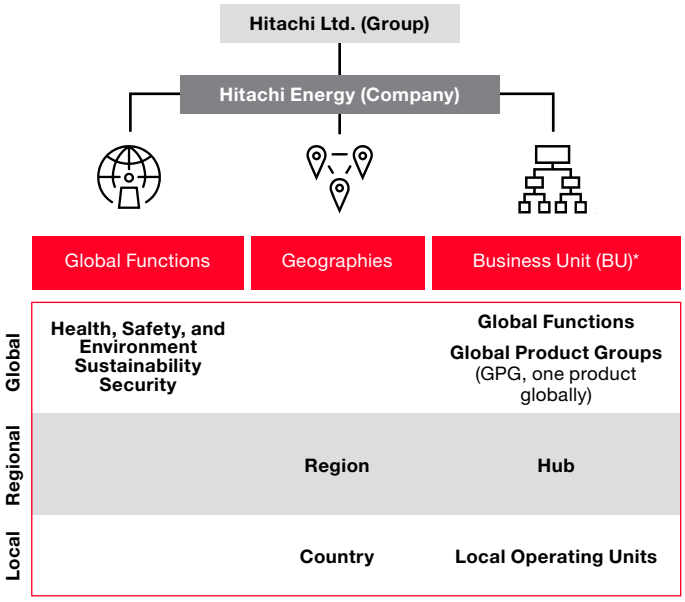
We are advancing the sustainable energy future by enabling the integration of renewables in a more energy-efficient and reliable grid. With 84 production sites across 28 countries, and projects and operations in more than 90 countries, we work to reduce energy consumption, minimize the use of natural resources and hazardous substances, reduce waste and increase resource efficiency — always in compliance with legislation, and, where possible, beyond.

Our products, systems, solutions, and services are designed to improve our customers' businesses by increasing industrial productivity while respecting people and the environment. This is why we are deeply committed to enhancing our performance and engaging with our stakeholders to further improve the environmental impact of our products and solutions throughout their life cycles. We consider every stage — from design, R&D, the extraction of raw materials to production, until customer use and end-of-life.

Safety: our license to operate

At Hitachi Energy, we foster a healthy, productive work environment. We believe employees can perform at their best when feeling safe, healthy, and well.

As a learning and resilient organization, we promote an open reporting environment to learn from successes and failures. We have full control of hazards and exposures to protect our people and preserve business continuity. We aim to be a world-class leader in health, safety, and the environment to protect people, communities, and the planet.



Understanding HSE and Sustainability Risks and Opportunities

At Hitachi Energy, we have close to 450 employees working as health, safety, environment, security, and sustainability professionals. Of this group, around 100 professionals are dedicated sustainability and environmental management employees. Each business unit has a Global HSE Manager.

The Head of HSE is a member of the Global Management Team and reports directly to the Chief Transformation Officer, a member of the Executive Team, with HSE performance, trends, risks, and opportunities continuously addressed in management meetings at all levels in the company.

We identify and assess HSE and Sustainability risks and opportunities across our organization, ranging from individual actions to enterprise-level activities. A specialized and standardized audit program monitors the accuracy of our risk analysis, the program's efficiency, and the identification of opportunities.

We assess the environmental impacts of each of our operating units according to the ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018 standards. This information is used to report hazards as well as opportunities for improvement available in a company-wide web-based tool.

Under the system, tasks being carried out by or on behalf of Hitachi Energy involving hazards with a high level of risk receives deeper analysis. Additional controls are implemented to ensure the safety and health of all employees and contractors, and to prevent harm or damage to the environment, as reflected in this report's Supply Chain section.

Following the acquisition, we reassessed and improved our internal environmental reporting from 2020 to 2021. We set new environmental targets in alignment with Hitachi's sustainability objectives in line with the latest standards and guidelines from SBTi, GRI, and relevant EU requirements. In line with this, in 2022, we strengthened the Sustainability function through a dedicated structure, effective from 2023, maintaining consistency and a strong connection with the main HSE Group.

Our HSE and Sustainability Operating System

Our Health, Safety, Environment, and Sustainability (HSES) Operating System is aligned with ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety, and ISO 50001 Energy Management standards (GRI 403-1). It guides our actions and is supported by a structured framework of regulations, policies, procedures, guidance, and trainings. Within this, we also implement internationally recognized guidelines such as the UN SDGs, the Science Based Targets Initiative, CDP, ILO Core Conventions on Labor Standards, and the UN Guiding Principles on Business and Human Rights.

Our operating system establishes rigorous minimum requirements within the company and our dealings with suppliers, service providers, contractors, and clients. It prescribes full compliance with all laws and regulations in all our facilities, projects, and customer sites. The system also provides a framework for responsible business and exacting standards in locations where legislation or local regulations have not yet evolved to the same level.

The framework documents apply to all employees and contractors working in all our legal entities. These include joint ventures, consortia, working partnerships, and third-party service providers with management control at Hitachi Energy facilities, projects, and customer sites.

Importantly, the system supports awareness and ownership work culture where employees and partners are empowered to speak up, address risks, and identify opportunities for continually improving performance.

The framework includes these focus areas:

- Culture and Leadership
- Communication and Learnings
- Digitalization and Analytics
- Operations and Risk Management
- Governance and Competencies

ISO Certifications

ISO (14001, 45001, 50001, and 9001) certification is done on a local site, legal entity (i.e., country), or global product group level, depending on business characteristics and needs.

In 2022, 161 of our sites reported environmental data in our Environmental Management questionnaires, most of which were certified with several ISO standards.

In total, 90 percent of our reporting sites were certified against international health and safety standards (ISO 45001, OHSAS 18001, and MASE).

Standards	ISO14001	ISO45001	OHSAS 18001 and MASE	ISO 50001	9001:2015
Certified sites	89%	88%	2%	15%	88%

> “Safety is our license to operate. We do not accept business if it means putting people at risk or engaging in unethical practices.
>
> **Ganem Chekili**
> Head of Health, Safety, and Environment

Health and Safety

2022 Highlights

-60% Total recordable injury frequency rate vs. 2017

-25% Severity rate vs. 2017

91% Eligible workforce completed Life Saving Rules eLearning, available in 14 languages

91 Total audits performed during the HSE Group audit

>90% NCR on-time closure

27,000 SOTs performed

644 Leaders trained during the HSE Masterclass

2 Health and Safety awards received from Hitachi Ltd.:
Excellence Award: LSR Program
Innovative Award: Mind Matters

The active management of health, safety, and environmental performance is at the core of everything we do and the basis of our license to operate.

Hitachi Energy’s health and safety operating system aims to create working environments where all employees can perform at their best, physically and mentally. We aim to minimize the risk of harm and are committed to eradicating fatalities, life-changing injuries, and major environmental incidents. We work with customers, suppliers, and contractors to achieve these objectives and share a common culture of responsibility.

Our commitments

We aim to be a world-class leader in health, safety, and environment to protect people, communities, and the planet.

- Positive health and well-being work environments
- Safe working conditions as well as continual improvement
- Environmental protection to minimize our impact
- Learnings from successes and failures
- Trust by open reporting and through external validation

Led by managers, all employees in the company are responsible for health and safety, and collaboration is key to the program’s success. All employees can report an HSE hazard, and all managers are encouraged to perform Safety Observation Tours to learn, engage, and make a difference with our frontline workforce. The Time Out for Safety approach encourages our employees to pause, discuss, and assess potential safety risks before proceeding with their tasks.

+90K **Hazards identified reported by our people**

+27K **Safety Observation Tours performed by our managers**

We learn from HSE issues on an ongoing basis and make continuous improvements.

In the workplace, we take all measures to protect employees from chemical, physical, or biological exposures that may cause ill health, including occupational diseases. The Health, Safety, Environment and Sustainability Policy of the company defines and covers the organization, responsibilities, and accountabilities for health and safety.

Our management framework comprises a variety of policies and procedures, including but not limited to:

- Ergonomics and human factors
- Manual handling
- Work permit system
- Management of contractors
- Working at height
- Mechanical lifting
- Rigging and slinging
- Electrical safety
- Confined spaces
- Machinery safety
- Portable electric tools and equipment
- Excavation

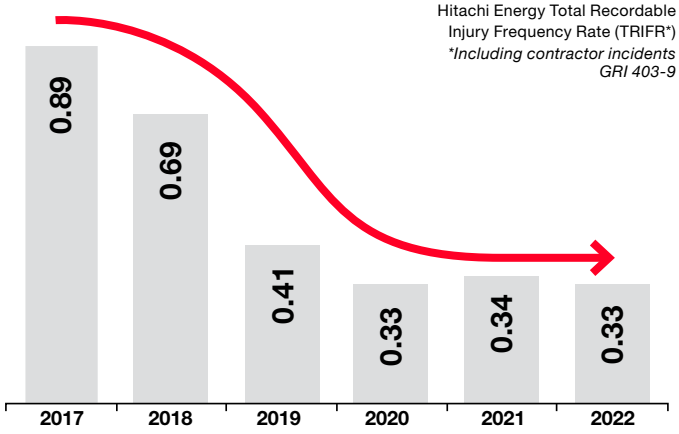
A Risk Management system founded in our safety culture

Our HSES Operating System, together with our Health, Safety, Environment and Sustainability Policy, underpins our safety culture and is used to mitigate, proactively manage, address, and prevent the hazards and high-risk activities that are specific to our industry. These include risks associated with electricity, safely operating machinery, working at height, lifting operations, confined spaces, and occupational health issues (GRI 403-2 and 3).

While lead auditors conduct regular HSE performance assessments, we are developing a strong safety culture among our contractors and suppliers through regular communications and contact. We demand safe and healthy workplaces protected from incidents, injuries, and occupational illnesses.

The company is committed to eradicating fatalities and life-changing injuries, as well as ongoing reductions in the total recordable injury frequency rate per 200,000 hours worked (TRIFR). We disseminate this workplace safety culture throughout the company with our safety flagship program 10 Life Saving Rules (LSR).

Hitachi Energy Total Recordable Injury Frequency Rate (TRIFR*)
**Including contractor incidents*
GRI 403-9



-60% Recordable injuries (since 2017)

-25% Severity rate (since 2017)

Life Saving Rules

01 I am trained and certified to perform high-risk activities.

02 I perform a last-minute risk assessment (Stop Take 5) before starting my work.

03 I apply the “1 person, 1 lock, 1 key” rule.

04 I apply the 7 steps for all electrical activities.

05 I use properly guarded machines.

06 I protect myself against falling from heights.

07 I keep a safe distance from any suspended loads.

08 I make sure the air is safe prior to entry.

09 I fasten my seat belt.

10 I keep my hands on the wheel, never on a phone.

Further to a significant increase of over 300 percent in proactive management-led Life Saving Rules Inspections year-on-year, the Total Recordable Incident Frequency Rate (TRIFR) has been falling steadily since 2017 and fell to 0.33 in 2022, which represents a reduction of 60 percent. In alignment with our efforts to mitigate our risks and consequences, the severity rate was reduced by 25 percent compared to 2017, and dropped to 3.74 in 2022.

Maintaining a high on-time closure rate for corrective actions, which exceeded 90 percent last year, remains a key focus area to collectively remedy unsafe scenarios as swiftly as possible.

Thanks to our past progress and the new measures we have implemented, our company has not reported any fatal incidents since February 2020 (FY2019).

Hitachi Energy fatal incidents

In 2021, we re-energized the LSR program with new communication materials in several languages, a governance standard, an interactive eLearning, a new mobile LSR Inspection tool, and a company-wide performance monitoring dashboard.

In 2022, we made the 10 Life Saving Rules training mandatory for all employees with a 98 percent completion rate and conducted global safety campaigns to create even greater awareness of the most important safety issues among our employees. We have extended the training to our contractors working for Hitachi Energy.

Health and well-being journey

Hitachi Energy embeds health and well-being at the core of its operations to create an empowering and rewarding work environment for all employees. We recognize that a holistic approach to employee health and well-being can foster a thriving workforce and increase employee engagement, productivity, and talent retention. We aim to reduce the stigma against physical and mental health issues.

We recognize that addressing health and well-being-related issues can lead to healthier and happier employees, and that safeguarding employee health and well-being are an important part of our organizational culture and identity. Key issues related to occupational health are also embedded in various guidelines of our management system.

Hitachi Energy seeks to improve well-being at the workplace by referencing and implementing key international principles from the World Health Organization, as well as relevant international conventions and standards such as those governed by the International Labor Organization.

Our Health Wheel is a visual representation of how we think about health at work and how we effectively implement policy and standards on three topics.

Because health and well-being are fully embedded in our management system, our Employee Health and Well-being Policy aims to support and contribute to providing a healthy and supportive environment for all employees.

Our standards are clearly defined under the standard level (expected level of Hitachi Energy that must be implemented within all units) for various processes and instructions related to health and well-being such as risk assessment, ergonomics assessment and inspection, and health check-ups, among others.

Our health flagship program, Mind Matters, launched in 2021, addresses the organizational and employee mental well-being dimensions that enable all our employees to thrive and be at their best. After a pilot in 2021, we rolled out the initiative across several functions to help our employees remain well wherever they are in the organization. The program received the Innovative 2022 Hitachi Group Health and Safety Award.

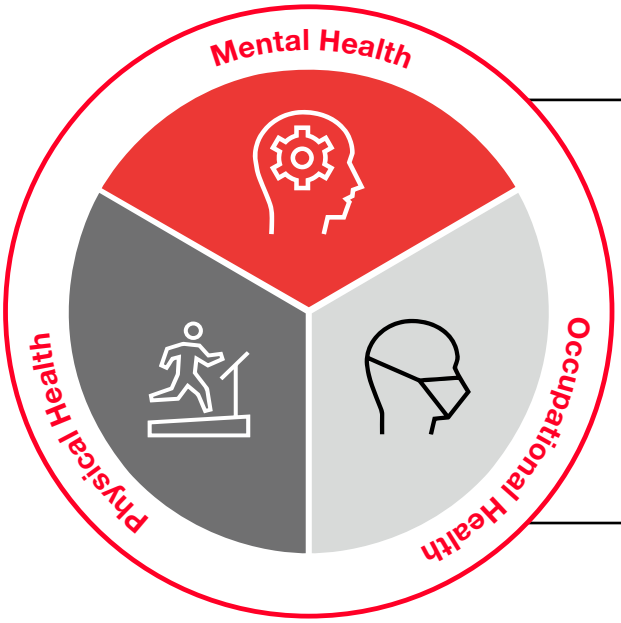
Our Learning Approach: Human and Organizational

Health and well-being standards

- Occupational health
- Well-being and resilience
- Ergonomics and human factors
- Physical ergonomic assessment guidelines
- Ergonomics worksheet
- Office ergonomics assessment
- Ergonomics questionnaire
- Manual handling
- Industrial hygiene
- Health risks assessment method
- Radiation

It takes well-integrated teams of people to keep each other safe and to produce industry-leading safety results.

3,050	**Hitachi Energy employees covered** (Finance, HR, HSE, L&I, Reiwa)
633	**Total Kyan profiles created** (>20% engagement rate)
820	**Hours spent on prevention and self-care in total**
50	**Number of countries being served across the globe**
86	**Video counseling sessions conducted** (YTD 2023: 66 sessions)
5/5	**Rating for counseling experience**



Hitachi Energy Health Wheel

Physical health
We run participation-based wellness programs to motivate behavior change, drive engagement, and promote better health practices.

Mental health
We are integrating proactive mental well-being management into our latest strategy.

Occupational health
We ensure safe workplaces and working conditions by complying with the applicable occupational health and industrial hygiene standards.

Performance (HOP)

Our Human and Organizational Performance (HOP) is designed to understand how successes and failures occur in our HSE and Sustainability approach. Its foundation is an open dialogue based on learning and improving with our frontline workforce, i.e., our people performing high-risk work. HOP draws on scientific research in The Organizational Psychology and Complexity Theory. It aims to instill a culture where we can learn from successes and failures to protect our people and the environment. This open approach enables us to learn directly from our people, building capabilities and improving our operating systems, including methods and procedures.

During 2021 and 2022, we have been trialing HOP in production units using local teams, resulting in significant operational learnings and performance improvements. Following integration with our functional learning and competency approach, we will use HOP to integrate the best HSE and Sustainability management techniques into all our legacy programs in the coming years.

Incident investigation as part of our HOP approach

Incident reporting and investigation are intrinsic to our HSES management approach and are conducted primarily by learning from experience and preventing recurrence. Carefully reviewing incidents enables us to understand issues, influence future outcomes, and support people and processes.

We have undertaken specific initiatives to help remove hazards and their associated risk levels. These include reinforcing company machine-guarding standards, conducting external assessments, organizing awareness campaigns, and encouraging increased near-miss reporting for better learning.

We conduct thorough investigations of all incidents, which include formal three-month reviews after all major events to assess progress made and the effectiveness of the identified corrective actions.

Continuing our robust safety culture journey, we encourage our workforce to take ownership and initiative in addressing hazardous conditions. We ask them to lead by example and to share learnings with their peers around the organization. By fostering a strong safety culture, we aim to support an environment where HSE and Sustainability are embedded in every aspect of our global operations.

HSE and Sustainability Learning Program

Our HOP model supports the competence and expertise of our personnel as they learn new skills for professional development. In April 2022, we launched an online training, Life Saving Rules (LSR). Available in 14 languages, the course explains our 10 key requirements to avoid fatal and life-changing injuries.

Functional knowledge is often instrumental in achieving subsequent successes. Following this principle, we have identified specific key skills expected of all our employees to develop according to their roles. The global role-based training program covers our entire organization, from the Executive Team to our contractors, with mandatory training requirements and refresher cadences.

Our global learning management system helps us monitor the progress and rely on accurate data (GRI 403-4, 5, and 6).

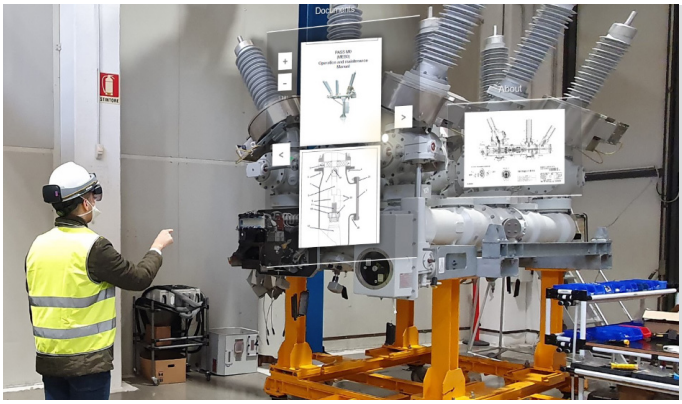
Leadership development

- **HSE Masterclass:** Since its launch in September 2021, over 700 managers around the world have participated in the course available in 14 languages.
- **Functional Development Program:** a two-year development course for all our HSE, Security, and Sustainability practitioners focusing on technical and soft skills.
- **Advanced Functional Development Program:** a development course for our Top 50 HSE, Security, and Sustainability leaders, focusing on leadership skills.

The training courses are reinforced by:

- **HSE and Sustainability, Integrity, and Quality.** Our license to operate: monthly action days.
- **Environmental Essentials and Inspiration sessions.**
- **HSE Fundamentals:** 12 mandatory modules of technical safety to be completed by all our field staff before working on-site.
- **Fair Process:** to understand the principles of human and organizational performance applied to assessing safe versus unsafe behaviors.
- **Operating System:** to upskill our organization in our assurance and management system approach.

91 percent of the eligible workforce completed the **Life Saving Rules** training that received the **Excellence 2022 Hitachi Group Health and Safety Award.**



Enabling remote support for high-voltage products

The Digital Kit from Hitachi Energy provides a fully immersive remote support solutions to customers for various service requirements of high-voltage products. With the Digital Kit, technicians performing service activities on-site can access expertise and knowledge on-demand from any place in the world. It utilizes a mixed-reality experience to give service experts a real-time view as seen by the technician on-site, enabling effective collaboration and resolution of the task at hand, increasing efficiency and safety, and reducing the environmental impact of on-site visits.

Environment

2022 Highlights

-75% Scope 1 and 2 GHG Emissions equal to **-269** $ktCO_2e$ vs. baseline (2019)

-11% freshwater use vs. baseline (2013)

-70% SF_6 emissions through improved operational management and loss prevention efforts (vs. baseline 2019)

100% **fossil-free electricity in our operations**

3 New environmental trainings:
- Environmental essentials
- Circularity in operations
- Green Steps

89% share of non-hazardous waste recovered (recycled, reused or energy recovery) = **59kt** waste diverted from disposal

energy consumed ↓↑ increased production

- Factories waste-flow mapping
- Packaging reduction/reuse
- Scrap metal recycling
- Wood repurposing
- Closed-loop processes

The Intergovernmental Panel on Climate Change (IPCC) has indicated that global warming 1.5°C above pre-industrial levels is a key threshold to avoid the first irreversible impacts of climate change, and give humanity the best possible chance to adapt to its effects. For this reason, we have aligned both our internal climate goals and products and services with the ambition to prevent global warming from rising above 1.5°C.

Scientific evidence shows that anthropogenic (man-made) emissions of GHGs, particularly carbon dioxide (CO_2), are causing global warming and accelerating climate change. Hitachi Energy supports international and national efforts to minimize and, where possible, eliminate emissions to avoid potentially dangerous impacts on ecosystems and society.

Our targets

- Reduce Scope 1 and 2 emissions by at least 80 percent by 2030 from 2019 levels
- Reduce Scope 3 emissions by 50 percent by 2030 from 2019 levels
- Achieve Net Zero by 2050

Our targets have been submitted to SBTi, with validation expected during 2023. As part of this process, we are also committed to reporting on our progress against these targets through our annual Sustainability Report and CDP. Furthermore, we carry out GHG accounting in line with the GHG Protocol's Corporate Standard and the ISO14064 measurement framework.

In addition to the science-based targets, we have also set the goal of becoming carbon-neutral in our operations by 2030, mitigating any remaining Scope 1 and 2 emissions by this time through means beyond our own value chain, along with minimal use of responsible carbon offsets.

Alongside, through our innovative portfolio ready for a carbon-neutral future where electricity will be the backbone of the energy system, we also contribute significantly to the Hitachi Group target of 100 Megatonnes of avoided emissions per year from 2024, helping our customers to reduce their Scope 1-3 emissions.

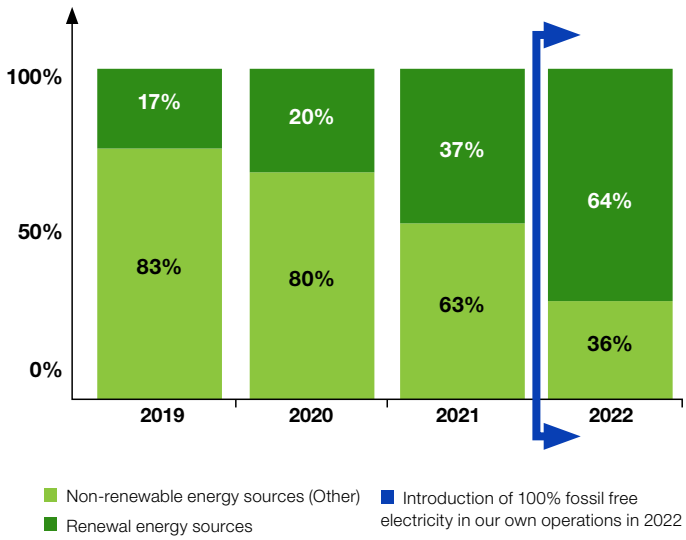
Our carbon footprint (GRI 305-1, 305-2, and 305-3)

We report our Emissions according to GHG Protocol classification according to three 'scopes':

- **Direct emissions (Scope 1)**
  Emissions from sources owned or controlled by Hitachi Energy. These include emissions from the combustion of fuels in equipment such as boilers, furnaces, and owned or leased vehicles. They also cover emissions from chemical or physical reactions in the process equipment and the 'fugitive' leaked or released emissions of highly potent greenhouse gases, such as SF_6 or HFCs.
- **Indirect emissions from purchased energy (Scope 2)**
  Emissions from the generation of purchased electricity or heat that is consumed by the company. Scope 2 emissions physically occur at the facility where the electricity or heat is generated.
- **Other indirect emissions (Scope 3)**
  Emissions that are a consequence of the activities of the company but occur from sources that Hitachi Energy does not own or control. Some examples of Scope 3 activities are extraction and production of purchased materials, transportation of purchased fuels, and use of sold products and services. Scope 3 emissions constitute more than 99 percent of our total carbon footprint, overwhelmingly due to energy consumption by customers during the use phase of our products.

The main sources of Hitachi Energy's direct (Scope 1) Greenhouse Gas (GHG) emissions are the fuels used in our operations, such as natural gas for heating and SF_6 emissions during production processes and gas handling. Indirect (Scope 2) GHG emissions from purchased electricity is now zero following the Fossil-Free Electricity project and district heating constitutes just under 9 percent of Hitachi Energy's GHG emissions (Scope 1 and 2). Our biggest climate impact (Scope 3) comes from the use phase of our products, mainly from losses during operation.

Energy Consumptions Sources (%)
(GRI 302-4)

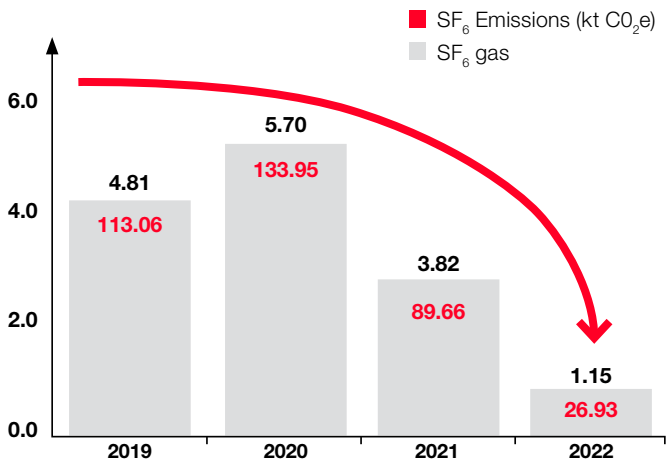


Scope 1 and 2 – Our operations

Most of our Scope 1 and 2 emissions stem from energy consumption and the use of SF_6 (GRI 305-1 and GRI 405-2). This year, combined Scope 1 and 2 emissions dropped to 91.8 kt of carbon dioxide equivalent (kt CO_2e), our lowest-ever result. This equates to reductions of 51.2 percent versus FY2021 and 74.6 percent vs. our 2019 baseline. The largest contributing factors to this significant reduction include reducing our SF_6 emissions by 62.7kt and our purchased electricity emissions by 38.6kt, compared with FY2021 (GRI 305-5).

The reduction in purchased electricity emissions means that the majority of emissions (91 percent) from our operations are now Scope 1, with the remaining emissions in Scope 2 from district heating.

Due to our success in reducing SF_6 losses in FY2022, natural gas is now the biggest single contributor to our total Scope 1 and 2 emissions, equal to 38.56 percent of the total.



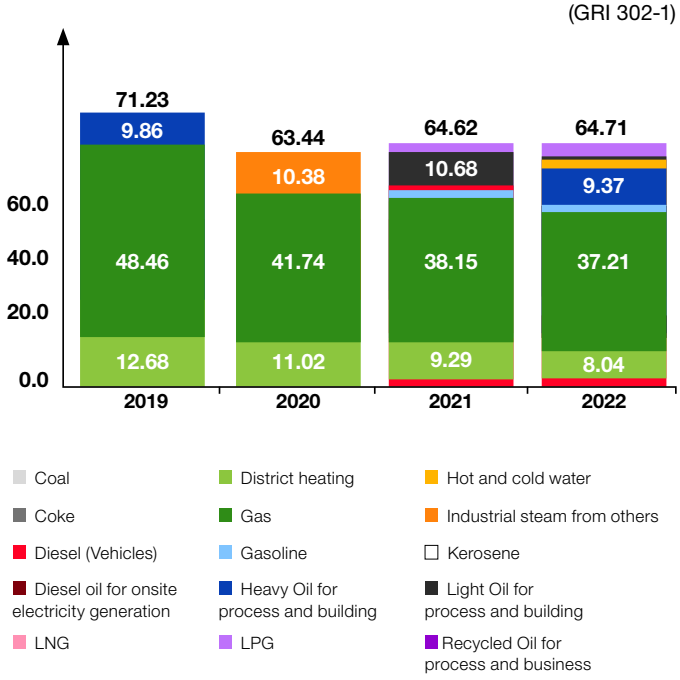
Emissions from Energy (not including purchased electricity) (GRI 302-1and 302-4)

Our use of natural gas decreased during the pandemic, a reduction which we subsequently maintained and further improved upon via improved efficiency across several sites, avoiding an extra 1kt CO_2e.

- District heating emissions reduced steadily across our sites due to efficiency improvements leading to a 1.25kt reduction in CO_2e
- Reductions offset by additions to monitoring since 2021 include LPG (3kt), gasoline for vehicles (1.9kt), and diesel for vehicles (2kt). Previously these additions were not seen as significant, but with our new energy mix and not including electricity emissions in the tally, their impact is more visible

During 2022, largely as a result of the fossil-free electricity project, the proportion of overall energy consumption coming from renewable sources rose by 27% and now means that, for the first time, the majority of energy we consume comes from renewable sources.At the same time, our operations generated a record amount of their own energy on-site, approximately four times more than in 2021.

GHG Emissions (kt CO_2e) by energy category (GRI 302-1)



Scope 3 emissions – upstream and downstream activities (GRI 302-2)

Hitachi Energy calculated its Scope 3 emissions for the first time in 2019, and uses the result from that year as the baseline for all targets and future results (GRI 305-3). Since then, we have closely monitored the most impactful parts of our Scope 3 portfolio, specifically the product lines that accounted for more than 80 percent of total Scope 3 emissions.

We work to continue improving our data collection systems, gathering more activity and supplier-specific data while ensuring that our calculations are as complete and accurate as possible.

In 2022, we have made significant improvements in our ability to measure Scope 3 emissions, introducing:

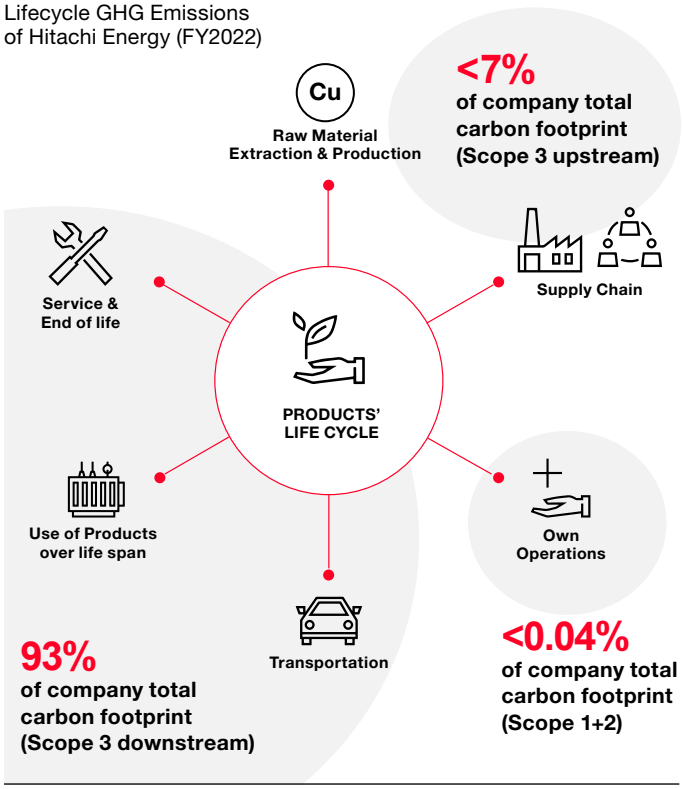
- Sustainability Portfolio Managers in all major product management areas
- Sustainability Manager within the supply chain management function
- Responsibility for sustainability is clearly defined in other functions of the business, such as real estate, transport, trade and logistics, and business travel
- Widened data-collection pool in our global systems, widening the coverage to geographies and activities previously monitored locally
- Developed a GHG Accounting Standard to standardize the sustainability data collection and emissions calculation process

100% fossil-free electricity in our own operations

Hitachi Energy has achieved the first-step target set out in its Sustainability 2030 plan, the use of 100% fossil-free electricity in its own operations. We have reduced our CO_2 equivalent emissions by over 50% compared to 2019, approximately 175 kilotonnes of CO_2e per year, equivalent to removing over 35,000 passenger cars off the road. To achieve this target and in support of the Hitachi Group's carbon-neutrality goal – we have pursued several pathways, including the generation of fossil-free electricity by installing solar roof panels combined with e-mesh™ digital solutions for distributed energy resources, maximizing energy efficiency and minimizing CO_2 emissions.

Hitachi Energy reached its first-step target to use **100 percent fossil-free electricity in own operations in 2022**, stepping up the pace in achieving its Sustainability 2030 target of becoming carbon-neutral.

Lifecycle GHG Emissions of Hitachi Energy (FY2022)

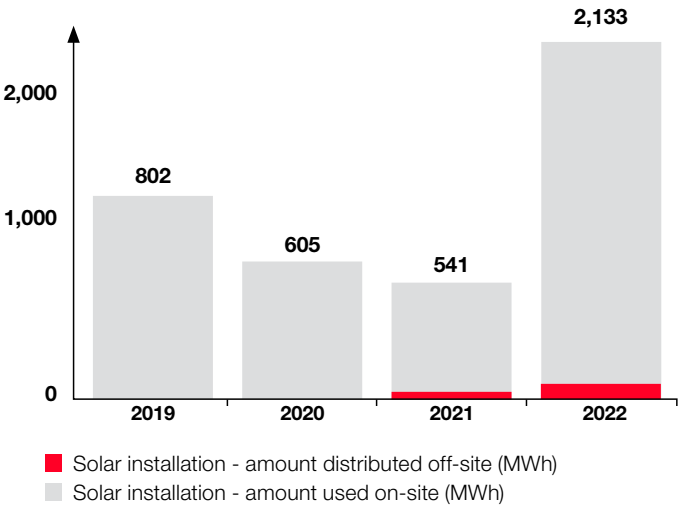


Also, we reviewed the Scope 3 categories and, based on screening data from our original baseline, we further committed to monitoring the five key categories that account for 99.9 percent of our total Scope 3 emissions:

- Purchased Goods & Services (cat. 1)
- Upstream Transportation (cat. 4)
- Business Travel (cat. 6)
- Downstream Transportation (cat. 9)
- Use of Sold Products (cat. 11)

Following these data-collection improvements and new category focus, we completed a comprehensive account of our 2022 Scope 3 emissions. Any updates and changes to the calculation method were also retrospectively applied to our 2019 baseline to provide a fair representation of the progress against our set targets.

Overall, Scope 3 emissions have risen by approximately 10 percent since 2019, mostly driven by business growth. Demand for our products and services has increased by over 25 percent since 2019, meaning we have sold more products and purchased more goods and raw materials. Despite this large increase in our business operations, Scope 3 emissions have risen by just 9.5 percent over the same period, mitigated by our target emission-reduction initiatives.



Evolving regulatory requirements also drive increased demand for more sustainable and higher operational energy-efficiency products. We are committed to achieving the best balance between material and energy efficiency in meeting the specifications of our customers while striving to meet and exceed both our and our customers' emissions reduction goals.

Use of Sold Products

The emissions deriving from the use of our sold products contribute approximately 93 percent of total company emissions across all scopes. This area has the biggest impact due to two factors: the amount of power our products are designed to carry and the lifespan of our products (30 years or longer).

Across our portfolio, transformers contribute approximately 90 percent of these emissions. Although since 2019, sales of transformer units have increased by 27 percent, this category's emissions rose by just over 8 percent due to the steady amount of renewable generation being added to global grids.

Our improved data and GHG accounting methodology allow identifying whether products are installed for renewable or nuclear power generation. In these cases, the emissions of the electricity at the point of generation are zero, likewise those of energy losses in these systems. This distinction is important to achieve our reduction targets, driving the introduction of more renewable generation, thus helping to reduce our Scope 3 emissions even within growing sales.

In unison, we continue to help accelerate the integration of renewable and low-carbon power generation sources onto global electricity grids, working with customers from a total cost of ownership perspective to help reduce their Scope 1 and 2 emissions by designing more energy-efficient products.

Purchased Goods and Services

The increased number of products sold led to an increase in the amount of goods and services purchased, resulting in supplementary emissions in this area. Scope 3 emissions rose 31 percent compared to 2019, the deriving increase in emissions from metals aligns with the corresponding sales of power transformers compared to other categories.

Power Transformers are a key component in the expansion and decarbonization of electricity grids: the overall power capacity (total MVA) of all power transformers sold this year has grown by over 60 percent since 2021. Power Transformers are responsible for over 50 percent of all Use of Sold Product emissions as they use high amounts of metals with a relatively high GHG-emission factor, such as steel (electrical, cold rolled, stainless, and carbon), copper, and aluminum.

We actively monitor these developments, remaining committed to reducing our emissions on an absolute level through various policies and strategies. One key focus is improving activity- and supplier-specific data.

Other Scope 3 Categories

Also, in areas such as transportation and business travel, we have extended the global monitoring system's reach, developing the targets and dashboards at functional and business unit levels. Policies encourage the use of the least emissions-intensive transport mode as well as the ambition to electrify our vehicle fleet.

Addressing climate change requires commitment as well as collective actions to reduce emissions.

In 2020, our first-ever carbon assessment identified best practices and supported the definition of our carbon emission reduction targets in alignment with the ambition to prevent global warming from rising above 1.5°C. Since 2021, the transparency and accountability of our targets further developed within our annual CDP's climate change participation and EcoVadis assessment, in which responding for the second year in 2023, Hitachi Energy achieved a Gold medal with our highest-ever score in the Environment category.

Hitachi Energy's Journey to Carbon Neutrality

2020

Carbon assessment for Hitachi Energy

Development of our own carbon reporting process

2021

- Focus on Scope 1 and 2
- Top 10 sites Energy Map
- SF_6 Management

Sustainability 2023: Our commitment to carbon neutrality

2022

100% fossil-free electricity
Top 50 sites energy map

- Electric fleet policy
- EconiQ eco-efficient circuit-breaker
- Carbon neutrality Steering Committee
- SBTi commitment and targets validation

2023

- **Increased focus on Scope 3: Collaboration with customers**
- **Scope 3 emissions standard**

↓CO_2 Linked incentives

Carbon neutrality plan or Top 20 sites

Our journey to Net Zero by 2050

(GRI 302-3 and 302-5)

Our Scope 1 and 2 emissions-reduction framework

- **Energy management:** Since 2020, we launched and implemented our energy management standards in our factories and larger offices aligned with ISO 50001:2018
- **Energy efficiency and carbon neutrality studies at our Top sites:** In 2021, we started a thorough analysis of the top ten sites with the highest carbon footprint (approximately 40 percent of Scope 1 and 2 emissions in 2020). In 2022, we extended the scope to the 40 most significant sites, achieving coverage of almost 90 percent of our operations' GHG emissions. Following this exercise, the majority of sites are developing carbon neutrality roadmaps.
- **Phasing out fossil fuels:** Following the carbon neutrality site assessments, we are developing plans to repurpose or replace processes that use fossil fuels, anticipating the need for electrification. As industry leaders in the electricity T&D industry, our products and solutions will enable us to electrify processes and integrate renewables quickly and reliably.
- **Our Fossil-Free Electricity program**: In January 2022, we reached 100 percent fossil-free electricity in our operations, following the guidance and principles of the RE100 initiative. We are further moving away from purchasing unbundled Energy Attribute Certificates (EACs), favoring green tariffs, Power Purchase Agreements (PPAs), and own generation.
- **SF_6 management:** We work to improve SF_6 management in our own operations by reviewing and improving our dedicated management standard, which is audited on a regular basis. A thorough investigation of the two sites that handle almost 40 percent of all the SF_6 used in the company resulted in improved production processes, which triggered a 40 percent reduction in Scope 1 emissions compared to the previous year.
- **Electrification of our vehicle fleet:** In 2022, Hitachi Energy has decided to transition to a fully electric car fleet by 2030. A new Global Company Car Regulation drives this transition according to a planned cadence. Phase 1, comprising mainly Northern and Central European countries, was launched in 2022.

Our Scope 3 emissions-reduction framework

- **Championing the pace of change needed to reach Net Zero:** Achieving the promise of a carbon-neutral future means integrating large-scale renewable energy and overcoming complexity and capacity issues.
- **Accelerating the energy transition**: We are developing and deploying technologies to help make the world's energy system more sustainable, flexible, and secure.
- **Enabling electrification:** We're supporting our customers and partners in the growing electrification of the transportation, industry, and buildings sectors.
- **Implementing a sustainable supply chain:** Our comprehensive program sources better-performing products and services from key suppliers and materials.
- **Launching a less emitting and energy-efficient product range**: Our EconiQ portfolio reduces negative environmental impacts, avoiding SF_6 emissions and increasing energy efficiency while also future-proofing technology investments. For decades, SF_6 has been the norm in the electrification industry due to its excellent insulation properties; however, the gas has the highest known Global Warming Potential (GWP), 23,500 times more potent than carbon dioxide (IPCC AR5 report), so its life-cycle management requires careful handling. Thus, we have invested in eco-efficient, alternative SF_6-free solutions in our EconiQ High-voltage portfolio. This alternative gas mixture significantly reduces the CO_2 equivalent emissions of the insulation medium compared to SF_6 gas and greatly reduces the life-cycle emissions of our products.
- **Reducing impacts from business travel**: We are launching a travel and transport de-carbonization program, including implementing a carbon offsetting guideline for business travel.

Carbon accounting and environmental reporting

This year, a total of 161 sites and offices provided data relating to our environmental performance using a dedicated internal environmental reporting system. Data includes details of each site's direct emissions, as well as their energy use: when converted into carbon dioxide equivalent units, it forms the basis of our own (Scope 1 and 2) carbon footprint. Sites report performance electronically, supported by regular trainings, workshops, meetings, and calls across the organization on health, safety, environment, and sustainability topics. Information is consolidated in our and Hitachi Group's Sustainability Report, both externally validated.

Designing our Climate Transition Plan

We are currently drafting our first Climate Transition Plan, a multi-year program following CDP technical recommendations. With this in mind, we support the Science Based Targets Initiative principle to limit warming below 2°C above pre-industrial levels and strive for 1.5°C.

We have started assessing our climate-related risks and opportunities, identifying our Climate Transition Plan focused actions:

- Further addressing the sources of CO_2 emissions along the value chain
- Sourcing fossil-free electricity in our operations
- Reducing energy use in our factories
- Continuing to invest in finding alternatives for SF_6 and minimizing leaks in our products and operations
- Maximizing energy efficiency in our products

In line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework: in 2020, we developed a scenario analysis based on a 4°C global average temperature rise (compared to pre-industrial levels) and are capitalizing on the current Hitachi's Ltd. 1.5°C scenario.

Insights from third-party assessments

- EcoVadis measures performance across 21 indicators in four areas: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. While we employ this tool in Supply Chain Management to enhance transparency and lead by example, we also assess our performance since 2022. In January 2023, Hitachi Energy achieved a gold rating, with the Environment category achieving our best scores.
- Carbon Disclosure Project (CDP): In 2021, we reported our GHG emissions for the first time as Hitachi Energy. Working alongside different functional areas such as Risk Management and Supply chain, we are working toward improving our climate-change response, using CDP to improve practices and operations. In 2022, we responded to the complete questionnaire and were committed to continuing in future reporting periods.
- Science Based Targets initiative (SBTi): In 2021, we have formally committed to setting science-based targets with the SBTi. In 2022 we have submitted our targets and are currently in the process of having them validated.

Enabling real circularity through resource use

2021

- Implemented Two Management standards for Waste and Water
- Conducted LCAs and leveraged digitalization for extended assessments
- Launched eco-efficient portfolio EconiQ

2022

76% total recycling rate* on waste from our operations

90% recycling rate on selected products

86% total recovery rate* on waste from our operations

82% packaging waste recycled from/in our operations

**including hazardous waste*

Targets

Zero waste to landfill, in line with the vision of Hitachi Ltd.

50% reduction of waste disposed

25% reduction in fresh water used

We future-proof our business with efficiency as the key driver in using resources within our operations and value chain through a circular economy approach.

At Hitachi Energy, we work to help solve some of the key challenges faced by worldwide communities and ecosystems. Our ambition is to continue exploring circular business models, applying eco-design to all new products, and increasing operational resource efficiency. This includes a vision of zero waste to landfill for all feasible sites. We strive to create value continuously and increasingly, finding new ways to optimize resource use while minimizing waste.

We commit to **minimizing** the use of energy, water, materials, hazardous substances, pollution, and **waste** in our operations and **throughout the life cycle** of our offerings through a **circular mindset.**

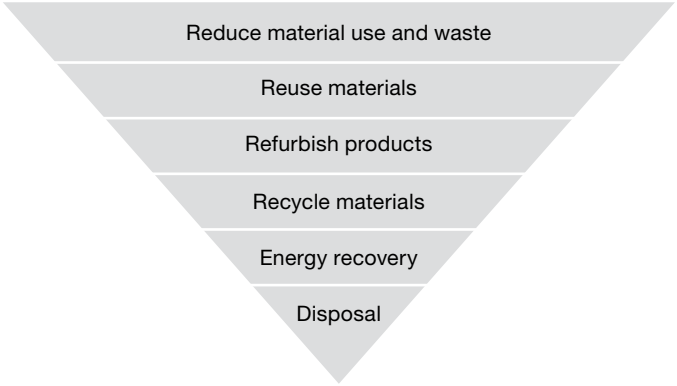
Product focus: Transformers

Transformers are long-lasting, material-intensive products fundamental to a modern energy system. The decommissioning of a transformer is fully integrated into our circularity program. We have started providing systematic end-of-life instructions, demonstrating our commitment to an environmentally and socially responsible global supply chain, lowering dependency on new raw materials.

The decommissioning manual outlines the materials in the different parts of a transformer and provides an environmentally-friendly safe dismantling procedure to mitigate waste generation and maximize the recoverability of parts and materials that can be further reused or recycled.

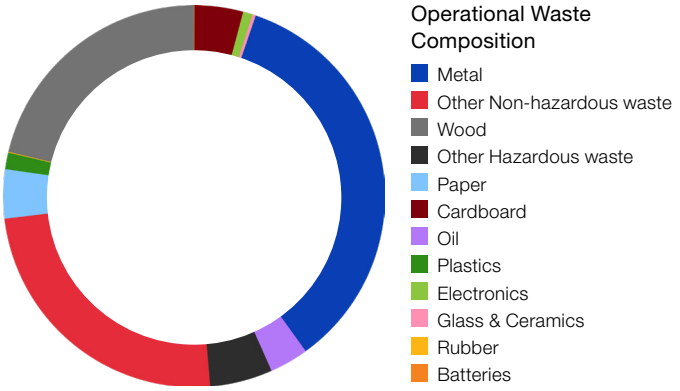
Our 5R circularity framework drives material use optimization within and across our value chain: we continuously investigate alternative waste management solutions, implement R&D into product design, regularly optimize the procurement of recyclable materials, as well as reduce the amount of disposed waste.

The first step is always 'Rethink,' a continuous challenge to delivering value through efficiency. Our EcoDesign approach typically defines a product's environmental footprint, materials used, and their quantity at the design stage.



58.7kt **Waste diverted from disposal** (GRI 306-4)

18.8kt **Waste directed to disposal** (GRI 306-5)



Design-to-recycle means that most products can be easily dismantled and re-utilized. Steel, copper, aluminum, oil, and plastics are the main source materials of our entire product portfolio, all mostly recoverable at end-of-life. Still, materials like packaging, waste oil, electronic equipment, and epoxy blocks represent a waste issue.

Energy Recovery and Disposal are the unwanted scenarios when none of the other Rs can avoid waste generation. Within these, we favor energy generation with value-adding purposes, while landfill is the last resort.

Our performance

Active monitoring of waste-generation volumes allows observing that increasing quantities correspond to augmented production output.

Although our products and solutions employ a vast array of sources (GRI 301-1), the average composition of materials used is estimated in the corresponding table.

When surveying the market for secondary (recycled) materials, we are striving to confirm and validate any claims in our supply chain. While this work is ongoing, we can currently estimate the recycled content in the products we manufacture (see graph below).

For validation, we align with standards such as ISO 14021 for general recycled content. Some sector-based approaches are adopted, such as those of the International Copper Association.

Although products in our portfolio do not fall under any EPR scheme, we provide services to manage their end-of-life as sustainably as possible in selected markets, where we offer EPR-equivalent services, cooperate with recycling and waste operators for responsible solutions, or offer up-to-90 percent recycling rate on selected products (GRI 301-3).

Waste generation (GRI 306-1 and 306-2) is an unwanted byproduct of our operations we are striving to eliminate. As such, we engage and assess our suppliers' production output while our Waste Flow Mapping supports sites to engage with their supply chains to increase upstream resource efficiency.

We collaborate and partner with credible waste operators and conduct regular audits to ensure waste is disposed of or recycled appropriately. Our Waste Management Standard precludes mixing different waste types, prescribing dedicated waste streams, and requiring data from waste companies to assess effectiveness.

From 2021 to 2022, total waste increased from 70.9kt to 77.5kt due to production growth (GRI 306-3). To mitigate this, we are leveraging the Green Steps initiative to promote local waste reduction and efficiency.

At the same time, recovered waste decreased slightly from 88% to 86%, partly because of factory footprint changes with challenges in suitable opportunities for recovering waste. Finding the right alternatives and partners to work with is key to further improving our waste management results, while we're working on reducing, reusing, recycling, and recovering as much as possible.

In processes where any leakage or hazardous materials could have serious potential consequences, we identify risks through environmental risk assessments as part of our commitment to Health, Safety, and the Environment, and execute mitigation actions.

We help stakeholders manage any hazardous or non-hazardous waste effectively or investigate its elimination from the value chain through our Supplier Sustainability Development Program and offering ongoing and continuous customer support.

Our work on reducing waste focuses strongly on short-lived packaging products: 82 percent of packaging in our operations is recycled, 16 percent is sent to energy recovery, and only 2 percent to landfill.

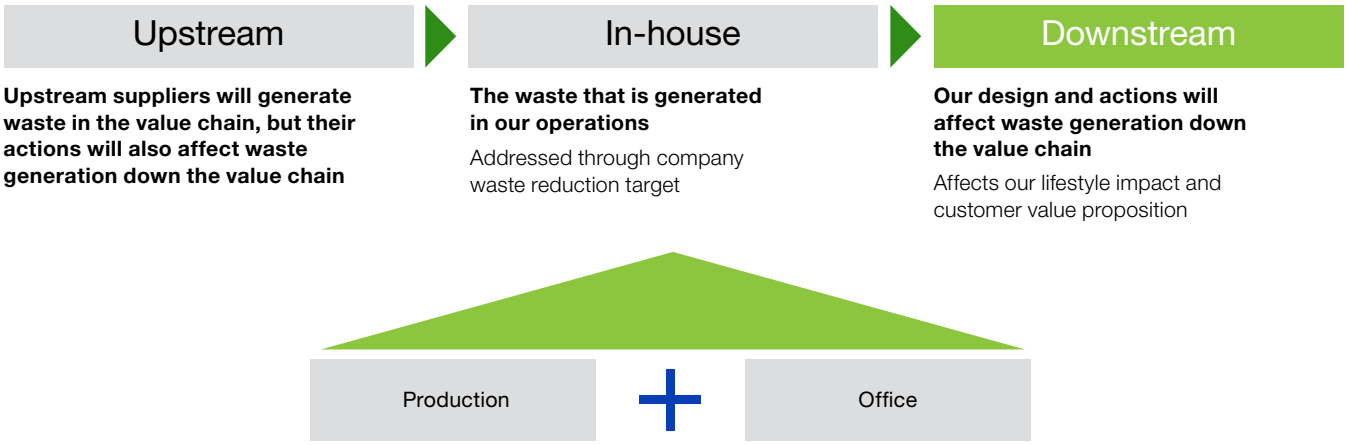
The Green Steps promotes the reuse of packaging internally with suppliers and customers. Wood waste is repurposed onsite as building material, wooden pallets are reused or repurposed in stables or similar solutions.

Vasteras, Sweden
A partnership agreement with a recycling company enables full accountability for decommissioning old transformers, offering customers a discount equal to the value of the recycled material.

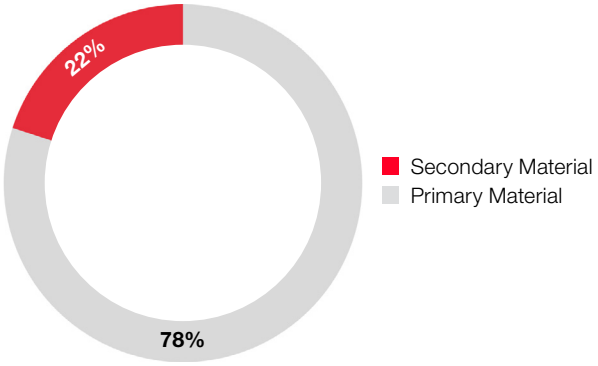
Desquebradas, Colombia
Reduced disposed waste by **36 percent** in one year, eliminating single-use materials and finding new valuable reuses of factory waste in other industries.

Vadodara, India
A cross-functional team committed to completely changing the packaging process and materials, lowering costs, and improving environmental impact while increasing safety.

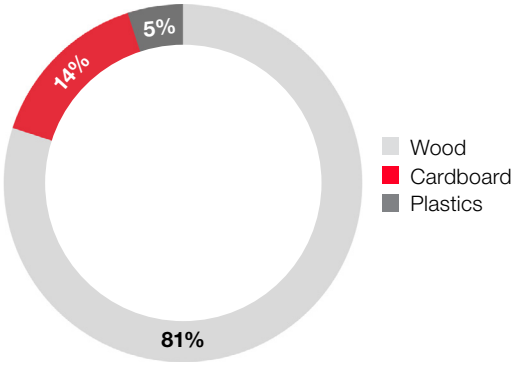
Value Chain Waste Flow Overview



Total Estimated Recycled Content



Packing Materials by Category



(GRI 301-2)

Water as a shared resource

Some 1.1 billion people worldwide lack access to water, and a total of 2.7 billion find water scarce for at least one month every year. By 2025, two-thirds of the world's population may face water shortages, with ecosystems already feeling the impacts.

As a global business, we have a role in addressing this very important topic (GRI 303-1 and 303-2). We believe in taking ownership of water resource management and have set a global target to reduce freshwater withdrawal by 25 percent. As such, we have developed a framework to tackle the use of water as a shared resource, prioritizing its potential impact according to the following hierarchy:

- **Pollution of water resources:** We continuously work to keep materials and chemicals separated in their respective material flows.
- **Displacement of water:** Water stress can occur when water basins are depleted through continually over-exerting their replenishment capacity. Hitachi Energy strives to keep water within its water basin, especially when increased water stress or depletion is identified in a specific aquifer.
- **Temporarily claiming water:** Water used in processes and cooling systems to be immediately returned afterwards has a certain temporary displacement and we work to prevent any adverse impacts in these water basins by identifying if there would be a risk and addressing it.

Achieving our target requires company-wide participation: sites will set their own goals along with localized action plans to mitigate water management risks in the conditions they operate in.

Our main water demand is manufacturing processes and cooling systems (GRI 303-1). Wherever feasible, we apply energy and water-efficient cooling loops to enable surface water to be used and returned with a negligible thermal change. We undertake projects to recycle or reuse water, saving significant volumes while reducing the risks of negative environmental impacts. Within industrial processes, we often reuse water through uptake and filtering, minimizing the additional withdrawals. We apply testing, monitoring, and water treatment methods as applicable to the discharge from these processes to protect this shared resource for the communities and ecosystems.

Moving forward, the focus is on reducing our freshwater intensity to ensure sustainable supplies for the communities where we operate.

Our freshwater use has been steadily decreasing since 2013, leading to our lowest recorded use of freshwater during 2022, down 5% from the year before and a total of 11.2% reduction from our baseline year 2013.

Water used in pass-through cooling systems accounts for about half the water used. This water is always returned to the same water body following all pertinent recommendations and instructions from authorities.

Measuring impact

Our analysis relies heavily on the identification of water management urgency on-site. We apply water risk analyzing tools, like the WRI Aqueduct Water Risk Atlas around the world. This enables us to assess company risks, but also addresses local concerns in the locations we operate. To understand future challenges, we can model and analyze different scenarios up until 2040.

In the table in the bottom left is a summary status of future water depletion challenges for our most environmentally impactful sites. This data is used for the creation of action plans to mitigate any risk, ensure water quality for operations and community, protect the environment, and enable business continuity.

Management of water discharge-related impacts, withdrawal, discharge, and consumption

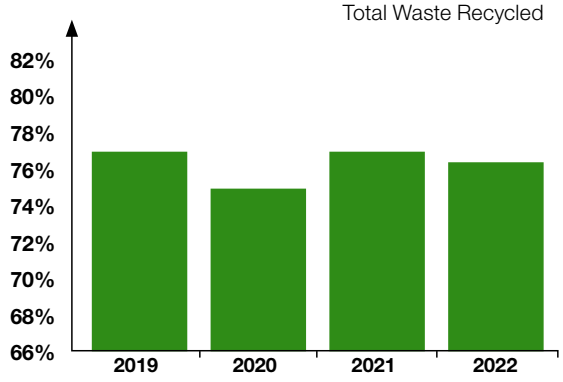
We strive to go beyond local legislation and requirements for environmental permits in an ongoing program of water stewardship improvements.

Sound water resource management means controlling discharges, especially those near precious local aquifers. Our discharge control limits are always aligned with local legislation or more stringent and take account of any potential pollution that could occur.

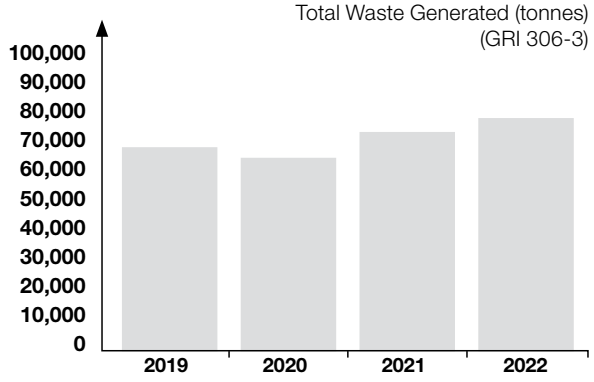
Our Water Management Standard and affiliated training follow the principles of our 5Rs circular commitment and align with ISO 46001:2019 Water Efficiency Management Standard (GRI 303-2, 303-3, 303-4, 303-5). It promotes the conservation, reuse, and recycling of process water; identifies risk-assessment tools for water resources, flooding, regulatory, and other categories; and specifies discharge treatment protocols to improve the quality of local aquifers.

Freshwater use is classified as withdrawal of groundwater, surface water, and water bought from utilities. Additionally, we collect information on rainwater collection on site, seawater, and wastewater used from external sources. This year, we have added more granularity to the surface water category while we continue to update our environmental data reporting system to gain valuable insights into our water risks and impacts.

Total Waste Recycled

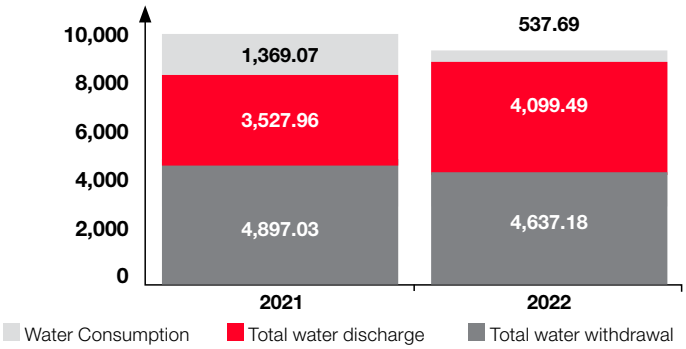


Total Waste Generated (tonnes)
(GRI 306-3)



Baseline water stress	# of sites	Baseline water depletion	# of sites
Extremely High (>80%)	6	Extremely High (>75%)	0
High (40-80%)	13	High (50-75%)	3
Medium - High (20-40%)	4	Medium - High (25-50%)	6
Low - Medium (10-20%)	3	Low - Medium (5-25%)	13
Low (<10%)	24	Low (<5%)	28

Water withdrawal, discharge, and consumption (ML) [GRI 303-3, 303-4, 303-5]



Biodiversity

With operations spanning the globe, we care about biodiversity, anytime, everywhere. Inspired by the Global Biodiversity Framework of the 2022 UN Biodiversity Summit, we are boosting our biodiversity agenda.

Among the new Sustainability function's responsibilities is the enhancement of our framework to develop, promote, and report on the implementation of global biodiversity strategies. To realize this, Sustainability closely collaborates with the HSE function that shares working knowledge and technical expertise on specific topics. In February 2023, we also established an internal Biodiversity Forum. Its diverse membership includes Business Units Operations, Real Estate, Supply Chain Management, R&D, Centers of Expertise, and more. The bi-monthly forum promotes awareness raising, information exchange, and fostering opportunities for collaboration and improvement. As of March 2023, our biodiversity policy is being developed.

While contributing to the Hitachi Ltd. biodiversity targets on chemical usage, our targets are to reduce chemical use by 25 percent by 2030 from the baseline year 2022 and promote nature conservation.

The supporting framework includes the replacement of hazardous substances, VOCs reduction, a new lead-free solder program promoted by our Product Compliance function, and other initiatives. Although there is not yet a company-wide numerical target for nature conservation, relevant voluntary activities already being carried out at the level of BU or site level are being assessed and measured to identify impacts, risks, and opportunities. As biodiversity location-specific risks per operational site are being evaluated, we are carrying out further assessments over prioritized locations to help achieve a nature-positive future.

Our ambitions:

- **25% reduction in** hazardous substances by **2030** (from 2022)
- **Nature conservation**

To support this strategy, two initiatives have been launched this year, the Green Steps and the assessment of Biodiversity impacts from our products. Within the latter, Hitachi Energy has a close focus on our offshore infrastructure and its relationships with marine biodiversity and is in the process of sourcing further primary data for ongoing analysis. In collaboration with London's Imperial College, the assessment involves our offshore wind HVDC transmission installation in the Baltic Sea.

Our green steps for biodiversity

The global Green Steps program is a vital tool to accelerate progress against our targets and drive hazardous substance reductions, lead-free solder programs, and nature conservation in our operations. Launched in 2023, Green Steps supports Hitachi Ltd. environmental targets aiming to enhance our factories' environmental performance through three strategic themes and related calls to action.

- Carbon Neutrality
- Circularity
- Ecosystem Protection and Biodiversity

Each theme's guidelines showcase relevant information and best practices. Under Ecosystem Protection and Biodiversity, the call to action Check Your Chemicals and Prevent Pollution contribute to our chemical-use reduction target, while Invite Nature provides nature-based solutions, especially related to green infrastructures. Specific Key Performance Indicators (KPIs) enable factories to quantify and visualize their efforts, reward success, and deepen engagement.

Spark prevention

Aiming to prevent bushfires and to protect flora, fauna, and lives, a spark prevention unit (SPU) was developed by our R&D teams to be installed in fire-prone areas. SPU monitors the current and thermal load of the surge arrester and automatically disconnects it from the network in the event of a thermal overload, therefore preventing any arcing, sparking, or discharge of hot particles that could trigger wildfires. The communication range reaches up to 15km in rural areas (5km in urban areas). This technology supports avoiding biodiversity and other related losses caused by fires while ensuring the security of the electrical network.

Enhancing biodiversity near Batterstown, Ireland

In collaboration with Eirgrid and the NGO EWIC, our UK office has been engaged in a survey to restore and increase biodiversity adjacent to an HVDC station installed over 10 years ago in the middle of a natural meadow. Started in 2020, the project aims to define best grassland management practices by changing the mowing method in two adjacent pilot areas. The Simpson's Diversity Evenness Score shows a statistically significant growth in the habitat species present from 2020 to 2022. The upcoming 2024 assessment is expected to reconfirm this positive method to enhance biodiversity around the station.

Beehives Project in Poland, Krakow office

As part of a local corporate citizenship program, the Proud2Help team from our office in Krakow, Poland, installed three beehives on the rooftop of their city-center administrative office building in April 2022. Bee families adopted two hives of three hives installed with the support of the local NGO. Despite the busy metropolitan environment, the experiment proved successful, and our bees proudly produced 40kg of honey in 2022. Hitachi Energy honey was sold in a dedicated employee drive whose proceedings were donated to a local charity in support of Ukrainian refugees.

Other initiatives

- **Insect hotels:** Drammen (Norway), Figeholm (Sweden), St Lauren (Canada)
- **Bioretention Pond or Rain Garden:** Modderfontein (South Africa), Damman (Saudi Arabia), Beijing and Xiamen (China), Tangerang (Indonesia)
- **Tiny Forest or Wildlife Garden:** Blumenau (Brazil), Smedjebacken (Sweden), Brilon (Germany), Dosquebradas (Colombia), Savli and Bangalore (India), Beijing (China), St Lauren (Canada), Riyadh (Saudi Arabia), Bland (United States)
- **Green Roofs or Green Wall:** St Lauren (Canada)
- **Permeable Grass Pavement:** Untersiggenthal (Switzerland), Dammam (Saudi Arabia), Vadodara and Bangalore (India), Ludvika (Sweden), Datong and Xiamen (China), Jumet (Belgium)

About This Report

Appendices

GRI 2-7 Employees

Gender breakdown is not provided per region to protect the privacy of non-disclosed gender employees — the number in fact is lower than 10 individuals in certain regions.

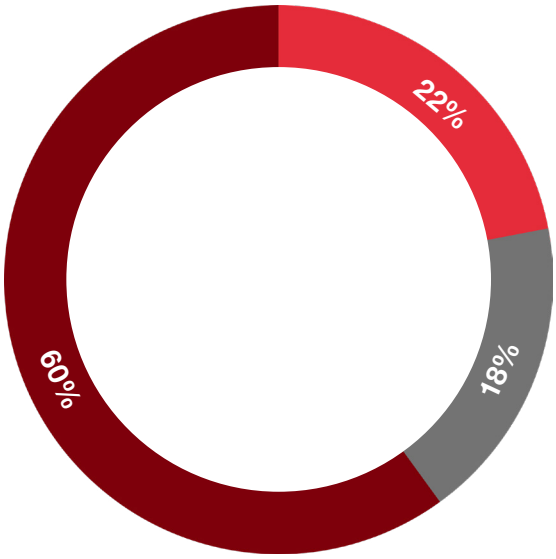
Methodology

- Base data report extracted from HiNext (Workday tool) for the time frame April 01, 2022 to March 31, 2023
- Considered only Worker type category as Employee only
- Mapping done based on definitions and categorized the Employee type Regular and Trainee as Regular/Permanent, and Apprentice, Apprentice Permanent, Intern, Fixed Term Contract, Temporary, and Casual as Temporary
- Region mapping completed based on Country as per the definition file
- For the employees whose Gender data field in the report shown blank is mapped as not declared
- All employees are counted, including full-time and part-time

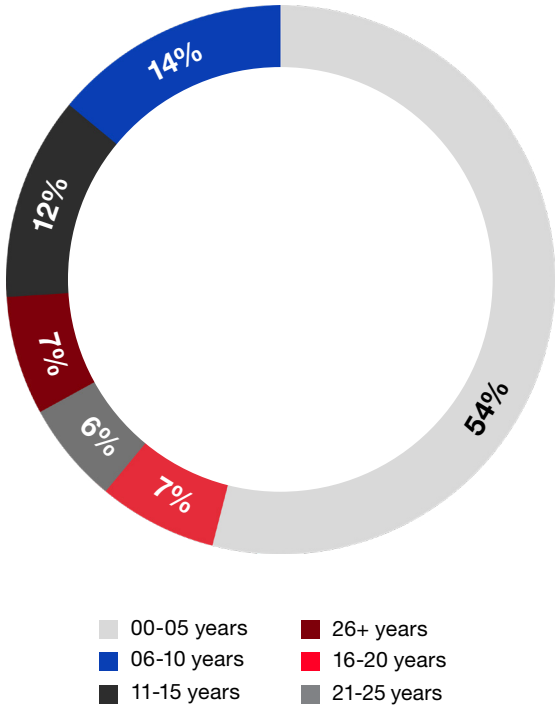
Employee Headcount by Gender and Category	Female	Male	Not Disclosed
Number of employees (head count / FTE)	8,902	31,970	32
Number of permanent employees (head count / FTE)	8,308	30,625	31
Number of temporary employees (head count / FTE)	594	1,345	1
Number of non-guaranteed hours employees (head count / FTE)			
Number of full-time employees (head count / FTE)	8,432	31,397	32
Number of part-time employees (head count / FTE)	470	573	0

Employee Headcount by Category and Region	Europe	Greater China	Rest of the World	Middle East, Africa	North America	South Asia	Grand Total
Number of employees (head count / FTE)	18,938	3,835	2,543	1,419	5,622	8,547	40,904
Number of permanent employees (head count / FTE)	17,565	3,796	2,449	1,412	5,571	8,171	38,964
Number of temporary employees (head count / FTE)	1,373	39	94	7	51	376	1.940
Number of non-guaranteed hours employees (head count / FTE)							
Number of full-time employees (head count / FTE)	17,998	3,835	2,476	1,419	5,596	8,537	39,861
Number of part-time employees (head count / FTE)	940	0	67	0	26	10	1,043

Employee Age Groups Breakdown



Employee Tenure Breakdown



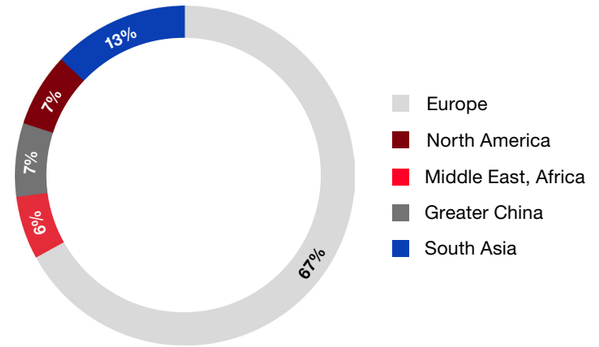
GRI 2-17 Collective knowledge of the highest governance body

Board of Directors as of 31 March 2023

Name	Role	SKILLS						
		Finance / Business Administration	Listed Companies	Risk Management	Information & Telecommunication	Marketing & Sales	Energy	Engineering
Yoshihiko Kawamura	Chair of Hitachi Energy's Board	●	●	●	●			
Frank Duggan	Marketing GEM					●	●	
Ryuichi Otsuki	Director	●	●			●		
Manuel Valverde	GEM Risk Mgt.	●		●			●	
Timo Ihamuotila	Finance - Member of the Group Exec. Committee of ABB Ltd	●	●					
Duncan Hawthorne	Senior Advisor & Board Member		●				●	●
Seiichiro Nukui	CIO Hitachi Group				●			

Median age: 62 years old 100% male 5 nationalities 57% Europeans 43% Asians

Hitachi Energy Executive Team
Regional Breakdown



Executive Team

Role	Country	SKILLS										
		Business Administration	Finance & Economics	Energy	Engineering	H.S.E. & Sustainability	Human Resources	Information & Telecommunication	Legal & Integrity	Marketing & Sales	Research & Development	Risk Management
Chief Executive Officer	Italy	●		●	●	●			●			●
Chief Financial Officer	Finland	●	●			●		●	●			●
Chief Technical Officer	Germany			●	●	●					●	●
Chief HR Officer	Germany	●				●	●		●			
Chief of Legal and Integrity	South Africa					●			●	●		
Chief Transformation Officer and Global Head of SCM, Quality, Operations, HSE, and CSS	Switzerland			●	●	●		●				●
Managing Director of Business Unit Grid Automation	Italy			●	●	●						
Managing Director of Business Unit High Voltage Products	Germany			●	●	●						
Managing Director of Business Unit Transformers	Italy			●	●	●						
Managing Director of Business Unit Grid Integration	Sweden			●	●	●						
Chief Marketing and Sales Officer; Head of Japan, South America, and South Korea	Pakistan	●		●	●	●				●		
MD & CEO, India and South Asia	India			●	●	●				●		
Head of Greater China	China	●		●	●	●				●		
Head of Europe, Middle East, & Africa	Sweden			●	●	●				●		
Managing Director of United States; Head of North America	United States	●		●	●	●				●		

Median age: 55 years old 100% male Overall average tenure (incl.ABB): 21 years Overall average tenure (Hitachi Energy): 3 years

GRI 2-21 Annual total compensation ratio

Our highest-paid individual is the Chief Executive Officer (CEO), with an annual total remuneration representing 71 times the median annual remuneration of all employees. In 2022, the CEO percentage salary increase was 3.49 percent higher than the median salary increases of all employees.

GRI 2-27 Compliance with laws and regulations

In fiscal year 2022-2023, no significant non-compliance with laws and regulations was registered.

GRI 2-29 Approach to stakeholder engagement

Governance: Strategic Approach to Sustainability			
Stakeholder	**Objective**	**Engagement Channels and Frequency**	**Outcomes**
Government and regulators	• Provide policy recommendations and expert inputs on relevant topics	• Regular meetings and official visits • Ongoing public policy discussions and policy updates • Conferences, exhibitions, events, and global campaigns throughout the year	• Maintained safe and compliant operations — and regular communication with relevant authorities • Provided inputs on relevant topics and supported business continuity and growth • Improved external reporting • Adhered to regulations at international, national, and regional levels • Facilitated collaboration and support of the energy transition
International organizations	• Participate in cross-stakeholder initiatives and forums while ensuring compliance with domestic and foreign laws and regulations • Incorporate diverse public opinions • Promote stakeholder-focused management • Contribute to society through nonprofit activities • Highlight energy transition priorities • Improve understanding of global trends	• Regular meetings of industry-wide and multi-stakeholder working groups • Regular meetings of industry-wide and multi-stakeholder working groups • Attendance at conferences and exhibitions • Global and regional partnerships • Joint or multi-stakeholder report development	• Developed collaborative projects, including contributions to peer reviews of influential reports • Formed strategic partnerships • Shaped and drove global alliances • Increased our awareness of global trends • Helped to influence the global agenda
Investors and shareholders	• Timely and proper information disclosure • Obtaining fair recognition and support from capital markets • Reflection of shareholder and investor viewpoints in corporate management	• Board and management meetings • Quarterly and annual reporting and financial results briefings • Regular media interactions	• Understood opportunities, challenges, and risks from a business perspective • Enhanced business awareness creation, reporting, and transparency
Industry platforms and affiliates	• Develop partnerships for the energy transition • Help shape policy and regulation	• Active participation in industry-wide working groups, conferences, and exhibitions • Ongoing exchange and cooperation with regular meetings	• Strategic partnerships • Development of multi-stakeholder initiatives and policy recommendations

Stakeholder	Objective	Engagement Channels and Frequency	Outcomes
Customers	• Create better products and services • Serve customer needs more completely • Disclose correct information on products and services • Aim to be a partner of choice	• Annual customer satisfaction surveys • Timely website updates • Regular media interactions • Quarterly and annual reporting • Customer discussion panels • Ongoing service centers and helplines • Active participation in industry-wide working groups, conferences, and exhibitions • High-level meetings during events and conferences	• Enhanced customer-focused mentality and goals • Onboarding of new customers • Developed new and innovative business models in collaboration with customers to accelerate the energy transition
Employees	• Continuously look for the proper treatment, growth, and development of our employees in an environment that is healthy, safe, and diverse • Increase employee engagement to aid retention	• Regular interactions with management • Regular employee communications sessions and surveys • Ongoing open dialogues • Continuous employee learning and development opportunities • Ethics line • Global events and campaigns • Annual Employee Satisfaction Survey • Intranet, in-house newsletters, publications, social media engagement	• Continued to enforce HSE and Human Rights standards • Supported awareness training and capacity building • Completed supplier assessments and audits, including sustainability performance
Suppliers	• Build fair and sound business relations • Enable information sharing for deeper partnerships • Develop effective new business models with suppliers • Ensure supply chain resilience and cyber resilience	• Supplier Sustainability Development Program • Annual supplier assessments • Frequent meetings • Transparent processes • Ongoing training • Media interactions	• Roll-out of Supplier Sustainability Development Program: assessment, awareness, and training • Continued to enforce HSE and Human Rights standards • Maintained suppliers' environmental and social audits • Supported awareness training and capacity building • Completed supplier assessments and audits, including sustainability performance
Community	• Fulfill responsibilities of a good corporate citizen • Support local communities	• Contribution to local communities • Employee volunteering programs • Social contributions • Ongoing dialogue with communities • Frequent events	• Supported diverse initiatives for employees and their families • Promoted the employee volunteer program • Undertook a wide range of projects and programs to benefit various local communities • Continued the external communication and interaction scheme with a wide range of stakeholders

GRI 3-3 Material Topics

GRI Material Issues	Material Issue to Hitachi Energy	Material Issue in Hitachi Energy	Management System Approach Description
Market presence	🟢	Sustainable products, services, and solutions	About us; Our products and operations and throughout the report
Indirect economic impacts	🔴		We are working to assess this element in alignment with our financial reporting strategy
Procurement practices	🟢	Responsible sourcing	Supply Chain Management
Anti-corruption	🟢	Integrity and anti-corruption	Governance: Ethics and Integrity; Our business principles
Anti-competitive behavior and antitrust	🟢	Integrity and anti-corruption	Governance: Ethics and Integrity; Our business principles
Materials used	🟢	Resource efficiency and circular economy	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Energy consumption	🟢	Climate Change and carbon neutrality	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Water and effluents	🟢	Resource efficiency and circular economy	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Biodiversity	🟢	Climate change and carbon neutrality	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Emissions	🟢	Climate change and carbon neutrality	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Waste	🟢	Resource efficiency and circular economy	Governance: Strategic Approach to Sustainability; Health, Safety, and Environment: Environment
Supplier environmental assessment	🟢	Responsible sourcing	Supply Chain Management
Employment	🟢	Developing our people	Governance: Human Rights; Supply Chain Management; People
Minimum notice periods regarding operational changes	🔴	Human rights and labor conditions	Governance: Human Rights; Supply Chain Management; People. This element is embedded within country-by-country regulatory compliance and not considered a material issue.
Occupational health and safety	🟢	Safe, healthy, and secure operations	Health, Safety, Environment and Security Management System
Training and education	🟢	Developing our people	People: Attract and grow people and throughout the document when presenting training and communication.
Diversity and equal opportunity	🟢	Diversity and inclusion	Governance: Human Rights; Supply Chain Management; People: Diversity 360
Non-discrimination	🟢	Diversity and inclusion	Governance: Human Rights; Supply Chain Management; People: Diversity 360
Freedom of association and collective bargaining	🔴	Human rights and labor conditions	Governance: Human Rights; Supply Chain Management. This element is embedded within country-by-country regulatory compliance and not considered a material issue within our own operations but within our value chain, for which the approach is described.
Child labor	🟢	Human rights and labor conditions	Goverance: Human Rights; Supply Chain Management
Forced or compulsory labor	🟢	Human rights and labor conditions	Goverance: Human Rights; Supply Chain Management
Security practices — risk assessment and HuRI	🟢	Human rights and labor conditions	Goverance: Human Rights; Supply Chain Management
Rights of indigenous peoples	🟢	Human rights and labor conditions	Goverance: Human Rights; Supply Chain Management
Local communities	🟢	Stakeholders' engagement	Governance: Stakeholders' Engagement
Supplier social assessment	🟢	Responsible sourcing	Supply Chain Management
Public policy	🔴	Stakeholders' engagement	Governance: Stakeholders' Engagement. This element is embedded within our regulatory compliance approach and not considered a material issue, however we describe our approach to stakeholders' engagement.
Customer health and safety	🟢	Safe, healthy, and secure operations	Ethics and Integrity: Products Compliance; Material Compliance; Trade Compliance. Health, Safety, and Environment.
Products marketing and labelling — compliance	🟢	Sustainable products, services, and solutions	Ethics and Integrity: Products Compliance; Material Compliance; Trade Compliance. Health, Safety, and Environment.

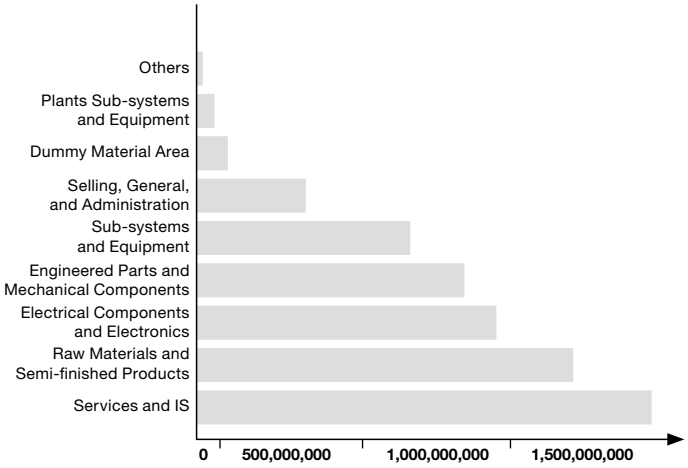
GRI 202-2 Proportion of senior management hired from the local community

With a workforce of over 40,000 employees across 130+ nationalities and 90 countries, the definition of 'local' is unapplicable. We have national senior management hired in each country, reflecting both the local and global composition of our workforce.

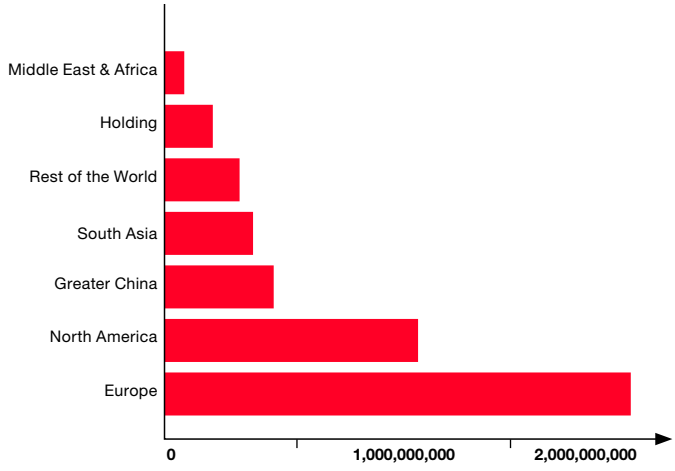
GRI 204-1 Proportion of spending on local suppliers

GRI 204-1 All external suppliers (until FY2022, ABB Ltd. was not considered 'External' supplier) for FY2022. This is the overall spend and not spend of local suppliers. We buy locally and globally, with operations spanning six global regions.

Spend on Suppliers by Invoice-Value Category



Local Spend on Suppliers per Region



GRI 205-3 Confirmed incidents of corruption and actions taken

During 2022, there were no incidents in which Hitachi Energy was prosecuted or penalized by competent authorities for bribery, corrupt practices, competition law, or export control.

GRI 206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices

During 2022, there were no incidents in which Hitachi Energy was prosecuted or penalized by competent authorities for bribery, corrupt practices, competition law, or export control.

GRI 207-4 Country-by-country reporting

We submit country-by-country reporting to Hitachi Ltd. Tax Team, which shares it as part of their overall CbCR with Japanese tax authorities.

GRI 301-2 Recycled input materials used

We can assess the recycled content in the products we manufacture in alignment with ISO 14021 as well as sector-based methodologies (such as the International Copper Association).

GRI 302-1 Energy consumption

GRI IND.	Indicator Requirement	Unit	2022	2021	2020	2019
302-1	302-1 energy consumption within the organization	TJ	3,096	3,120	3,036	3,251
302-1	fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used	TJ	928	912	885	996
302-1	fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	TJ	178	173	145	185
302-1	**Total**	TJ	1,990	2,034	2,006	2,070
302-1	electricity consumption	TJ	1,791	1,823	1,795	1,837
302-1	heating consumption	TJ	198	209	212	233
302-1	cooling consumption	TJ	0	0	0	0
302-1	steam consumption	TJ	0	2	0	0
302-1	**Electricity sold (solar)**	MWh	98	50	46	201

Fuel consumption converted to energy based on common, global density values (taken from engineeringtoolbox.com) and net calorific values (lower heating value) taken from the IPCC Emission Factor Database. Only biogas and biofuels reported and considered as fuels from renewable sources, as per GRI-302.

GRI 303 Water

GRI IND.	Indicator Requirement	Unit	2022	2021	2020	2019	2013
303-3	**Disclosure 303-3 Water withdrawal**						
	Total water withdrawal from all areas in megalitres (ML), and a breakdown of this total by the following sources, if applicable:		4,637.18	4,897.03	4,713.61	4,755.12	5,244.87
	i. Surface water;	ML	2,216.26	2,517.93	2,391.56	2,177.86	2,393.20
	ii. Groundwater;	ML	1,035.73	1,035.35	989.67	1,201.68	1,320.50
	iii. Seawater;	ML	0	0	0	0	0
	iv. Produced water;	ML	Not applicable				
	v. Third-party water;	ML	1,381.39	1,339.88	1,328.94	1,369.54	1,504.95
	Wastewater from external sources	ML	0.16	0.24	0.13	2.80	
	Collection of rainwater	ML	3.64	3.63	3.31	3.24	
	Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:		504.53				
	i. Surface water;	ML	213.03				
	ii. Groundwater;	ML	177.48				
	iii. Seawater;	ML	-				
	iv. Produced water;	ML	-				
	v. Third-party water	ML	114.02				
	A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:						
	i. Freshwater (≤1,000 mg/L Total Dissolved Solids);	ML	4,637.02	4,896.79	4,713.48	4,752.32	5,218.65
	ii. Other water (>1,000 mg/L Total Dissolved Solids).	ML	0.16	0.24	0.13	2.80	
303-4	**303-4 Water discharge**						
	Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:		4,099.49	3,527.96	4,365.83	5,104.89	
	i. Surface water;	ML	2,794.39	2,888.41			
	ii. Groundwater;	ML	99.60	40.86			
	iii. Seawater;	ML	-				
	iv. Produced water;	ML	-	-			
	v. Third-party water	ML	1,205.50	598.69			
	A breakdown of total water discharge to all areas in megaliters by the following categories:						
	i. Freshwater (≤1,000 mg/L Total Dissolved Solids);	ML	2,292.37	2,128.80			
	ii. Other water (>1,000 mg/L Total Dissolved Solids).	ML	1,807.12	1,399.16			
	Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:		264.49				
	i. Freshwater (≤1,000 mg/L Total Dissolved Solids);	ML	3.95				
	ii. Other water (>1,000 mg/L Total Dissolved Solids).	ML	260.54				

GRI 305 Emissions

Methodologies and Assumptions

- Accounting done in accordance with the GHG Protocol Corporate Standard and following the operational control approach.
- Base year = 2019
- Base year chosen as this is the first year that Scope 3 emissions were calculated, and the second earliest year that accurate Scope 1 data was available, broken down by fuel and location.
- Base year recalculated in June 2022 due to a data collection error found in two manufacturing sites that significantly increased the amount of SF_6 emissions that should have been reported.
- Fuel emission factors taken from IPCC database.
- All emission factors (for all fuels, electricity and district heating) include CO_2, CH_4, and N_2O and are expressed as CO_2e.
- Emissions of all 7 reportable greenhouse gases covered by the UNFCCC/Kyoto Protocol are included.
- Global Warming Potential values are taken from IPCC report AR5, 2013/14.

305-1 Direct (Scope 1) GHG emissions and 305-2 energy indirect (Scope 2) GHG emissions

- All results account for at least 95 percent of energy consumption and greenhouse gas emissions.
- Sites with low energy consumption/emissions (accounting for less than 5 percent of energy/emissions) are excluded from the results.
- Emission factors for market-based Scope 2 emissions are taken directly from the site energy supplier.
- Emission factors for location-based Scope 2 emissions are taken from the IEA Emission Factors dataset.
- Emissions from on-site generation that is distributed back into the grid are excluded.

- Scope 2 emissions are comprised of purchased electricity and district heating.
- Consumption data for each is gathered from the reporting sites in Watt-hours or Joules.
- Emissions from electricity and district heating are calculated and reported using both a market-based approach and a location-based approach (in line with GRI guidelines). However, company emissions targets are set using the market-based approach.

GRI 305-3 Other indirect (Scope 3) GHG emissions

- All results cover at least 99 percent of total Scope 3 emissions.
- The following categories are excluded:
- Category 2 – Capital goods
- Category 3 – Fuel and energy-related activities
- Category 5 – Waste generated in operation
- Category 7 – Employee commuting
- Category 8 – Upstream leased assets
- Category 10 – Processing of sold products
- Category 12 – End of life treatment
- Category 13 – Downstream leased assets
- Category 14 – Franchises
- Category 15 – Investments

For emissions in category 1 (purchased goods and services)

- Where possible, emissions are calculated based on supplier-specific data or activity data. Otherwise, emissions are calculated based on spend data.
- Emission factors are taken directly from suppliers where possible, otherwise from the Ecoinvent database v3.8.

For emissions in categories 4 + 9 (upstream and downstream transportation)

- Activity data available for ~70 percent of transportation. Extrapolated based on spend to cover 100 percent of emissions.
- Emissions split between upstream and downstream categories based on spend.
- Emission factors taken from Measuring and Managing CO_2 Emissions, McKinnon and Piecyk, 2011.

For emissions in category 6 (business travel)

- Emission factors taken from DEFRA.
- Results calculated based on activity data.
- Calculation of rail emissions does not consider the class of ticket.
- Average short-haul and long-haul emission factors used for air travel calculations.
- Car emissions calculated according to the average emission factor for small, medium, and large cars.

For emissions in category 6 (business travel)

- Energy losses and resulting emissions from our products are classified as “Direct use phase emissions.”
- Activity data is used to calculate over 95 percent of emissions. Spend data is used to calculate emissions from smaller product lines that account for the remainder of emissions, to cover 100 percent of products.
- Emissions of products that are sold directly to power generation projects are calculated separately and use the power generation emission factor of the relevant source. For example, a substation serving a wind farm would produce zero emissions from its energy losses.
- For all other products, it is assumed a mix of electricity generation sources are responsible for the associated emissions and, as such, the emissions are calculated based on the grid emission factor of the country that the product is installed in/sold to.
- Grid emission factors are sourced from the IEA Emission Factors dataset.
- Average emission factors for energy losses are calculated for each of our four business units (transformers, high voltage equipment, grid integration, grid automation), weighted by the amount of revenue generated in each demand country for that BU.
- Operational lifetime of products is assumed to be between 30 and 40 years.
- Assumptions are made for the yearly operating time of our products during a single year, based on past performance and customer data.
- Number of products accounted for is based on those sold and delivered/installed/handed over in the reporting year. Where there is a lag between the sale date and the delivery/installation/hand over of a product, then it will be accounted for in the year of delivery/installation/hand over.
- Where possible, the rate of loss of SF_6 from products is calculated based on past performance of those products. Otherwise, the maximum loss rate is taken from product guarantee information, industry standards, or local regulation (where applicable).

GRI 305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions

NO_x and SO_x are calculated from the consumption of the following fuels:

- Biofuel
- Diesel
- Light/heavy oil
- Natural gas

Factors used to calculate the emissions are shown in the adjacent table.

Hitachi Energy reports certain VOC information to Hitachi Ltd. to support the Hitachi Ltd. target of reduction of atmospheric pollutants. Comprehensive VOC emissions for Hitachi Energy are under evaluation at the time of this report and will be reported in the next annual report.

Indicator Requirement	Unit	2022	2021	2020	2019
305-1 Direct (Scope 1) GHG emissions					
Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent	t CO_2e	83,801	144,873	186,324	171,595
Gases included in the calculation, whether CO_2 , CH_4 , N_2O, HFCs, PFCs, SF_6 , NF_3, or all					
Biogenic CO_2 emissions in metric tons of CO_2 equivalent.	t CO_2e	12,580	12,309	10,269	13,128
305-2 Energy indirect (Scope 2) GHG emissions					
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent	t CO_2e	179,073	186,467	188,992	193,039
Gases included in the calculation, whether CO_2 , CH_4 , N_2O, HFCs, PFCs, SF_6 , NF_3 , or all					
If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent	t CO_2e	8,048	47,969	177,851	189,529
305-3 Other indirect (Scope 3) GHG emissions					
Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent.	t CO_2e	228,295,228			202,899,769
Biogenic CO_2 emissions in metric tons of CO_2 equivalent		1,853,600			1,708,868
305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions					
Significant air emissions, in kilograms or multiples, for each of the following:					
NO_x	tons	93.09			
SO_x	tons	71.24			

GRI 306 Waste

GRI IND.	Indicator Requirement	Unit	2022	2021	2020	2019	2013
306-3	**Total weight of waste generated in metric tons**	metric tons	77,498.14	70,859.88	66,919.57	69,445.70	75,886.00
	Cardboard	metric tons	3,185.38				
	Batteries	metric tons	24.26				
	Electronics	metric tons	632.26				
	Glass & Ceramics	metric tons	213.63				
	Metal	metric tons	26,988.10				
	Oil	metric tons	2,553.58				
	Paper	metric tons	3,219.84				
	Plastics	metric tons	1,080.97				
	Rubber	metric tons	52.13				
	Wood	metric tons	16,476.56				
	Other non-hazardous waste	metric tons	18,964.57				
	Other hazardous waste	metric tons	4,106.85				
306-4 & 306-5	**Non-hazardous waste generated**	metric tons	70,181.19	64,002.65	59,821.09	64,048.73	
	of which reused or recycled	metric tons	54,719.96	51,024.00	46,215.81	50,203.61	
	of which incinerated with energy recovery	metric tons	7,487.76	7,830.68	7,429.85	7,152.86	
	of which landfilled or incinerated without energy recovery	metric tons	7,973.47	5,147.97	6,175.43	6,692.26	
	Non-hazardous waste reduction	metric tons	- 6,178.54	- 4,181.56	4,227.64		
	Share of non-hazardous waste recycled or reused	%	78%	80%	77%	78%	
	Share of non-hazardous waste recovered (including energy recovery)	%	89%	92%	90%	90%	
	Hazardous waste generated	metric tons	7,316.95	6,857.23	7,098.48	5,396.97	
	Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	3,955.46	3,376.78	4,002.87	2,946.00	
	Preparation for reuse	metric tons	NA	NA	NA	NA	
	Recycling	metric tons	3,955.46	3,376.78	4,002.87	2,946.00	
	Incineration (with energy recovery)	metric tons	573.48	NA	NA	NA	
	Landfilling and incineration (without energy recovery)	metric tons	2,788.01	3,480.45	3,095.61	2,450.97	
	Other recovery operations	metric tons	NA	NA	NA	NA	
	Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	54,719.96	51,024.00	46,215.81	50,203.61	
	Preparation for reuse	metric tons	NA	NA	NA	NA	
	Recycling	metric tons	54,719.96	51,024.00	46,215.81	50,203.61	
	Incineration (with energy recovery)	metric tons	7,487.76	7,830.68	7,429.85	7,152.86	
	Landfill or Incineration (without energy recovery)	metric tons	7,973.47	5,147.97	6,175.43	6,692.26	
	Other recovery operations	metric tons	NA	NA	NA	NA	
	Hazardous waste reduction	metric tons	- 578.68	626.09	- 1,056.87		
	Share of hazardous waste recycled (%)	%	54%	49%	56%	55%	

GRI 308-2 Negative environmental impacts in the supply chain and actions taken

We continuously monitor our existing and new suppliers' environmental performance according to the management system described in Supply Chain Management Section through the Suppliers Qualification Process and EcoVadis assessment. On the date of publication of this Sustainability Report 2023, up to our best knowledge we are not aware of negative environmental impacts within our supply chain.

GRI 403-5 Worker training on occupational health and safety

Worker Training on Occupational Health and Safety*			
Course Title	**Duration**	**FY2022 Employees (Completed)**	**Total hours**
7 Steps that Save Lives - HV	0.5	1,406	703
7 Steps that Save Lives - Low Voltage (<1kV)	0.5	1,381	691
7 Steps that Save Lives - MV	0.5	1,390	695
Circularity in Operations (Beta Testing)	0.5	2	1
Electrical Safety - PICW Light (Person In Charge Of Work)	1	1,479	1,479
Ergonomics Awareness - Ergonomic Hazards	0.5	1,139	570
Health Resilience	2	2,059	4,118
Hitachi Energy: Fair Process (2023)	0.5	272	136
HSE and Sustainability Operating System	0.5	108	54
Human Rights e-learning	0.5	1,050	525
Life Saving Rules (2022)	1	36,540	36,540
Risk Assessment & ABRA training	4	62	248
HSE Masterclass	8	644	5,152

* of eligible workforce (40,025)

GRI 403-8 Workers covered by an occupational health and safety management system

The organization implements an occupational health and safety management system as described in the Health and Safety Section of the present report and according to the relevant certifications outlined in the ISO certifications table. The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, covered by such a system is 100 percent and no workers are excluded from this disclosure. Each auditor performs between 20-25 audits per year. All fixed manufacturing assets (factories) are audited annually. After the fixed assets are scheduled, then project and service audits are scheduled based upon BU submitted priorities. Additionally, Real Estate, TT&L, and other corporate locations are also subject to audit. 54 entities are ISO 45001 certified. In total, we have 145 sites covered by an ISO 45001, OHSAS 18001, or MASE certificate.

- The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system: 40,904 employees – 100 percent are covered as our HSE Operating System, applicable to all units in Hitachi Energy.
- The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited; 23,734 – 58 percent are covered by a system that has been internally audited (91 internal audits performed in 2022).
- The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party: 39,057 employees – 95.5 percent are covered by a system that has been audited or certified by an external party.

GRI 404-3 Percentage of employees receiving regular performance and career development reviews

Annual Performance Reviews are carried out in the HR tool, HiNext, for all Regular and Secondee Office staff (called Indirect) employees who joined the company on or before December 31 of the financial year. 98.3 percent (~26,000 employees) of this eligible group performed performance reviews and had regular career conversations as of March 31, 2023. For other employees, like production workers (called Direct employees), the annual performance reviews are carried out offline based on local rules and regulations. Employees who join on or after January 1 are part of the

GRI 403-9 Work-related injuries and 403-10 Work-related ill health

EMPLOYEES													
Year Axis	**Lost Time Injury Incidents**	**Medical Treatment Injury Incidents**	**Restricted Work Day Case Incidents**	**Occupational Health Disease Incidents**	**Fatal Incidents**	**Fatality Rate**	**Serious Injury Incidents**	**Recordable Incidents**	**High conseq work-rel injuries**	**Rate high conseq work-rel injuries**	**Recordable work-rel injuries**	**Rate recordable work-rel injuries**	**Number of hours worked**
FY'22	59	41	18	0	0	0	7	125	7	0.017	125	0.30	82,631,171.01
FY'21	70	32	21	0	0	0	1	124	1	0.003	124	0.32	77,386,317.21
FY'20	57	39	20	0	0	0	1	117	1	0.003	117	0.31	75,041,592.85
FY'19	60	47	25	2	1	0.0028	2	137	2	0.006	137	0.40	69,094,126.31
Total	246	159	84	2	1	0.00066	11	503	11	0.007233	503	0.33	304,153,207.38
WORKERS WHO ARE NOT EMPLOYEES - Contractors													
FY'22	29	10	6	0	0	0	2	47	2	0.018	47	0.432	21,774,001.84
FY'21	28	14	4	0	0	0	0	46	0	-	46	0.417	22,068,209.66
FY'20	25	11	6	0	0	0	0	42	0	-	42	0.386	21,753,407.61
FY'19	34	17	3	0	0	0	3	57	3	0.023	57	0.444	25,686,952.10
Total	116	52	19	0	0	0	5	192	5	0.010955	192	0.42	91,282,571.22

TRIFR definition explained in our Operating System Glossary: includes fatal, serious injury, lost time, restricted workday case, medical treatment, and occupational illnesses. This rate excludes incidents. Number of incidents * 200.000\employee hours. We do not have any occupational health disease incidents reported for FY22.

next appraisal cycle.

GRI 405-2 Ratio of basic salary and remuneration of women to men

We continuously work to pay people equitably, irrespective of gender. Recent analysis shows that female employees earn, on average, 93 percent of what male employees receive. Employees may elect not to disclose their gender in our human resources system. Therefore, the remuneration ratio calculation excludes a small number of our workforce with undisclosed genders.

We have considered only regular employees and the full-time equivalent compensation data to calculate our remuneration ratios. The annual total compensation includes the base salary, guaranteed allowances, and our target short and long-term cash incentives. The resulting ratios consider the median annual remuneration alone, without assessing the impact of other underlying pay differentiators like grade, function, qualifications, experience, and individual performance ratings.

GRI 406-1 Incidents of discrimination and corrective actions taken

During 2022, no incidents of discrimination and corrective actions were registered.

GRI 411-1 Incidents of violations involving rights of indigenous peoples

During 2022, Hitachi Energy did not receive any substantiated complaints concerning violations involving rights of indigenous people, neither from outside parties nor from regulatory bodies.

GRI 417-2 and 417-3 Incidents of non-compliance concerning product and service information and labeling and concerning marketing communications

During 2022, no incidents of non-compliance concerning product and service information and labeling and concerning marketing communications were reported or registered.

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

During 2022, Hitachi Energy did not receive any substantiated complaints concerning breaches of customer privacy, neither from outside parties nor from regulatory bodies.

During 2022, we have closed two incidents of identified leaks, thefts, or losses of customer data, neither referred to the previous fiscal year.

Our Approach to Reporting

Reporting Period and Frequency

The present Sustainability Report covers Fiscal Year 2022, from April 1, 2022 to March 31, 2023 of Hitachi Energy, a Hitachi group company.

This is the first annual Sustainability Report of Hitachi Energy.

Hitachi Energy was formerly part of the ABB Group as Power Grids. On July 1, 2020, 80.1 percent majority shares of ABB Power Grids were acquired by Hitachi Ltd. The company started operations on July 1, 2020, as Hitachi ABB Power Grids Ltd. On June 30, 2021, the business formally registered Hitachi Energy Ltd., headquartered in Zurich and incorporated under the laws of Switzerland. On December 28, 2022, Hitachi Energy fully transitioned under Hitachi Ltd.

Scope and Boundaries

The current sustainability report accounts for Hitachi Energy's global policies and management systems as well as the sustainability performance of 161 manufacturing sites and offices according to the publicly available subsidiaries list.

The present sustainability report has been prepared in accordance with the GRI Standards – Core Option (GRI Content Index), and proactively embeds relevant EU regulations, CDP, SASB, SBTi, and EcoVadis recommendations and requirements. For further information about this report or corporate sustainability within Hitachi Energy, please contact ch-sustainability@hitachienergy.com.

GRI Foundation Disclosures	
Requirement 1: Apply the reporting principles	Action completed
Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021	Action completed
Requirement 3: Determine material topics	Action completed
Requirement 4: Reported the disclosures in GRI 3: Material Topics 2021	Action completed
Requirement 5: Report disclosures from the GRI Topic Standards for each material topic	Action completed
Requirement 6: We provided reasons for omission for disclosures and requirements that the organization cannot comply with	Action completed
Requirement 7: We have included a GRI content index	Action completed
Requirement 8: We provided a statement of use	Action completed
Requirement 9: Notify GRI	Action completed

Applicable GRI Standard

DISCLOSURE	SECTION		EXPLANATION
GRI 2: General Disclosures 2021			
2-1 Organizational details	About us		
2-2 Entities included in the organization's sustainability reporting	About us: Organization Overview; Our approach to reporting		
2-3 Reporting period, frequency and contact point	Our approach to reporting		
2-4 Restatements of information	Our approach to reporting	Not applicable	This is the first annual sustainability report of Hitachi Energy, relevant changes and updates will be captured and reported on the next fiscal year. Relevant amendments are already accounted for and explained within the current report.
2-5 External assurance	Our approach to reporting		
2-6 Activities, value chain and other business relationships	About us; Our approach to reporting		
2-7 Employees	About us; People; GRI 2-7 table	Confidentiality constraints	Gender breakdown per region is not provided to protect the privacy of non-disclosed gender employees.
2-8 Workers who are not employees		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. We are working to develop a process to capture this indicator in detail over the coming reporting year.
2-9 Governance structure and composition	Leadership		
2-10 Nomination and selection of the highest governance body	Leadership		
2-11 Chair of the highest governance body	Leadership		

DISCLOSURE	SECTION	EXPLANATION
2-12 Role of the highest governance body in overseeing the management of impacts	Leadership; Strategic Approach to Sustainability	
2-13 Delegation of responsibility for managing impacts	Leadership; Strategic Approach to Sustainability; Ethics and Integrity; Supply Chain Management; Health, Safety, and Environment; People	
2-14 Role of the highest governance body in sustainability reporting	Leadership; Strategic Approach to Sustainability	
2-15 Conflicts of interest	Leadership; Remuneration and Compensation	
2-16 Communication of critical concerns	Grievance System; Strategic approach to Sustainability; Supply Chain Management	
2-17 Collective knowledge of the highest governance body	Leadership and 2-17 table	
2-18 Evaluation of the performance of the highest governance body	Leadership; Sustainable Remuneration Drivers; Global Performance Management	
2-19 Remuneration policies	Remuneration Governance; Sustainable Remuneration Drivers;	
2-20 Process to determine remuneration	Remuneration Governance ; 2-20 Appendix	
2-21 Annual total compensation ratio	Remuneration Governance and 2-21 Appendix	
2-22 Statement on sustainable development strategy	CEO Introduction	
2-23 Policy commitments	Governance: Beyond Regulatory Compliance; Our Business Principles	
2-24 Embedding policy commitments	Governance: Fostering a Culture of Integrity and Compliance and throughout the chapter within individual topic	
2-25 Processes to remediate negative impacts	Governance: Grievance System; Impact assessment, materiality, risk governance, and culture	
2-26 Mechanisms for seeking advice and raising concerns	Ethics and Integrity; Grievance System; Impact assessment, materiality, risk governance, and culture	
2-27 Compliance with laws and regulations	Beyond Regulatory Compliance; Our Business Principles	
2-28 Membership associations	Stakeholder Engagement	
2-29 Approach to stakeholder engagement	Stakeholder Engagement	
2-30 Collective bargaining agreements	Ethics and Integrity; People	
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Strategic approach to Sustainability: Impact Assessment, Materiality, Risk Governance, and Culture; Human Rights	

DISCLOSURE	SECTION		EXPLANATION
3-2 List of material topics	Strategic approach to Sustainability: Impact Assessment, Materiality, Risk Governance, and Culture; Human Rights; 3-3 Appendix		
3-3 Management of material topics	Remuneration and Compensation; Strategic approach to Sustainability: Impact Assessment, Materiality, Risk Governance, and Culture; Human Rights; Sustainability 2030		
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed	About us: Organization Overview	Not applicable	Hitachi Energy is incorporated under the laws of Switzerland. As an entity controlled by another entity whose consolidated financial statements are prepared in accordance with Swiss or equivalent foreign regulations and are subject to an ordinary audit, it is exempted from financial reporting.
201-2 Financial implications and other risks and opportunities due to climate change		Information unavailable / incomplete	This is being addressed as part of the Climate Change scenarios analysis
201-3 Defined benefit plan obligations and other retirement plans	Remuneration and Compensation		
201-4 Financial assistance received from government		Not applicable	See answer to 201-1
GRI 202: Market Presence 2016			
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration and Compensation	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. Hitachi Energy is a global company with operations in over 86 countries, wages are carefully aligned to national legislation; however data gathering and consolidation at the country level require an ad hoc system, however a country-level consolidation drive is being implemented.
202-2 Proportion of senior management hired from the local community		Not applicable	The definition of 'local' management does not apply within a global corporation counting over 40,000 employees across 136 nationalities in nearly 90 countries: in every country we have local and global management.
203-1 Infrastructure investments and services supported		Not applicable	See answer to 201-1
203-2 Significant indirect economic impacts		Not applicable	See answer to 201-1
GRI 204: Procurement Practices 2016			
204-1 Proportion of spending on local suppliers	Supply Chain Management;		
GRI 205: Anti-corruption 2016			
205-1 Operations assessed for risks related to corruption		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. A system is in place to monitor corruption risks and we will work to consolidate a percentage of overall operations assessed within the next reporting year.
205-2 Communication and training about anti-corruption policies and procedures	Ethics and Integrity: Anti-Bribery and Anti-Corruption; Training and Communication; Supply Chain Management		
205-3 Confirmed incidents of corruption and actions taken	Ethics and Integrity		
GRI 206: Anti-competitive Behavior 2016			

DISCLOSURE	SECTION		EXPLANATION
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Ethics and Integrity: Anti-competitive behavior, antitrust, and monopoly practices; Training and communication; 206-1 response		
GRI 207: Tax 2019			
207-1 Approach to tax	Tax Compliance		
207-2 Tax governance, control, and risk management	Tax Compliance		
207-3 Stakeholder engagement and management of concerns related to tax	Tax Compliance; 207-3 appendix		
207-4 Country-by-country reporting	Tax Compliance	Not applicable	We submit country-by-country reporting to Hitachi Ltd Tax Team, which shares it as part of their overall CbCR with Japanese tax authorities.
GRI 301: Materials 2016			
301-1 Materials used by weight or volume	Environment: Enabling Real Circularity through resource use	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures, we are in the process of defining a new system to quantify and report this indicator.
301-2 Recycled input materials used	Environment: Enabling Real Circularity through resource use - Our Performance; 306 Table		
301-3 Reclaimed products and their packaging materials	Environment	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures, we are in the process of defining a new system to quantify and report this indicator.
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	Environment: Our carbon footprint, Emissions from Energy; Appendices 302-1		
302-2 Energy consumption outside of the organization	Environment: Our carbon footprint, Scope 3 emissions - upstream and downstream activities	Not applicable	Due to the complexity of our business operations, we do not consistently use energy data to calculate emissions, which are reported in GRI 305. This indicator is monitored for Scope 3 categories, as follows: cat.1 - emissions factor for material; cat. 4 and 9 emissions factors for transportation (weight\distance); cat. 6 business travels -distance and emissions factors; cat. 11 energy losses.
302-3 Energy intensity	Environment- Our journey to Net Zero	Not applicable	Due to the complexity of our business operations, each BU sets their intensity targets according to their own measurement, we do not measure energy intensity at corporate level due to the different nature of our operations which cannot be compared or aggregated across the whole company.
302-4 Reduction of energy consumption	Environment: Our carbon footprint Energy Consumption table		
302-5 Reductions in energy requirements of products and services	Environment- Our journey to Net Zero	Not applicable	We currently do not measure this indicator as the energy efficiency of our products is generally set by electric transmission and distribution sector-specific national regulations or specified by our customers.
GRI 303: Water and Effluents 2018			
303-1 Interactions with water as a shared resource	Environment: Water as a shared resource		
303-2 Management of water discharge-related impacts	Environment: Water as a shared resource		
303-3 Water withdrawal	Environment: Water as a shared resource; Appendices 303 Table		
303-4 Water discharge	Environment: Water as a shared resource; Appendices 303 Table		

DISCLOSURE	SECTION		EXPLANATION
303-5 Water consumption	Environment: Water as a shared resource; Appendices 303 Table		
GRI 304: Biodiversity 2016			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment: Biodiversity	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. Our Biodiversity strategy was launched in 2023, a management system with related reporting is being designed to capture GRI 304 indicators.
304-2 Significant impacts of activities, products and services on biodiversity		Information unavailable / incomplete	See 304-1
304-3 Habitats protected or restored		Information unavailable / incomplete	See 304-1
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Information unavailable / incomplete	See 304-1
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	Environment: Our carbon footprint; Appendices 305 Emissions		
305-2 Energy indirect (Scope 2) GHG emissions	Environment: Our carbon footprint; Appendices 305 Emissions		
305-3 Other indirect (Scope 3) GHG emissions	Environment: Our carbon footprint; Appendices 305 Emissions		
305-4 GHG emissions intensity	Environment: Our carbon footprint; GHG emissions by energy category; 305 Table		
305-5 Reduction of GHG emissions	Environment: Our carbon footprint; GHG emissions by energy category; 305 Table		
305-6 Emissions of ozone-depleting substances (ODS)	Environment: Our carbon footprint; Scope 1 and 2 - Our operations	Not applicable	The Emissions of ozone-depleting substances (ODS) is not applicable to our business: Hitachi Energy does not produce, import, or export ODS or use those as feedstock in the manufacturing of other chemicals.
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment: Our carbon footprint; 305 Table		
GRI 306: Waste 2020			
306-1 Waste generation and significant waste-related impacts	Environment: Enabling Real Circularity through resources use; About us: Circularity; 306 Appendix		
306-2 Management of significant waste-related impacts	Environment: Enabling Real Circularity through resources use; About us: Circularity; 306 Appendix		
306-3 Waste generated	Environment: Enabling Real Circularity through resources use; About us: Circularity; 306 Appendix		
306-4 Waste diverted from disposal	Environment: Enabling Real Circularity through resources use; About us: Circularity; 306 Appendix		
306-5 Waste directed to disposal	Environment: Enabling Real Circularity through resources use; About us: Circularity; 306 Appendix		

GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Supply Chain Management		
308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management		
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures, we will do so over the next reporting year.
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures, we will do so over the next reporting year.
401-3 Parental leave		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. Parental leave is linked to country-by-country reporting, a system has to be put in place to ensure capturing this data, we will study the opportunity to do so over the next reporting year.
GRI 402: Labor/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. This data is linked to country-by-country reporting, a system has to be put in place to ensure capturing this data, we will study the opportunity to do so over the next reporting year.
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	Our Approach to Health, Safety and Environment (HSE); Health and Safety; Understanding HSE and Sustainability Risks and opportunities; Our HSE and Sustainability Operating System; A Risk Management system founded in our safety culture		
403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety; A Risk Management system founded in our safety culture; Understanding HSE and Sustainability Risks and opportunities;		
403-3 Occupational health services	Health and Safety		
403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety; Our learning approach, Human and Organizational Performance (HOP)		
403-5 Worker training on occupational health and safety	Health and Safety and 403-5 Table		
403-6 Promotion of worker health	Health and Safety; Our learning approach, Human and Organizational Performance (HOP); 1.2.2		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our Approach to Health, Safety and Environment (HSE); Health and Safety; Supply Chain Management		
403-8 Workers covered by an occupational health and safety management system	Health and Safety; Appendices Table 403-8		
403-9 Work-related injuries	Health and Safety; Appendix 403-9		

403-10 Work-related ill health	Health and Safety; Appendices Table 403-8 and 403-9		
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Attracting and growing people	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. The learning system is managed by different internal functions and we will be able to provide accurate data over the next reporting year.
404-2 Programs for upgrading employee skills and transition assistance programs	Attracting and growing people		
404-3 Percentage of employees receiving regular performance and career development reviews	Global Performance Management; 404-3 Appendix		
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	Governance: Leadership; GRI 2-7 table and 2-17 table		
405-2 Ratio of basic salary and remuneration of women to men	Remuneration Governance; 405-1 Appendix		
GRI 406: Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken	Ethics and Integrity; Diversity 360; 406-1 Appendix		
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Supply Chain Management: Supplier Qualification Process and EcoVadis		
GRI 408: Child Labor 2016			
408-1 Operations and suppliers at significant risk for incidents of child labor	Supply Chain Management: Supplier Qualification Process and EcoVadis		
GRI 409: Forced or Compulsory Labor 2016			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Management: Supplier Qualification Process and EcoVadis		
GRI 410: Security Practices 2016			
410-1 Security personnel trained in human rights policies or procedures		Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. We will be able to capture the percentage of security personnel trained within the next reporting year.
GRI 411: Rights of Indigenous Peoples 2016			
411-1 Incidents of violations involving rights of indigenous peoples	Human Rights; Supply Chain Management; 411-1 Appendix		
GRI 413: Local Communities 2016			
413-1 Operations with local community engagement, impact assessments, and development programs	Human Rights; Stakeholders' Engagement; Supply Chain Management	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. We are in the process of streamlining our social responsibility programme in order to capture the required information in an accurate way. A system is being put in place during fiscal year 2023\24.
413-2 Operations with significant actual and potential negative impacts on local communities	Human Rights; Stakeholders' Engagement; Supply Chain Management	Information unavailable / incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. We are in the process of streamlining our social responsibility programme in order to capture the required information in an accurate way. A system is being put in place during fiscal year 2023\24.
GRI 414: Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	Supply Chain Management		

414-2 Negative social impacts on the supply chain and actions taken	Supply Chain Management
GRI 414: Supplier Social Assessment 2016	
415-1 Political contributions	Stakeholders' Engagement
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of product and service categories	Products Compliance; Material Compliance, Chemical and Substances Compliance; Health, Safety, and Environment
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Products Compliance; Material Compliance, Chemical and Substances Compliance; Health, Safety, and Environment No incidents reported or registered.
GRI 417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Products Compliance; Material Compliance, Chemical and Substances Compliance; Health, Safety, and Environment; Appendices 417-2 and 417-3
417-2 Incidents of non-compliance concerning product and service information and labeling	Products Compliance; Material Compliance, Chemical and Substances Compliance; Health, Safety, and Environment; Appendices 417-2 and 417-3
417-3 Incidents of non-compliance concerning marketing communications	Products Compliance; Material Compliance, Chemical and Substances Compliance; Health, Safety, and Environment; Appendices 417-2 and 417-3
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Rigorous Information Security; 418-1 Appendix

Independent Limited Assurance Statement

DNV Business Assurance Italy S.r.l. ("DNV", "we", or "us") was engaged by Hitachi Energy Ltd ("Hitachi Energy") to conduct a limited assurance engagement over selected information presented in Hitachi Energy's Sustainability Report 2023 and related GRI Index (the "Report"), covering the reporting year ended 31st March 2023.

Standard, scope and approach

We performed our limited assurance engagement using DNV's assurance methodology VeriSustain™, which is based on our professional experience and on criteria found in sustainability reporting assurance standards, including the International Standard on Assurance Engagements 3000 - Revised ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board. We evaluated the Selected information for adherence to the reporting standards used by Hitachi Energy, i.e. Global Reporting Initiative ("GRI") Sustainability Reporting Standards. We evaluated the Selected information using the GRI 1 Reporting principles of "Clarity", "Accuracy" and "Comparability" to ensure the quality and proper presentation of the reported information, together with Hitachi Energy's data protocols for how the data are measured, recorded and reported. The review of any data from prior years is not within the scope of our work (this includes any data in scope in previous years that has been re-stated).

Selected information

The scope and boundary of our work covers the following key performance indicators included within the Report (the "Selected Information"):

Workforce

GRI 2-7 Employees

Environment and waste

- GRI 305-1 Direct (Scope 1) GHG emissions
- GRI 305-2 Energy indirect (Scope 2) GHG emissions
- GRI 305-3 Other indirect (Scope 3) GHG emissions (only "Category 11 - Use of sold products")
- GRI 306-3 Waste generated

Occupational Health & Safety

- GRI 403-9 Work-related injuries
- GRI 403-10 Work-related ill health

Supply Chain

- GRI 308-1 New suppliers that were screened using environmental criteria
- GRI 414-1 New suppliers that were screened using social criteria

Basis of our opinion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with Hitachi Energy's management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing sample testing on a selective basis of the Selected Information to check that it had been appropriately measured, recorded, collated and reported. In particular, the following methods were applied during the verification of Hitachi Energy's data:
  - Examination of relevant environmental data related to Scope 1 emissions through extractions from the tool used at corporate level to aggregate and report on environmental data and metrics;
  - On two sample sites, Alamo and Figeholm, review of documentation, data records and sources related to own mobile combustion and SF6 data included in GHG Assertions;
  - On Scope 2 emissions and Scope 3 emissions (with reference to the most significant category, i.e. Category 11 "Use of Sold Product"), examination of relevant environmental data to verify that the reported data has been calculated accordingly to GHG Protocol;
  - Guided and privacy-safe overview of the system used for managing Human Resources data and sample on-screen verification of accuracy in reported data for workforce;
  - On two sample sites, Alamo and Figeholm, review of documentation, data records and sources related to waste data;
  - Guided overview of the system used for collecting waste data and sample on-screen verification of accuracy in reported data;
  - Examination of relevant health and safety data through extractions from the tool used at corporate level to report incidents and occupational illnesses;
  - Examination of the extraction from the system used for supplier qualification and guided on-screen overview of the system for verifying the effectiveness of environmental and social screening for new suppliers.
- Review of processes for collecting, processing, consolidating, and reporting the relevant data and information, supported by the collection of sample evidence to perform verification on processes for quantitative data;
- Reading the Report and narrative accompanying the Selected Information within it, reviewing the statements and claims made in the Report and verifying consistency with management approach to topics discussed during the interviews, and related to Selected Information;

Responsibilities of Hitachi Energy and DNV

The Management of Hitachi Energy has sole responsibility for:

- Preparing and presenting the selected information;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the selected Information that is free from material misstatements;
- Measuring and reporting the selected Information.

DNV's responsibility is to plan and perform the work to obtain assurance about whether the Selected Information has been prepared in accordance with the criteria and to report to Hitachi Energy in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

Level of assurance

We are providing a 'limited level' of assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

- Providing preliminary and final feedback on drafts of the Report on the basis of our assurance scope;
- Confirming whether the organization conforms to the verification criteria for the Selected Information.

Our Opinion

Based on the work undertaken, the procedures we have performed and the evidence we have obtained, nothing came to our attention to suggest that the Selected Information has not been prepared in accordance with the criteria or properly collated from information reported at operational level, nor that the assumptions used were inappropriate. In our opinion, the Report provides sufficient information for readers to understand management approach to the topics related to the Selected Information. This conclusion relates only to the Selected Information and is to be read in the context of this Independent Limited Assurance Statement, in particular the inherent limitations explained overleaf.

DNV Business Assurance

DNV Business Assurance Italy S.r.l. is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. (www.dnv.com)

Independence and competence

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi- disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by Hitachi Energy have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Limited Assurance Statement.

Without affecting our assurance opinion, we also provide the following observations:

- In our opinion, the information included in the report are presented in an accessible and understandable way. Links are included in the report to provide user-friendly access to documents of interest. In addition, graphs and data tables are used to allow a clear visualization of the information. The list of abbreviations used is presented at the end of the report to enable stakeholders to understand the text in its integrity.
- It was verified that the company uses systems and software to control information, which brings greater reliability and quality to the data; Hitachi Energy has established a variety of process for collecting and consolidating the various data it reports. We have confidence in the process in place to ensure reasonable accuracy for the information presented in the report and management systems.
- For most of the quantitative indicators reported within the Report, the principle of comparability is well followed. This provides added value to the reporting, allowing stakeholders to compare the performance of previous years with the current one. For quantitative data, Hitachi Energy used internationally accepted metrics.

Our observations and areas for improvement will be raised in a separate report to Hitachi Energy Management and do not affect the given opinion.

For and on behalf of DNV Business Assurance Italy S.r.l.
Vimercate (MB), Italy
Sep 13th, 2023

Laura Lerardi
Lead Assessor

Alessia Segalini
Reviewer

List of Abbreviations

Unit of Measure

CO_2e: CO_2 equivalent emissions
G: Giga
GW: Giga Watt
k: kilo
kV: kilovolt
kW: kilowatt
kWh: kilowatt-hours
M: Mega
M3: cubic meter
MCM: million cubic meters
MMT: million metric tons
MW: Mega Watt
MWh: Mega Watt hour
T: Tera
tCO_2e: tonnes CO_2 equivalent emissions
TJ: Terajoule

Chemicals and substances

3TG: Tin, Tantalum, Tungsten and Gold (3TG)
C4: FN fluoronitriles
CO_2: carbon dioxide
LPG: liquid petroleum gas
O_2: oxygen
PFAS: Polyfluoroalkyl substances
SF_6: Sulfur hexafluoride or sulphur hexafluoride

International Organizations

BK2S: BringKids2Schools
CDP: Carbon Disclosure Project
COP: UN Climate Change Conference of Parties (CCCOP)
DEI: Diversity, Equity and Inclusion
ECHA: European Chemicals Agency
ERGs: Employee Resource Groups
ESG: Environmental, Social, Governance
EU: European Union
EVP: Employee Value Proposition
GPM: Global Performance Management process
GRI: Global Reporting Initiative
HEERA: Harmony, Energy, Equity, Respect, Ambition
ILO: International Labor Organization
IPCC: Intergovernmental Panel on Climate Change
ISO: International Standards Organization
ISSB: International Sustainability Standards Board
MASE: Manuel d'Amélioration Sécurité Entreprise
OECD: Organization for Economic Co-operation and Development
OHSAS: Occupational Health and Safety Assessment Series
OS: Operating System
OSI: Office of Special Investigations
RMI: Responsible Minerals Initiative
SASB: Sustainability Accounting Standards Board
SBTI: Science Based Targets Initiative
TCFD: Task Force on Climate Related Financial Disclosures
TRIFR: Total Recordable Injury Frequency Rate
UN SDGs: United Nations Sustainable Development Goals
WBCSD: World Business Council for Sustainable Development's
WHO: World Health Organization

Abbreviations

AIP: Annual Incentives Program
Bod: Board of Directors
BU: Business Unit
CAP: Corrective Action Plan
CoC: Code of Conduct
CEO: Chief Executive Officer
CSR: Corporate Social Responsibility
CSRD: Corporate Sustainability Reporting Directive
DD: Due Diligence
EAC: Energy Attribute Certificate
EPD: Environmental Product Declaration
EPR: Extended Producer Responsibility scheme
ERM: Enterprise Risk Management
FACTS: Flexible Alternating Current Transmission Systems
GDPR: EU General Data Protection Regulation
GHG: Greenhouse Gas
GIR: Government and Institutional Relations
GIS: gas-insulated switchgear
GWP: Global Warming Potential
HRDD: human rights due diligence
HSE: Health, Safety, and the Environment
HSE&S: Health, Safety and Environment, and Security
HVDC: High Voltage Direct Current
KPI: Key Performance Indicators
ISMS: Information Security Management System
IS: Information Security
KPI: Key Performance Indicator
L6S: Lean Six Sigma
LCA: Lifecycle Assessment
LGBTQIA+: Lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual, and more
NCR: Non-Conformance Report
PPA: Power Purchase Agreement
R&D: Research and development
RAB: Remuneration Advisory Board
RISL: Railway Industry Substance List
SCIP: Substances of Concern In Products
SCM: Supply Chain Management
SCoC: Suppliers Code of Conduct
SOR: smelters or refiners (SOR)
SOT: Sustainability Observation Tour
SSDP: Supplier Sustainability Development Program
STEM: Science, technology, engineering and mathematics
SVHCs: Substances of Very High Concern
T&D: Transmission & Distribution industry
TM: Trademark
TSCA: Toxic Substances Control Act
TT&L: Treasury Tax and Loan Service
VOC: Volatile organic compound
WFD: Waste Framework Directive

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