HITACHI
Inspire the Next

Sustainability Report 2024

Fiscal 2023 Results

Hitachi Energy

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CEO letter

We need to act, as we cannot afford to stand still, and time is running out. We are experiencing a fundamental shift with the ongoing clean energy transition, and we see that climate change is here. It's urgent, and we all need to collaborate to deploy technology and remove regulatory barriers to increase the speed to reach the ambitious net-zero goals.

We are going through a supercycle with the shift from fossil-fuel-based generation sources to renewables, which is combined with increased electrification across sectors and geographies. As we integrate more and more renewables, we also need to handle the volatility and 'balance' multiple dimensions. We need to focus on how we are advancing a sustainable energy future for all and how we make the clean energy transition inclusive across geographies and sectors.

Our Sustainability Report encapsulates our commitment to reporting openly and comprehensively on the sustainability aspects of our business strategy, covering environmental, social, and governance (ESG) dimensions. The report covers fiscal year 2023 (FY23) in terms of actions taken and the progress made. However, achieving sustainable performance requires us to think about how we achieve targets set, for example, for 2030 and 2050.

Decisions we make now and in the near-term have a profound impact for decades to come, especially given the long-term nature of energy infrastructure, with product lifetimes reaching through many decades and touching the lives of generations to come.

In delivering the energy transition, we all have a role to play. We partner with our customers and supply chain throughout the product lifecycle, redefining services and business models, offering innovative and sustainable products and solutions, and leveraging digital technologies to scale.

More broadly, we collaborate widely with government representatives, academia, regulators and other stakeholders, the communities in which we operate, and wider society to realize the shared benefits of addressing the complex challenges we face, such as climate change, biodiversity loss, and inequalities.

Sustainability is part of Hitachi Energy's DNA and is embedded in our Purpose – 'advancing a sustainable energy future for all'. We are committed to driving and championing sustainability in line with our and Hitachi Group's ambitions.

We can only be optimistic about the future. We have a significant role to play in creating enduring benefits for people and the planet through innovation and collaboration.

The July 2024 global electricity report from the International Energy Agency (IEA) highlights that investment in clean energy is on the rise, while investment in fossil fuels is starting to decline. This progress is a testament to the growing commitment to a sustainable energy future.

Let's continue to strengthen collaboration across sectors and countries to advance the world's energy system to be more sustainable, flexible, and secure.

We must not rest until the job is done.

Andreas Schierenbeck

Chief Executive Officer, Hitachi Energy

FY23 Highlights

Environment

Carbon neutrality

74.65% vs 2030 SBTi target of 80%
= **361.10 $ktCO_2e$** (CY19) ↓ **91.6 $ktCO_2e$** (FY23)
Scope 1 and 2 emissions reduction

-80% SF_6 emissions
= **113.05 $ktCO_2e$** (CY19) ↓ **22.77 $ktCO_2e$** (FY23)
SF_6 emissions reduction

100% **fossil-free electricity in our operations**
continued in our operations wherever possible (purchased or via EACs)

64% **energy used purchased from zero-emissions sources** at point of generation

Circular economy

100+ **locations achieved zero waste to landfill**

130+ **environmental improvements projects** completed or started

-1.2% **total waste generation**
= **83.9 kt** (FY22) ↓ **82.7 kt** (FY23)

Biodiversity

70 **Biodiversity initiatives**
23 countries **44** sites

Social

Diversity

23% **women in workforce**

44% **talent pool members were women**

79.6% **favorable DEI Index** in employee engagement survey

Health and safety

-26% **total recordable injury frequency rate (TRIFR)** compared to FY22

+82% **training in hazardous substances** compared to FY22

>96% **on-time closure** non-compliance report (NCR)

2.36 **severity rate** compared to 3.87 in FY22

+59k **safety inspections** performed

84 **HSE audits** performed

Human rights

103 supplier assessed
= **89%** of the globally planned assessments

Social contributions (CSR)

35 **countries**
290 **activities**
1.3 m **Electron campaign impressions**

Governance

Ethics and integrity

ISO 37001
Anti-Bribery Management System certification

Hitachi Group Code of Ethics and Business Conduct adopted

93% investigations closed

96% enrolled employees completed integrity trainings

New ESG regulatory team
dedicated to monitoring and counseling on environmental, social, and governance regulations

Cybersecurity

ISO 27001 and IEC 62443
global certifications

30 sites pilot Industrial Cybersecurity Program

Supply chain management

- New Carbon-neutrality Supplier Engagement Program established
- Inclusion of ethics and integrity checks as part of the qualification process
- From April 2024, more accurate sustainability risk screening enabled through EcoVadis IQ+

100% New suppliers that were screened using social and environmental criteria

2. About us

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

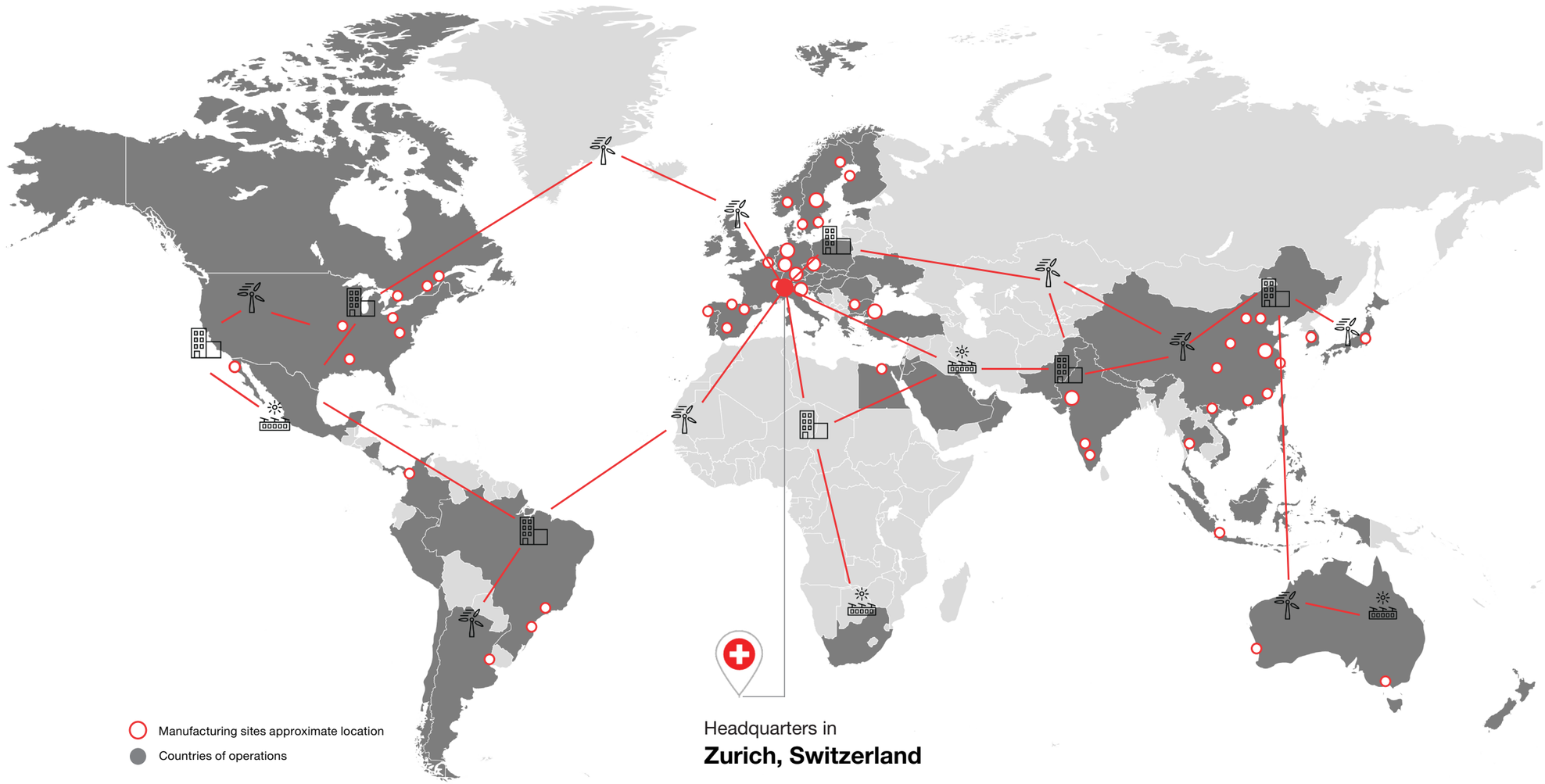
Hitachi Energy is a global technology leader that is advancing a sustainable energy future for all. As part of the Hitachi Group, we are advancing the world's energy system to be more sustainable, flexible, and secure, and we collaborate with customers and partners to enable a sustainable energy future – for today's generations and those to come.

With innovative technologies and services including the integration of more than 150 gigawatts of HVDC links into the power system, we help make the energy value chain more efficient, making electricity more accessible to all.

Hitachi Energy has a proven track record and unparalleled installed base in more than 140 countries, serving customers in the utility, industry, transportation, data centers, and infrastructure sectors. Headquartered in Switzerland, we employ 45,680 people in 60 countries and generate business volumes of around 13 billion USD.

Our industry-leading experience, deep domain knowledge, and pioneering technologies continue to accelerate the global energy transition across the world, through sustainable partnerships with customers, suppliers, industry partners, policymakers, academia, and communities.

Together with stakeholders across sectors and geographies, we enable the digital transformation required to accelerate the energy transition towards a carbon-neutral future. Beyond technical innovation, we highly regard our impact on the environment and the global societies, challenging ourselves on improving our performance, positively impacting lives, and inspiring others.



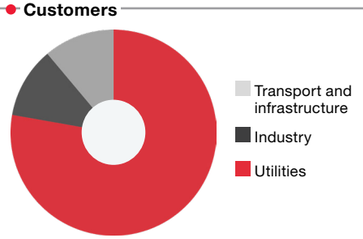
Hitachi Energy

- **45,680** employees
- **150** nationalities
- **60** countries
- **200+** offices
- **250** years' combined heritage
- **2,400** R&D experts
- **1,800+** field engineers
- **~13 billion USD** in business volumes

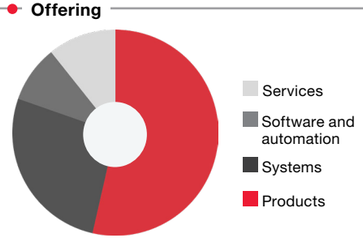
Four Business Units

- Grid Automation
- Grid Integration
- High Voltage Products
- Transformers

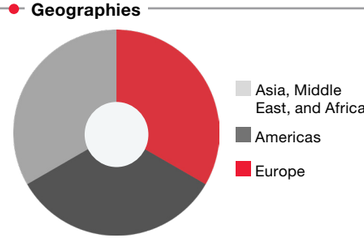
Customers



Offering



Geographies



2.2 Advancing a sustainable energy future for all

GRI 2-6

The Intergovernmental Panel on Climate Change (IPCC) report highlighted that global CO_2 emissions continue to rise at unprecedented levels, severely impacting nature and people. Climate change is already affecting every region across the globe, with a disproportionate effect on the most vulnerable communities.

The world is also facing the implications of global megatrends: changes in global economic power, demographic shifts, accelerated urbanization, impacts on biodiversity, rise of technology, and resource scarcity, among others.

The United Nations Framework Convention on Climate Change and the Conference of the Parties (COP21) Paris Agreement established the need for accelerated actions, setting binding goals and objectives to avoid the worst impacts of climate change on our countries, our people, and the environment.

All nations share a common cause to combat climate change and adapt to its effects. There is increasing pressure for corporate action, recognizing the shared accountability and responsibility to achieve a nature-positive world.

Hitachi Energy strives to support the need to decarbonize energy systems, focusing on phasing out fossil fuels and reducing greenhouse gas (GHG) emissions by accelerating the deployment of zero- and low-carbon energy solutions.

Carbon-reduction efforts are deeply rooted in electrification. Renewable-based electrification will significantly improve energy efficiency in many applications across all market sectors, industries, buildings, and transportation. In this scenario, energy resilience is crucial to building solutions that provide a regular, reliable supply of energy with sufficient flexibility to actively manage unplanned, severe challenges, such as extreme weather events.

With our sustainability portfolio, we are well-equipped to enable and support the development of smarter grids and infrastructure, enabling system integration, digitalization, demand flexibility, energy security, smarter digitalization, and storage solutions.

We are working to support customers worldwide, helping deliver inclusive and resilient growth by fostering sustainable pathways to net-zero emissions, boosting the security of global grids, and making energy accessible, flexible, and secure.

Scaling up and accelerating energy transition

Electrification is the main driver of the energy transition. As consumer needs and lifestyles continue to evolve, according to the 2030 Agenda for Sustainable Development (particularly relevant to SDG7), we must ensure

universal access to clean affordable energy while achieving net-zero emissions by the middle of this century. The foundation of this transition shall fulfill the International Energy Agency (IEA)'s people-centered approach, leaving no one behind.

Electrification is pivotal to achieving net-zero goals, and the energy transition requires innovative software solutions and services and a significant increase in the production of critical technologies for an expanded electricity grid.

Integrating more renewable energy sources like solar and wind, alongside meeting the electrification demands of transport, buildings, industry, and other sectors, necessitates a secure and flexible grid infrastructure. Furthermore, the IEA Electricity 2024 report states, "the rapid expansion of the data center sector and the elevated electricity demand can pose challenges for the electricity system."

For its part, Hitachi Energy is investing 1.5 billion USD to ramp up global transformer production by FY27 and an additional 4.5 billion USD also by FY27, to accelerate the clean energy transition.

Addressing the existing infrastructure

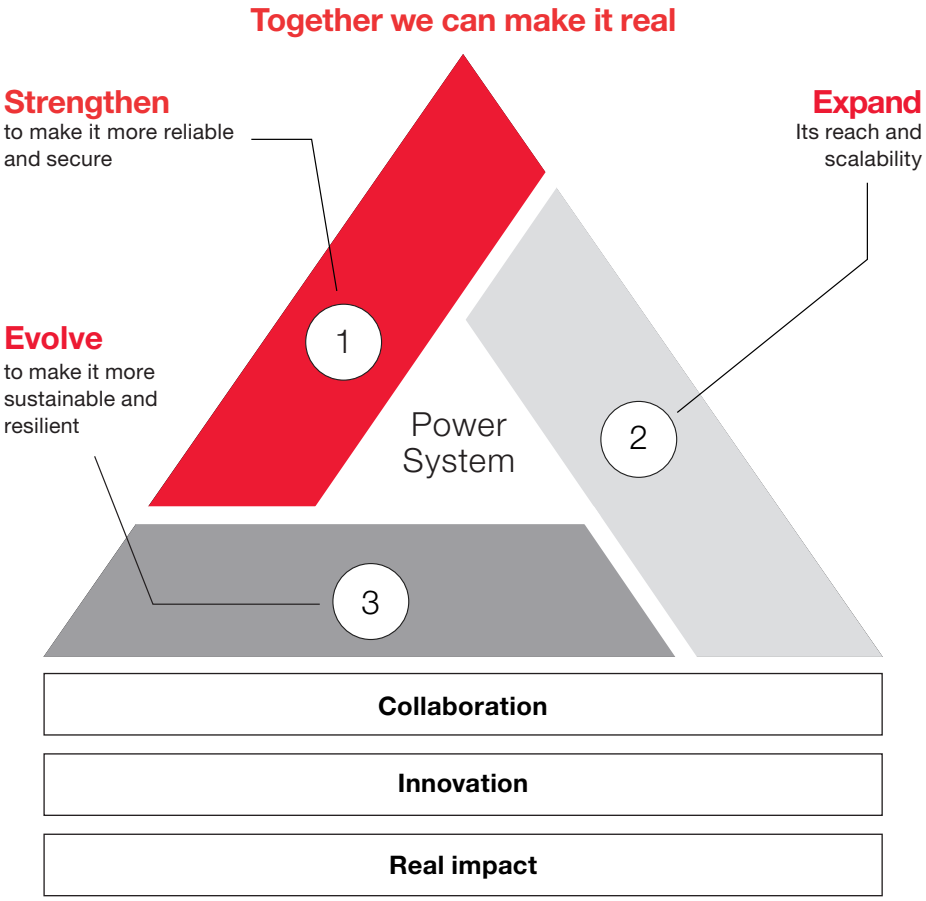
Hitachi Energy's service solutions cover the entire lifecycle of customer assets. Our service portfolio and solutions are designed to be flexible and secure, ensuring the protection and efficiency of our customers' energy assets.

Designed to adapt to every operation and maintenance (O&M) strategy, services can be procured stand-alone or as part of an EnCompass™ partnership agreement. EnCompass is our portfolio of partnership-oriented service offerings, signaling a step-change in lifecycle thinking.

EnCompass agreements are a set of services that provide premium access to round-the-clock support, covering the customer's products and systems, and are enhanced with the ability to customize the level of support needed to meet customers' strategic goals.

The net-zero transition begins with the installed base, and we continue to innovate across our 'sustain and decarbonize' category, as well as developing future digital service solutions.

Power system evolution to enable the energy system of 2050



World Energy Outlook

(IEA 2023)

"The recent clean energy progress we have seen in many countries is unprecedented and cause for optimism, but it could be put in jeopardy if governments and businesses do not come together to ensure the world's electricity grids are ready for the new global energy economy that is rapidly emerging. This report shows what is at stake and what needs to be done. We must invest in grids today or face gridlock tomorrow."

COP28 Tripling Renewable Capacity Pledge

(IEA, 2024)

Accelerate the shift to renewable power generation

In its report, 'COP28 Tripling Renewables Capacity Pledge', the IEA notes that global renewable capacity additions reached almost 560 GW in 2023, an unprecedented 64 percent year-on-year increase from 2022. As renewable energy solutions replace fossil fuels, there are a variety of challenges to overcome, most notably their connection and integration with the grid that ensures secure and reliable energy power to all.

Our grid connection solutions based on alternating current (AC) and direct current (DC) technologies expand the existing power grid to integrate renewable power into the energy systems. Additionally, 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.

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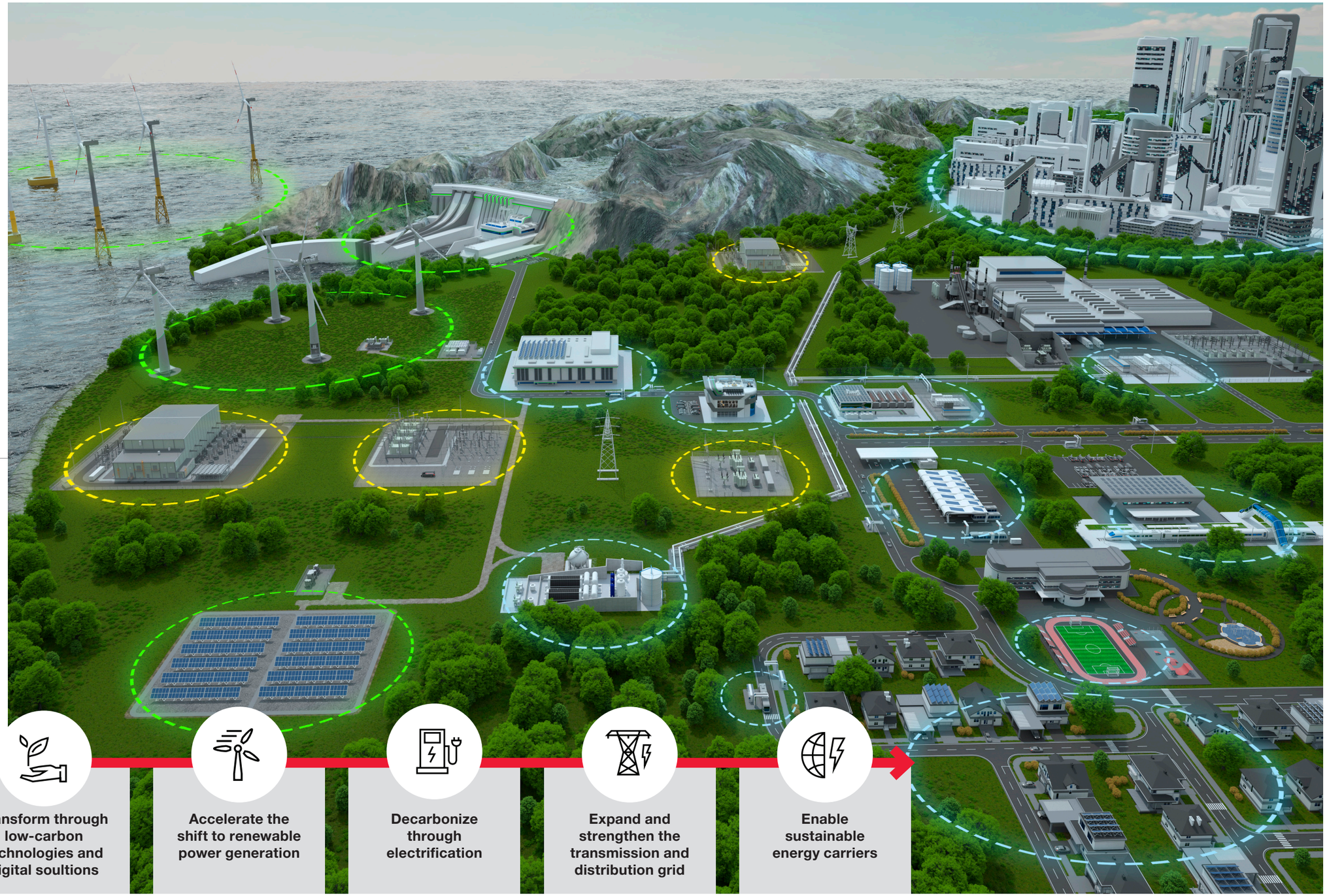
2.3 **Markets, products, services, and solutions**

GRI 2-6

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 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.

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 soultions

Accelerate the shift to renewable power generation

Decarbonize through electrification

Expand and strengthen the transmission and distribution grid

Enable sustainable energy carriers

2.4 **Purpose-driven expertise**

GRI 2-6

As a global technology leader advancing a sustainable energy future for all, our innovative technologies and solutions help increase access to affordable, reliable, and sustainable energy vital for society to prosper and progress. As consumer needs and lifestyles continue to evolve, our technologies help make the energy system more sustainable, flexible, and secure.

Electricity will be the backbone of the entire energy system, and with our customers and partners, we are co-creating solutions that are helping accelerate the energy transition.

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, and new ways of thinking and working to collaborate with stakeholders to advance solutions.

Customers rely on our technologies and services to help them integrate huge volumes of renewable energy into the world's grids and manage increasing levels of complexity.

With a combined heritage of over 250 years, we anticipate emerging needs to ensure that customers succeed. As we drive towards a carbon-neutral future, our teams are continuously innovating and working to deliver economic, environmental, and social value.

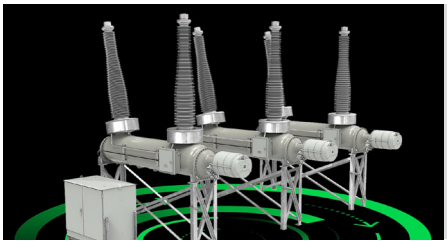
We also recognize there are some uncertainties which impact upon what we can claim or predict, for example:

- In assessing the energy consumption of our products when being used, we cannot control either the circumstances or purposes of their use. In some cases, those ultimately using our products will not even be our direct customers. Accounting for such emissions is complex, and the accounting guidance within the GHG Protocol would need further enhancements for this challenge.
- Benefits accruing from the use of sustainable products and solutions could be jeopardized if governments, businesses and organizations fail to collaborate sufficiently to ensure electricity grids around the world are ready for the new and rapidly emerging global energy economy.
- Increased demand for sustainable products and solutions may see additional requirements from certain natural resources such as minerals, metals, water, and land. Steps to address such pressures would include further enhancing environmental circularity of our activity and reinforcing protection of human rights and indigenous populations.

In this section, we present high-profile projects that showcase our purpose-driven, industry-leading expertise.

Transform through low-carbon technologies and digital solutions

We are advancing low-carbon and digital technologies to enhance energy efficiency and ensure system reliability. Hitachi Energy's transformation of energy systems is pivotal for a resilient, future-proof power infrastructure that aligns with a carbon-neutral vision.



EconiQ 420-kilovolt (kV) circuit-breaker for Eversource

Utilities (T&D), USA
- Technology innovation
- Environmental footprint

EconiQ™ 420 kV Dead Tank Breaker (DTB) installed at an Eversource 345 kV substation in December 2023 is the first 420 kV circuit-breaker installation in the country with no sulfur hexafluoride (SF_6). As reliable as the conventional SF_6-based solution, EconiQ™ 420 kV DTB is a reliable and scalable technology able to reach ultra-high-voltage levels with the lowest carbon footprint.

TenneT: transformers and reactors with lower carbon materials

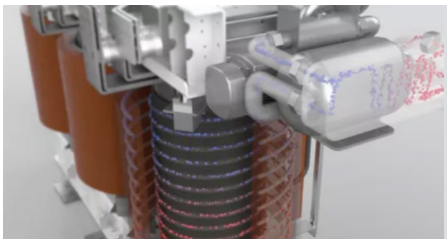
Utilities (T&D), Germany
- Sustainable supply chain and transparency
- Environmental footprint
- Circular economy

The framework agreement to supply power transformers and shunt reactors for TenneT's transmission grid development program will enable the construction and modernization of substations to ensure sustainable electricity supply in Germany and the Netherlands. With Hitachi Energy's manufacturing sites using fossil-free electricity wherever possible, low-carbon emission materials will improve the project's overall performance.

E.ON's distribution transformers with recycled mineral oil

Utilities (T&D), Sweden
- Environmental footprint
- Circular economy

Together with E.ON in Sweden, we successfully piloted distribution transformers using recycled insulation fluid, resulting in about 90 percent lower-embedded carbon emissions than the alternative—virgin mineral oil. The project exemplifies a complete value chain partnership model for efficiently deploying circular economy concepts for sustainable production and consumption, particularly in electricity systems.



Dry-type compact cool transformers

Data centers
- Environmental footprint
- Technology innovation

CompactCool™ Technology for dry-type transformers combines safety, lower maintenance, reduced operating costs, and up to 50 percent optimized footprint than standard solutions. This technology is ideal for data centers and renewable segments', reducing global warming potential (GWP) from materials by 26 percent, and delivering a 15 to 50 percent weight reduction as well as a 30 to 50 percent volume reduction.

EconiQ™, transformer in Europe

Utilities (T&D), Spain
- Environmental footprint

EconiQ™ transformers use scientific life cycle assessment studies to lower environmental footprint across the product's life cycle. In a recent case EconiQ™ transformers supplied to a utility in Spain resulted in 12 percent lower carbon footprint across the product life cycle, based on higher operational energy efficiency than EU regulatory standards. EconiQ™ transformers can also offer about 35 percent lower cradle to gate carbon footprint based on utilization of materials with lower than industry average carbon footprint

Fortum: advancing sustainable decarbonization while increasing digitalization

Data centers, Finland
- Environmental footprint

40 percent of the 250,000 users' district heating needs are CO_2 free in Finland. Our advanced grid connection solution based on gas-insulated switchgear will power the world's largest data center heat recovery project. It uses excess heat generated from the server cooling process to heat homes, public premises, and businesses connected to the district heating system.

Accelerate the shift to renewable power generation

Our grid-connection solutions based on alternating current (AC) and direct current (DC) technologies expand the existing power grid to integrate renewable power into the energy systems. Additionally, 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.

CPC Finland: transformer for PV power plant

Renewables, Finland
- Environmental footprint

At the Lakari power plant, Finland's largest ongoing solar project, our power transformer will raise the voltage level to transmit electricity efficiently. With a maximum capacity of around 30 megawatts and an annual electricity production of 30 gigawatt hours, the plant will provide enough electricity to heat around 1,600 homes.

Over half of Finland wind power is generated through our transformers and grid connection solution.

Renewables, Finland
- Environmental footprint

Our transformers and Grid-eXpand™ range of modular and prefabricated grid connections make expanding power grid capacity faster, simpler, and more efficient. Site installation is up to 40 percent faster, the footprint up to 60 percent smaller, and civil work costs up to 70 percent less than conventionally-built grid connections.

China's State Power Investment Corporation Limited (SPIC) cuts costs for large offshore wind farms.

Renewables, China
- Environmental footprint

China's first 220-kV modular and prefabricated offshore grid connection was delivered for a 500-MW wind farm off the northeast coast. Our Grid-eXpand solution cut conventional delivery time by eight weeks. Each module was pre-engineered, pre-assembled, and pretested before delivery, then shipped as a single prefabricated unit, ready for speedy erection.

AES Andes Solar II-B solar project: supporting a just energy transition in the picturesque Andes.

Renewables, Chile
- Technology innovation

Our subsidiary EKS Energy's flagship solar park aims to be the most efficient in the world, promoting clean energy generation, economic growth, environmental preservation, and community empowerment. Chilean AES will receive 130 MW of hybrid power conversion systems supporting both solar generation and 4 hours (520 MWh) of lithium-ion battery energy storage.

New silicon carbide e-Mobility production line at Hitachi Energy Semiconductors

Transportation, Switzerland
- Technology innovation

High-performance, scalable eMobility modules such as the RoadPak™ and other silicon carbide (SiC) semiconductors produced in Lenzburg offer efficiency gains in the powertrain of electric vehicles. They drive eMobility applications, for example electric cars, e-buses, which are increasingly in demand following the governmental and global initiatives for renewable and sustainable mobility.

Advancing insulated gate bipolar transistors (IGBT) technology with first 300 mm wafer size for world's largest offshore wind turbines.

Various Renewables:
- Technology innovation

This is a breakthrough that boosts production capacity and enables more complex structures in 1200V IGBT. Compared to a 200 mm wafer, the larger version provides cost savings, energy-efficient conversion, increased control, and minimized power losses in applications such as variable frequency drives (VFD), uninterruptible power supply (UPS) systems, electric vehicles, and air conditioners.

Decarbonize through electrification

A pioneer in rail and urban transportation, Hitachi Energy offers solutions for reliable, sustainable electrification, including digital technologies that enable organizations to become more efficient, agile, and data-driven.

Lithuanian Railways electrifies East-West train route to reduce carbon emissions and promote sustainability

Transportation, Lithuania
- Technology innovation
- Environmental footprint

Being transportation Lithuania's most significant CO_2 emissions contributor, LTG focused on railway' electrification, starting with the busiest and oldest lines serving 40 percent national passenger load and 60 percent freight transportation. Electrifying the Vilnius-Klaipėda line while replacing diesel locomotives with high-speed electric trains enables fast, reliable, and sustainable transport.

Adani HVDC Project: a crucial step to achieve Mumbai's Climate Action Plan

Utilities (T&D), India
- Circular economy
- Social impact
- Biodiversity preservation

Adani Electricity Mumbai Infra Limited's HVDC transmission system will bring almost 50 percent more power to 20 million people in Mumbai. Our compact HVDC system will supply up to 1,000 MW of electricity, strengthening the transmission infrastructure, ensuring reliable power supply through 50 kilometers of underground cables, preserving almost 2.3 km² of land.

Deploying Italy's first ultrafast charging e-mobility solution

Transportation, Italy
- Technology innovation

The Grid-eMotion® ultrafast charging technologies electrify Genoa's new bus line. Without overhead cables, buses recharge in just five minutes through a rooftop intelligent pantograph which autonomously and automatically connects the charging equipment and the rooftop batteries. This maximizes the total space for passengers, while reducing traffic, emissions, and noise pollution to create a better quality of life for the community.

Hitachi Energy and BluVein: combined solutions to accelerate the electrification of heavy haul mining fleets

Transportation, Australia
- Technology innovation

This strategic collaboration aims at decarbonizing heavy haul mining fleets to achieve net-zero emission targets without compromising on operating practices or productivity. BluVein will focus on e-rail and connection of the truck, which we will complement with advanced power electronics and digital solutions to power and monitor the whole system.

Expand and strengthen the transmission and distribution grid

Transmission and distribution grids enable a sustainable energy system through direct and indirect electrification. In an ever-more complex world, utility companies are partnering with Hitachi Energy to expand and modernize their power grids.

JIEMS - Japan 105: transition to a new domestic power grid structure to realize a carbon-neutral society and resilient network.

Utilities (T&D), Japan
- Technology innovation

Hitachi and Hitachi Energy are supporting Japan's 2050 carbon-neutrality goal and the shift to 59 percent non-fossil fuel electricity generation in 2030. Our Network Manager control center software solutions support the management of nationwide energy grid operations.

Hitachi Energy and TransnetBW make German grid fit for future

Utilities (T&D), Germany
- Technology innovation

We will supply two Enhanced STATCOM stations with the next-generation grid stabilization technology, SVC Light® Enhanced. This will allow German state-owned transmission system operator TransnetBW to enable expansion of renewable energy and grid stabilization whilst improving power quality in the grid which supplies 11 million people and numerous industries.

Enable sustainable energy carriers

We focus on developing new products, solutions, and services that harness green hydrogen. When it comes to 'Power-to-Hydrogen', we offer expertise from early-stage project origination, due diligence, and planning to ensur-ing grid compliance, and holistic electrolyzer power supply optimization. We have developed the HyFlex™ hydrogen power generator, designed to electrify assets and decarbonize operations.

New alternative to diesel-powered generators that avoids greenhouse gas emissions.

Hydrogen
- Technology innovation

HyFlex™ is an integrated and scalable 'plug-and-play' hydrogen power generator. The medium-power 400-600 kVA temporary installations and high-power 1 MVA for permanent variants can be installed in parallel to meet specific power needs. 1 MVA diesel generator at full load combusts roughly 225 kg of diesel, emitting 720 kg of CO_2 per hour.

Supplying electrical system for the world's first green hydrogen plant for heating steel before rolling.

Hydrogen, Sweden
- Technology innovation

A modular e-House solution electrifies the 20 MW electrolyzers in Ovako's Hofors, the world's first plant to heat steel with hydrogen before rolling. The hydrogen will fuel cell-powered trucks, while excess heat will power district heating. This cross-border collaboration with Ovako, Volvo Group, H2 Green Steel, and Nel Hydrogen establishes industry-wide use of green hydrogen.

2.5 Partnerships to accelerate sustainability

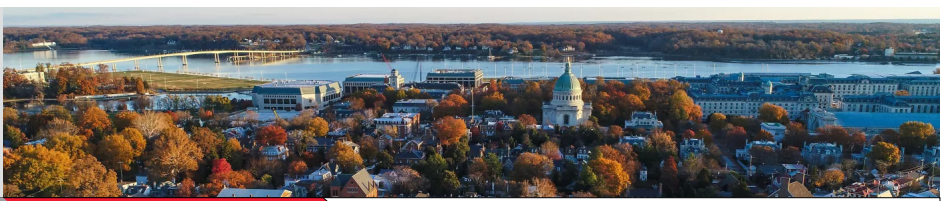
GRI 2-6

Sustainability is a journey and shared responsibility that requires various stakeholders' collaboration and active participation. We will collectively contribute to building a sustainable energy future with our customers and partners. Our involvement ranges from small to large scale, using our global experience and platforms, and adjusting them to the local needs.

Supporting EU energy transition: TenneT's ambitious offshore wind "2GW Program" based on HVDC technology

Key data	Solution	Description
European Union targets: • 90 percent net greenhouse gas (GHG) emission reduction by 2040 compared to 1990 • Climate neutrality by 2050 embedded by European Climate Law Electrification with a fully decarbonized power system by 2040 Accelerate the integration of bulk renewables into EU power grids to boost decarbonization. Offshore grid development sets the course for the future Euro-pean energy landscape. Germany, the Netherlands, Denmark, and Belgium to install at least 65 gigawatts of offshore wind energy combined by 2030. (Esbjerg Declaration).	New business models and synergies enable the scale needed for the energy transition. The long-term approach allows for flexibility, technological progress, and growth by increasing our manufacturing capacity and workforce, and strengthening supply chains. the timely increase in the workforce and investing in equipping them with the skills needed for the industry's key role in the transition.	Our complementary technologies and expertise support TenneT's offshore wind capacity expansion in the German and Dutch sectors of the North Sea. Hitachi Energy and Petrofac, a service provider to the energy industry, have been selected by TenneT, the Dutch-German transmission system operator, to supply multiple offshore and onshore HVDC converter stations and associated infrastructure based on our pioneering technology. The multi-year framework agreement is part of TenneT's offshore wind '2GW Program'. Based on HVDC chronology, it will deploy six record-breaking renewable integration systems, five of which will connect offshore wind farms to the Dutch grid and the sixth to the German grid. Each of the connection systems has a capacity of 2 GW and a voltage level of 525 kV – a world-first for offshore wind.

Baltimore Gas and Electric (BGE) Fairhaven, Maryland, USA: Helping to keep the heat on in rural Maryland



Key data	Solution	Description
In Fairhaven, rural area south of Annapolis, winter energy demand can exceed peak times capacity, creating a risk of overloading the system. BGE's 'Path to Clean' goal of reducing operational emissions by 50 percent by 2030 and reaching net-zero emissions by 2050. **Maryland's goals:** • Renewable sources must make up 50 percent of the electricity that power utilities provide by 2030 • Installing 3,000 MWh of storage by 2033	As demand continues to rise and more renewable energy comes online, utilities must ensure power is available throughout the year. Energy storage is essential for ensuring the reliable flow of power as demand fluctuates and as the decarbonization of the grid advances. BGE's Fairhaven battery energy storage system project keeps protects supplies, while advancing both their and the State's clean energy goals.	BGE met the challenge of high demand during winter by partnering with Hitachi Energy to install a new e-Mesh™ PowerStore™ battery energy storage system (BESS) to improve year-r ound reliability. This also allowed BGE to forego costly underground upgrades for 10 miles of electric distribution equipment. Fairhaven substation's new BESS project enables energy to be stored. Outside the winter months, the new storage system will also provide grid support to the regional transmission organization, PJM, when needed.

Hitachi Energy and Google Cloud Combine Energy and Digital Expertise to advance sustainability initiatives

Key data

Data and analytics are at the center of the energy transition and play a critical role in the evolving grid.

Customers worldwide demand solutions to help achieve their sustainability goals and business outcomes at speed and scale.

The European Union's action plan for digitalizing energy.

Solution

Digitalizing energy is vital for advancing technology and services that aid in achieving a carbon-neutral future, and organizations need pathways to access the key information needed to progress their initiatives.

Delivering Velocity Suite Power Prices through our partnership with Google Cloud helps global customers accelerate decision-making, optimize investments, and digitally transform their businesses.

Description

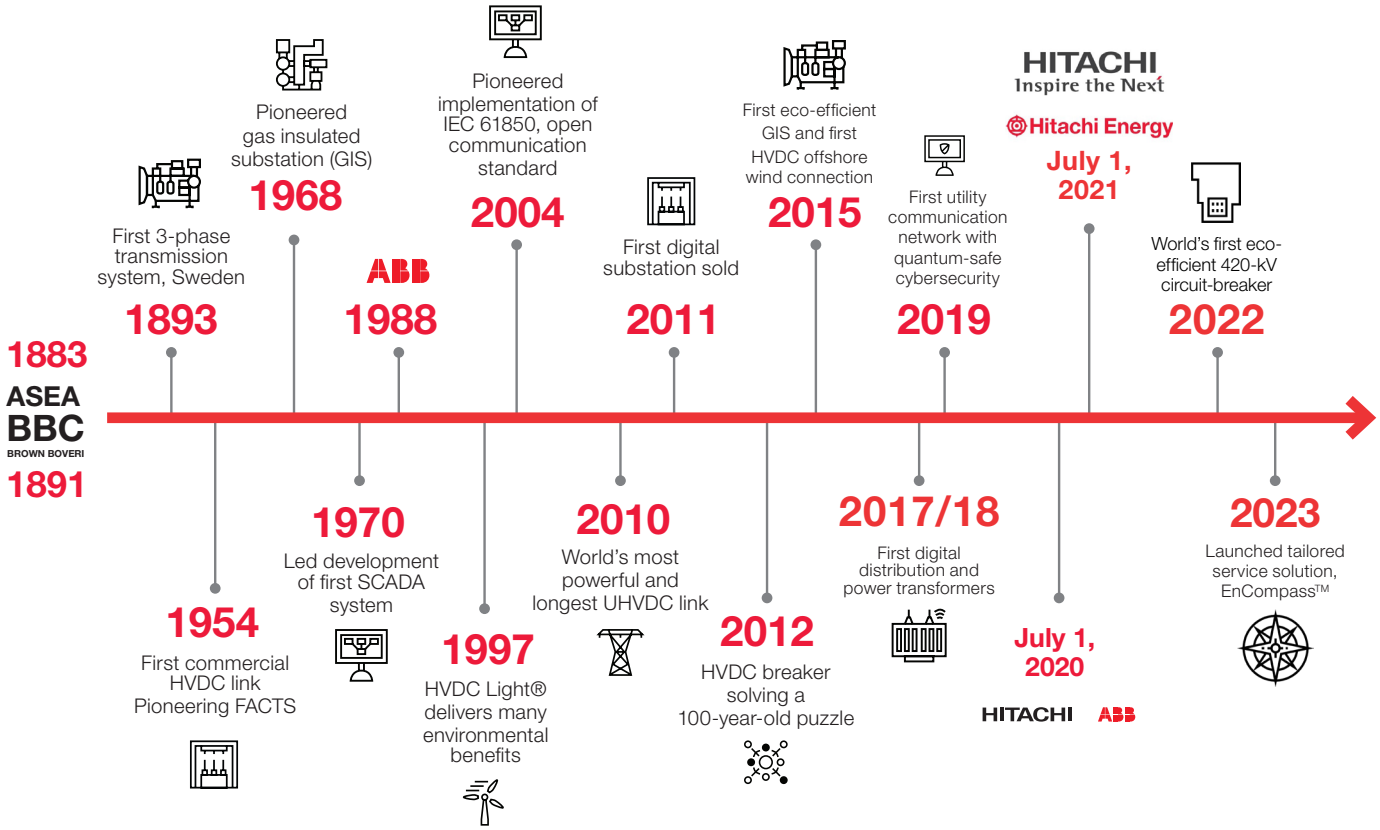
The first milestone of a strategic agreement to collaborate and co-create cloud software products and services to support the global energy transition, Hitachi Energy's Velocity Suite Power Prices is now available on the Google Cloud Marketplace.

Velocity Suite Power Prices, derived from our Velocity Suite, is a new API-based application that gives global customers easy access to North American energy market intelligence. It informs, guides, and accelerates planning and revenue analyses for transformative grid and renewable energy projects.

Global developers, operators of renewable generation and battery energy storage system, as well as traditional generators, traders, and energy market participants, can use the data to make better and faster decisions about energy projects and investments.

By delivering Velocity Suite Power Prices on Google Cloud, Hitachi Energy is enabling customers to deploy its platform on trusted, sustainable infrastructure and helping them better use massive amounts of data on their journeys to become more profitable and sustainable businesses.

2.6 **A culture of collaborative innovation and co-creation**



Our products, services, and solutions support our customers' journey toward sustainability across industries and geographies. We believe ideas can come from anywhere, any time and that the best ideas are often developed within teams of multidisciplinary experts. This is why we foster an open, inclusive approach to our everyday work to give our experts the opportunity to develop new customer-centric solutions. We apply this concept both internally and with our customers, suppliers, and partners.

Our research and development (R&D) activities employ more than 2,000 experts in more than 20 countries. Our scale and approach enable us to form networks and partnerships spanning national borders and bringing together customers, industry partners, policymakers, academia, research bodies, and startups.

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

We invest over four percent of our revenue in R&D annually. We have five main research centers in Asia, Europe, and North America for next-generation technology and product development and a worldwide network of solution-development centers.

We are constantly adding to our 'ecosystem of knowledge', including the latest reference points and best practices required to:

- Anticipate future needs to add to our technology and portfolio roadmap
- Maintain diversity of thought, balancing our global presence with our regional and local expertise
- Continue our developments in our core technology
- Foster partnerships and collaboration for cutting-edge technology and product development
- Maintain strategic protection of intellectual property

Nandinee Haq

Scientist, Hitachi Energy Research, Canada

Voice from R&D

The increasing complexity of power systems brings new challenges. Automation will be the key to managing the future digital grid. As a scientist in the Research team, I bring machine learning techniques to the power grid with a vision to make an autonomous grid a reality. Machine learning enables computers to gain knowledge of systems from historical data and making decisions autonomously with the 'learned' knowledge. Machine learning paves the way to grid autonomy, making the future grid more sustainable and resilient. With machine learning techniques, we develop decision-support tools enabling better and faster actions, plus generating better forecasts and facilitate better planning. Our multidisciplinary team in Montreal investigates the challenges we need to overcome and, working with global experts, proposes solutions for grid digitization.

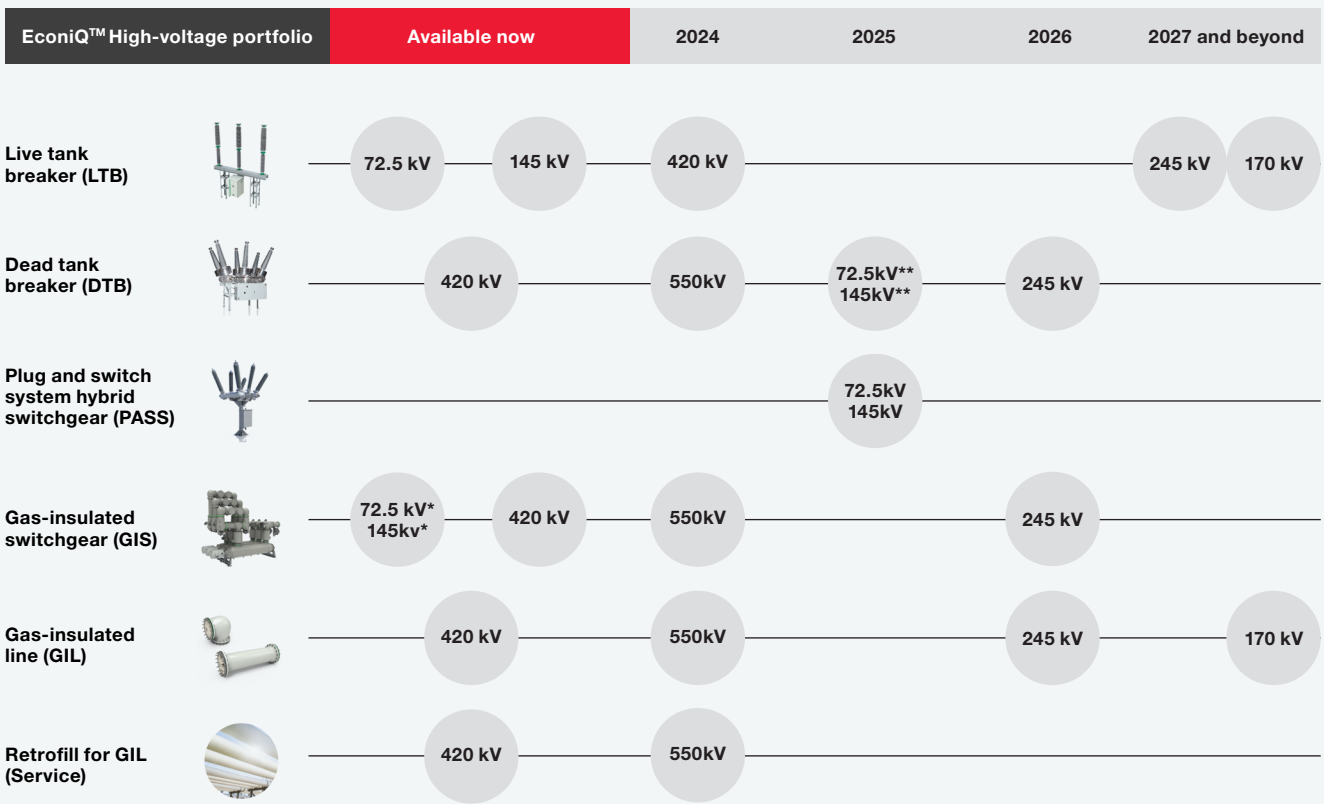
EnCompass™ agreements

Service is our commitment to the world's largest existing installed base and the future of the energy system. We recognize that the energy transition begins with existing infrastructure. Leveraging a century of experience and expertise, our dedicated team delivers exceptional service solutions that cover the entire lifecycle of your assets, helping to ensure resilient operations that work to reduce OPEX costs, while mitigating system risk. EnCompass is our portfolio of partnership-oriented service offerings, signaling a step-change in lifecycle thinking. EnCompass agreements are a set of services that provide premium access to round-the-clock support, covering products and systems and are enhanced with the ability to customize the level of support needed to meet strategic goals. As a partner of choice, we offer expertise at every stage of the process, addressing both present and future needs to help customers achieve a sustainable and secure energy future, whether that be through a stand-alone support plan, or a bundle of tailor-made service agreements.

EconiQ

EconiQ™ eco-efficient portfolio: reflecting our engineering capabilities and commitment to align our offerings with our sustainability ambitions.

EconiQ™ is Hitachi Energy's eco-efficient portfolio for sustainability where products, services, and solutions are proven to deliver exceptional environmental performance. EconiQ portfolio (High Voltage, Transformers, Consulting, and Implementation) is sustainability-oriented in design to deliver superior environmental performance compared to conventional solutions, increasing energy efficiency, future-proofing technology investments, and contributing to the sustainable development of industry and society. Among our offerings, our EconiQ™ High-voltage portfolio, with its game-changing SF_6-free technology, has proven to significantly reduce carbon footprint throughout the entire lifecycle. Also, the EconiQ High-voltage portfolio roadmap demonstrates the scalability of our technology, enabling customers and the industry to rapidly transition to eco-efficient solutions. Now more than ever, pioneering technologies such as EconiQ are needed to advance a sustainable energy future.



*60Hz will be available in 2024 | **63kA
This roadmap contains forward-looking information which are based on our current best expectations, estimates, and projections.
We reserve the right to make changes without prior notice.

2.7 Evolution of sustainability in our business strategy

GRI 2-14, 3-1, 3-2, 3-3

Milestones

2024

Updated sustainability strategic plan
Human rights due diligence

2023

Sustainability function further mature

- Sustainability organizational structure
- First Sustainability Report as Hitachi Energy
- Material Impact Assessment
- Performance recognition: SBTi targets validation, CDP A- score, EcoVadis Gold

2022

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

2021

- Identification of our Human Rights salient issues
- Sustainability 2030 strategic plan

Sustainability strategic plan launched
First disclosures as Hitachi Energy: EcoVadis, CDP, Environmental Report

2020

Gap analysis to create our Climate Transition Plan

First materiality exercise as Hitachi Energy informs our strategy
Focus on carbon neutrality: carbon neutrality, energy efficency mapping, SF_6

2019

Stakeholder engagement sessions to define our material topics

In February 2023 (fourth quarter of FY22), the Sustainability Function separated from the Safety, Environment, Sustainability and Security Function. Since then, it has worked with the business and other stakeholders to refine and revise the company's sustainability strategy to align fully with Hitachi Energy 2030 business plan:

- We have reviewed our risk framework to include additional risks related to the environment, human rights, and supply chain management. In parallel, we have formalized creating a dedicated, cross-functional team to evaluate ESG trends and develop a strategic framework.
- In June 2023 we established a dedicated team within the Legal & Integrity Function to monitor and counsel on environmental, social, and governance (ESG) and product material matters.
- We have also strengthened and developed core projects, such as the CDP-aligned climate transition plan, roadmaps for carbon neutrality, circular economy, and biodiversity, and an action plan for human rights due diligence and our community contributions (CSR) strategy.
- Hitachi Energy's first Sustainability Report, released in September 2023, included limited assurance on selected KPIs in accordance with the GRI Standards core option.

This journey has also confronted our operating environment's many challenges, including internal and external influences. Guided by Hitachi Energy's Purpose, we have implemented and navigated these complexities while taking challenges as opportunities for innovation and growth:

- New Sustainability Function organizational structure
- Evolving regulatory and reporting landscape
- Market developments, changing customer demands, and emerging trends

Given the evolving internal and external landscape, Hitachi Energy undertook a renewed materiality exercise to inform its strategy and further embed stakeholders' views and perspectives into its operations.

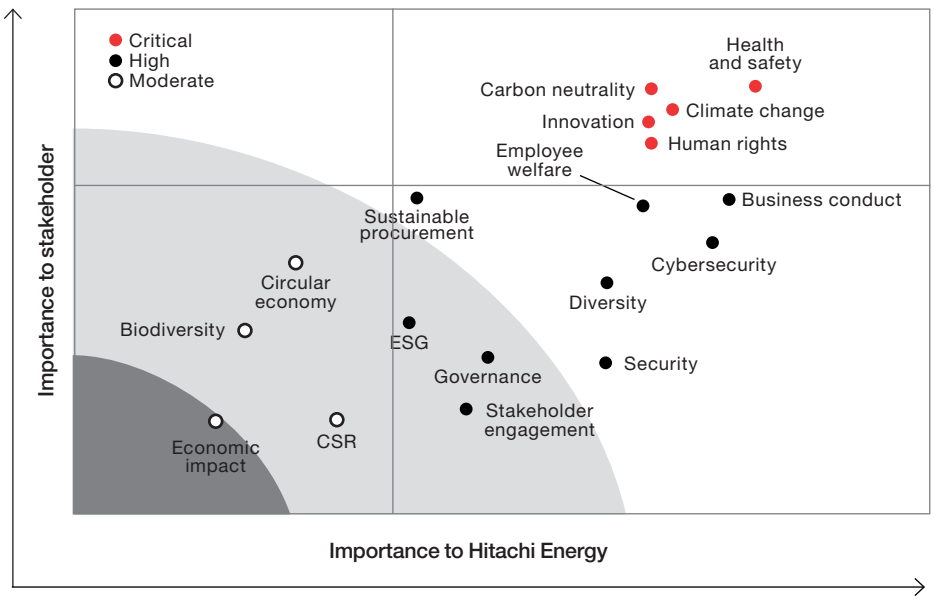
Material impact assessment

Our sustainability material impact assessment performed between September and December 2023 was critical to identify the priority sustainability impacts of most interest to our stakeholders across the value chain.

The results are the basis upon which we have refined our sustainability strategy in early 2024 (see more in Outlook), being able to identify global commitments, key targets and performance indicators (KPIs) for the different areas of sustainability to help consistently monitor, track, verify, and report our progress and performance.

The material impacts included in the assessment are relevant to Hitachi Energy both at a global and local level.

Our material impact assessment, along with the individual topics included in it, is further



integrated into our operating business model through the overall sustainability strategy, the interrelated management systems, and our ongoing business practices.

The materiality matrix represents the impacts' weighting applied by the Hitachi Energy board of directors and management team compared to all other stakeholder categories.

The impacts highlighted in the top right corner and marked in red as 'critical' are the key impacts considered substantive to Hitachi Energy's strategy, reporting, and action.

Within our enterprise risk management (ERM) framework we assess impact over the short-term (less than two years), medium-term (two to five years) and long-term (more than five years) perspective.

Building on the results of our materiality assessment, we recognized the need to review our sustainability journey to reflect corporate priorities in alignment with Hitachi's business strategy and stakeholder requirements. Learn more about our updated sustainability strategy in the Outlook section.

Material impact assesment rationale

- Hitachi Energy is a young company (albeit with long history in ABB+ Hitachi) and has a clear Purpose
- We play a critical role in the energy transition
- Sustainability is in our DNA and integral to our business strategy
- Open reporting and stakeholder engagement informs our continuous improvement — our refreshed sustainability strategy is an outcome of this.

Survey period: September to December 2023

270 Responses received across all stakeholder categories

27% Internal stakeholders, of which 24 percent are senior management

15% Overall response rate

73% External stakeholders

Impact aggregation into macro areas	Final macro area brief title
Carbon neutrality: Emissions reduction roadmap in operations and value chain, energy efficiency	Carbon neutrality
Climate change: Climate transition plan and scenario planning, financing risks and opportunities from climate impact	Climate change
Biodiversity and ecosystem protection: Pollution prevention and controll, protection, and restoration of natural capital	Biodiversity
Circular economy and resource efficiency: Efficiency and resource-use minimization (waste, water, materials), raw material sourcing, recycling, circular business models)	Circular economy
Innovation: sustainable products, services, and solutions: R&D, eco-design, LCAs, product compliance, avoided emissions, scope 3 emissions, digitalization	Innovation
Health and safety: Workers and contractors occupational health and safety, wellbeing and mental health, resilience, product and projects safety	Health and safety
Employee Welfare: Employment practices (non-discrimination, equity, operational changes, social dialogue, living wage)	Employee welfare
Diversity, equity, and inclusion: Diversity 360 Leadership pillars, female acceleration, live diversity, equity and inclusion; attract and grow people — training and education	Diversity
Sustainable procurement: Supply chain management, supply chain transparency, labor standards, conflict minerals, supplier social and environmental assessment	Sustainable procurement
Human rights and labor conditions along the value chain: Child labor, modern slavery, forced or compulsory labor, association and collective bargaining, living wage, non-discrimination, natural and cultural impacts, remedy for adverse impacts	Human rights
Security and crisis management: Organizational resilience and continuity, physical security, security investigations, projects security, travel and event security	Security
Stakeholder and community engagement: Incorporation of stakeholders' views and interests through meaningful engagement and collaboration (public policy, communication, impact management, and partnerships)	Stakeholder engagement
Social contribution (CSR): Partnerships and investments to maximize impact and create shared value through corporate social responsibility programs (access to electricity, energizing education, BringKids2School)	CSR
Corporate governance: Organizational structure and composition, responsibility for managing impacts, diversity, performance evaluation, compensation, and enterprise risk management (ERM)	Governance
Economic impact and accounting standards: Direct economic value generated and distributed, significant indirect economic impacts, payments practices, approach to tax	Economic impact
Cybersecurity, privacy, information, and data security	Cybersecurity
Business conduct: Ethics and integrity (corporate culture, policy commitments for responsible business conduct, compliance with laws and regulations, values and business practices: anti-bribery and anti-corruption, anti-competitive behavior, and anti-trust, conflict of interest)	Business conduct
ESG Transformation and business integration: Framework and regulations (taxonomy, CSRD, GRI, CDP, EcoVadis, SBTi, SASB, MSCI), strategy and business plan alignment with ESG	ESG

Sustainability ratings and validations

EcoVadis

Measures performance across 21 indicators in four areas: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. While we employ this tool in our Supply Chain Management to enhance transparency as well as to assess our own performance since 2022. In January 2024, we achieved a Gold rating, with Environment category reaching 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 have been improving our actions to tackle climate change, using CDP to improve practices and operations. In February 2024, we obtained an A- scoring.

Science-Based Targets initiative (SBTi)

In 2021, we formally committed to setting science-based targets with SBTi. Consequently, we have set ambitious near-term and long-term GHG reduction targets, which were validated by the Science Based Targets initiative (SBTi) in early 2024. Read more Our path towards net-zero by 2050

Carbon neutrality

- **Topic description:** Emissions reduction roadmap in operations and value chain, energy efficiency
- **Impact assessment:** Material

The path towards limiting global warming, as envisioned by the Paris Agreement, is a critical challenge for governments, businesses, and organizations. We have, therefore, defined and validated ambitious greenhouse gas (GHG) reduction targets to set our own net-zero trajectory.

Opportunities

- Increased demand for existing products that enable an increase in renewable power generation and more widespread electrification
- Increased demand for new products that improve power quality, efficiency, and stability in grids and address issues of intermittent and/or inconsistent generation by renewable sources
- Decreased need for mitigation activities releasing capital that could be allocated to grid capacity expansion and the research and development of new technologies
- Increased value placed on sustainability by customers, making carbon-neutrality a point of competitive difference and a potential driver for an increase in market share
- Compliance with emerging and future GHG emissions regulation or legislation

Risks

- Unprecedented demand creating pressure on the sector to expand the supply chain and dilute levels of ESG performance
- Investment in capacity extension might dilute the strategic focus on accelerating development of new technologies and/or business models to thrive after the peak of the industry super-cycle
- Unbalanced grid development from the perspective of intermittent energy supply and storage might critically affect power quality
- Investment in achieving the reduction targets is not balanced out by an increase in revenue or reduction in costs, increasing the costs of our products and services and reducing competitiveness
- Carbon reduction targets are not achieved, reducing our competitiveness in the market

Climate change

- **Topic description:** Climate transition plan and scenario planning, financing risks and opportunities from climate impact
- **Impact assessment:** Material

Hitachi Energy is actively engaged in helping tackle climate change, starting with its own operations. Through market scenarios, we are also looking at potential climate impacts on economic growth and market/energy transition drivers such as pace of acceleration, bottlenecks, and governmental plans and targets.

Opportunities

- Efforts to accommodate internet of things (IoT) products will lead to higher demand for remote control and remote maintenance during natural disasters
- Energy demand expected to grow as warmer weather leads to increased use of air conditioning
- Increased competitiveness of existing power transmission and distribution systems by making them more resilient to extreme weather conditions

Risks

- Natural disasters will exacerbate damage to production facilities, increase downtime of assets, worsen working environments, and disrupt supply chains, leading to delays in deliveries and the procurement of parts
- Increased need for mitigation activities will divert capital away from decarbonization activities such as grid expansion, renewables connection, and technology research and development

Innovation

- **Topic description:** Sustainable products, services, and solutions – research and development, eco-design, lifecycle assessments, product compliance, avoided emissions, Scope 3 emissions, digitalization
- **Impact assessment:** Material

Our innovative technologies and solutions help increase access to affordable, reliable, and sustainable energy vital for society to prosper and progress. As consumer needs and lifestyles continue to evolve, our forward-looking technologies help make the energy system more sustainable, flexible, and secure.

The opportunity of innovating and bringing to the market sustainable products and solutions in our field of business is significant and we expect frontrunners to become the brand, supplier, employer, and investment of choice for their stakeholders. As electrification is one of the key pillars of decarbonization, the most innovative companies will also have the biggest contribution to a net-zero future. We see innovation as part of our DNA and strategy on a short-, medium-, and long-term basis.

Risks and opportunities

The risks landscape around innovation of sustainable products and solutions in our industry is quite complex.

Some of the risks are customer-facing (for example, inadequate, or insufficient infrastructure, lack of grid capacity to connect renewable energy resources or electrification solutions for energy intensive industries, new product range price or usage and adoption anxiety), while others are design and manufacturing related (for example, availability of sustainable materials, quality control, upgrading of production lines, service, circularity and end of life recovery, training and recruitment of specialized resources, compliance with regulatory and legal requirements, investment costs).

Another risk area relates to regulatory environment, which may require technology providers to invest vast amount of funding to develop new sustainable solutions while the market adoption of them is relatively low.

Therefore, the regulatory actions need to balance between creating sustainability markets and developing sustainable technology, for a healthy development of sustainable solutions.

For further information on our management approach to innovation, please see section 2.3. Markets, products, services, and solutions

Building on the results of our materiality assessment, we recognized the need to review our sustainability journey to reflect corporate priorities in alignment with Hitachi's business strategy and stakeholder requirements.

Learn more about our updated sustainability strategy in the Outlook section

Health and safety

Risks and Opportunities

- **Topic description:** Employee and contractor occupational health and safety, wellbeing and mental health, resilience, product and projects safety
- **Impact assessment:** Material

Our performance on health, safety, and environment (HSE) is critical and comes first in our decision-making, with safety being a key element in our 'license to operate'. We foster a healthy, productive work environment, believing those working for us can only perform at their best when feeling safe, healthy, and well.

We are striving towards world-class HSE performance across Hitachi Energy and have a framework setting out the focus areas for improvement:

- Culture and leadership
- Communication and learnings
- Digitalization and analytics
- Operations and risk management
- Governance and competencies

Our specific improvement activities reflect the scale of potential risk, our performance, and our evolving legal and regulatory requirements.The importance of health, safety, and environmental performance means it will remain one of our key material topics. For further information please see 4.3. Health and safety

Human rights

Opportunities | **Risks**

- Topic description: Child labor, modern slavery, forced or compulsory labor, association and collective bargaining, living wage, non-discrimination, natural and cultural impacts, remedy for adverse impacts.
- Impact assessment: Material.

Hitachi Energy fully commits to respecting all internationally recognized human rights within and across its activities and value chain. As outlined in 4.4. Supporting human rights, through this framework and related programs, we openly commit to respecting human rights, adhering to regulations and legislations, and developing a comprehensive due diligence process.

- Work to further enact a just energy transition as a means to increase the trust of stakeholders and business partners
- Meaningful effective engagement with stakeholders to prevent risks and proactively build solutions
- Strengthen sustainability and human rights over a short-, medium-, and long-term horizon through a risk-based corporate due diligence process

For further information on our management approach to human rights, please see section 4.4. Supporting human rights

- The speed and scope of the energy transition comes with risk of real harm that also hollows out public trust, as threats to environment, livelihoods, land, indigenous peoples' rights and culture, and labor rights along the supply chain
- Identification, prevention, ending, minimization, and remediation of adverse human rights and environmental impacts we may cause, contribute to and/or be associated with through business relationships

Crucial material impact aggregation according to SDGs

Material topics aggregation	Macro-area	Mapping to UN Sustainable Development Goals	
Carbon neutrality – emissions reduction roadmap in operations and value chain, energy efficiency.	Carbon neutrality	Contributes directly to 	Also contributes to 
Climate change – climate transition plan and scenario planning, financing risks and opportunities from climate impact.	Climate change	Contributes directly to 	Also contributes to 
Health and safety – employees' and contractors' occupational health and safety, wellbeing, mental health/resilience, product and project safety.	Health and safety	Contributes directly to 	Also contributes to 
Human rights and labor conditions along the value chain – child labor, modern slavery, forced or compulsory labor, association and collective bargaining, living wage, non-discrimination, natural and cultural impacts, remedies for adverse impacts.	Human rights	Contributes directly to 	Also contributes to 
Innovation: sustainable products, services, and solutions – research and development, eco-design, lifecycle assessments, product compliance, avoided emissions, Scope 3 emissions, digitalization.	Innovation	Contributes directly to 	Also contributes to 

3. Environment

We recognize the urgent need to decarbonize our future, protect biodiversity, and maximize existing resources.

We also recognize our responsibility to act.

As such, we have set our net-zero trajectory by setting ambitious GHG emission reduction targets, pursuing closed-loop solutions, and ensuring new products are eco-efficient and long-lasting. We have established a climate transition plan focused on reducing emissions in our value chain, fossil fuel use in our operations, and factory energy use, maximizing product efficiency and investing in alternatives.

We protect community resources by limiting water usage and ensuring our sites are not impacting nearby ecosystems. Beyond our responsibilities, we support and guide our partners, customers, and suppliers to pursue and achieve similar decarbonizing efforts and create more circular, sustainable solutions for all aspects of the value chain.

We understand our responsibility to protect the environment and aim to reach net-zero GHG emissions by 2050 by exercising these practices and acting upon our commitment to sustainability.

Highlights

Hitachi Energy is actively engaged in helping tackling climate change, starting from its own operations.

Scope 1 and 2 emissions reduction

=91.6 $ktCO_2e$ our **lowest** to date

-80% is our 2030 SBTi target

-75% compared to CY19

-4% compared to FY22

64% energy used is **renewable**

90% of our operations GHG emissions are covered by energy efficiency and carbon-neutrality studies

Continued **100%** fossil-free electricity in our operations wherever possible

Company car electrification

11 countries **= 29%** active fleet

78% **Fully electric vehicles** within car lease renewals

Scope 3 emission intensity reduction

28% reduction tCO_2e per MVA compared to CY19

-55% (intensity) our 2030 SBTi target

2019 baseline refers to calendar year (CY19)

3.1 Climate

3.1.1 Our path towards net-zero by 2050

The global path towards limiting global warming, as envisioned by the Paris Agreement, is a critical challenge for our planet, governments, and businesses. To actively support this drive, we have defined and validated ambitious GHG emission reduction targets to set our net-zero trajectory.

The impacts of climate change are increasingly evident, manifesting in more frequent and severe weather events, rising sea levels, and disruptions to ecosystems and human livelihoods.

According to the United Nations, based on the global average temperature for the most recent 10-year period (2014-2023), the Earth is now about 1.2°C warmer than it was in the pre-industrial era (1850-1900). The warmest year on record is 2023, with the global average near-surface temperature reaching 1.45°C above the pre-industrial baseline.

The IPCC has indicated that limiting global warming – or global average surface temperature – to 1.5°C above pre-industrial levels is a key threshold to avoid the first irreversible impacts of climate change, giving humanity the best possible chance to adapt to its effects.

Scientific evidence shows that anthropogenic or human-induced GHG emissions, particularly carbon dioxide (CO_2), are accelerating climate change. We support international and national efforts to minimize and, where possible, eliminate GHG emissions to avoid potentially dangerous impacts on ecosystems and society.

Our portfolio is designed to advance a world ready for a carbon-neutral future where electricity will be the backbone of the energy system. This contributes significantly to the Hitachi Group target of 100 Megatons of avoided emissions under their Environmental Action Plan for 2024 (FY22-FY24), helping our customers to reduce their Scope 1, 2, and 3 emissions.

Our refreshed sustainability strategy and validated GHG emissions reduction targets underscore this commitment. We have set ambitious near-term and long-term GHG reduction targets, validated by the Science Based Targets initiative (SBTi) in early 2024.

By reporting through CDP, we ensure that our progress is transparent, and our stakeholders are informed about the strides we are making. As we progress, we remain dedicated to continuous improvement, innovation, and collaboration to maintain our performance aligned with these goals.

To align with the baseline year that we set for our SBTi GHG emission reduction targets, we will adjust the baseline year to 2019 for waste and water-related KPIs in the next reporting year to provide a fair representation of the progress against our environmental targets.

Hitachi Energy's net-zero targets validated by

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Learn more about our carbon neutrality journey

"Our commitment to a sustainable future and driving the clean energy transition is anchored in SBTi-aligned climate goals and a clear path to carbon neutrality. By pursuing net-zero emissions, we are not just meeting today's challenges, but helping to build a more resilient, renewable future starting with our own operations. Together with our stakeholders, we transform ambition into action, aiming for a thriving planet for generations to come.

Alicia Argüello
Head of Sustainability

3.1.2 **Our climate commitment and actions**

GRI 305-1, 305-2, 305-3, 306-4, 305-5

Driven by our responsibility to our planet and future generations, we have aligned our internal climate goals and product strategies with a critical threshold: preventing global warming from exceeding 1.5°C above pre-industrial levels.

By 2030, we aim to achieve carbon neutrality within our own operations, with a minimum 80 percent reduction in absolute Scope 1 and 2 emissions and a 55 percent reduction in GHG emission intensity of our Scope 3 emissions. We are dedicated to reducing emissions across our entire value chain and are working collaboratively with customers, partners, and suppliers.

We recognize the risks of climate change and are determined to mitigate them, aligning our efforts with UN Sustainable Development Goal 7 (Affordable and Clean Energy) and the Paris Agreement.

World-class management of SF_6 to reduce emissions to as low as technologically possible is critical for our journey to carbon neutrality. In FY23, we continued our efforts to reduce emissions from our operations, high-lighted by a 15 percent reduction of SF_6 emissions compared to FY22 and an 80 percent reduction from 2019. Read more 3.2.1.Carbon-neutral operations

In February 2024, our climate targets were validated by the Science Based Targets initiative (SBTi). Read more 3.2. Our net-zero commitment.

Carbon neutrality:

- Achieve carbon neutrality within our operations by 2030
- Mitigate any remaining Scope 1 and 2 emissions through innovative means and minimize the use of carbon offsets

Carbon neutrality milestones:

100%
fossil-free electricity purchased in our operations wherever possible

-74.6%
Scope 1 and 2 GHG emissions reduction compared to CY19

=270
$ktCO_2e$ per year or 35,000 cars off the roads

World-class management of SF_6 emissions

-15% emissions compared with FY22

-80% emissions compared with CY19

Read more 3.2.1.Carbon-neutral operations.

3.1.3 **Governance and assessing climate risks, opportunities, and impacts**

Climate-related changes pose significant risks to communities, economies, and biodiversity, necessitating comprehensive adaptation strategies to build resilience. As a business directly involved in accelerating the energy transition, we have a responsibility to act accordingly.

Adaptation involves adjusting practices, processes, and infrastructure to reduce vulnerability and enhance the capacity to cope with climate-related stresses. The transition to a low-carbon economy involves a shift from fossil-fuel dependency to renewable energy sources and the adoption of best practices in sustainability across all sectors. This transition not only contributes to mitigating future climate risks but also presents opportunities for innovation, economic growth, and the creation of a more sustainable and equitable society.

At Hitachi Energy, the Board of Directors regularly reviews sustainability-related issues, providing strategic oversight and governance responsibilities to support management in delivering strategy and achieving business objectives.

Our corporate Sustainability Board, chaired by the CEO, comprises members of the Executive Team, the top management body that has day-to-day responsibilities for key aspects of our company's operations, and other key stakeholders from the Management Team such as the Head of Communications, Head of Government Relationships, and Head of Sustainability.

Since February 2023, Sustainability has been a standalone function represented directly in the Management Team. Sustainability-related topics are regularly addressed within the Executive and Management team agenda.

Climate-related risks and mitigation opportunities are identified in a series of workshops with individual management teams. The main objective is to recognize vulnerabilities with possible material implications for the organization over all time horizons. The Management team then prioritizes risks for remediation.

Shaping our climate transition plan

GRI 305-4

In 2020, our first climate scenario analysis informed the definition of climate-related impact, risks, and opportunities and the identification of 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 alternatives for SF_6 and minimizing its use in our products and operations
- Maximizing energy efficiency in our products

We have planned an update of our climate scenario analysis, in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, to inform our business decisions and support our transition to low-carbon energy. The updated climate scenario analysis will be the basis for defining our climate transition plan, following SBTi, CDP, and TCFD technical recommendations and the European Sustainability Reporting Standards (ESRS) principles.

These commitments are actively communicated and shared across our supply chain. Learn more in the dedicated section.

Our GHG emission targets validated by SBTi

Scope 1 and 2 (own operations)		Scope 3 (upstream, downstream, value chain)
Near-term (by 2030)		
80% reduction in absolute emissions (tons CO_2e)	▶	**55%** reduction in emission intensity (per unit of power capacity sold in our products, tons CO_2e per MegaVolt-Ampere)
Long-term (by 2050)		
90% reduction in absolute emissions (tons CO_2e)	▶	**97%** reduction in emission intensity (per unit of power capacity sold in our products, tons CO_2e per MegaVolt-Ampere)
By 2050		
Net-zero		

*Targets are all compared to base year of 2019

Highlights

Scope 1 and 2 emissions reduction
compared to CY19

-74.6% vs 2030 SBTi target of 80% = ↓ **361.1 $ktCO_2e$** (CY19) / **91.6 $ktCO_2e$** (FY23) our lowest to date

Scope 1 and 2 emissions reduction YoY

-4% FY23 compared to FY22 = ↓ **95.6 $ktCO_2e$** (FY22) / **91.6 $ktCO_2e$** (FY23)

SF_6 emissions reduction
compared to CY19

-80% FY23 = ↓ **113.00 $ktCO_2e$** (CY19) / **22.77 $ktCO_2e$** (FY23)

SF_6 emissions reduction YoY

-15% FY23 compared to FY22 = ↓ **26.93 $ktCO_2e$** (FY22) / **22.77 $ktCO_2e$** (FY23)

100% fossil-free electricity
in our operations wherever possible

All purchased electricity is backed by EACs except in markets where they are not available.

64% energy used is **renewable**

Scope 3 emissions increase
compared to CY19

+2.08% = ↑ **3,461 $ktCO_2e$**

Scope 3 emissions reduction YoY

-3.7% = ↓ **6,450 $ktCO_2e$**

Scope 3 emissions intensity reduction
compared to CY19

-28.96% vs 2030 SBTi target of -55% intensity = ↓ **685 tCO_2e per MVA** (CY19) / **491 tCO_2e per MVA** (FY23)

2019 baseline refers to calendar year (CY19)

3.1.4 Our greenhouse gas footprint

Hitachi Energy calculates its carbon footprint (Scope 1, 2, and 3 emissions) in accordance with the standards from the Greenhouse Gas Protocol, namely the Corporate Accounting Standard and the Corporate Value Chain (Scope 3) Standard.

Scope	FY23
Scope 1 ($ktCO_2e$)	81.6
Scope 2 ($ktCO_2e$)	10.0
Scope 3 ($ktCO_2e$)	169,481.5

Scope 1 (direct emissions)

We focus on minimizing emissions from our direct operations. Our primary GHG sources include fuels used in operations, such as natural gas, and SF_6 emissions:

- Fuels used in our operations, such as natural gas for heating
- SF_6 emissions during production processes and gas handling

Scope 2 (indirect emissions)

Our Scope 2 emissions are now nearly zero due to the Fossil-Free Electricity project; the remaining derive from district heating, while a minority of locations do not have access to renewable or nuclear electricity:

- Purchased electricity is now close to zero following the Fossil-Free Electricity project
- District heating constitutes just over 7 percent of Hitachi Energy's GHG Scope 1 and 2 emissions

Scope 3 (other indirect emissions)

Our Scope 3 emissions represent more than 99 percent of our total emissions. These emissions result from activities beyond our direct control, such as:

- The use/operation of the products we sell accounts for over nine percent of total GHG emissions. Approximately eight percent of emissions come from our purchased goods and services, with around 0.1 percent coming from business travel and the transportation of products and purchased goods.

Read more in 3.1.7. Decarbonizing our value chain.

3.1.5 Carbon accounting and environmental reporting

We perform carbon accounting based on the GHG Protocol Corporate Accounting and Reporting Standard, covering the three Scopes. Following the operational control approach, the organizational boundary encompasses all permanent sites.

This year, 158 sites provided data relating to our environmental performance using a dedicated internal environmental reporting system. The data includes details of direct emissions and energy use – when converted into CO_2e it forms the basis of our operations' (Scope 1 and 2) carbon footprint.

For Scope 2 emissions, we set targets and track progress using the market-based accounting approach. Wherever we source renewable electricity that complies with the GHG Protocol Scope 2 Quality Criteria we account for the emissions of purchased electricity as zero. Location-based Scope 2 emissions are also calculated and reported but utilize country average grid emission factors and, as such, are much higher.

Occupational health, safety, environment, and sustainability topics are reported electronically through an ad hoc system, supported by regular training, workshops, meetings, and calls across the organization.

Our company emissions intensity reduction target focuses on 99.8 percent of all Scope 3 emissions within five key categories:

- **Category 1:** Purchased goods and services
- **Category 4:** Upstream transportation
- **Category 6:** Business travel
- **Category 9:** Downstream transportation
- **Category 11:** Use of sold products

Other categories may not be applicable or considered relevant, as they are associated with minimal emissions and/or are beyond the direct influence of Hitachi Energy.

3.1.6 Carbon-neutral operations

Using a plan, do, check, act (PDCA) approach, our operational environmental targets, impacts, and improvement activities are rooted in ISO14001.

Scope 1 and Scope 2 reductions

GRI 302-4

Ⓐ As indicated, most of our Scope 1 and 2 emissions originate from energy consumption and losses of SF_6. This year, our combined Scope 1 and 2 emissions decreased to 91.6 $ktCO_2e$, our lowest result. This represents a reduction of 4 percent compared to FY22 and 74.6 percent versus our 2019 base year.

The key contributing factor to this reduction was a decrease in SF_6 emissions by 15 percent compared to FY22.

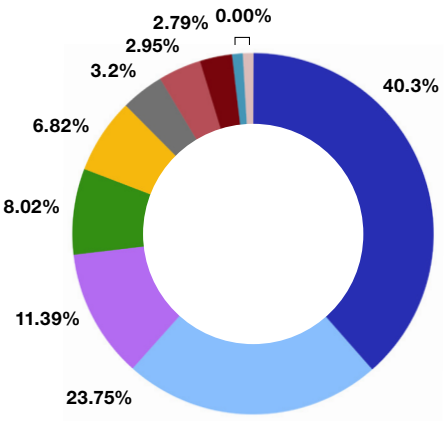
Some 89.1 percent of our operations emissions fall under Scope 1, with the remaining emissions coming from Scope 2. Natural gas primarily contributes to total Scope 1 and 2 emissions, accounting for 42.1 percent. District heating emissions continued to reduce steadily across our sites, leading to a 1.5 kt reduction in CO_2e. Energy consumption from renewable sources reached 64 percent.

Our Scope 1 and 2 reduction strategy encompasses several key initiatives.

Since 2020, we have implemented energy management standards in manufacturing sites and larger offices, aligning with ISO 50001:2018. Energy efficiency and carbon neutrality studies at our top sites began in 2021; the scope was expanded to over 90 percent of our operations' GHG emissions in 2023.

The need to phase out fossil fuel and pursue electrification is embedded in equipment repurposing or replacement plans. We also continuously work to improve SF_6 management in our operations, and our fleet electrification program continues to expand. Ⓐ

GHG Emissions ($ktCO_2e$) by GHG Category



Not included here due to immaterial amount: HFCs, PFCs, hot and cold water from others, N_2O, NF_3, CO_2, biofuel for process and building, recycled oil for process and building, kerosene, CH_4, biogas, coal, coke, industrial steam from others, and LNG.

11 Green Steps factory program

PROGRAMS

To help our factories improve their environmental performance and contribute to Hitachi Energy's sustainability strategy, we released our 11 Green Steps. This program provides guidelines for factories to reduce environmental impact, reach environmental goals, and contribute to our Purpose of advancing a sustainable energy future for all.

- Energy efficiency
- Energy intelligence
- Go fossil-free
- Manage SF_6
- Waste mapping
- 3R implementation
- Packaging optimization
- Caring for water
- Checking our chemicals
- Preventing pollution
- Inviting nature and boosting biodiversity

TARGETS

Carbon neutral in own operations	Zero waste to landfill	Resource efficiency	100% plastic waste recovery	Biodiversity and ecosystem protection

IMPLEMENTATION

OS Standard Energy Management	OS Standard GHG Emmissions	OS Standard SF_6	OS Standard Waste Management	OS Standard Water Management	OS Standard Chemical Management	FY24: OS Standard Biodiversity

Check: Audits by HSE HoP | Environmental dashboard | Environmental reporting

Communicate: Environmental dashboard | Sustainability report | 11 Green Steps intranet

Learning and awareness: 11 Green Steps | Training | Sharing best practice

Business unit (BU) and site operational activities

SF_6 fixed facility guidance

Aiming to equip HV operating units with additional resources for better SF_6 management, a fixed facility guidance was released. Developed in collaboration with several technical experts, in FY23, it was circulated to both SF_6 specialists and the HSE community to drive efficiency, reduce losses, and increase data accuracy related to SF_6 mass balancing.

Energy efficiency

Sites across our business units continued their efforts to execute improvement opportunities identified during FY21 and FY22 energy assessments. Our Transformers business unit proceeded with additional 13 energy efficiency assessments at locations not previously evaluated during the past two fiscal years.

Less is Better campaign

Environmental stewardship is a shared responsibility for protecting the environment and minimizing the impact of our daily decisions. Our Grid Automation business unit championed a common-sense approach to simple actions that can have a large collective impact.

Focus on awareness

The campaign emphasizes raising awareness about the environmental impacts of business and personal activities, encouraging behaviors that make people more environmentally savvy.

Four key areas

Efforts are concentrated on waste reduction and segregation, reducing water use, smart use of electricity, and instilling the belief that sustainability starts at home.

Visual impact

Messages are disseminated through posters helping ensure the visible promotion of environmental consciousness.

Company car electrification

Our internal Global Company Car Regulation, launched in 2022, has commenced a global fleet electrification initiative. This Regulation states that, upon lease renewal, all cars provided as a benefit must be fully electric with no exceptions, and all cars provided as a business tool must be electric except where narrowly defined exemption criteria apply (no charging possibilities at home or work and high daily mileage). The policy has been rolled out in 11 countries, accounting for 29 percent of our active company car fleet, and 78 percent of car lease renewals involved fully electric vehicles.

Travel regulation

The internal Global Travel Regulation, launched in 2022, contains guardrails and principles for employees to choose virtual meetings and use the most environmentally sustainable form of travel possible when travel is required. Rail is the preferred mode of travel. Air travel may be undertaken only when necessary and where rail travel is not feasible.

Fossil-free electricity

Hitachi Energy commits to sourcing 100 percent of its purchased electricity from fossil-free sources wherever possible. The emissions generated from purchased electricity contribute to almost 50 percent of Scope 1 and 2 emissions. To tackle this, the Fossil-Free Electricity project ensures that the purchased electricity consumed by our factories and offices is not derived from fossil fuel sources.

We purchase most electricity from sources that produce zero emissions at the point of generation—renewables and nuclear.

While this is possible in most locations we operate in, there are still areas where fossil-free electricity remains unavailable. In these instances, Hitachi Energy purchases an equivalent amount of unbundled renewable energy attribute certificates (EACs) from a nearby market, driven by our commitment to supporting the growth of renewables and helping to make them available in the future.

3.1.7 Decarbonizing our value chain

Our Scope 3 emission reduction commitments

Hitachi Energy calculated its Scope 3 emissions for the first time in 2019, serving as the base year for all targets and future results (GRI 305-3). Since then, we have closely monitored the most impactful aspects of our Scope 3 portfolio, specifically the product lines that accounted for more than 99 percent of total Scope 3 emissions, including:

- Purchased goods and services
- Upstream and downstream transportation
- Business travel
- Use of sold products

When developing our company's emissions reduction targets, we needed to account for the projected growth of the business over the coming years.

This growth is expected largely due to the decarbonization plans of countries around the world and the desire to expand electricity grids at an accelerated rate. SBTi approved our near-term and long-term GHG emission targets.

Given this projected growth and the large increase in the number of products and projects we expect to sell, we have chosen to set an emissions intensity target for our Scope 3 emissions. The normalizing factor for our intensity measure is the total power capacity of our sold products, measured in Megavolt-Amperes (MVA). Our Scope 3 emissions will be measured in tons of equivalent carbon dioxide per unit of power capacity sold (tCO_2e per MVA).

We aim to reduce our Scope 3 emissions intensity by 55 percent by 2030 and 97 percent by 2050 (both compared to 2019 base year).

This year, we achieved a 28.3 percent reduction, 491.4 tCO_2e per MVA from the 2019 base year total of 685 tCO_2e per MVA. This result was achieved largely through improvements made in the Use of Sold Products category, where a greater focus has been put on working with the renewables sector. The steady decrease also aided the reduction in global grid emission factors.

While an increase in the number of products (and power capacity) sold will significantly reduce our emissions intensity, we will also need to achieve the intensity target through significant improvements and reductions in our absolute emissions. We will do this through:

- Championing the urgency and the pace of change needed to reach net-zero. Achieving the promise of a carbon-neutral future means integrating large-scale renewable energy – overcoming complexity and capacity issues.
- Accelerating the energy transition. We are developing and deploying technologies that are needed to help make the world's energy system more sustainable, flexible, and secure.
- Supporting our customers and partners in the growing electrification of transportation, industry, and buildings sectors.
- Implementing a supply chain sustainability program addressing key suppliers and materials.
- Promoting EconiQ™, our eco-efficient, SF_6-free and energy-efficient portfolio for reducing environmental impact and increasing energy efficiency, while future-proofing technology investments.
- Reducing impact from business travel by launching a travel and transport decarbonization program.

Use of sold products

The emissions deriving from the use of our sold products contribute approximately 92 percent of the total company emissions across all scopes. This category has the biggest impact due to two main factors: the amount of power our products are designed to carry and their lifespan (30 years or longer).

Our Transformers business unit continues to contribute to most emissions in this category, over 95 percent in FY23.

This year, our absolute emissions slightly decreased (4.4 percent) compared to FY22, primarily due to an increase in the number of low/zero emissions projects in our Grid Integration business unit, such as offshore wind connections and substation projects in low-intensity grids.

The emissions from all other business units remained stable, and as such, the total absolute emissions were similar to our base year value.

However, the amount of power sold has increased by 42.3 percent since 2019, meaning that the majority of this increase in sold products has been achieved without any increase in emissions. The emissions intensity of our sold products has therefore been reduced by 28.96 percent, from 635.1 to 451.1 tCO_2e per MVA.

This improvement has been achieved by working more intensively with the renewables sector, increasing the amount of our power sold, enabling renewable power generation.

Purchased goods and services

The purchased goods and services category contributes significantly to the total Hitachi Energy emissions (approximately eight percent) and is an area we continue to focus on and improve.

In line with the increase in sales of our products and services, the emissions from our supply chain have also increased slightly in FY23, rising by 7.4 percent since FY22 and by 14.7 percent since 2019. However, the rise in power sold has again meant that the emissions intensity of this category has decreased by 19.4 percent, from 49.36 to 39.8 tCO_2e per MVA.

This reduction in emissions intensity is slightly less than for the use of sold products, predominantly due to the higher proportion increase in the number of power transformer products now being sold compared to five years ago. Power transformers are crucial for electricity grids to adapt to the increase in renewable energy. Still, they also use a large amount of metals in their manufacture and, therefore, have a disproportionately high impact on the emissions from our supply chain compared to other products in our portfolio.

The Supply Chain Management team has continued improving data collection, availability, granularity, and accuracy over the previous year, introducing KPI dashboards to allow individual business parts to track their impact on material consumption.

We have expanded our resources to engage with suppliers to reduce emissions further. Therefore, we prepared:

- In coordination with Hitachi Group, a carbon neutrality supplier engagement program which will be deployed in FY24
- A supplier sustainability development program, which now includes GHG emissions auditing as part of internal audits

This comprehensive approach helps us achieve our ambitious emission reduction goals while accommodating business growth and increased product demand. Read more on 5.7 Supply chain management.

Upstream and downstream transportation

All transportation of both our purchased goods (upstream, category 4) and our sold products (downstream, category 9) is managed and monitored by our Transport, Trade and Logistics team (TT&L), which is part of the wider supply chain management function. They have partnered with a third-party consultancy expert in transportation and data management over the past year. They have made significant steps in collecting and analyzing transportation data to ensure the quality of their GHG emissions monitoring.

Emissions from these categories contribute under 0.1 percent of total company emissions but are similar in size to Scope 1 and 2 emissions. As such, they are considered a relevant part of our emissions portfolio as an area for positive impact.

In FY23, total emissions from transportation activities increased by 7.1 percent compared to FY22 due to business growth and an increase in essential air transport. Air transport is the most emission-intensive form of transport we use and continues to be the key focus of the TT&L team to minimize its use.

Despite this, transportation's emissions intensity has decreased since our 2019 base year, from 0.32 to 0.27 tCO_2e per MVA.

Business travel

Emissions from our business travel activities constitute 0.04 percent of our total company emissions. While any improvements made in this area would constitute a relatively low impact on our overall results, emissions from this category are nevertheless monitored due to our influence on them and the opportunity for improvement.

Emissions in this category increased significantly, from 35,116 tCO_2e in FY22 to 76,242 tCO_2e in FY23, due to a significant increase in travel, again linked to our business growth.

Emissions intensity has increased slightly against our base year 2019, rising from 0.2 to 0.22 tCO_2e per MVA, but this is partly mitigated by the lead up to the Covid pandemic in our base year when travel restrictions were beginning to be put in place and were below normal business levels.

3.1.8 Reduce emissions via our product portfolio

Empowering our customers

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

Our portfolio is purpose-built for a carbon-neutral future in which electricity plays a central role. By helping our customers reduce their Scopes 1, 2, and 3 emissions, we significantly contribute to the Hitachi Group's target of avoiding 100 Megatons of emissions (Environmental Action Plan for 2024 Fiscal 2022–2024).

Our EconiQ consulting helps customers address their unique challenges and performance needs, helping them reach their environmental, operational, and financial sustainability goals.

Avoided emissions

Avoided emission is the difference in the amount of GHG emissions generated between two solutions—the actual product or service provided for a given requirement/project and the solution that, in theory, would most likely be used otherwise.

Hitachi Energy has committed to contribute to the decarbonization of electricity grids around the world through avoided emissions as well as supporting our customers in reducing their own emissions.

Avoided emissions are achieved in several ways: by improving our products' efficiency, replacing old products with more efficient ones, enabling the electrification of processes that previously used fossil fuels, or the construction and operation of renewable power generation. One example would be our High Voltage Direct Current (HVDC) technology, which is pivotal in connecting offshore wind farms and other applications.

Hitachi Energy's HVDC technology efficiently transmits large amounts of energy over long distances from remote locations to demand areas, supporting output fluctuations and stabilizing interconnected AC systems.

As a transmission technology, it is indispensable for the mass introduction of renewable energy and contributes to the energy system's transformation and flexibility.

All products and services sold from FY19 until FY30 will be considered to contribute to the avoided emissions target. The avoided emissions that we generate also contribute to Hitachi Group's goals. As such, we calculate our avoided emissions according to Hitachi Group's guidance and in alignment with the World Business Council for Sustainable Development (WBCSD) Guidance on Avoided Emissions.

> "Through operational excellence, striving for carbon neutrality, and developing our circular economy practices and biodiversity preservation, we are shaping a future where nature thrives alongside business. Driven by our Purpose and guided by our Green Steps program, we want to make a positive global impact for the generations to come.
>
> **Urs Dogwiler**
> Chief Transformation Officer

3.2 Circular economy – enabling the value loop

The growing issues with the traditional economic model are becoming evident. The need for change is increasingly urgent, with concern from countries and international organizations in all sectors. Shifting to a new approach that focuses on closing loops and maximizing the use of resources – unlocking a swift path to innovation, growth, and competitiveness – is vital for sustainable value creation. This approach is referred to as a 'circular economy'.

The World Economic Forum defines circular economy as an industrial system that is restorative or regenerative by intention and design. With circular principles as our guide, we strive to minimize pollution, waste, and use of resources in all our operations to reduce the environmental impact from our products and solutions along their lifecycle, from the extraction of raw materials transport to customers' use, and end-of-life, to protect the planet, empower people, and show how sustainability is key to long-term profit.

We are a recognized leader in installing high-voltage switchgear equipment vital to ensuring renewable energy solutions' reliable and safe connection to the grid, with a successful track record and experience collaborating with stakeholders to create more circular, sustainable solutions. With this expertise, we are uniquely positioned to deliver our services to maintain, upgrade, monitor, and even refurbish delivered equipment. This results in significant environmental savings and minimized downtime for customers. All these benefits are integrated throughout our service offerings.

Additionally, we can advise customers on designing their energy solutions through our power consulting business. Our EcoSpace™ and EcoSmart™ platforms can calculate and estimate the environmental footprint of different solutions and actions over a product's lifetime.

- If final Lifecycle Assessments (LCAs) for projects or products are requested, we deliver accurate estimations or on-request reports. The same applies to Environmental Product Declarations (EPDs).
- To complement conventional LCAs, we can help assess the carbon footprint of projects and services, including specific resource-related factors like waste generation and water use. This enables data transparency for reporting and crucial decision-making for new or existing installations. For example, operators can benefit from our services if they decide whether to replace, maintain, or upgrade current equipment.

We future-proof our business with resource efficiency as a key operational driver. This includes a commitment to send zero waste to landfill from our manufacturing sites and achieve 100 percent plastic waste recovery in our operations by 2030. Additionally, we extend our focus to enable circularity across our value chain—or 'value loop,' Through our Service and Digital offerings, we are convinced that more trusted lifecycle partnerships will drive increased asset sustainability, given that service activities are designed to improve the sustainability footprint of installed assets, ensure efficient and safer operation, and extend asset life.

To enable circularity, we have introduced eco-design for all new products, following the IEC 62430 approach. We hold a lifecycle perspective in mind, working with ISO 14040/44 principles while recognizing that system benefits can only be recovered if the focus is too narrow on individual products.

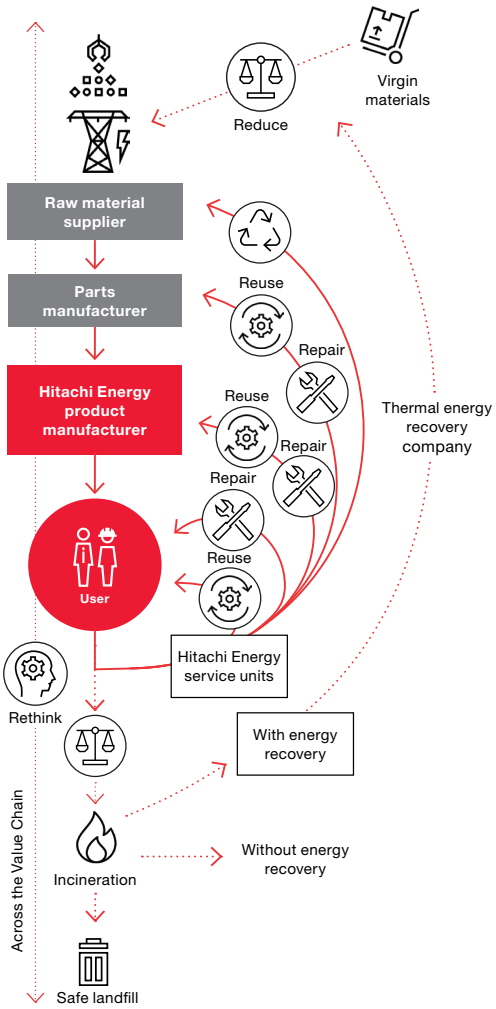
To expand that view, we delve deeper into enabling circular business models by engaging with customers, suppliers, regulators, trade organizations, standard organizations, and other stakeholders. We help drive progress in this area through engagement in standard initiatives, such as EN 45550/60 series, ISO 59000 series, and industry working groups for sustainability and circularity. We strive to create value sustainably, finding new ways to optimize resource use while minimizing or eliminating waste.

As such, we are committed to creating resource-efficient solutions to help achieve a truly circular economy by implementing our 5R principles.

We are committed to further exploring circular business models, which can take many shapes and forms and require a shift in how certain activities are prioritized and business is conducted. The diagram hereby is our visualization along the value chain, including what and where those strategies would occur. Some of these strategies are already in place, while others are being evaluated with key partners.

We are always open to discussions on this topic with our stakeholders to continually pursue increased operational resource efficiency and further apply eco-design for all new products.

Hitachi Energy applies solutions in all areas of our 5R model, both in operations and through our value proposition. Here are some examples on each level of our 5R application:



Our 5R principles

Rethink the way we deliver value to customers, designing waste out of the equation

Reduce reliance on virgin resources and waste generated throughout our value chain

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

Repair equipment and parts to extend valuable lifetime for as long as possible

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

Rethink

EcoSmart™ is our in-house lifecycle assessment calculator for transformers, components, and services. This tool is based on lifecycle modeling by the ISO 14040 and ISO 14044 standards on environmental lifecycle assessment and the applicable product category rules (PCR) of the International EPD System.

It evaluates energy and resource consumption and environmental emissions from all lifecycle stages of transformer solutions (production and transportation of materials and parts to manufacturing sites; unit manufacturing; assembly and testing; transportation to customer site; product use, maintenance, and end-of-life).

Reduce

To enable flexible grids and circular business models and reduce the environmental footprint in operations, we have solutions for modular substations and GIS, providing several benefits:

- Fewer site works, people, and machinery on site
- Reduced impact on surroundings.
- Assembly and testing in a factory environment—virtually 'plug and play' on-site
- Recyclable material choices

Our internal operations incorporate our 11 Green Steps to support circular economy actions.

We map and track material use and waste generation, focusing on 'reduce, reuse, and recycle' to improve productive output compared to waste generation. Packaging waste gets a special focus as it's often single-use and a significant waste stream, and so is the stewardship of water; see 'Water as a shared resource'.

Reuse

As an engineering-heavy company, we use many computers to power our people. Our approach to providing these computers is to lease most devices to allow specialized companies to manage, track, and avoid any unnecessary e-waste being generated. Our vendors are leveraging strategies to reuse and refurbish devices, demonstrating our focus on sustainability to our employees through second-life products and components.

Repair

Our service activities focus on maintaining and repairing equipment on-site, including spare parts and larger upgrades. Service activities are designed to improve the sustainability footprint of installed assets, ensure efficient and safer operation, and extend asset life.

Recycle

A sometimes-overlooked aspect of lifecycle management is the end-of-life (EoL) stage when products can be put to another use, recycled, or discarded. As an original equipment manufacturer (OEM), we want to make handling EoL easy for any second or third party responsible for this stage.

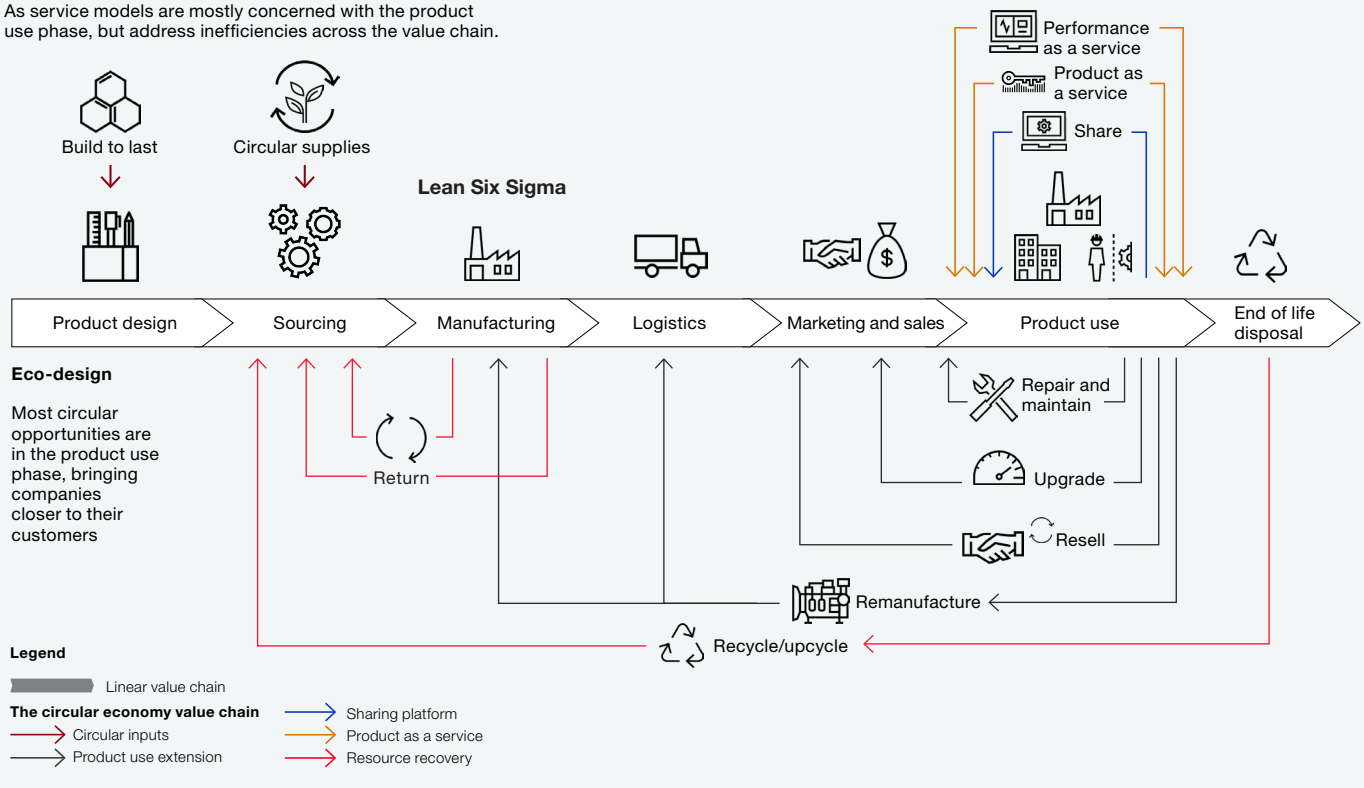
We have started providing decommissioning manuals and instructions that support product reuse and recycling. Additionally, we aim to support our customers through their decommissioning needs by supporting End of Life management to ensure effective equipment recycling.

In FY24, we will seek to increase the recycling rate of our purchased materials. We estimate an average of slightly over 30 percent of purchased recycled products. We aim to define the methodology for systematically collecting product-level information on recycled content.

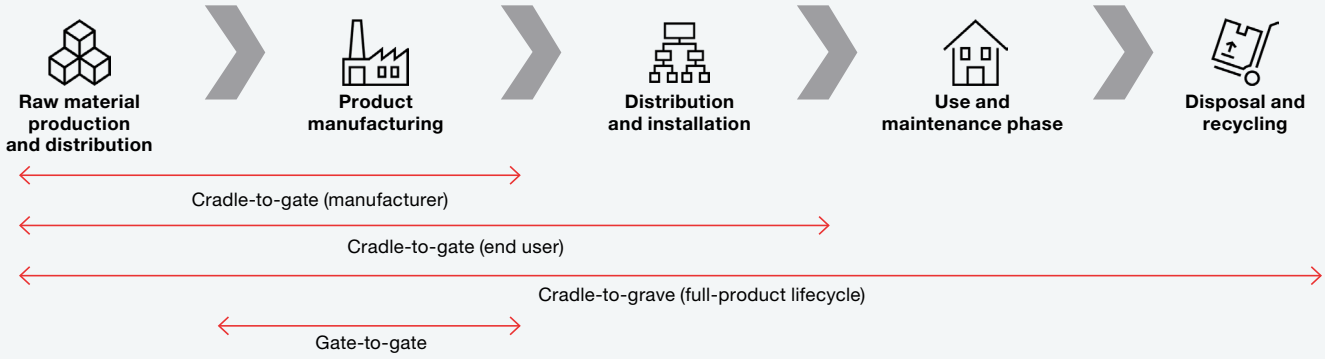
We have been conducting project-based efforts to collect the primary data on recycled materials. Nevertheless, at this stage, the global aggregated result is calculated with industry-average factors. The industry average factors are based on material associations' publications, such as the International Copper Association and the International Aluminum Institute, and public institutions, such as the U.S. Environmental Protection Agency.

Circular economy

As service models are mostly concerned with the product use phase, but address inefficiencies across the value chain.



Rethink EcoSmart: product lifecycle stages and scopes of lifecycle impact assesment



Calculate	Compare	Co-create
The tool's main purpose is to engage with customers with a preliminary assessment of the climate and environment lifecycle impacts of existing or preliminary transformer designs and to share environmental self-declarations at the early stages of specifications and tendering processes.	We aim to provide a scientific, data-driven approach to performing such assessments to inform customers' design and material choice specifications. Furthermore, the tool is used in product management and innovation processes to support the evaluation of the sustainability impact of today's technologies and products and to guide R&D activities in generating the sustainability value proposition of the future.	Thanks to this tool, we engage with customers to co-create the economically and environmentally best design appropriate to their application-specific ecosystem and corporate sustainability priorities and objectives.

Our 4 steps for a circular economy in our operations

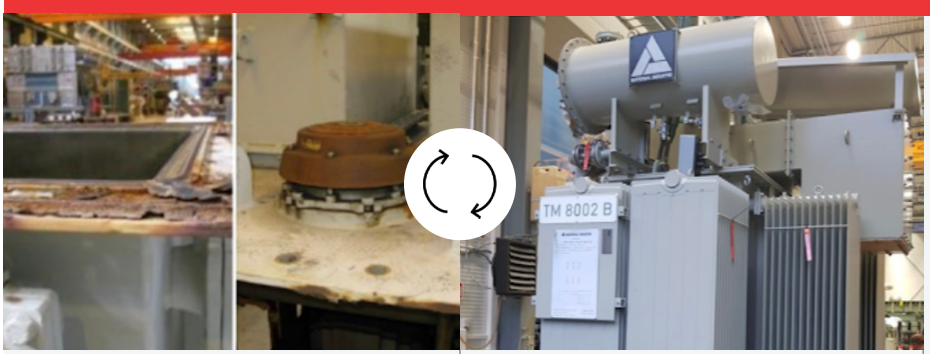
1 Map waste streams

2 3Rs — Reduce, Reuse, Recycle operations

3 Optimize packaging

4 Care for water

Repair and reuse best practices: rehabilitated transformers



Before | After

The before and after pictures depict a circularity best practice: we repaired, refurbished, and reused a large part of 12 different transformers produced by us and other manufacturers, originally commissioned in 1986. The mission was to rehabilitate the transformers completely, extend their operation for another 20 to 30 years, integrate digital features, and enable a circular solution for the customer.

90% reused material = **100t** steel **25t** mineral oil = **278t** CO_2e savings

3.2.1 **Eco-design**

Hitachi Energy is committed to minimizing the environmental footprint of its products and operations and to providing innovative solutions to serve its customers. To ensure minimum eco-impact for future developments, eco-design plays an important role in technology and product development. Eco-design provides the products and services required for enabling a circular economy, and there are many examples in our product portfolio where eco-design aspects have been considered. Eco-design comprises aspects such as:

- Selection of materials with lower environmental footprint, for example, materials from sustainable sources such as biobased or recycled materials
- Selection of materials which can be recycled
- Design for recycling and improved end-of-life treatment, for example, ease of disassembly
- Design for repair and reuse
- Reduction, for example, of material demand or energy consumption during operation
- Rethink design and processes, for example, to minimize waste and resource consumption during production

Hitachi Energy is committed to Hitachi's target of considering eco-design in newly designed and developed products. To reach this target, eco-design is being integrated into tools used in R&D to ensure consideration.

3.2.2 **Lifecycle perspective** Ⓐ

Hitachi Energy's lifecycle perspective on managing environmental risks, aspects, and impacts extends beyond our operations. It includes our supply chain, the use of our products, and their end-of-life.

The application of lifecycle assessments (LCAs) is key to improving the environmental performance of our products, systems, and services. LCAs provide us with quantitative environmental information to improve the design of our products, systems, and services. Beyond that, LCAs quantify the environmental footprint of our products, systems, and services as requested by our customers.

We recognize complexities that appear when assessing product LCAs compared to system-level assessments. We strive to work on circular business models that optimize on the system level, not only the product level.

System-level assessments help to find solutions like our HyFlex, a hydrogen generator recently installed in a pilot project to power a site instead of a diesel generator to decarbonize the site.

We perform LCAs as per ISO 14040 and ISO 14044 on request. For our main product groups, we have assessed lifecycle environmental impact and provided transparent environmental information to our customers and regulators. Where needed, we verify our LCAs according to ISO 14025 to provide an Environmental Product Declaration (EPD) based on LCAs.

We understand the complexity of our portfolio and that systems we deliver are customized to our customer's needs and specifications. Over previous years, however, we have also performed LCAs for our solutions of complex systems such as HVDC, FACTS, grid connections, e-mobility solutions, and others. The LCAs helped identify the next focus areas for eco-design and improvements.

We are investigating the quantification of the environmental impact and potential benefits of our service solutions and project installations. We are also implementing highly automated LCA tools that directly assess project-specific configurations, providing decision support at all project stages and during discussions with our customers.

3.2.3 **Waste**

GRI 306-1, 306-2, 306-3,306-4, 306-5

We are dedicated to minimizing the use of water, materials, and hazardous substances and reducing and designing out pollution and waste across the lifecycle of our offerings through a circular mindset. Steel, copper, aluminum, plastics, and insulating oil are the main materials of our products and are mostly recoverable at end-of-life.

However, packaging, waste oil, electronic equipment, and thermoset plastics (such as epoxy resins) still represent a waste issue.

We do not want to send waste to landfills, so we make considerable efforts to avoid this outcome. To do that, we need an understanding of our value chain and to collaborate with all the involved parties to tackle waste challenges.

Reduction in total waste (year-on-year)

In the battle against excess consumption, we achieved a modest yet significant victory: a 1 percent reduction, showing our continued efforts to drive out unnecessary resource use, and demonstrating an absolute reduction in total waste generation despite increasing our working hours by more than seven million hours. The numbers–83.9 to 82.7 kt–may seem small but signify progress. Each kiloton saved is a step toward a cleaner planet.

Total recovered waste: a remarkable turnaround

Our efforts yielded a five percent improvement in total recovered waste. Materials are reused, recycled, or harnessed for energy recovery, and we intend to keep materials in these loops as long as possible.

Landfill rates: from 16 percent to 10 percent

Guided by our 5R approach and intentions to achieve zero-waste-to-landfill, our disposal rates decreased from 16 percent to 10 percent, a significant step in responsible waste management. Our non-hazardous landfill disposal rate is 8 percent.

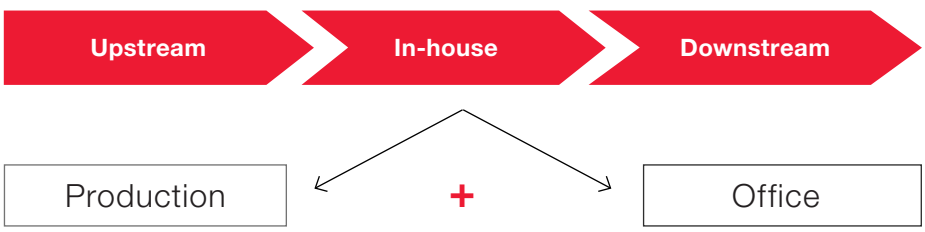
Waste diverted: 65 kt of redemption

65,500 tons—that's how much waste we diverted from disposal. We sort, we repurpose, we innovate. We turn waste into possibility.

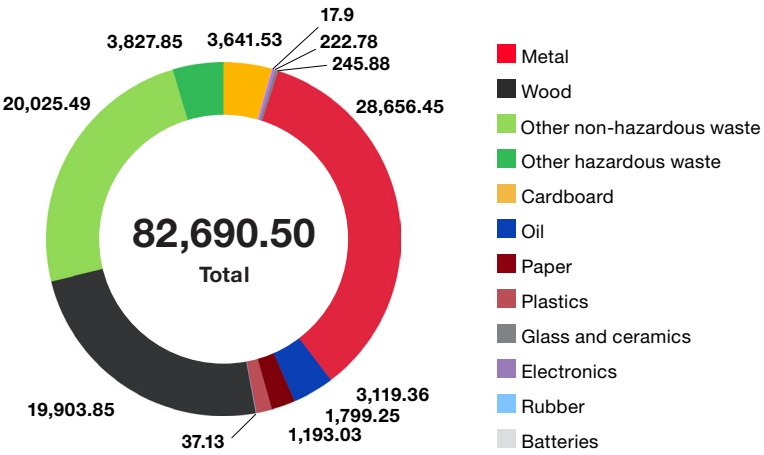
Zero-waste champions: over 100 locations

Across our global footprint, champions emerge —over 100 locations achieving zero waste to landfill status.

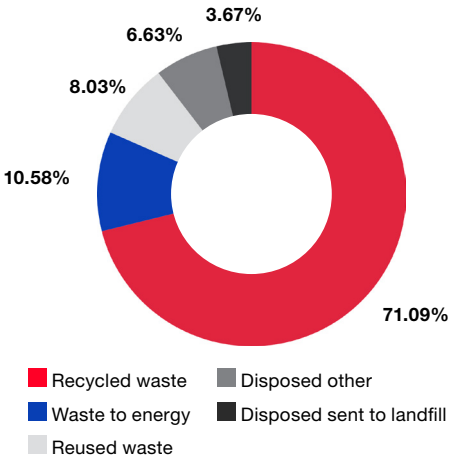
Upstream activities by suppliers affect downstream waste generation	**The waste that is generated in our operations**	**Our design and actions affect waste generation down the value chain**
Indirectly affects company waste reduction target	Addressed through company waste reduction target	Affects our lifecycle impact and customer value proposition



Total waste and breakdown by waste type (metric tons)



Percentage by waste hierarchy



3.2.4 Water as a shared resource

GRI 303-1, 303-2, 303-3, 303-4

Ⓐ With 1.1 billion people worldwide lacking access to water according to the World Health Organization (WHO), we recognize the urgency of addressing water scarcity.

Our main water demand is in manufacturing processes and cooling systems, where we implement energy and water-efficient practices to minimize environmental impacts on water resources. We analyze water risk on-site using the WRI Aqueduct Water Risk Atlas and local authority information to assess business risks and address local concerns.

Our Water Management Standard promotes the conservation, reuse, and recycling of process water while adhering to the main principles of ISO 46001:2019 Water Efficiency Management Standard.

We believe in taking ownership of water resource management and are setting a global target to prioritize water conservation and stewardship, especially in regions with elevated water risk. 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 that are directly returned afterwards has a temporary displacement, and we work to prevent any adverse impacts in these water basins by identifying potential risks and addressing them.

Achieving our target requires company-wide participation. We set a common target and direction and complement it with localized action plans to mitigate water management risks in their operating conditions.

Wherever feasible, we apply energy and water-efficient cooling loops to enable surface water to be used and returned with negligible thermal impact. We undertake projects to recycle or reuse water, saving significant volumes (GRI 303) while reducing the risks of negative environmental impacts.

Our water withdrawal might seem large, but almost half of that water withdrawal is made up of our pass-through cooling systems, where water is contained in the cooling loop, exchanging thermal energy, and discharged without contact with other substances. Ⓐ

Despite a year-over-year increase in water withdrawal due to factors such as our substantial production output and working hours increase, we will continue to drive the focus on water conservation and reduction. A sample of projects conducted or started in FY23 include:

- **Nozzles for water taps:** Installing nozzles on all water taps to save 70 to 80 percent fresh water in one location

Water conservation projects started or completed in FY23 anticipated savings

50,000m³ of water annually

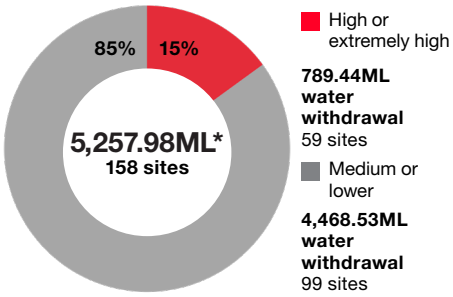
- **Rainwater harvesting:** Filtration, storage, and use of harvested rainwater
- **Sanitary water reduction program:** Measuring and reducing water consumption with water-saving devices
- **Groundwater enhancement:** Studying groundwater conditions and maximizing rainwater harvesting
- **Reverse osmosis (RO) water reuse:** Using RO-treated water in our facilities

We aim to reuse water through uptake and filtering within industrial processes, minimizing 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. Sound water resource management includes controlling discharges, especially those near precious local aquifers. Our discharge control limits are aligned with local legislation or more stringent and take account of any potential pollution that could occur. Moving forward, the focus is on reducing our freshwater intensity to ensure sustainable supplies for the communities where we operate.

The corresponding chart summarizes water stress in our global manufacturing footprint. A site is designated as water-stressed if it is located in an area classified as 'high' or 'extremely high' stress per our assessment methodology. This data creates action plans to mitigate risk, ensure water quality for operations and the community, protect the environment, and enable business continuity.

Freshwater use is classified as withdrawing groundwater, surface water, and water bought from utilities. Additionally, we collect information on rainwater collection on site and seawater and wastewater from external sources.

Baseline water stress
Megaliters (ML)



At our site in Mysore, India, we introduced reverse osmosis water treatment in a water-stressed area. This water is used for our industrial processes, such as insulation manufacturing. Together with rainwater collection, it is applied in water-stressed areas to reuse and conserve water while enabling gardening to support biodiversity in the area.

Another example is the cooling system installed for the large site in Ludvika, Sweden. Seven of our operating units, or factories, share a common semi-open cooling loop with a lake near the site to provide cooling for the manufacturing processes.

Water used for cooling is contained in the piping to absorb thermal energy, raising the temperature slightly. The water is later returned to the lake. Rigorous testing ensures the quality of the returned water and an oil separator is continuously running to mitigate oil contamination from stormwater in case of heavy rainfall.

3.3 Biodiversity

GRI 304-1, 304-2, 304-3, 304-4

We follow the Kumming-Montreal Global Biodiversity Framework of the 2022 UN Biodiversity Summit in our efforts.

To raise awareness, we released an online learning course for the company to promote an understanding of biodiversity and its relationship with our business.

We also established our internal Biodiversity Forum in February 2023, which holds four sessions in which targeted key leaders from across the organization can examine the subject more deeply. Among the Sustainability function's responsibilities is strengthening our framework to develop, promote, and report on implementing biodiversity strategies. To realize this, the Sustainability Function collaborates with the HSE Function, sharing working knowledge and technical expertise on various topics impacting biodiversity.

Mapping biodiversity

Understanding the potential impact of our operations led us to check in FY23 if any of our sites were in or within a 10km radius of areas of high biodiversity value and the nature of our activities at locations meeting those location criteria.

We identified 49 sites in 21 countries that were within a 10km radius of the following sensitive areas —see table below— and 1 site that was in a Key Biodiversity Area (KBA). This site, located in Germany, is composed of workshop, office, and storage areas with a yard, that makes around one ha in total. Workshop facilities are the primary function of these sites, and their operational areas varies in size.

Most of the sites have terrestrial biodiversity value, and three sites have freshwater value due to their proximity to the Ramsar-designated wetland.

To find any pressures these sites create on biodiversity, we focused on the direct impacts of our operations on the atmosphere, water, and soil. The results of the initial assessment of our direct pressures on nature led to the conclusion that operations on these sites do not raise high material concerns about biodiversity.

In addition, no sites exceeded the environmental thresholds based on their local permit requirements relating to environmental regulations.

We also assessed our pesticide use at sites in Protected Areas (PAs) or KBAs or within 10km radius. One of the five sites identified, we confirmed that the products used do not contain neonicotinoids, which have severe impacts. Based on the assessment results, none of our operations is regarded as causing a significant change in the state of nature of its surroundings (GRI 304-4).

We acknowledge that impacts can also occur indirectly, and we remain committed to assess the wider company impact, across our value chain.

Many of our operational sites continued their efforts to enhance biodiversity through various measures. The graph on the right shows that 44 operational sites in 23 countries carried out 70 initiatives. Some sites had a partnership with tenants in the same building, local associations and so on.

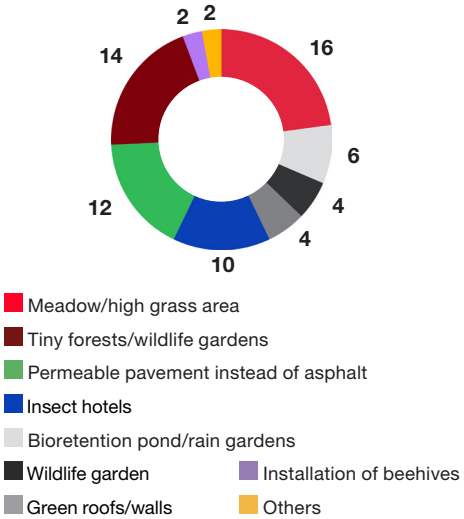
Six conservation activities have been carried out outside our operational boundary in seven countries, and partnerships have been established with local NGOs and governments.

Ecosystem protection and biodiversity

Under our 11 Green Steps program, we have three focus areas: controlling chemical pollution, reducing our impacts, and positively affecting biodiversity.

These areas include:
- Responsible management of chemicals and finding less hazardous alternatives when available
- Preventing chemical pollution by assessing risks involving hazardous substances in our operations and implementing measures to reduce and control those risks
- Inviting nature to our sites to boost biodiversity

On-site biodiversity initiatives



South Boston, USA
Four beehives are installed in the backyard to enable the local beekeeping association to use it as the training facility

Turgi, Switzerland
All the invasive plants and flowers are replaced by native ones

KBA	Nature 2000	Ramsar Wetland	UNESCO MAB	IUCN Ia	IUCN Ib	IUCN II	IUCN III	IUCN IV
42	26	3	2	42	2	10	53	668

4. Social

We take a holistic approach to our social responsibilities.

The health and safety of all stakeholders is our priority and an intrinsic element of our license to operate as a business.

We strive to foster positive working environments for our people, are committed to fair and transparent remuneration, and provide ample and accessible opportunities for career development. We promote diversity, equity, and inclusion internally and externally as Diversity 360.

We are active contributors to educating society and younger generations on the importance of transforming the energy grid to support a carbon-neutral future —a key component for driving the next industry leaders—and, more generally, seek to contribute positively to the communities near our sites.

4.1 Our people

The gathering pace of the energy transition allied to the products and services we offer means we face a sustained period of business growth. The scale of demand means we are investing in increasing our capacity in terms of facilities and the number and capability of our people. Over the next few years, we anticipate a 10 percent year-on-year growth in our workforce.

4.1.1 Attracting and growing people

Ⓐ GRI 401-1

We are committed to Diversity 360—diversity, equity, and inclusion. We aim to create the environment and opportunity for all facets of diversity to thrive, enabling employees to reach their full potential. We foster a growth mindset and have a lifelong and collaborative learning philosophy. We have tools and resources for people at every career level, from technical to 'soft' skills.

Our employee value proposition (EVP) forms the basis of our talent attraction strategy. It reflects our Purpose, the scale and impact of our work, how diversity leads to great innovation, and how employees are empowered to develop their careers.

We seek to provide an employee experience that attracts individuals who bring a diversity of thought to help us innovate and realize our purpose. We look for the most qualified candidates, irrespective of gender, age, nationality, sexual orientation, ethnic background, political views, or religious beliefs, provided candidates fulfill the legal requirements for the location where the job is based.

4.1.2 Remuneration and compensation

To motivate, retain, and attract the talent we need, we design remuneration packages that are easy to understand, fair, and appropriate to our business context.

Remuneration of our governance bodies

GRI 2-18, 2-19

Our senior executive remuneration philosophy reflects sustainable value creation. Our fixed remuneration is proportionate to the role and level senior executives hold in our organization. We award short-term incentives for outcomes that reflect our financial performance and non-financial targets. In FY23, we achieved 85 percent of our non-financial targets, which include diversity, equity, inclusion, safety, integrity, quality, and sustainability. We pay our long-term incentive three years after setting the performance conditions to align our reward strategy with the long-term nature of our business and financial goals. Our Board of Director members are employees of Hitachi Ltd. For more information related to remuneration practices at Hitachi Ltd, please refer to the Sustainability reporting centre: Hitachi.

Recruitment incentives

We sometimes compensate senior executives joining us for specific incentives they forfeit upon resigning from their previous employer to maintain their financial stability.

Retirement benefits

We enroll our senior executives in the regular pension plans we offer in the country where they are employed and according to their grades. We do not provide any specific pension plans besides the standard offering or any other pension-related cash allowance.

Remuneration governance

GRI 2-20, 2-21

We typically perform market benchmarks every two years with the support of an independent external consulting firm to learn how each remuneration component compares against different peer groups. This process ensures our salaries and variable remuneration plans remain fair, appropriate to current market trends, and robust enough to retain and attract senior executives.

An external consultant joins benchmarking discussions with our Chief Executive Officer (CEO) to establish sustainable pay packages for our senior executives. We typically meet four to six times yearly with our Remuneration Advisory Board (RAB) to discuss remuneration topics, which include, for example: any pay increases our CEO proposes for senior executives, benchmarking study results, peer group composition, internal equity, market data quality, performance measures, market momentum, business context, and general market trends.

Our Board of Directors (Board) is informed of and approves all compensation policies and proposals applicable to our senior executives. During FY23, we have presented and obtained approval for senior executive RAB-endorsed items from the Board twice.

Hitachi Energy grades jobs objectively and follows the Hitachi standard process to assess the level of each job profile consistently and fairly. We offer various career progression opportunities and enable employees with relevant experience and qualifications to move across different levels and career paths, allowing them to grow professionally and financially within our organization.

We adjust our salary ranges annually to pay people fairly and in line with our benchmarks. During the salary range adjustment process, we consider collective bargaining agreements, local laws applicable to specific employee groups, market benchmarks, and affordability.

In FY23, we launched the first annual salary review in our global human resources system, where managers can assess and compare the total base pay of their employees. We provide managers with training and materials to apply and explain our annual salary review standards to their employees according to performance and without gender bias.

Employee benefits

GRI 401-2

We typically provide benefits to employees based on their grade or employee group if any differentiation applies. Often, we provide benefits by reference to pensionable or insured salaries, acknowledging their proportional size. For benefits that do not refer to salaries, like medical insurance, we usually provide the full benefit when the working hours ratio equals or exceeds 50 percent. We offer vacation days proportionally to the working hour ratio except where local regulations or laws inform otherwise.

We have a dedicated employee portal for compensation and benefits information that covers the solutions offered and provides contact information and tools to facilitate questions and clarifications as employees require.

Defined benefit and other retirement plans

GRI 201-3

We offer various defined benefit plans across the globe, which we broadly classify into two categories:

- Defined benefit pension plans provide either a lifelong annuity or one-off lump sum payment at retirement or retirement savings paid in several installments, the value of which depends on earnings, final earnings, tenure, or other factors of the specific plan's rules.
- Termination indemnity plans provide a pre-defined amount when the employee leaves employment, also known as an end-of-service gratuity.

We secure and fund our defined benefit plans through dedicated and separated plan assets held by trusts or pension funds with a current overall funding ratio greater than 100 percent.

The graphs to the right illustrate our total global defined benefit obligations arising from defined benefit pension plans, accrued plan assets assigned to defined benefit pension plans and their funding ratio as of 31 March 2024. In addition, the graphs show two country examples, Switzerland and USA.

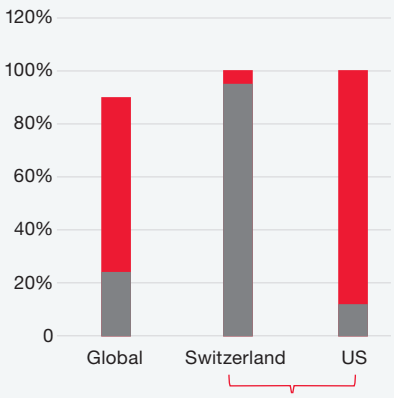
We fund our termination indemnity plans with general company assets and provisions paid from operational income.

Our local actuaries annually evaluate and consolidate each plan's defined benefit cost and defined benefit obligations (DBO) at the end of each financial year. The actuaries act fully independently and free of any company influence or attempt to influence.

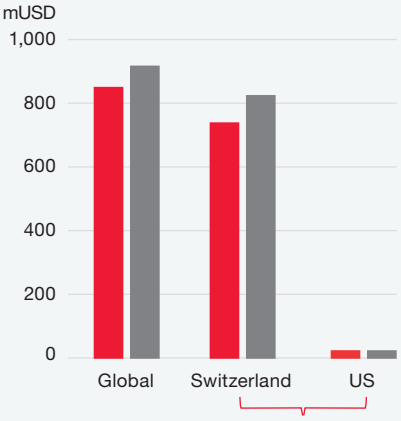
Apart from defined benefit plans, we widely offer defined contribution plans to allow our employees to accrue retirement savings. Depending on the market practices and legal requirements, our defined contribution plans are funded either solely by the employer or the employee via deferred compensation mechanisms or jointly.

No material variations in our global operations footprint have been perceived in the current reporting period to require significant changes in our defined benefit coverage year on year.

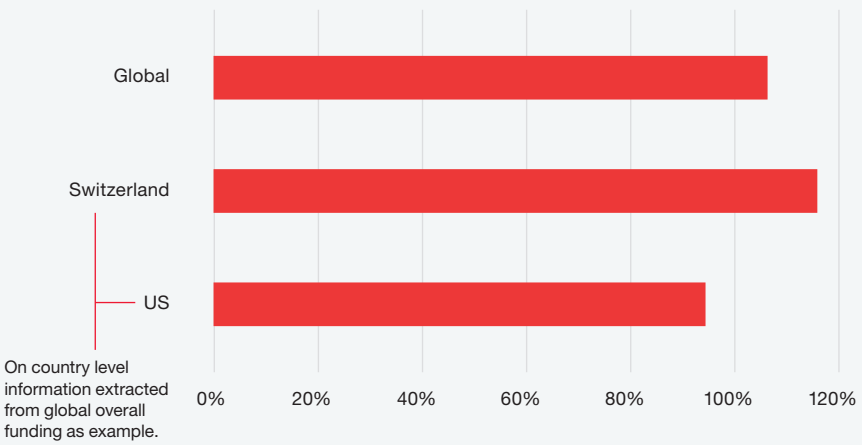
Percentage of employees covered by defined benefit pension plans compared to other (31 March 2024)



Defined benefit pension plans (DBO) compared to plan assets (31 March 2024)



Defined benefit pension plans funding ratio (31 March 2024)



Global performance management process (GPM)

GRI 404-3

98.9% of eligible employees completed performance reviews

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

We apply Hitachi's global performance management process (GPM), which forms the foundation for business management and performance improvement to promote the organization's and individuals' sustainable growth. Eligible employees for FY23 fiscal year global performance management process review includes all indirect employees or secondees who joined the organization on or before December 31, 2023. Indirect workers relates to the nature of work done or those working in an office or other professional environment; and compensated by salary. For further information see 7.1. Appendix GRI 2-7 Employees.

We operate according to a 70:20:10 development philosophy

70% 20% 10%

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.

The GPM process combines individual goals aligned to the Hitachi Energy organizational goals and expected behaviors based on Hitachi's core competencies. To encourage continuous performance improvements, managers must provide regular coaching and feedback and listen to employee feedback. They can also define development actions to drive better performance, career progression, and personal development.

Our processes encourage and promote career mobility and our core HR system facilitates job postings to support internal mobility. Employees can apply for open jobs at Hitachi Energy and companies within the Hitachi Group.

4.1.3 A lifelong learning process

GRI 404-2

We believe that everyone has the potential to succeed when given the right tools. We foster all facets of diversity, including diversity of thought, and provide access to learning and opportunities for personal and career growth.

We strive to deliver innovative learning experiences in line with our Diversity 360 approach to support business and individual growth.

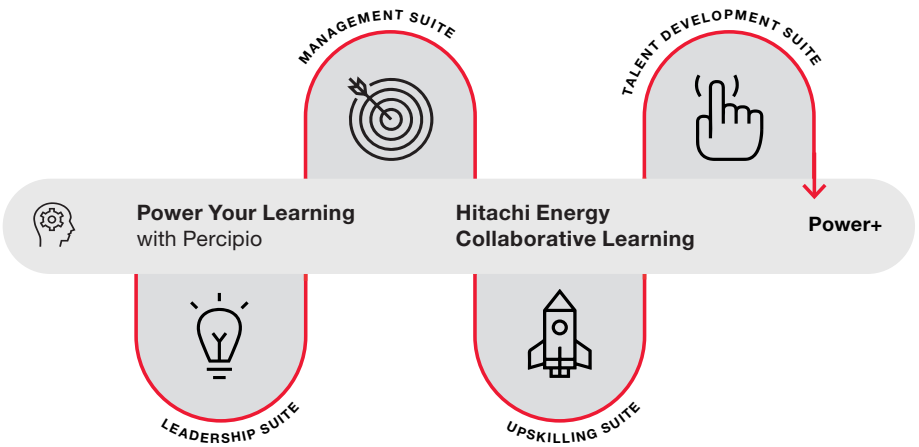
Mentoring

We encourage our people to 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.

Digital learning

Hitachi Energy is committed to the UN 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 the non-governmental organization BringKids2Schools, whose mission is to finance and build schools in the world's poorest countries, providing better access to quality education for all children. Our digital coaching uses a user-friendly app and a pool of highly professional external experts.



4.2 Diversity, equity, and inclusion (Diversity 360)

Hitachi Energy has 45,680 employees representing 150 nationalities across 60 countries and five 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 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.

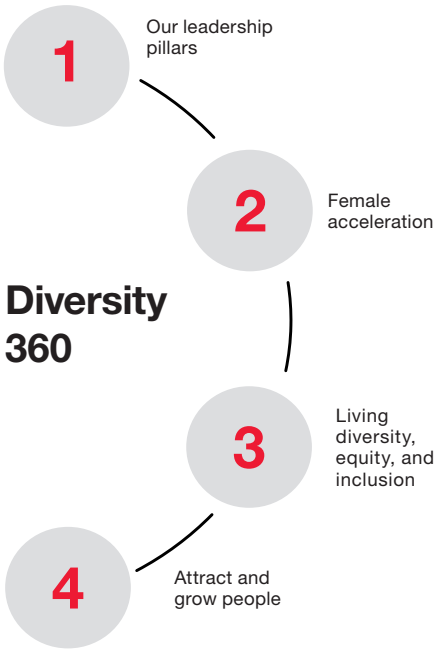
Diversity 360 is our promise to shape a culture that is uniquely ours and is a true differentiator. It is a 360-degree approach to living diversity, equity, and inclusion in Hitachi Energy, Diversity 360 supports our Purpose and business success, and delivers a brilliant employee experience. This ambition embraces differences in creativity, skills, culture, experience, ethnicity, sexual orientation, disability, religion, education, background, gender, and intersectionality at work.

By connecting people across the globe in an inclusive environment, we can capitalize on the true diversity of thought our people bring.

Since 2019, we have run a series of programs and events to bring this ambition and thinking to life. This includes flagship items such as launching our Female Talent Development Program in 2019, boosting our learning culture with Percipio in 2020, and launching our Interrupting Unconscious Bias workshop.

Highlights

- **62%** favorable on growth sentiment in exit survey
- **44%** all talent pool members were women
- **79.6%** favorable DEI Index in 2023 employee engagement survey
- **100+** key enablers, leaders, and influencers attended an event on March 8, 2024 (International Women's Day), hosted by our global gender equity council, HEERA (harmony, energy, equity, respect, ambition), to advance gender equity and inclusion



4.2.1 Our leadership pillars

Built on trust, our leaders create an environment for diverse thought and innovation to thrive by connecting our people to four fundamental pillars: our Purpose, People, Potential, and Performance.

Our leaders are key to creating the enabling culture we need to reach sustainable growth. 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 anchoring behaviors for people managers.

Over 5,000 employees have completed the unique training offerings to understand the concept of our leadership pillars, with around 3,000 employees at an advanced level. We continue to enroll new people managers in the program annually.

This learning opportunity has established a clear understanding of expectations and behaviors that embrace diversity and foster 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.

4.2.2 Female acceleration

GRI 405-1

We are committed to closing the gender representation gap to promote a gender-balanced workplace and elevate equity. We do this through development programs, activating our global gender equity council – HEERA (harmony, energy, equity, respect, ambition), gender equity council partnerships, and continually assessing people policies, practices, and benefits.

We aim to ensure women are promoted and platformed to succeed within our company at every level of the organization. We continuously work to balance the gender composition of our managerial team and the overall workforce.

Growing reserves of gender (women) talent

GRI 405-1

We have integrated gender parity considerations into all people processes to ensure a strong pipeline of potential leaders and experts for key organizational roles. Early successes include positioning gender (women) representation in internal talent pools. By the end of FY23, 44 percent of all talent pool members were women (GRI 405-1).

4.2.3 Live diversity, equity, and inclusion

Our policy commits to supporting and developing certified minorities or disadvantaged groups, such as gender, veteran-owned, LGBTQI+, and disabilities. Our dedication to a diverse supplier base that meets specific requirements in quality, cost, delivery, technical performance, and customer satisfaction is driven by long-term partnerships with our suppliers to meet customer needs and our corporate sustainability strategy. Find out more about advanced supplier diversity.

Interrupting unconscious bias

In 2020, we launched Interrupting Unconscious Bias learning for all to increase awareness and incorporate inclusive behavior in our daily operations. This training focuses on enabling employees to understand bias and how to interrupt its associated behaviors.

We started by training our most senior leaders, then expanded the offering to over 3,000 employees who completed the training by the end of FY23.

HEERA (harmony, energy, equity, respect, ambition)

Launched in 2021 as the Global Women's Network, the initiative has been repurposed and reimagined as the HEERA gender equity council in 2022 to advocate, advance, influence, and inspire our gender equity and inclusion journey.

HEERA includes representation from senior leaders across functions and geographies, with 11 nationalities based across 10 countries. The gender split is 11:4 (women: men). In 2023, the council hosted conversations with key

stakeholders influencing workplace gender inclusion. On International Women's Day, March 8, 2024, during Inclusion Month, HEERA hosted a session on advancing gender equity and inclusion.

Since the Power Plus program inception in 2021

168 graduates hired

94 active in the program

62 placed in permanent roles

On an annual basis,

60 participants in the early career rotational development program

50% female attendance

Employee value proposition (EVP) Ⓐ

Our employee value proposition (EVP) clearly outlines the unique value we offer our people in exchange for their unique skills. With the opportunity to work purposefully, think big, live diversity + collaboration = great innovation, and energize careers, we ensure that our EVP is well-embedded into the entire employee lifecycle, from consideration to alums.

Examples of EVP integration activities include learning and development programs for all career levels, inclusion months, Diversity 360 Week, Employee Resource Groups, and our engagement survey.

Find out more about our employee value proposition.

Power Plus (graduation rotational program) Ⓐ

We partner with universities known for their commitment to gender diversity in their student bodies. Our flagship engineering rotational program, Power Plus, annually offers experiential opportunities for recent graduates to learn about our business and accelerate their careers.

4.2.4 Employee resource groups

Employee Resource Groups (ERGs) are employee-led, self-directed, voluntary groups that build and sustain an engaging workplace community. They are key drivers of our Diversity 360 agenda and a critical feedback loop for the organization, strengthening employee listening. There are 16 ERGs at local, country, and regional levels, engaging more than 1,921 colleagues.

- **Generational inclusion**

To help bridge any generational gaps, 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 and leadership mentoring.

- **Disability inclusion**

In 2022, we explicitly included Ability Inclusion in our strategic intent and strengthened it by defining December 2023 as Inclusion Month, dedicated to advancing ability awareness and allyship.

4.2.5 Diversity 360 week

Diversity 360 Week is a global event focused on our diversity commitments. It offers a chance to pause, reflect, and actively participate in diversity-related topics.

To provide ongoing support, our people can access the resources throughout the year via our intranet. In 2023, we had 12 live learning sessions and a 7.57 recommendation rating. Since the program's inception, we have averaged more than 12,500 live audience members during the week.

4.3 Health and safety

Highlights and performance

2 Health & Safety Awards received from Hitachi Ltd.

- Excellence award: HSE Week – Do the Right Thing!
- Innovative Award: Eye-On-Risk Reviews program

-29% **Total Recordable Injury Frequency Rate (TRIFR)** compared to FY19

99k+ Hazards reported

59k+ Safety inspections performed

>96% Non-conformance reports (NCR) on-time closure

Performance operations

RoSPA Silver Award for Hitachi Energy UK Ltd

1,100+ Senior employees trained in **HSE Masterclass**

84 HSE audits performed

- **Advanced Functional Development Program (AFDP)** for the 50 senior HSE Leads
- **Launch of 11 Green Steps factory program** to support improved environmental performance
- **Delivered first annual update of Standards documentation** on our new Health, Safety, Environment (HSE) Operating System (OS)
- **New electrical safety inspection** for Test Labs
- **New Eye-On-Risk Reviews program** to assess HSE culture and leadership
- **Health Saving Actions program** launched with focus on mental, physical and occupational health
- Introduced annual **HSE Week with Do the Right Thing!** theme
- Launched annual **HSE Awards** attracting more than **70 entries**

4.3.1 Our approach to health, safety, and environment (HSE)

HSE performance is critical to Hitachi Energy and comes first in our decision-making. Safety is a key element in our 'license to operate'. The company's Health and Safety policy defines the health and safety approach and covers organization, responsibilities, and accountabilities.

We foster a healthy and productive work environment, believing those working for us can only perform at their best when feeling safe, healthy, and well. To emphasize our duty of care, in 2023, we set out our long-term HSE commitments:

- Positive health and wellbeing within work environments
- Safe working conditions with a continual improvement mindset
- Environmental protection to minimize our impact
- Learnings from successes and failures.
- Trust by open reporting and through external validation

Within our HSE community we are striving towards world-class HSE performance across Hitachi Energy and have a framework defining out the focus areas for improvement activities:

- Culture and leadership
- Communication and learnings
- Digitalization and analytics
- Operations and risk management
- Governance and competencies

Our specific improvement activities reflect the scale of potential risk, our performance, and evolving legal and regulatory requirements.

We employ approximately 450 health, safety, and environment professionals, of whom around 100 professionals are dedicated environmental management employees.

HSE governance, management, and performance are management responsibilities and embedded in each level of the organization.

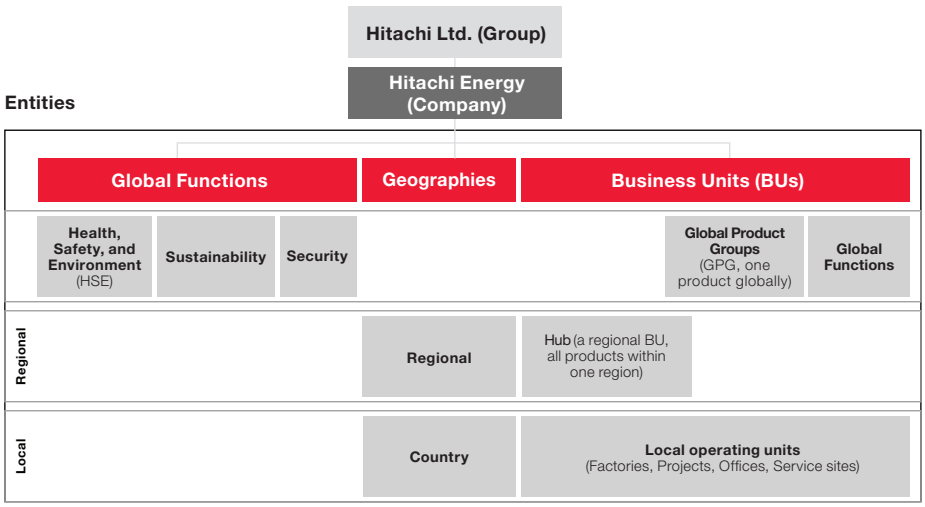
The Global Head of HSE is a member of the Global Management Team and reports directly to the Chief Transformation Officer, a member of the Executive Team. Each of our four business units has a dedicated HSE team led by an HSE Manager focused on its distinct operational requirements. The business unit HSE Managers and senior colleagues within the HSE global function comprise the HSE leadership team, which business partners from HR and Communications augment.

The HSE leadership team is responsible for the company's overall HSE strategy, including multi-year improvement plans incorporating business unit-specific actions.

Business unit leadership teams are decision-making bodies for HSE-related topics, including the business unit's strategy, tactical plans, and performance.

The business unit HSE teams provide guidance and expertise to the decision-makers, support operational and functional teams, and act as a positive influence to continually improve performance by driving their business unit's HSE programs and providing management with relevant performance and results analyses.

Individual legal entities are commonly established within a country or geographical region. To ensure effective governance, legal entity HSE boards include all the business unit representatives operating within the legal entity and are a decision-making body for HSE fiduciary duty topics. The HSE functions within legal entities, monitors compliance with applicable laws and regulations within the legal entity's scope and coordinates related action plans.



The central global HSE functional team provides expert and specialist support across the company on core and common HSE topics. It manages company-wide programs and systems and HSE audits and leads the development of standards and the capability development of the HSE community.

In addition to leading and lagging measures, the global function runs internal HSE audits and inspections to assess HSE performance.

4.3.2 Understanding HSE risks and opportunities

GRI 403-2

We identify and assess HSE 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 identify and report hazards and opportunities for improvement available in a company-wide web-based tool.

Based on findings within our assessment program, tasks carried out by or on behalf of Hitachi Energy involving hazards with a high level of risk receive deeper analysis. Additional controls are implemented to ensure the safety and health of all employees and contractors, as well as to prevent environmental harm or damage, as reflected in this report's Supply Chain section.

We set new environmental targets in alignment with Hitachi's sustainability objectives and the latest standards and guidelines, including SASB, SBTi, CDP, GRI, and relevant EU requirements.

To support transparency, accountability, and continuous learning, our full-time regional lead auditors act as trusted partners, delivering assurance strategy, tools, processes, and programs that ensure continual improvement and drive change throughout all our operations. Our auditors conducted 84 audits in FY23, covering all our activities, from manufacturing to service and project sites. We assess every business-critical site annually, ensuring consistent and comprehensive assurance across the business.

4.3.3 Our standards documentation and HSE operating system (OS)

GRI 403-1

Our HSE Operating System (OS) is aligned with ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety, and ISO 50001 Energy Management standards. 89 percent of our operating sites are ISO 14001 certified, ensuring environmental risk assessments have been conducted.

The OS defines the minimum HSE standards and requirements to be maintained throughout Hitachi Energy, enabling our entities' HSE and sustainability approach. It guides our actions and is supported by a structured framework of regulations, policies, procedures, guidance, and training that provide the foundation for our day-to-day HSE actions. It also reinforces a working culture where everyone is empowered to speak up, address risks, and identify opportunities to improve performance.

The OS applies to all global functions, regional geographies, and business units in all legal entities in Hitachi Energy, including joint ventures, consortia, and working partnerships where Hitachi Energy has management control. It applies to all employees and contractors working at Hitachi Energy-controlled sites and customer sites where our employees or contractors are present.

All Hitachi Energy employees, contractors, and consultants must follow processes, and the OS Guardrail and OS Protocol Standards, where applicable.

Our OS prescribes full compliance with all laws and regulations. In the event of conflicting requirements between the OS and other applicable regulations, the most stringent requirements are those that apply.

When looking to purchase a business entity, Hitachi Energy undertakes due diligence in advance. HSE will work with the new entity to assess its existing processes and approach to develop an appropriate HSE integration plan. We also seek to learn from new entities joining Hitachi Energy.

Our factories are our fixed manufacturing assets and are audited annually. After these audits, those covering project and service activities are scheduled based on the business units' priorities. Trade, transport, and logistics (TT&L), real estate, transformers, and other corporate locations are also subject to audit.

Workers covered by an occupational health and safety management system		
The number and percentage of employees and workers who are not employees but whose work and/or workplace is controlled by the organization:	**45,680 or 100%** employees	covered by our HSE Operating System which is 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 audited or certified by an internal audit:	**19,283 or 42%** employees	covered by a system that has been internally audited
	84 internal audits	performed in 2023
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:	**39,141 or 86%** employees	covered by a system that has been audited or certified by an external party
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:	**100% workers**	no workers are excluded from this disclosure

4.3.4 **Risk/Incident management system and incident investigation**

The active management of health, safety, and environmental performance is at the core of everything we do and the basis of our operating license. We aim to be a world-class health, safety, and environmental leader to protect people, communities, and the planet.

Our HSE Operating System aims to create working environments where all those working for us can perform at their best, physically and mentally. Our key target is eradicating fatalities, life-changing injuries, and serious environmental incidents. In the workplace, we take extensive measures aligned with industry standards and protocols to protect employees from chemical, physical, or biological exposures which may cause ill health, including occupational diseases.

We seek to minimize harm and maximize the control of hazards and exposures to protect our people, the environment, and assets and to preserve business continuity.

Led by managers, all employees in the company are responsible for their health and safety, and collaboration is key to success. We also collaborate with customers, suppliers, and contractors to achieve our HSE objectives and to ensure we share a common culture of responsibility.

All those working for us can report an HSE hazard, and all managers are encouraged to perform Safety Observation Tours to learn, engage and make a difference, especially with our frontline workforce. As a learning organization, we promote an open reporting environment to learn from successes and failures.

The organization requires all those working for us to report any incidents to their line managers and for the details to be entered into the Intelex system. Our HSE performance data, updated every 12 hours, is available via PowerBI, enabling colleagues to monitor performance and trends easily.

The Accountable Manager is aware of their entity's top five risks and, considering these in conjunction with its top five incident categories develops appropriate campaigns and/or action plans for reducing the risks and managing those areas for improvement.

These campaigns and/or action plans are reviewed regularly to verify the actions are still accurate and applicable.

The business units ensure managers are trained and briefed on the incident investigation process. Incidents are classified according to the actual impact and/or the potential impact. The classification then defines the applicable level of investigation (3 levels of investigation: Major, Medium and Minor):

ISO certifications across our estate

- We have 145 sites covered by an ISO 45001, OHSAS 18001, or MASE certificate.
- ISO (14001, 45001, 50001) certification is done on a local site, legal entity (country), or global product group level, depending on business characteristics and needs. **91 percent** of our reporting sites were certified against international health and safety standards.
- In FY23, **159 of our sites**, most of which held several ISO certifications, reported data via our Environmental Management questionnaire.

Standard	ISO 14001	ISO 45001	OHSAS 18001 and MASE	ISO 50001
Number of sites certified	142	141	4	25
Coverage	89%	88%	2%	16%

- **Major incidents**: Fatal (F), Serious Injury (SI), Major or Significant Environmental, and High Potential (HPI)
- **Medium incidents**: Lost Time (LTI), Medical Treatment (MTI), Restricted Work (RWI), Work Related Illness, and Medium Environmental
- **Minor incidents:** First Aid (FA), Near Miss (NM), and Minor Environmental

Only qualified investigators trained in the appropriate methodologies are authorized to lead investigations, including the 5 Whys for minor incidents, Tripod Lite for medium incidents, and Tripod Beta for major incidents.

Lead investigator key actions:

- Ensures appropriate legal advice is sought in consultation with the legal counsel team before commencing and at any necessary investigation stage
- Investigates the circumstances, including gathering and organizing information/ evidence and determining the root causes of an incident
- Finalizes the investigation report within the allocated timeframe or seeks an extension.
- Recommends corrective actions and confirms that actions and schedules are acceptable to assigned supervisors and relevant managers
- Documents the investigation and files it in Intelex
- Reports investigation findings to the Accountable Manager and their team
- Reports incident investigation outcomes to all relevant parts of the organization

Workers are protected against reprisals. Errors are accepted and expected, regardless of seniority, geography, or experience. These errors are addressed through a dedicated consequence management approach — Fair Process — that favors error prevention through learning.

- Hitachi Energy leaders and managers create an open and transparent reporting environment without fear of retaliation to promote the early detection and honest reporting of errors
- Strong workers' participation at the local level manages early detection, helping define relevant solutions to prevent errors that may lead to injuries and/or environmental and asset damages

Fair Process assessments address an individual's behaviors and, most importantly, their line management. People act according to, but not limited to, their leadership environment.

- When breaches to HSE requirements are identified, they are openly reported by workers and managed accordingly by the individual's line management
- This open reporting of breaches is understood as the best way to improve current practices and related standards to prevent harm to people, the environment, and assets
- This open reporting environment is free from disciplinary action and retaliation when performed in due time

Proactive approaches to remove hazards and prevent incidents

Each Accountable Manager is aware of the entity's top five risks and, considering these in conjunction with its top five incident categories, develops appropriate action plans for reducing the risks and implementing improvements. Action plans should be reviewed twice annually and updated as necessary.

We believe that a person who feels ownership of the safety process shifts from a reactive worker to a proactive business partner who shares decision rights to protect and sustain a workplace free of injury, illness, or other loss.

Consultation and participation

Our HSE Consultation and Participation Standard applies across Hitachi Energy and covers employee representation in formal joint management-worker health and safety committees, which are also driven by national legislative requirements. There is no globally consolidated data.

Reporting hazards and stopping work

Our 'Stop! Take 5' tool supports and encourages those working for us to pause, discuss, and assess potential safety risks before proceeding with work when a perceived unsafe condition, behavior, or hazard arises.

+99k Hazards identified reported by our people during FY23

+59K Life Saving Rule inspections and Safety Observation Tours performed by our managers during FY23

Regardless of their position, in such a situation, we believe people have the right and obligation to speak up without fear of retribution and only restart work when the risk is mitigated to a safe level.

Respecting the human rights of all employees, Time Out for Safety (TOFS) empowers employees to pause work when a perceived unsafe condition, behavior, or hazard arises. If the job site has been determined unsafe, employees, regardless of position, must pause work until the risk is mitigated safely.

TOFS encourages employees, contractors, and visitors to speak up when they see a potentially at-risk situation unfolding and to do so without fear of retribution. The ability of any employee to pause a job is not a right; it is a responsibility as lives may depend on it.

Hitachi Energy UK Ltd earned a prestigious recognition for the company's commitment to health and safety excellence with a silver award from the Royal Society for the Prevention of Accidents (RoSPA). It is a significant achievement as few global organizations with an operational footprint such as ours secure a silver award when first assessed by RoSPA, an internationally recognized leader in promoting health and safety excellence.

A risk management system founded on our safety culture

GRI 403-2, 403-3, 403-4, 403-5

This model provides multiple layers of interventions to identify hazards so that they can be addressed before they impact people, the environment, or operations.

Our HSE risk management system is based on 'three lines of defense'.

1

Responsibility

The process owners (management) are the first line of defense. They directly own and manage risks associated with day-to-day operational activities, designing, operating, and implementing controls. This first line is responsible for self-verification within their local operating units.

Tools/programs

- Activity-Based Risk Assessments (ABRAs)
- Safe work instructions
- Hazard recognition and reporting
- Stop! Take 5 (last-minute risk assessment)
- Time Out For Safety
- Safety Observation Tours
- Life Saving Rules and governance
- 7 steps for electrical safety
- Learning teams
- Internal audit self-assessment

2

Responsibility

The second line provides compliance and oversight. The business units and their geographical hubs identify emerging risks in daily business operations and establish frameworks and techniques to support risk and compliance management.

Tools/programs

- Safety Collaboration Center, including journey management, for Service and Projects
- High-risk activity assessments
- Eye-On-Risk reviews

3

Responsibility

The third line ensures objective and independent assurance. Central Function HSE auditors assess the effectiveness of the first and second lines of defense and report on the control culture's effectiveness across the organization. An internal audit is pivotal in this evolution, moving beyond assurance to an advanced, leading, business-focused, technology-driven, and advisory mindset.

This model provides multiple layers of interventions to identify hazards so that they can be addressed before they impact people, the environment, or operations.

Our HSE Operating System comprises a variety of policies and procedures including:

- 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

The company is committed to eradicating fatalities, life-changing injuries, and ongoing reductions in the Total Recordable Injury Frequency Rate (TRIFR).

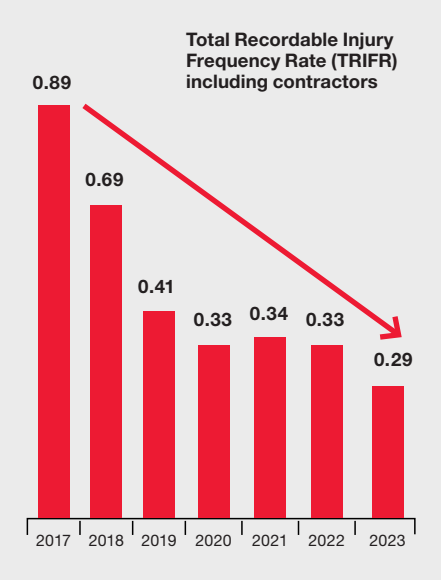
Our flagship safety program, the 10 Life-Saving Rules (LSRs), is key to developing and maintaining an effective workplace safety culture.

Total recordable injury frequency rate (TRIFR)

The Total Recordable Injury Frequency Rate (TRIFR), covering employees and contractors, has fallen significantly since FY19 and reached 0.29 in FY23, a reduction of 29 percent.

In our efforts to mitigate our risks and their consequences, the severity rate reached 2.36 in FY23, a 12 percent increase from FY19 and a 39 percent reduction from FY22.

Maintaining a high on-time closure rate for corrective actions, which exceeded 96 percent in FY23, remains an important focus area to remedy collectively unsafe scenarios as swiftly as possible.



Fatal incidents

In FY23, our organization suffered a single fatality involving a construction contractor in India. It occurred when an excavation catastrophically failed. Direct support was provided to the contractors, and all affected by this tragedy. This was the first fatality involving our contractors in five years.

The incident was investigated using the Tripod Beta methodology, focusing on identifying organizational root causes, learning, and improving our systems to prevent reoccurrences. The investigation yielded insights into how subcontractors and their daily activities are managed. The learnings were shared throughout the organization, and an additional evaluation of high-risk sites was undertaken.

4.3.5 Health and wellbeing

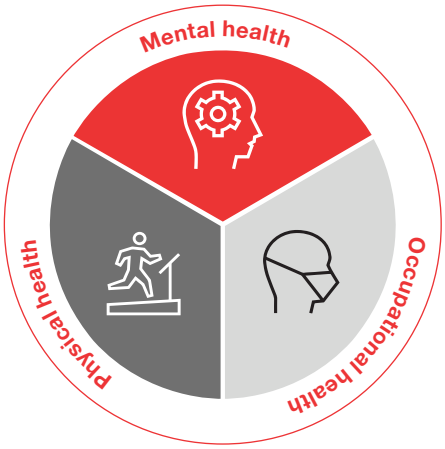
GRI 403-1, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

Our approach to health and wellbeing is informed by numerous sources, including implementing key international principles from the World Health Organization and relevant international conventions and standards, such as those governed by the International Labor Organization.

Our Employee Health and Wellbeing Policy outlines how the company will fulfill its obligations and support people.

Our locations have 200 professionals focused on occupational health and industrial hygiene. They are helping provide positive health and wellbeing work environments in line with the three elements of our health wheel:

- **Physical health**: Participation-based wellness programs to motivate behavior change, drive engagement, and increase engagement with better health practices
- **Mental health**: Proactive mental wellbeing management is a part of our upcoming strategies
- **Occupational health:** Ensuring safe workplace and working conditions by complying with the applicable occupational health and industrial hygiene standards



Our physical and mental health activities also address non-occupational issues. Voluntary health promotion services and programs include:

- BringKids2Schools physical activity challenge
- Health screenings
- Flu campaigns
- Travel health programs
- ‘Mind Matters’ initiative and support resources

We have a multidisciplinary occupational health and safety team that designs, implements, and evaluates comprehensive health and safety programs that will maintain and enhance health, improve safety, and increase productivity.

In FY23, we launched detailed operating standards and guidance on all three aspects of our Health Wheel approach to support more effective implementation in line with various international accreditation bodies, such as the UN’s Sustainable Development Goals for Good Health and Wellbeing for All. Our Standards cover:

- Physical and mental wellbeing
- Occupational health
- Ergonomics
- Chemical safety
- Asbestos management
- Emergency medical preparedness

During our HSE Week in November 2023, we focused several campaigns on health and wellbeing:

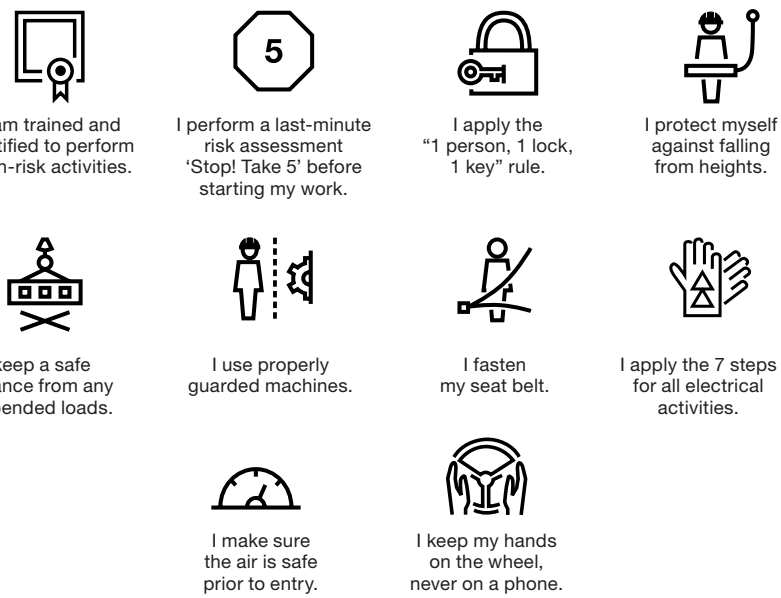
- Managing mental health
- Sleep for safety and health
- Ergonomics for everyone

Our health saving actions (HSAs)

To create a structured approach to the diverse range of health topics we must address, we launched our Health Saving Actions, creating eight umbrella topics to spearhead the health and wellbeing journey. Those topics are:

- Encourage open conversations on health and wellbeing – by fostering a supportive workplace
- Promote mental health – by supporting mental wellbeing through healthy workloads, managing stress, and equitable work-life balances
- Promote physical health participation in regular physical activity and other actions that prevent or help manage lifestyle-driven disorders

10 Life saving rules



- Promote addiction prevention – by helping tackle the risks of unhealthy dependencies
- Ensure effective ergonomics – by preventing harm caused by work arrangements
- Maintain healthy workplaces – protecting people from poor air quality, excessive noise, extreme temperatures, and radiation
- Manage hazardous substances/agents – by protecting people from exposure to chemicals, asbestos, and dust
- Apply infection prevention – by minimizing the risk of transmission

These provide an enduring framework within which we can promote actions that protect and improve health at the workplace and beyond.

Our health-related trends

Aligned to our Health Wheel approach, initiatives and impact include:

Physical health

- Physical challenge competition through Hitachi Energy's continuing involvement in the BringKids2Schools initiative, with teams competing virtually to cover the distance from Malawi to Senegal, where we contributed to the building of a school
- We ran a 'Sleep for Safety and Health' campaign to help improve sleep hygiene
- Access to healthy meal options at work
- Access to health check screening for employees
- Flu vaccination campaigns during fall seasons in the northern and southern hemispheres
- Travel health campaigns, with 47 percent increase in Medical Travel Risk Awareness training completions compared to FY22
- 154 percent increase in malaria infection prevention training

Mental health

- Our 'Mind Matters' mental wellbeing initiative for employees progressed with the following:
  - » over 3,000 employees are covered, and the numbers continue to grow
  - » more than 30 percent engagement rate across covered employees
  - » 1,554 hours spent on prevention and self-care
  - » an overall wellbeing score for Hitachi Energy at 72 (average industry score is 67)
- Resilience trainings for employees with an updated version in development with a focus on techniques to help with stress management
- Increasing mental wellbeing awareness through promoting supporting resources on various world days with mental health significance and through dedicated sessions with leaders/experts

Occupational health

- 24 percent decline in Total Recordable Injury Frequency Rate (TRIFR) in FY23 compared to FY22
- 6 percent increase in hazard reporting due to increased awareness on safe working conditions
- 13 percent increase in the health subcategory hazard reporting.
- 15% increase in Safety Observation Tours (SOTs) in FY23 compared to FY22
- Extensive campaigns on ergonomics as it was identified as the top health risk – trainings in ergonomics have increased by 50.2 percent since FY22 and by 130 percent since FY21
- 27 percent decrease in ergonomics recordable incidents in FY23 compared to FY22. Awkward movements and over-exertions are the most frequent reasons reported. We introduced detailed ergonomics dashboards to improve granularity, understand which body parts are affected, and address the causes
- 82 percent increase in hazardous substances training in FY23 compared to FY22

4.3.6 Our learning approach: human and organizational performance (HOP)

The HOP approach is based on five principles:

1. **People make mistakes and break rules that cannot be followed:** Error is normal. Deviations are rarely malicious but are well-meaning behaviors intended to get the job done. We must assume good intent.
2. **Blame fixes nothing:** Positive reinforcement builds trust while blaming prompts hiding mistakes.
3. **Context drives behavior:** People make decisions based on available information, goals, and the uncertain environment they work in.
4. **Learning and improving is vital:** Learn how a mistake was made and improve the system, so it fails safely next time.
5. **Management's response to events does matter:** How does management respond to bad news – from who failed? To what failed?

The five HOP principles are embedded into our legacy programs: Safety Observation Tours, Incident Investigations, Fair Process, our assurance model, and our functional learning and competency approach.

Under the HOP portfolio, we take a holistic approach to HSE internal audit and assurance, learning and competency, and human factors. Our HOP team oversees internal HSE audits and has stewardship of the HSE Operating System, learning and functional capability development, and HSE leadership and cultural development.

Incident investigation as part of our human and organizational performance (HOP) approach

Conducting thorough investigations is vital in helping prevent future incidents. Keeping with our HOP principles, learning is vital and remains the central focus.

The company's Lessons Learned Bulletins (LLBs) are generated from investigation data and provide us with opportunities to reflect and improve. We know that things can go wrong occasionally, and embedding capacity into our systems allows us to 'fail safely'. This includes ensuring that multiple layers of protection and control are identified when risks are identified.

Our incident investigation process helps us focus on uncovering learnings and not being a fault-finding or blaming exercise. When conducting incident investigations, we look beyond immediate causes, which can be misleading, and seek to establish underlying or root causes. These help us to identify the organizational and systemic changes needed to prevent future incidents.

Our investigation process has three distinct tiers with corresponding methodologies:

- **Minor incidents:** 5 Whys (near miss, first aid, and minor environmental)
- **Medium incidents:** Tripod Lite (medical treatment, restricted work, lost time, and medium environmental)
- **Major incidents:** Tripod Beta (high potential, serious injury, fatality, major, and significant environmental)

To ensure high-quality investigations, we have placed significant emphasis on investigation training and developing competency. We have about 1,500 people trained on minor investigation, about 400 people trained to conduct medium investigations, and 15 trained to conduct major level investigations. Training helps to ensure our investigations are conducted consistently and provide useful insights to that help us continuously improve.

HSE learning program

Our culture of learning in HSE is articulated around five learning pillars:

1) Systematic problem-solving

2) Experimentation

3) Learning from past experiences

4) Learning from others

5) Transferring knowledge

We remember that functional knowledge gained from failures is often instrumental in achieving subsequent successes.

Key learning initiatives Ⓐ

Life Saving Rules (LSR) online training program

As safety is a key element of our license to operate, the Global Function HSE launched a program to onboard all our employees into our flagship Life Saving Rules (LSR) program.

Our 10 LSRs are our requirements to avoid fatal and life-changing injuries. They were selected because they cover our most critical risk activities. They must always be followed. If they cannot be followed, a Time Out For Safety is triggered, meaning work cannot proceed until compliance with the rules is possible.

Employees and contractors are required to complete Life Saving Rules training. For many, this training is delivered via a one-hour online training program, and 43,281 employees have completed it. Launched in April 2022, this fun and engaging training is available in 15 languages via MyLearning, the company's learning management system. The program consists of a series of 10 mini-modules that cover the requirements and practical applications of each of LSR. Regular knowledge checks and a final questionnaire help embed the training.

The knowledge gained from the Life Saving Rules training also helps raise general awareness on how to stay safe. Based on feedback surveys, 94 percent of respondents found its content 'good/very good,' and 93 percent found it 'relevant and helpful'.

In FY23, the program was awarded the Hitachi Group's Health and Safety Award for Excellence for a second year in a row.

HSE Masterclass

The HSE Masterclass enhances managers' HSE and sustainability leadership capability. It is based on the key principles of Human and Organizational Performance (HOP), endorsed by our Global Management Team in June 2021. The program can be facilitated in 15 languages.

During a full-day in-person session, we explore what HSE leadership means, human errors, and why people make mistakes. With the participants, we also review the array of company programs and resources, such as communication collateral, supporting our approach.

Participants engage with fellow managers on HSE case studies, experience-sharing exercises, role plays, and team discussions. These sessions are very pragmatic, which makes it clearer for delegates what HSE leadership means for them and their teams.

Since its launch in September 2021, more than 1,100 managers globally have participated in a full-day HSE Masterclass. Based on feedback surveys, 98 percent of respondents found the content of the HSE Masterclass 'good or very good'.

To ensure consistency and excellence, only 30 certified facilitators (after taking a global certification program facilitated by Global Function HOP) are authorized to deliver the program.

Functional development program (FDP)

The FDP is open to all our HSE practitioners to enhance functional and business-partnering skills through curated learning opportunities, for example, online assessments, workshops, and Percipio learning paths. It comprises two elements:

1. Offered to all 400+ HSE practitioners, the FDP focuses on functional (technical) and corporate knowledge, plus functional qualifications – how to apply technical knowledge to improve our operations. It comprises four four-hour modules delivered over six months by external specialists Broadhead Global.
2. An advanced FDP focuses on business-partnering skills for 60 senior HSE practitioners and wider talent development. Delivered regionally in person, it starts with a 10-hour observation workshop, a one-hour functional coaching session, and a 16-hour development workshop.

Our other online learning

With our internal online training creation capability, we have created programs available to all employees on:

- **Environmental Essentials:** covering the principles of our environmental approach, circular economy, and carbon neutrality (one-hour duration)
- **Safety Observation Tours as Learning Walks:** to help our people managers learn from normal work, engage with our frontline workforce and make a difference on the shopfloor or in the field (30-mins duration)
- **HSE Fundamentals:** 12 mandatory modules of technical safety to be completed by all our field staff before working at a site
- **Fair Process:** to understand the principles of human and organizational performance applied to the assessment of safe vs. unsafe behaviors (30-mins duration)
- **Operating System:** on our assurance and management system approach, highlighting our company approach to health, safety, environmental and sustainability management in a structured way (30-mins duration)
- **Biodiversity:** covering what biodiversity means, why it is important, and how it relates to our business (30-mins duration)
- **Circularity in Operations:** covering the basics of circularity and how to apply them in Hitachi Energy's daily operations (30-mins duration)

A functional learning and competency dashboard provides authorized users with detailed information on their progress and outcomes.

HSE week and HSE awards

To further strengthen awareness and our HSE culture, we launched our first annual HSE Week with the theme 'Do the Right Thing!'.

HSE Week helped us celebrate great HSE behaviors which drive us to world-class performance and created a platform for sharing knowledge that supports continual improvement.

A range of HSE Week collateral was produced in 25 languages to ensure maximum relevance to colleagues globally. Anchored by a core framework of online events plus a range of resources, all units worldwide demonstrated strong commitment by organizing local events and awareness sessions covering a broad range of relevant topics.

We launched our annual HSE Awards to celebrate people 'doing the right thing!' Our four entry categories attracted more than 70 entries.

4.3.7 Our commitment to continual improvement towards a world-class HSE culture

We face a range of challenges in developing our health and safety learning culture, for example, the numbers employed, the diversity of roles, and the geographic spread of sites and working locations, plus the many other legitimate demands on people's attention.

We are committed to achieving world-class HSE performance and recognize this can only be achieved through a learning-based world-class HSE culture across all parts of the organization – continual improvement requires continual learning. Steps we take to deliver this include:

- Our senior leaders are continually encouraged to actively support all efforts in promoting our learning-based based HSE culture, prioritizing their understanding of the overall context, with a learning—not blaming—mindset in line with the widely accepted principles of Human and Organizational Performance (HOP). These crucial principles have been at the core of our HSE approach since June 2021 throughout considerable organizational change.
- Sharing of lessons learned, with particular emphasis given to more serious actual and potential incidents, as well as sharing insights from audits and Safety Observation Tours.
- Emphasizing employee and contractor involvement through encouraging people to raise any issues or concerns and make suggestions without fear of retaliation – a transparent and open reporting environment is at the heart of our learning-based HSE culture and in enabling insightful data-based decision-making to tackle risk.
- Mandatory training, for example, for our 10 Life Saving Rules, for all senior leaders through our HSE Masterclass and, from FY24, for all other line managers through our HSE Leadership Development Program. These directly support our determination to deliver continual improvement.
- Regular and structured evaluation and updating of our global HSE Operating System requirements, based on operational feedback and world-class industry best practices. We are progressively simplifying our HSE documentation to make it clearer and easier to follow, setting clear minimum requirements and providing supporting guidance and resources.
- Introduction in 2023 of our Eye-On-Risk assessment to identify learnings from high-performing sites and to provide further support to those facing an HSE challenge.
- Introduction in 2023 of our annual HSE Week through which we engage with those working for the company to deepen their knowledge of relevant topics and personalize what HSE means to them and their colleagues.
- Introduction in 2023 or our annual HSE Awards through which we recognize and celebrate individuals and teams whose actions have made a positive contribution.
- For FY24, participating in a Hitachi-wide safety culture survey and augmenting this by piloting safety cultural assessments.

Through this systemic approach, we will foster an HSE culture extending beyond compliance, adopting a maturity-based approach where more advanced/leading HSE practices enable us to achieve world-class HSE performance.

4.4 Supporting human rights

4.4.1 Milestones and introduction

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.

4.4.2 Integration across the value chain

In line with the UN 2030 Agenda for Sustainable Development, Hitachi Energy actively ensures SDG7 universal 'affordable and clean energy' access while contributing to a just energy transition that leaves no one behind.

In 2022, the UN recognized a healthy and sustainable environment as a new human right, making sustainability a vital component of nations' wealth. Delivering upon this is a critical aspect of our global sustainability strategy, so we strive to realize social innovation, create a positive impact on local communities, and foster sustainable development, all while contributing to people's wellbeing.

The crucial decade of action ahead requires businesses to help governments and societies decarbonize while fostering sustainable growth. As a pioneering technology leader at the center of the clean energy transition, our innovative solutions build a smarter, more sustainable, and connected world. Our products and services enable energy policies that drive electrification and decarbonization and better integrate climate adaptation, thus allowing communities access to clean, renewable energy and a healthier environment.

4.4.3 Human rights at Hitachi Energy

Respect for human rights is essential to our success: it is not just a moral obligation but a business imperative as we strive to deliver our Purpose of advancing a sustainable energy future for all while enacting the just transition that the world requires and deserves.

We are committed to upholding the fundamental human rights principles in all our operations and value chain. This commitment is embedded in our governance, especially our policies, Codes of Conduct, and business practices.

We have adopted a comprehensive human rights framework that 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. Relevant policies cover employees, suppliers, contractors, local communities, and general society.

Employees and anyone reporting to them are responsible for ensuring that their conduct and that of anyone reporting to them fully comply with applicable laws, the Hitachi Group Code of Ethics and Business Conduct, and all company policies. Key human rights topics are embedded in diverse processes and guidelines and are addressed explicitly in the Supplier Code of Conduct, Supplier Sustainability Development Program, and the Responsible Minerals Sourcing Program.

4.4.4 Our human rights journey

Ⓐ GRI 408-1, 409-1

We recognize that human rights compliance is an ongoing journey that requires transparency, accountability, and partnerships with various stakeholders, such as customers and suppliers.

In 2019, we embarked on an extensive two-year process involving wide-ranging consultation within and beyond our business to identify our salient issues. The main impacts identified include:

- **Supply chain:** health and safety, integrity, child labor, and modern slavery/forced labor
- **Our operations:** health and safety, integrity, working conditions, freedom of association and collective bargaining, project living conditions, and discrimination and harassment
- **Customer-related business:** health and safety, integrity, nature and cultural impacts, population displacement, and occupied territories

From these findings, we mapped the processes and tools that could support salient issues mitigation, identifying areas for improvement in collaboration with various internal teams.

In 2021, we used the same analytical approach and ran several workshops with our human rights (HuRi) champions network, a global cross-functional employee group dedicated to spreading awareness and identifying relevant impacts, risks, and opportunities (IROs). Our Sustainability Board reviewed and endorsed these findings, which external experts also assessed. Having identified our human rights issues, we performed a gap analysis for each topic to understand its status and define remediation plans.

Following the full transition from ABB to Hitachi Group in December 2022, Hitachi Energy centralized its Sustainability function, and the Head of Sustainability joined the management team. In 2023, we created a position dedicated to implementing human rights due diligence after separating Sustainability from the then Health, Safety, Environment, and Security (HSE&S) Function.

In late 2023, we performed a material impact assessment to identify priority sustainability impacts most interesting to our stakeholders across the value chain, including management, employees, customers, suppliers, and other external stakeholders.

Allied with external developments and our progress, the results were the basis for refreshing our sustainability strategy in early 2024, identifying targets and key performance

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 Ethics and Business 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

indicators (KPIs) to help monitor, track, verify, and report our progress and performance. Within this assessment, human rights were reconfirmed as a critical priority material issue.

Since 2023, we have been working to further strengthen sustainability and human rights within our risk management strategy and corporate due diligence processes. As part of this, we have enhanced our Supplier Sustainability Assessment Process to strengthen risk detection, mitigation, and remedy.

At the same time, we reassessed our ongoing Corporate Social Responsibility (CSR) program to mitigate our impact on global and local communities, embedding the principles of social inclusion, fairness, socioeconomic development, and equity by meaningfully engaging our stakeholders.

This process, fully aligned to the revised sustainability strategy launched in early 2024, led to the definition of top targets and operational KPIs pursuant to our human rights actions.

As part of due diligence, our thorough review of processes continues to ensure they align with international frameworks and emerging and established trends. Through these ongoing efforts, we aim to deliver a more granular integration of salient issues and human rights IROs within our processes to enact a genuinely just energy transition for our generation and those to come. Read more in our CSR section-4.5.2 Our CSR performance

4.4.5 **Critical raw materials and conflict minerals**

Critical raw materials are indispensable for a wide set of strategic sectors including the net-zero industry, the digital industry, aerospace, and defense sectors. While demand for critical raw materials is projected to increase drastically, Europe relies heavily on imports, often from third country suppliers.

To fulfill our duty of ensuring that the materials we use do not contribute to environmental degradation or lead to conflict and exploitation, as outlined in our Human Rights Policy, we have systems and processes that closely monitor the sources of certain minerals.

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. As a member of the Responsible Minerals Initiative (RMI), our organization adheres to the OECD guidelines and supports transparency and responsible minerals sourcing. We are committed to:

- Not buying products and materials containing conflict minerals directly from conflict mines
- 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
- Our 2023 Responsible Minerals Sourcing Report, which 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

Conflict minerals documentation:

Hitachi Energy Conflict Minerals Policy
Hitachi Energy Cobalt Policy
Read more in Responsible minerals sourcing.

Throughout this fiscal year, our Supply chain management program promoted a series of improvements to further align our human rights risk-based action across our suppliers, including:

- New sustainability risk-based approach process
- From April 2024, more accurate sustainability risk screening through EcoVadis IQ+
- Inclusion of Ethics and Integrity checks as part of the qualification process
- Inclusion of greenhouse gases assessment program for our suppliers in our SSDP program

4.5 Corporate citizenship

4.5.1 Global presence, local approach

Together with our efforts to advance a carbon-neutral future through our portfolio, we strive to contribute to the sustainable development of worldwide societies by maintaining proactive, meaningful relationships between our people and the global and local communities where we live and operate.

290 global and local activities in 35 countries

Employee volunteering

BringKids2Schools campaign

909 employees in **48** countries

123 teams

7,500 items such as winter clothes, books, toys, and other equipment donated in China

1,969 volunteers run 18 proactive drives, donating over 836 items in Poland

111 Legal Team employees across **29** countries

350 hours volunteered

175 causes supported

Energizing Education

8 schools in 3 countries = **2,657** students being educated

700 female students supported in India

150 students supported in China

6 partnerships with engineering colleges in India

Electricity and energy awareness

1.3m impressions Electron campaign targeting age group 14- 17 years old

55 knowledge-sharing resources

With a presence in 60 countries, we can implement distinctive activities to foster coexistence with communities. This allows our people to voluntarily contribute to developing the local communities of which we are members. This is integral to our license to operate and our sustainability strategy.

Aligning with the Hitachi Group's approach, our corporate citizenship activities are organized across four core areas:

- Education
- Environment
- Community support
- Health and sports

Our global Sponsorships and Donations policy ensures strict compliance with the Hitachi Code of Ethics and Business Compliance, according to our values and applicable law, while responding to community needs.

Employee participation in corporate citizenship activities is key to our approach —connecting people to our Purpose. Our employees interact with our sites' neighboring communities by participating in and planning volunteer programs that cater to local needs. The key principles of our actions include:

- **Employee participation:** Our employees are the driving force of our social and business impact. Our employees are active agents of Hitachi Energy's corporate citizenship by helping select activities, contributing through donation drives, and volunteering their time, skills, and expertise.
- **Connection with the local communities:** Local activities are conducted by and together with the communities. Often employee core-strength or project-driven, our involvements are designed to support communities in need sustainably.
- **Co-creation and partnership with stakeholders:** In line with SDG 17 and our sustainability strategy, selecting and fostering local partnerships is key to ensuring truly sustainable development. We carefully select international organizations, non-profit and civil society organizations, and local schools and/or universities to help us deliver activities around the globe.
- **Social impact mitigation:** Our actions align with our strategy and relevant SDGs, especially SDG 11, Sustainable Cities and Communities. We deliver a positive impact while making our presence in the community a source of pride.

4.5.2 Our corporate social responsibility (CSR) performance

This year, we have actively worked to improve our CSR activities data collection system, enhance internal controls, and reinforce our CSR management system. Through these improvements, we have obtained a broader understanding of our overall impact. As part of this improvement process and alongside our revised sustainability strategy, we have further identified two key areas for our action: Energizing education and Energy and electricity awareness.

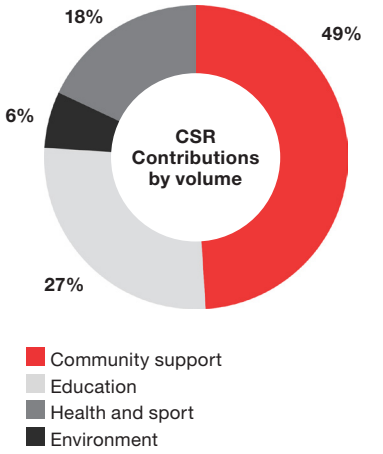
In FY23, Hitachi Energy companies implemented 290 global and local activities in 35 countries involving employee participation, financial contributions, and in-kind contributions across the four core areas.

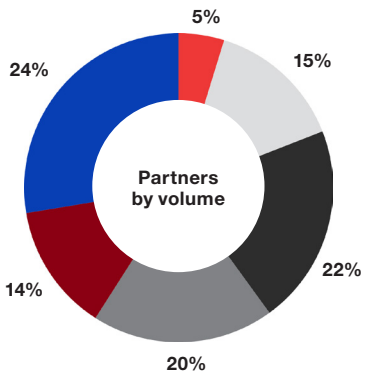
Energizing education—contribute to education for the next generation

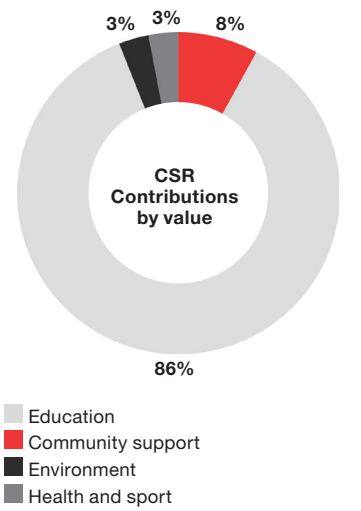
Hitachi Energy recognizes the importance of empowering the next generation with the knowledge, skills, and values necessary to address the global energy challenges we face today. We support a range of educational opportunities including providing insight into the business world, more practical experience and routes to internships, summer jobs, and further education in the technology and energy industry.

Actively championing a just energy transition means fostering the transformative power of youth's education. Through our Energizing Education drive, we commit to providing global access to an inclusive, equitable, and quality education. We invest in safe learning environments and facilities, and we also provide diverse and enhanced opportunities for children and students in emerging countries according to their needs, including:

- University scholarships
- Summer jobs
- Hosting internships and thesis students
- Supporting, enhancing, and equipping local schools through a site-based approach
- Using our employee volunteers to foster mentoring and tutoring drives







Legal and integrity team pro-bono volunteer work

In 2023, the Legal and Integrity team committed to global volunteering activities, with each member contributing at least five pro bono hours per year.

A pilot scheme in partnership with Lawyers Without Borders (LWOB), an NGO dedicated to advancing the global rule of law, helped build capacity and integrity in the justice sectors through counselling on the upcoming EU Deforestation Regulation (EUDR).

During the year, the program was fully enrolled, providing 111 employees across 29 countries with nearly 350 hours of work supporting 175 causes.

Following are some examples of how we contribute to education around the globe.

Africa: BringKids2Schools (BK2S) — building schools with local communities in Senegal and Malawi

The Swiss nonprofit foundation BringKids2Schools (BK2S) pursues children's right to quality education. Since 2017, the NGO has constructed schools, often the safest and largest buildings in the villages, capable of accommodating up to 150 students in Malawi, Nepal, and Senegal. More are underway. Operating in collaboration with local construction partner BuildOn, their mission is to ensure girls and boys have equal rights to go to school.

BK2S engages a steering committee of villagers, comprising equal representation of both women and men, to supervise works and gather volunteers to help build the schools under professional supervision. Commitment, engagement, and project sustainability are key to ensuring that the local communities are involved in planning, constructing, and operating the schools.

This partnership alleviates adverse classroom conditions and congestion for students and teachers, revitalizing school life with proper school blocks, classrooms, and restrooms. Some communities previously had no schools, while others made do with inadequate buildings or resorted to using proper facilities elsewhere.

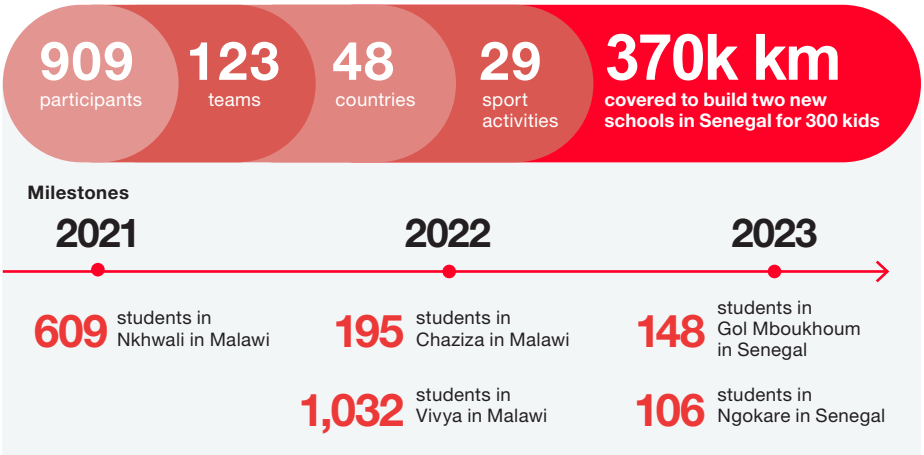
Teachers often used churches or shade from nearby trees as classrooms, leaving the community with few options for children's education. Regardless of the structure or season, classes remain overcrowded, with up to 75 children on average, symbolizing that education is key to enhancing communities' quality of life.

Hitachi Energy's third annual participation was driven by its employees, with many actively participating in the annual challenge, #Malawi2Senegal. A total of 909 participants across 123 teams in 48 countries collectively contributed 370,000 km through 29 sports activities by donating money that was matched by the company, providing funding to build two new schools.

Vivya Primary School

The state of the school's vast campus and a shortage of safe classrooms had raised concern among the students' guardians. Community leaders and members committed 5,236 workdays to build the new facility and increase student enrollment. The campus now comprises five classrooms with 1,032 students, among which are 528 girls, eight grades, and 23 teachers.

BringKids2Schools (BK2S) #MalawitoSenegal challenge 2023



Nkhwali Primary School

Established by the community with temporary structures, it was integrated into the government's system in 1998 when a two-classroom structure was built. The permanent structure was constructed in 2021, subsequently increasing the student population to 609 children: 315 girls and 294 boys. The school has three blocks, six permanent classrooms for the six grades, and two new teachers.

Chaziza Primary School

Established in 2018, it catered only to students until third grade due to a classroom shortage, forcing lessons to be held outside. The new fully-furnished classroom block now accommodates 195 children in the fourth and fifth grades. This was a major feat, fulfilling administrators' aspirations to include all eight primary school grade levels.

Gol Mboukhoum Primary School

A Project Leadership Committee comprised six men and six women supervising the school building. These incredible leaders helped to collect supplies and organized volunteer crews. By the end of the project, the committee had proudly contributed 1,110 volunteer workdays to building their new school, allowing 148 children to learn and grow.

Ngokare School

The men and women of the Ngokare village in Senegal have actively contributed 2,231 volunteer workdays to build their new school, gifting their children a permanent classroom. This well-deserved new space has transformed the way 106 primary students are learning, providing an adequate structure that will allow them to thrive.

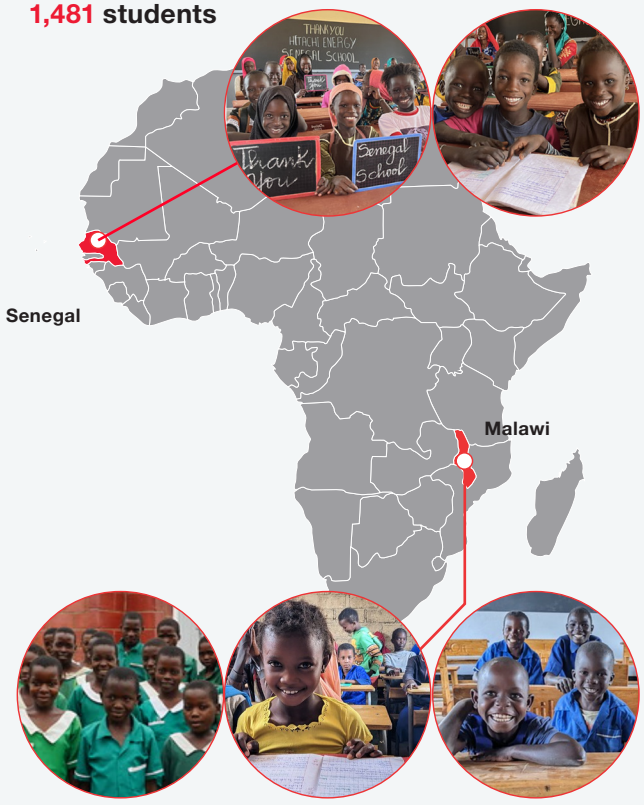
India: fostering female students' participation in science and engineering

We are empowering female students in India by giving them access to education, skill development, and socio-economic advancement, regardless of geographical diversity.

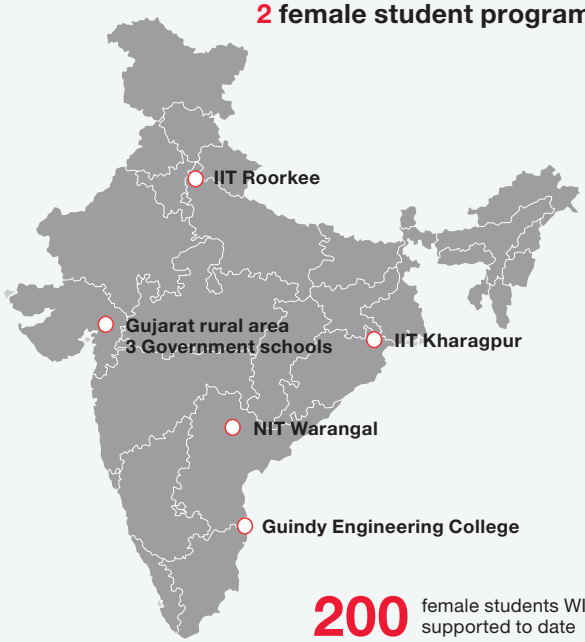
Our dedicated outreach programs undertake efforts to identify and acknowledge the intricate interplay between gender and other social identities. The primary focus is extending support to beneficiaries from economically underprivileged families, particularly targeting the female student population. Recognizing the significant barriers to education and opportunities faced by individuals from economically disadvantaged backgrounds, we have structured our initiatives to address their specific needs and challenges. We endeavor to empower these students to overcome socioeconomic barriers and achieve their academic and career aspirations by providing access to educational resources, scholarships, and skill development programs.

Hitachi Energy India launched the Women in Engineering (WIE) initiative in 2020. Currently spreading to six states, WIE's objective is to sponsor and mentor students from underprivileged families. A merit-based system is used in the selection process, and participants receive financial support, career guidance, mentorship, scholarships, industrial visits, internships, and job placement opportunities.

5 schools funded in
2 countries
1,481 students



6 partnerships with
6 engineering colleges
2 female student programs



200 female students WIE supported to date

500 female students from 11th grade

1,120 hours contributed by employee volunteers

In December 2023, we introduced a six-year program with similar criteria. It targets female 11th grade students pursuing studies in standard science courses with continual support all throughout the completion of their undergraduate courses curriculum. The program also includes yearly scholarships and training on career planning across nine states. This initiative aims to guide these students towards pursuing STEM (science, technology, engineering, and mathematics) courses.

The students selected for the WIE are regularly mentored through continuous engagement and various training modules covering soft skills, life skills, technical abilities, and employability skills. Aligned with their academic pursuits, these programs are spread over four years. Extending these initiatives over a four-year duration parallel to their academic journey ensures sustained support and continuity in skill development.

Partnerships with educational institutions provide opportunities for knowledge exchange and capacity-building, constituting a robust framework for driving meaningful change and advancing educational equity and excellence.

The program conducts educational workshops on debunking stereotypes and misconceptions surrounding gender roles in STEM fields. Through interactive sessions, participants learn about the contributions of women in the energy sector and the importance of gender diversity in driving innovation and progress.

Trainers from the energy sector provide guidance and inspiration to the students through their personal experiences, challenges, and achievements in STEM careers, serving as examples and demonstrating that success in these fields is attainable regardless of gender.

China: contributing to students through education and volunteering

Support Yi minority children's education in Sichuan, China

In September 2023, Hitachi Energy China launched an education sponsorship program in Hongxi Middle School, Meigu County, in southwest China's Sichuan Province. Meigu is home to more than 240,000 members of the Yi minority ethnic group and is one of the least developed areas in China.

Over the next three years, 150 underprivileged Yi minority students will benefit from the company's donation, enabling them to complete their junior middle school studies. Among the 150 students we sponsored, two-thirds are female.

As part of the Diversity 360 Week initiative in October 2023, our employees throughout China also donated more than 4,000 books and 3,000 winter clothes to Yi minority children in the area, helping them to cope with the cold winter in the remote Liangshan Mountains. In March 2024, we organized a second round of books and clothing to be donated.

In December 2023, 58 employees of Hitachi Energy China also participated in a voluntary employee donation program to support 29 Yi minority children in completing their primary school studies. Many of these children are orphans and have a pressing need for financial support and care.

Also in the Liangshan Mountains area, 150 km south of Meigu county, Hitachi Energy participated in the construction of the Butuo HVDC converter station, which was energized in June 2022. The station transmits 8 GW of clean energy across 2,000 km to eight million households each year. Hitachi Energy will continue to drive our business to contribute to economic, environmental, and social values in the communities where we operate.

Employee donations in China

more than **3,000** winter clothes

more than **4,000** books

nearly **500** toys and other equipment

Donation activities every year to Sichuan Meigu Hongxi Junior Middle School

- Employees are asked to donate books (especially literature and composition), clothing, shoes, thermos, and other supplies.

Donated materials to the children of Meigu County of Yi nationality in Daliang Mountain, Sichuan

- Individual caring for 29 orphan students by 58 employees,
- Power Plus trainees volunteered in the Meigu Project in 2024.

3 years of partnership with Beijing Meijiang Education Foundation

- A professional charity dedicated to students' education in China's rural areas.

Financial aid to support 150 students

- In completing their middle school studies including insurance, self-funded teaching aids, stationery, and other learning-related expenses.

Europe: Sweden and Poland

In Sweden the collaboration between Hitachi Energy and three schools offers opportunities to 567 students aged between six and 19:

- **Hitachi Gymnasium in Ludvika:** 103 students (16 to 19 years old)
- **Hitachi Gymnasium in Västerås:** 378 students (16 to 19 years old)
- **Mälardalen International School:** 86 students (6 to 16 years old)

In Poland, our active employee volunteer team has implemented 12 financial contributions and 18 employee-led proactive drives involving 1,969 volunteers to support local communities through the donation of over 830 items, such as furniture, plants, and devices, plus over USD 5,000.

Electricity and energy awareness

Energy citizenship: people as the fuel of a sustainable global energy system

We believe in global energy citizenship, investing in people and youth as ambassadors and meaningful leaders for a just energy transition. We empower energy literacy and security, including health and safety, science-based climate and environmental education and advocacy, responsible consumption, and energy source awareness.

We also foster an active role in local energy planning to shape the renewable energy governance of their children's future.

Transitioning from a centralized fossil fuel-based system toward renewable-based and interconnected energy is essential to mitigate climate change and provide affordable, reliable, and accessible energy to everyone.

Technological changes, institutional agreements, and governance accompany this evolution. The formation of a global energy citizenry is a critical driver to surmount sustainability challenges, including implementing all 17 Sustainable Development Goals (SDGs).

This means recognizing that individuals are agents of change: responsible toward energy consumption; educated and aware of the energy sources; able to influence and demand policy-making agendas by participating in energy and climate advocacy; and dynamic in proposing local community-based solutions to global problems.

The energy transition requires partnerships at multiple levels – among industry players, producers and policymakers, international organizations and governments, research and academia, and the public.

Energy as a value: contributing to building awareness

Being at the frontline of the energy transition, we recognize our duty to help shape the present and future of a just and inclusive energy transition process.

As electricity demand is expected to rise, grids must evolve using renewable sources and smart technology to efficiently measure, manage, and balance energy production, storage, and consumption. Completely rebuilding national grids means changing how electricity is produced, delivered, and consumed.

Energy is a socio-technical phenomenon deeply tied to human activities and development. Energy, as an essential infrastructure, enables fundamental social activities and touches every aspect of our daily and future lives as individuals, citizens, workers, and citizens of global society.

The foundational transformation is only just when it reinforces the need to tackle climate change together and at multiple levels.

Energy is a social value and commodity for the wealth of nations, and information about it is important to both individuals and the community. Energy and social justice relate to each other, as it is vital to educate and raise awareness on the vast range of services energy provides and to equip the public to understand the necessary change.

Electron campaign

Closing the energy literacy gap will ensure a more inclusive and sustainable energy future.

In partnership with UK broadcaster BBC, Hitachi Energy created an educational, inspirational four-episode animation aimed at teenagers between 14 and 17 years. The animation explores the core topic of 'What is Electricity?' and sub-topics such as 'Why is the energy transition so important?'.

Our energy guru, Electron, guides young audiences, taking four adventurous teens on an immersive journey into the world of electricity, combining educational messages with real-life scenarios that resonate with and engage our target audiences and beyond.

Knowledge-sharing as part of our business interactions

Meeting 2015's Paris Agreement goal to limit global warming well below 2°C compared to pre-industrial levels by 2100 requires a rapid low-carbon transition in almost all sectors of human activity, particularly reaching net-zero emissions for the production, distribution, and energy consumption.

Poland community action

1,881 **Employee volunteers**

18 CSR activities	**89%** Proactivity	**85%** In-kind donations	**3** Financial support*
1.5 Activities per month	over **800** In-kind donations	**56%** Volunteer participation*	

"Empowering the next wave of energy enthusiasts through education. Our aim is to spark curiosity, ignite passion, and illuminate the path toward a sustainable energy future for the next generation.

Gerhard Salge
Chief Technology Officer

Awareness raising and knowledge sharing are integral to our ongoing interaction with peers, partners, and stakeholders. As part of this drive, we have committed to sharing educational content on electricity and energy awareness beyond mere technology and/or product promotion, aiming to provide new information to an audience or meet a knowledge gap by employing insights from our subject-matter experts.

The success of the energy transition hinges largely on the engagement and support of a diverse set of energy actors, from producers and consumers to innovators and policymakers, over an extended period. See more in our Stakeholders engagement section.

This year, we have launched several activities, reaching out to thousands:

Electricity and energy awareness: our specialized corporate resources

Element	Unit	Reach (people)
Blogs	11	18,567
Whitepapers	4	959
Videos	7	635,600
Live event sessions	2	330
Perspective article	31	8,814
TOTAL	55	

Read more at

- Blogs
- Customer success stories
- Humanizing energy
- Perspectives
- Whitepaper

Episode 1:
What is Electricity?

Electron transports avid gamer Tahil to the World of Electricity, after he overloads a circuit and causes a power cut while playing his game. Can Electron show Tahil how to safely play within the realms of electricity so he can get his game up and running again?

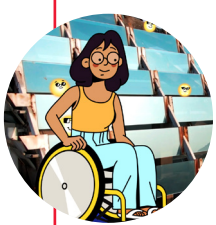
Episode 2:
How does Electricity travel?

When Jesse's e-scooter runs out of electricity, Electron takes them on a journey aboard the Electroloop, to discover how electricity travels. Can Jesse use their newfound knowledge to reach their destination?

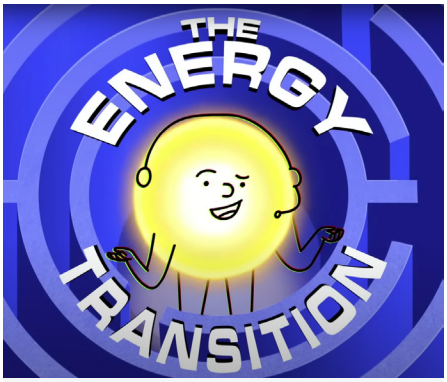
Episode 3:
The Energy Transition

Electron challenges determined problem-solver Oway to solve the energy transition — but can the teen navigate the complex maze and find the solutions to create a more sustainable future?

Episode 4:
The Electric Future



Electron invites Emma to see the Electric Future—a futuristic world powered by renewable electricity. What technology will Emma encounter on her travels to this sustainable energy future?



The Journey of Electricity campaign results

in 12 weeks, Electron met > half a billion people!

Actual campaign results

638m
impressions*

49m
total video views*

1.2m
likes & shares****

97%
target audience reach***

1m
influencer video views

1.3m
video completions

**Number of people who saw the content*
***Number of times the entire video was watched*

****Social media engagement.*
'Like' = person who 'like' the content

'Share' = person sharing the content with their network
*****Primary 14-17 years old and secondary 18-34 years old*

Electron campaign: the Journey of Electricity

Join our electricity guru, Electron, on a charged adventure into The Journey of Electricity. In this electrifying series, Electron guides young explorers to discover how energy powers their daily lives.

5. Governance

Hitachi Energy takes its extensive range of governance responsibilities seriously.

We are confident in our leadership team and ensure they are committed to our business and to achieving sustainable growth and company value.

At a broader level, our employees' opinions and needs are of high concern to us.

We therefore provide ample avenues to safely express feedback and grievances to enable growth as individuals and as a company.

We establish comprehensive frameworks, such as impact assessments and industry-leading cybersecurity systems.

These ensure that we quickly identify critical issues and risks and allow us to place focus where needed to protect our organization, people, data, and products, all while fostering growth, innovation, and improvement.

We actively engage stakeholders, policymakers, regulators, institutions, and analysts to ensure our operations exceed expectations, provide quality results, and offer adequate support to the entire value chain.

We are committed to ensuring full compliance with all applicable regulations, including materials, products, chemicals, and tax laws and regulations.

We take our commitments further by pursuing additional certifications and abiding by all possible compliance regulations.

Our strong commitment to integrity is a key component of our license to operate. We greatly emphasize training our employees and those who work closely with us to act responsibly.

Our policies and training requirements extend to our suppliers, and we make every effort to provide the tools necessary to align our vision toward high-quality products, sustainability, and building a carbon-neutral future.

“

We work closely with our leaders, employees, suppliers, and stakeholders to reinforce the structures, commitment and accountability required to enable a responsible enacting of our Purpose.

Achim Braun
Chief Human Resources Officer

5.1 Hitachi Energy leadership

GRI 2-9, 2-10, 2-11, 2-12, 2-17

Effective governance is key to us fulfilling Hitachi Energy's Purpose.

To ensure the highest-quality stewardship of the business, we have an active approach to leadership. The members of the Board of Directors (Board) of Hitachi Energy are appointed at the general meeting of shareholders based on their core skills and experience (GRI 2-17) and are tasked to discharge the duties of the Board of Directors as required by Swiss law.

One member of the Board is also a member of the Audit Advisory Board, which focuses on assisting the Board in overseeing risk management, governance, internal control, and audit matters.

One member of the Board is also a member of the Remuneration Advisory Board, which focuses on assisting the Board in making recommendations concerning executive compensation. The nomination of the Board is reviewed to ensure compliance with the 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 and approved by the Board of Directors.

Alistair Dormer, the Executive Vice President, Executive Officer, and General Manager of the Green Energy and Mobility Strategy Planning Division of Hitachi Ltd, is Chair of Hitachi Energy's Board (ended March 31, 2024).

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

Highlights

- **Sustainability is a dedicated function, and the Head of Sustainability is part of the Management Team**
- **The Legal and Integrity Regulatory team was founded for central ESG regulation and product material compliance monitoring and counseling, closely working with internal stakeholders in functions and business units**
- **We obtained the ISO 37001 certification for our Anti-Bribery Management System, launched our annual function and in-country team training 'Integrity on the Business Agenda', and promoted further our whistleblower hotline**
- **The new Cybersecurity Program department was established and a 30-site pilot for our Industrial Cybersecurity Program was deployed**
- **Our new Carbon-neutrality Supplier Engagement Program was established, and ethics and integrity checks were included as part of the qualification process. From April 2024, more accurate sustainability risk screening through EcoVadis IQ+**

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.

Under the Board's organizational regulations, the Executive Team members direct the business according to strategy and policy and jointly manage the company.

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

We conduct conflict of interest and criminal record checks on our directors twice a year.

5.2 Approach to sustainability risks and opportunities

GRI 2-12, 2-13, 2-14, 2-24

The review of sustainability-related risks and opportunities identifies and ranks issues according to their relevance to our business and objectives. We use the outcomes to define Hitachi Energy's impact assessment, set strategic priorities, and inform our Enterprise Risk Management (ERM) program.

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

The primary responsibility sits with the Board, which provides strategic oversight and carries out governance responsibilities to support management in delivering strategy and achieving business objectives. The Board's agenda formally includes topics on safety, integrity, quality, and sustainability. The Board regularly receives ERM information and sets annual strategies and KPIs to ensure transparent measurement and to understand performance. The KPI results are considered in annual budgeting to ensure appropriate resource allocation and alignment with the remediation activities.

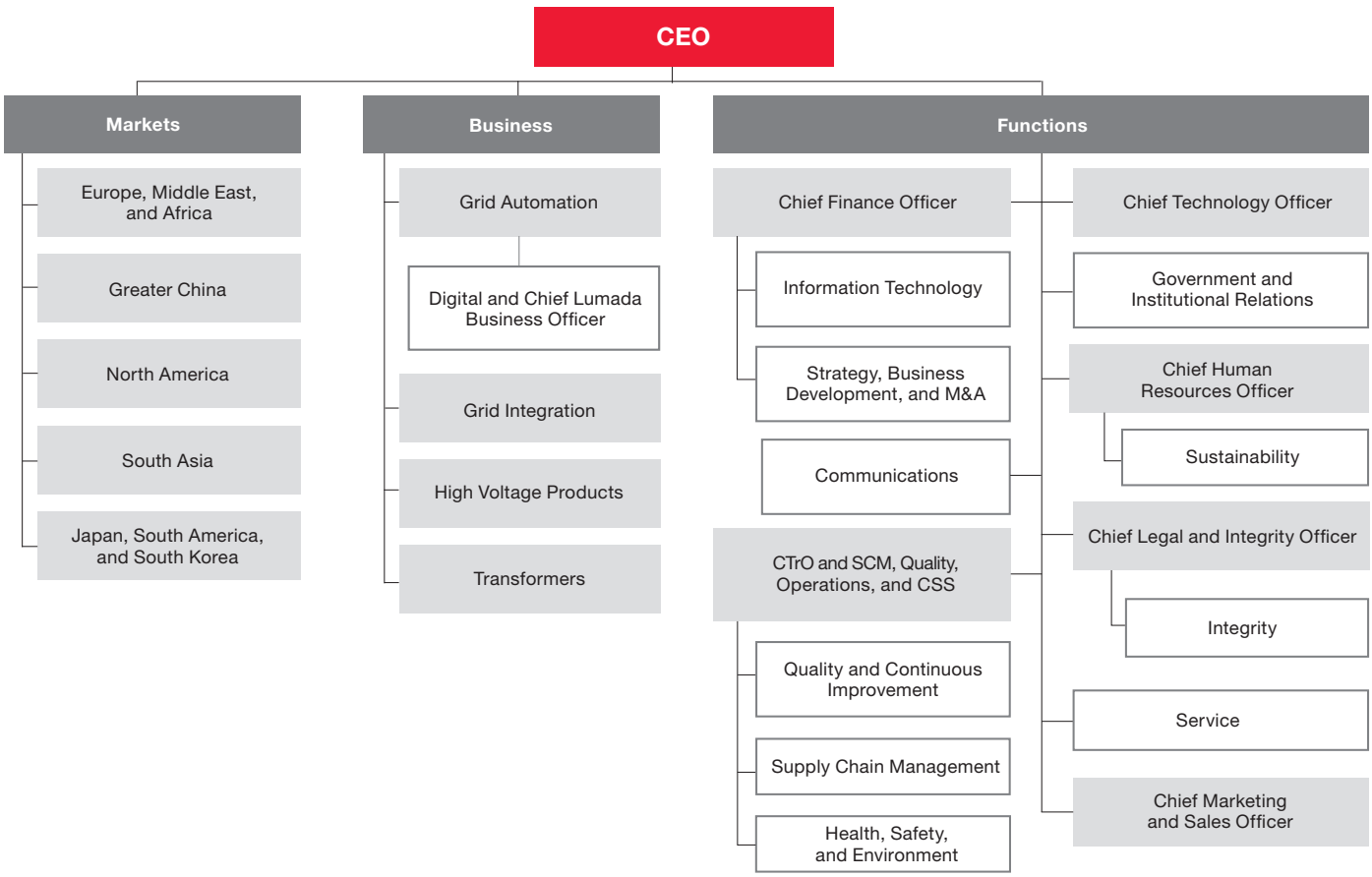
Active issues management and reporting

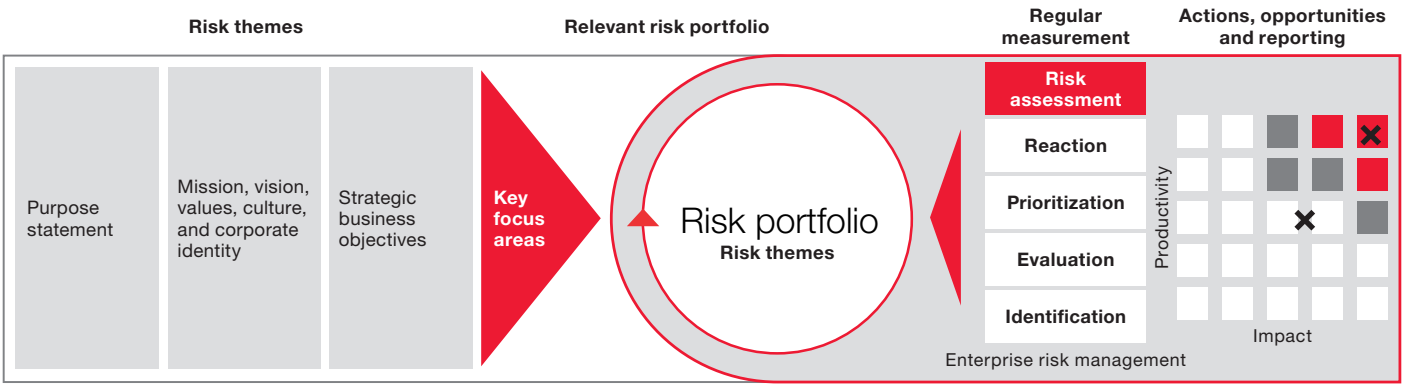
The CEO is delegated the responsibility of overseeing impacts throughout the company. This responsibility is cascaded to the Executive Team members, who are accountable for managing relevant impacts and risks by establishing practices and nurturing capabilities.

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

The Chief Financial Officer (CFO) owns the ERM. At the same time, the Chief Human Resources Officer (CHRO) and the Chief Technology Officer (CTO) oversee the development and implementation of the sustainability strategy, which the Head of Sustainability leads.

A Sustainability Board, chaired by the CEO and composed of all corporate Executives, holds regular meetings and interactions on sustainability topics, with a delegated responsibility for the overseeing of sustainability impact material topics as well as the review and approval of the Annual Sustainability Report to the CHRO, together with the CTO.





A flexible operating model Ⓐ

Impact priority identification and associated ERM functions are 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 both with the Supply Chain and Sustainability functions to cascade key corporate priorities throughout the value chain with specific methodologies. We employ external reporting and assessment tools, such as EcoVadis, ISO certifications, and ESG reporting, to monitor performance, highlight risks and opportunities, and standardize responses.

Hitachi Energy has defined processes, back-up plans, tools, and people trained to ensure the establishment and pursuance of 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.

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.

Periodic reassessment of these key areas ensures that necessary response plans are implemented with a control grid to ensure effectiveness. A process is in place to ensure impact mitigation and remediation.

As the next step to enhance maturity of the risk management, we are analyzing non-intrusive ways to further integrate risk-related functions and activities to accelerate and streamline information flow to support decision-making and prioritization.

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

Our global system is fully integrated within our supply chain. Specific functions manage 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 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. The top ones developed into project management documents approved by the Executive Team and implemented across the organization by theme owners.

5.3 Stakeholder engagement

GRI 2-28, 2-29

In order to succeed, we build each stakeholder's trust in us through the integrity of our words and 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. Hitachi Energy has embedded a business model that prioritizes people - starting with our employees, customers, suppliers, and business partners - and develop extended social dialogue in the communities, countries, and regions where we live and work.

Our Sustainability 2030 strategy emphasized that engaging and partnering with stakeholders is key to our business's success and endurance. Our sustainability strategy was refreshed for FY24 – see Outlook for more information.

We participate in associations and long-term partnerships that contribute to sustainable development in the regions and countries where we live and work. As a global international company committed to pursuing a decarbonized future through sustainably sourced electricity, we engage and partner with various stakeholders at multiple levels in the regions and countries where we operate (GRI 2-29).

As the world decreases its dependency on fossil fuels, there are 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 multi-stakeholder collaboration—at the stakeholder, geography, and sector levels—is needed to overcome decarbonization challenges and to 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, suppliers, the media, academia, and local communities.

We take a holistic approach to driving social, economic, and environmental value. Therefore, we engage with stakeholders across the whole energy value chain – from customers to policymakers and regulators, to business and social institutions, to investors and analysts.

Hitachi Energy aims to be a valuable technical collaborator with 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 and to enable technologies and new business models to support scalable, flexible, and secure energy systems.

Hitachi Energy subscribes to externally developed charters and principles for sustainability management, working groups, and conferences (GRI 2-28). One specific example of our involvement is our participation in the Conference of Parties (COP28) in Dubai, UAE, in 2023.

COP28 delivered the first global stock take of progress on climate goals since adopting the Paris Agreement in 2015.

Out COP28 approach is described in the highlight box on this page.

5.3.1 Approach to stakeholder engagement

GRI 2-29

Priority stakeholders, including policymakers, regulators, institutions, and industry analysts, are identified in key geographies through collaborative approaches and stakeholder dialogue. Our engagement is aligned with Hitachi Energy's Purpose. Meaningful engagement with key stakeholders is managed through the respective function supported by Hitachi Energy's senior management.

Hitachi Energy continually engages with key stakeholders throughout the year. This engagement is through major platforms and events, such as COP or Climate Week, alongside our stakeholders to accelerate the energy transition. Hitachi Energy also works with trade associations and public-private institutions to deliver collaborative inputs and feedback to policy and regulatory proposals impacting the energy sector. The Government and Institutional Relations team at Hitachi Energy oversees government and institutional stakeholder engagement.

To ensure meaningful stakeholder engagement, we prioritize thought leadership. Company representatives share expertise and lessons learned from different global markets. Hitachi Energy also values transparent collaboration across stakeholder groups on topics that can contribute to the acceleration of global energy transition and climate change mitigation. For example, senior leadership strategically consider the World Economic Forum's Annual Risk Report in 2024, highlighting that within 10 years, environment-related risks will identify four out of the top five global risks.

We engage with business and social institutions across the world. Sustainability is a key topic for collaborations with many of these institutions and the pursuit of efforts to accelerate the shift towards a carbon-neutral economy.

Another example from 2023 is the detailed feedback we provided on the EU's intermediary climate target for 2040, setting a path from the EU's already-agreed 2030 targets to net-zero emissions by 2050.

Hitachi Energy values the opportunities to learn from and contribute to thought leadership from institutions and policy and legislation by policymakers. There are other similar examples of our involvement from across the world.

5.3.2 Stakeholder engagement - public policy

GRI 415-1

The case and urgency of addressing climate change and accelerating the energy transition are clear. This urgency is palpable in the recent report 'Scientific advice for the determination of an EU-wide 2040 climate target and a greenhouse gas budget for 2030–2050' issued by the European Scientific Advisory Board on climate change.

The report recommended the EU strive for net emissions reductions of 90 to 95 percent by 2040, relative to 1990 levels. Since the adoption of the Paris Agreement by 195 countries in 2015, decarbonization pledges have been made by countries across the globe to keep the 1.5°C target within reach.

This decarbonization will heavily rely on the electrification of society and electricity becoming the backbone of the evolving energy system. This transformative shift from fossil fuels to clean energy will drive significant change across the power value chain.

With the expected growth in the deployment of renewables and increasing demand-side electrification, the global power system of 2050 will need four times today's generation capacity, and we will need to transfer three times as much electrical energy as 2020. We could jeopardize global climate goals without significant and urgent acceleration of grid investments at all voltage levels.

COP28 in 2023 saw nearly 200 countries pledge to triple global renewable power capacity to at least 11,000 GW by 2030, recognizing the major role that renewables will play in affordably reducing power sector emissions. These renewables must be connected to our grids and integrated into our power systems, minimizing curtailment and maximizing value. As set out in the IEA's 'Executive Summary – Electricity Grids and Secure Energy Transitions' at least 3,000 GW of renewable energy projects, at least 1,500 GW of which are at an advanced stage, are waiting to be connected to the grid.

Therefore, we must prepare today to build the grids across the globe to deliver the clean power of 2040 and 2050 to homes, businesses, and industry. To deliver on global 2050 climate and energy targets, there are several topics which must be prioritized, including:

- Development, refurbishment, and modernization of power grids
- Maximizing the integration of renewables
- Optimizing the build out of grid infrastructure, including interconnectors
- Deployment of available and sustainable technologies at speed and scale

COP28 PARTICIPATION

A significant accomplishment of COP28 was the agreement to triple renewable energy capacity and double the global average annual rate of energy efficiency improvements by 2030. Hitachi Energy engaged in thought leadership activities across several platforms, emphasizing the enablers and catalysts required to accelerate the energy transition, highlighting the critical role of power grids and technology deployment at speed and scale, as well as the significance of innovative policies, regulations, and business models to ensure resilient supply chains.

5.3.3 Political influence and lobbying activities

GRI 415-1

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, candidates, or anyone associated with them.

Relevant information regarding any related activities can be found in the EU transparency register, the U.S. Lobbying Disclosure Act Registration, and other similar disclosure platforms in countries worldwide.

5.3.4 Public policy engagement

Hitachi Energy provides input, including expertise and technical knowledge, to key stakeholders through avenues such as stakeholder consultations to support the development of policies, laws, or regulations.

We engage in multiple policies, laws, and regulations that may impact the climate, including environmental policy and regulation. Taking the EU as an example, in 2023, Hitachi Energy submitted a response to the consultation on 'EU Climate targets for 2040.'

Hitachi Energy engages with trade associations around the world. Many of these trade associations, such as NEMA (U.S.), EEI (USA), T&D Europe (EU), Wind Europe (EU), CII (Confederation of Indian Industry), and the IEA, are likely to take positions on policies, laws, or regulations that may impact the climate.

UNEZA: Utilities for Net-Zero Alliance

During COP28, 31 partners, including 25 global utilities and power companies that collectively serve more than 250 million customers, jointly committed to advance electrification, renewables-ready grids, and clean energy deployment in line with '2030 Breakthroughs' and a net-zero future by 2050.

We are proud to be a founding member of UNEZA. Together with our partners, we will work to address impediments to the net-zero pathway framed within IRENA's 'World Energy Transitions Outlook' and reflected in the '2030 Breakthroughs' led by the UN Climate Change High-Level Champions. The alliance's primary focus is on promoting the accelerated adoption of renewables and building the necessary infrastructure while also offering a collaboration platform to address supply chain bottlenecks, support the flow of capital to the power sector transformation in the global south, and support engagement with policymakers and regulators.

Read more about our CSR electricity and energy awareness.

5.3.5 Grievance system

GRI 2-16, 2-25, 2-26

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

We introduced the Whistleblower Policy to encourage all stakeholders to speak up against breaches of our core values and standards. Launched in December 2021, the policy covers all issues mentioned in our Code of Ethics, Business Conduct, and Supplier Code of Conduct. These include ethics and compliance issues, 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 that can be contacted by mail or post

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. Our website offers a detailed process explanation and Q&As in multiple languages.

Our investigation process

Hitachi Energy's OSI Department triages integrity concerns and investigates or refers them to other corporate functions. The department first substantiates reported Code of Ethics and Business Conduct violations, 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 is overall responsible for implementing disciplinary actions. Business representatives implement lessons learned, supported by OSI, by including such failures in our Group Risk and Control 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, 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 promptly and comprehensively.

5.4 Ethics and integrity

5.4.1 Fostering a culture of integrity

GRI 2-15

A strong culture of integrity is central to our license to operate.

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, business partners, and suppliers always meet the highest ethical and legal standards wherever we operate.

Milestones

Joining Transparency International Swiss Chapter as a new member

- Hitachi Energy Integrity app
- Conflict of Interest Management Tool

Implementation and full adoption of Hitachi's Group Code of Ethics and Business Conduct globally

- Implementation of **Conflict of Interest Disclosure Campaigns** globally
- Redesign of internal **Gifts, Entertainment and Expenses, Donations and Sponsorship** regulation
- Revision of our **Compliance Desktop application** (gifts, entertainment, expenses, integrity due diligence) for greater visibility and transparency by business units, region, and country for top management
- Launch of **'In the Hot Seat'** podcast series
- Implementation of **Bribery and Corruption Risk assessment** globally

2023:

- Maintaining **ISO 37001 Anti-Bribery Management System** global certification
- Office of Special Investigations (OSI): **270 cases** raised; **93 percent** closed

Recognitions:

- ISO 37001 Anti-Bribery Management System certification (2023)

We aim to create a working environment that clarifies the meaning of behaving with integrity and responsibility. As such, we conduct the Bribery and Corruption Risk Assessment in selected countries, 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 Ethics and Business Conduct is also available as a free mobile app.

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

- anti-bribery and anti-corruption
- substance-based due diligence
- donations and sponsorships
- gifts, entertainment, and expenses
- conflict of interest
- antitrust
- intellectual property
- digital and data privacy

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

Business Unit Managing Directors and Business Unit Controllers regularly review and report on integrity and compliance developments as part of performance evaluation. Our Executive team and BoD members receive regular updates on our integrity metrics and initiatives developments within Hitachi Energy and are prompted to ensure active oversight and lead by example.

While all our functions collaborate with integrity, there are strong links with Internal Audit, Human Resources, and the Sustainability function. With different legislation and cultures across markets, our six Regional Heads of Integrity based in the regions they support, ensuring compliance with local guidelines.

Our Code of Ethics and Business Conduct are enforced through systematic disciplinary actions. The Integrity Disciplinary Committees at our headquarters, regions, and countries implement decisions based on investigative results and additional controls for increased risk exposure.

In addition, to understand employee behavior, awareness, progress, and perceptions of integrity and compliance the Regional Heads of Integrity focus on high risk areas, 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

We established its framework to prevent, detect, and address potential bribery risks. ISO 37001 certification demonstrates our commitment to operate under the highest global standards for managing bribery-related risks.

ISO 37001 global certification

In January 2023, Hitachi Energy obtained ISO 37001 Anti-Bribery Management System certification. This standard is now implemented in 12 countries and 164 sites, with more countries to be added.

Implementing this standard enhances our organization's credibility and promotes trust and transparency among our stakeholders and employees. It also ensures that we operate with a relentless focus on fostering an anti-bribery culture and continuous improvement approach across the company and value chain.

Top leadership	Local leadership	Integrity resources	Partner resources
Board of Directors	Country business leadership teams	Head of Integrity	Human Resources
CEO	Local business unit managers	Regional Head of Integrity (RHI)	Corporate Communications
Executive Team	Company officers	Office of Special Investigations (OSI)	Sustainability
	Country Heads of Integrity/ Country Head of Legal	Country Heads of Integrity	Quality and Supply Chain Operational Excellence
		Integrity committees (ad-hoc)	Internal Audit
			Finance and Internal Controls

5.4.2 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 business assets. 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 that is regularly followed up and addressed.

Anti-competitive behavior, antitrust, and monopoly practices

Conducting business in line with applicable competition laws in the countries where we operate 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 Hitachi's values —harmony, sincerity, and pioneering spirit.

> “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**
> Global Head of Integrity

The Hitachi Code of Ethics and Business Compliance 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 internal regulations and antitrust guidance and training for all our employees operating in certain high-risk environments.

Anti-bribery and anti-corruption

Ⓐ GRI 205-1, 205-2

We enforce a rigorous zero-tolerance policy against any involvement in corruption. Our Anti-Bribery and 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 regularly.

We inform suppliers and third parties of our expectations regarding anti-corruption before their services are procured or any agreements are signed. We have put robust policies in place to prevent all forms of bribery.

- **Gifts, entertainment, and expenses:** Activities involving gifts, meals, entertainment, travel, and lodging are vulnerable to bribery. We require employees to adhere to the corporate policy and provide explicit guidance on requests of this nature. Every employee should obtain necessary pre-approvals through our compliance desktop by the line manager and the Country Head of Legal or Integrity.
- **Sponsorships and donations:** Sponsorships or donations are only made strictly in accordance with our Code of Ethics and Business Conduct, according to our values, and under applicable local laws. Sponsorships or 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 Heads of Legal is responsible for local legal and tax oversight.

Training and communication

Ⓐ GRI 205-2

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

- **New employees:** New joiners must complete mandatory onboarding training on integrity and antitrust within 90 days of hiring. The modules include Ethics and Code of Conduct, Anti-Bribery and Corruption Training (basics and advanced), Global Data Privacy, Antitrust and Competition Law. Around 8,000 new joiners have completed anti-bribery and corruption training in FY23. These training requirements extend to external business partners engaged for three months or more, together with employees from acquired companies or new joint ventures. Integrity training is fundamental to our culture and gives a good understanding of what we expect from our employees. We also provide face-to-face training during onboarding, reinforced by continuous education.
- **Reinforcing integrity:** To further reinforce our Integrity culture, from October 2022, Hitachi Energy conducted mandatory refresher training for all existing employees based on the Hitachi Code of Ethics and Business Conduct, in addition to current online and face-to-face training for new employees.

Category	Details
Intellectual property	• **IP strategy:** Regular updates and improvements to IP portfolio focused on innovation for sustainability • **Current portfolio:** Over 11,300 patent and utility model applications and registrations (2,650 pending); around 1,500 trademark and domain name applications and registrations (220 pending)
Anti-competitive behavior, antitrust, and monopoly practices	• **Principles:** Compliance with competition laws, fair competition, safeguarding confidential information, and being mindful of antitrust risks • **Code of Ethics and Business Compliance (GRI 206-1):** Compete fairly, respect, responsibility, and determination • **Measures:** Development of specific internal regulations, antitrust guidance, and training for employees in high-risk environments
Anti-bribery and anti-corruption	• **Policy:** A zero-tolerance policy against corruption, reflected in culture and training, communicated regularly to employees and stakeholders • **Supplier/third-party expectations:** Clear communication of anti-corruption expectations before procurement or agreements • **Prevention policies:** » Gifts, entertainment, and expenses: Policy and guidance provided; approvals by line manager and Integrity team » Sponsorships and donations: Strict compliance with the Code of Ethics and Business Conduct, legal requirements, and CSR program; donations for public benefit only. » Oversight: Local legal and tax oversight by the Country's Head of Legal

- In FY23, 40,008 employees (96 percent out of the enrolled) completed the training, including all our Executive Team members. Regular refresher training on integrity serves as a reminder of our guidance for integrity behaviors and culture within Hitachi Energy and Hitachi Group and is part of our continuous education.
- **Integrity on the Business Agenda (IOBA) initiative:**
  To strengthen awareness on conducting business with integrity, our management receives from the Integrity function annual instructions and templates to leverage within their teams by using a case study approach. Management is required to discuss and report progress via a tracking tool, with results consolidated within a global dashboard at Hitachi Energy global level.
- **Antitrust learning:**
  Selected employees, including external contractors, must 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 line with Hitachi's and Hitachi Energy's Corporate Regulations, we offer online courses for business partners in third-party risk management. These cover anti-corruption, our Code of Ethics and business conduct, conflicts of interest, gift-giving, and protecting data.
- For FY23, 133 external business partners of Hitachi Energy were also enrolled in refresher training, of which 65 percent have completed it. Further breakdown related to our business partners could not be collected in time to prepare reliable and accurate disclosures. We are working to capture this indicator in more detail over the upcoming reporting year.

Regular and varied communications with employees and business 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 senior leaders. We communicate regularly across a wide variety of channels, using company assets such as campaigns, events, podcasts, and newsletters to bring the topics to life.

Collective bargaining agreements

GRI 2-30, 407-1

Establishing mutually beneficial relationships with governments and industry peers is integral to our management of social responsibility within and outside the boundaries of our organization.

Collective bargaining agreements (CBAs) are an important foundation for collaboration in

	Europe	North Asia	South Asia	Middle East and Africa	North America	South America	Total
Total Employees	21,100	4,410	9,529	1,573	6,417	2,651	45,680
enrolled for refresher training	19,306	4,095	8,598	1,458	5,803	2,387	41,647
completed refresher training	18,907	4,075	8,333	1,458	4,907	2,327	40,007
% completion	98%	99%	97%	100%	84%	98%	96%
Executive team	11	1	1	1	1		15
completed	11	1	1	1	1		15
% completion	100%	100%	100%	100%	100%		100%
white collar	13,977	2,470	7,270	1,258	3,397	1,594	29,966
completed	13,888	2,457	7,092	1,258	3,341	1,578	29,615
% completion	99%	99%	98%	100%	98%	99%	99%
blue collar	5,318	1,625	1,327	199	2,405	792	11,666
completed	5,008	1,617	1,240	199	1,565	749	10,378
% completion	94%	100%	93%	100%	65%	95%	89%

the workplace. They have a dominant role in the regulation of terms of employment, alongside the country labor law legislations and regulations, as each country where Hitachi Energy is represented has its own labor law legislation and/or CBA that applies within that country, city, or entity.

The CBA acts as a legally-binding supplement to the individual employment contract and in most cases, must be in writing and are concluded by an employer or employer´s organization and an employee´s representing organization. It must concern condition of employment or otherwise the relationship between employer and employee.

CBAs can be nationwide or apply to specific industry, company, or business unit and be entered into for a specified period of time, or until further notice. These CBAs should be applied for specific union members but may also be applied for all employees in the company regardless of union status. This is regulated in the specific country labor law legislation.

The undertaking is not able to disclose percentage of employees covered by CBA on the following grounds:

- According to the GDPR, membership of a trade union is, among other things, sensitive data that cannot be processed. Sensitive data may only be processed if it is necessary for legal claims or during judicial proceedings. Sensitive personal data may be processed when necessary to determine, claim, or defend legal claims.
- We cannot, therefore, report the number of employees covered by collective agreements, as collective agreements are signed between the employer/employer organization and the trade union organization.
- Labor legislation as well as other legislation is linked to individual countries and therefore differs between countries. Working conditions and terms of employment for the employees in each country are determined based on each country's labor legislation and existing CBAs.

In addition to complying country labor legislation where Hitachi Energy is represented and operates, we also comply with the regulations of international organizations such as the United Nations (UN) and International Labor Organization (ILO) in the specific case of labor law, and legislation originating from the European Employment Strategy (EES).

Hitachi Energy has a well-functioning cooperation with several countries in Europe through a signed European Works Council (EWC) agreement where an agreement has also been signed regarding social dialogue.

This agreement also covers the process for engaging union representatives in Europe in cases of reorganization and restructuring that affects two or more countries. When this part of the process is fulfilled, the co-determination process and engagement is handled locally in each country according to labor legislation and/or CBAs.

When there are positive and negative changes or impacts for the employees in the country, the process for engaging with Hitachi Energy employees is managed locally in accordance with the labor law legislation and/or applicable CBAs. Implementation of any restructuring plans is done in compliance with the local labor law of the impacted country. Normally the company provides a budget for severance packages or outplacement services for the impacted employees to mitigate negative consequences.

5.5 Beyond regulatory compliance

GRI 2-23, 2-24

Regulatory compliance with Environmental, Social, and Governance (ESG) and product material legislations is critical for Hitachi Energy's sustainable growth.

Adhering to these regulations ensures that we operate within the legal frameworks set by governments and international bodies, which helps in mitigating legal risks and avoiding potential fines and sanctions. From an ESG perspective, compliance enhances our commitment to environmental stewardship, social responsibility, and transparent governance. It aligns our operations with global sustainability standards, fostering trust among Hitachi Energy's stakeholders.

Hitachi Energy prioritizes strict adherence 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 for advancing a sustainable energy future for all.

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

This approach 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.

Product and material compliance is essential to our business. Compliance guarantees that our products meet safety, quality, and environmental standards, ultimately protecting people and the environment.

Our commitment to ensuring our products are complying with relevant standards and legislations is an important aspect of customer satisfaction and sustainable development. We have established a dedicated Regulatory team, embedded in the Legal and Integrity function, which focuses on monitoring ESG and material compliance legislations as well as advising the organization on regulatory developments.

We undertake a comprehensive product responsibility approach. By prioritizing material, chemical, and substances compliance, we uphold our commitment to safety, sustainability, and responsible manufacturing practices. This responsibility is crucial for several reasons:

- Health and safety
- Environmental impact
- Production efficiency
- Customer value

5.5.1 Product compliance and quality

GRI 416-1

Achieving product compliance across the full portfolio in all the markets we serve is a demonstration of integrity and contributes to preserving our license to operate.

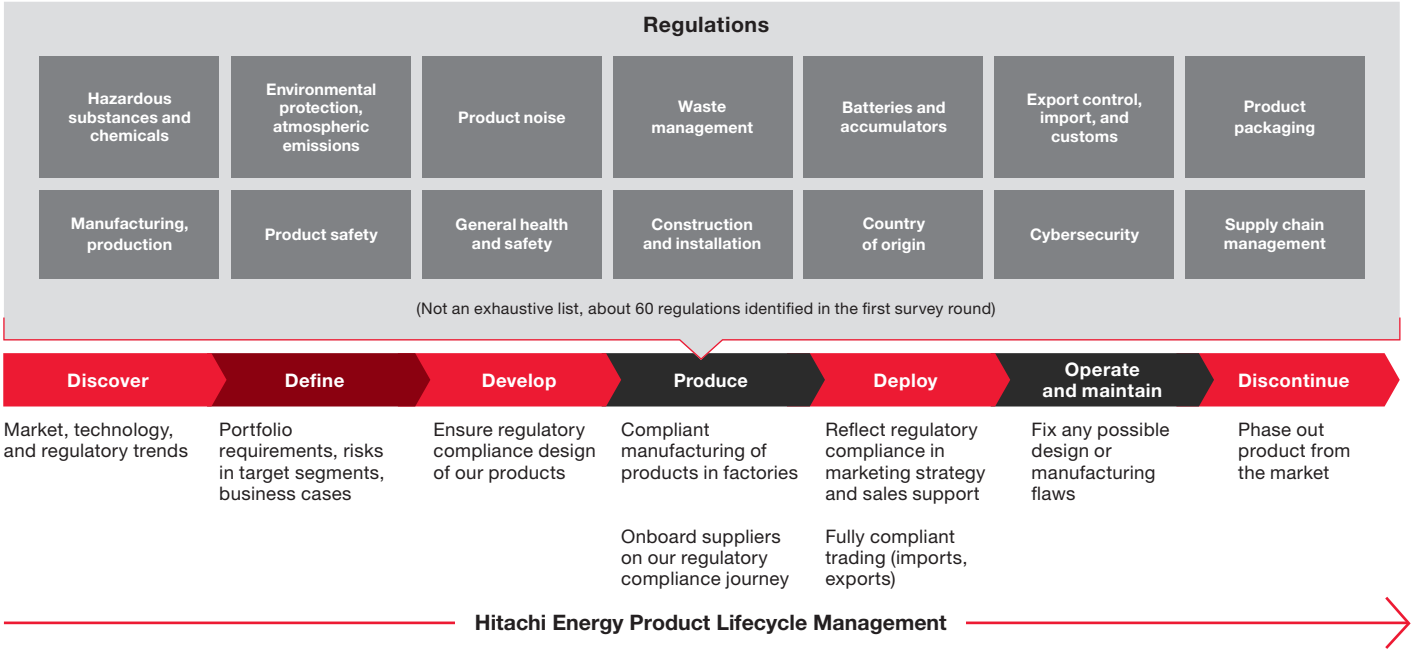
Rapidly changing policies and regulations, combined with the demands of customers, investors, and consumers, are driving industrial sectors to transition to more sustainable solutions. Our existing and future products and services are well-positioned for this new context.

Our approach entails compliance with applicable laws, regulations, and industry standards, and a thorough quality assurance process. On a broader scale, the many types of compliance are managed and governed by different processes and roles in our organization.

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

The Product Development Quality team assures the quality of the output of the product development process and provides confidence in the quality of products under development.

Regulations are impacting our products across their life cycle



Legal and Integrity Regulatory team founded for central ESG regulation and Product Material Compliance monitoring and counseling, closely working with internal stakeholders in functions and Business Units

Compliances	Scope	Approach	Legislation	Key documentation
Product compliance GRI 416-1, 416-2	Retain our license to operate and deliver on our potential	Achieve product compliance across the full portfolio in all the markets we serve	• Founded on a cross-functional program led by the Legal and Integrity team • Aligned with our Business Units, Portfolio Management, R&D, HSE and Sustainability, and Supply Chain Management	
Materials compliance	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	Support ongoing efforts to manage and demonstrate that materials comply with all regulations and enforce the same standards in their subcontractor supply chains		
Chemicals & substances compliance	Goods supplied for product development, production processes, products and components, packaging materials, service activities, construction sites, and end-of-life phases	• Issued a list of Prohibited and Restricted Substances, aligned with the global standards IEC62474 (Material Declarations for the Electrical and Electronics Industry) and the Railway Industry Substance List (RISL). • Register with the European Chemicals Agency (ECHA) SCIP database for substances of concern for particular items ('articles') and products ('complex objects')	• EU Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) • EU Directive on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) • EU Waste Framework Directive (WFD) Database created and maintained by the European Chemicals Agency for information on Substances of Con-cern in articles as such or in complex objects (SCIP–Products) • USA's Polyfluoroalkyl substances (PFAS) restriction proposal • USA' Toxic Substances Control Act (TSCA)	• 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
Trade Compliance	Ensure that all trading activities are compliant, fair, efficient, and sustainable wherever we operate and source from	• Specialized Global Trade team mandated to ensure trade compliance and optimize trade-related business operations globally. • Understand export and import policies, being informed, and complying with trade regulations		
Anti-competitive behavior, anti-trust, and monopoly practices	Ensuring that we continue to apply, globally and consistently, a high standard of compliance with applicable antitrust rules and regulations in our business activities, by identifying antitrust risk areas, fit-for-purpose guidance, processes, tools and training as needed	• Centralized management by global antitrust compliance initiatives • Build-up of local anti-trust knowledge and expertise to ensure compliance with anti-trust rules and regulations locally	• Applicable antitrust and competition law rules and regulations	• Internal antitrust regulations • Specific antitrust guidance
Tax compliance	Being a socially-responsible organization and maintain a high standard of knowledge among all employees involved in tax management activities	• Continually and proactively manage tax-related risks in a responsible manner • Ensure and certify that appropriate tax accounting arrangements have been established and are maintained throughout the organization • Manages tax governance designed to address risks associated with the globalization of the business and initiates and maintains internal controls • Deploys appropriate tax accounting arrangements, covering the responsibilities, policies, appropriate people, and procedures for managing compliance risks up to the finalization of tax return	• International Transfer Pricing Guidelines for Multinational Enterprises • Tax administrations of the OECD • The OECD's Action Plan on Base Erosion and Profit Shifting	

Quality Assurance (QA) and Quality Control (QC) help us to identify issues and find improvements in process efficiency or effectiveness. These provide the means to assure that quality and adherence to defined standard thus play an important role in the increasing confidence in our offering.

Both QA and QC incorporate checkpoints and defined criteria to verify that the product/component/feature quality meets expectations. Outcomes from these assessments are presented in the form of reports, dashboards, graphs, data, and fulfilled activities. Our approach to reviews ensures that processes and guidelines are continuously followed in order to safeguard product quality.

5.5.2 Materials compliance

We take our social responsibility aspect of materials compliance seriously to ensure that those 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.

Read more in our Supply Chain section

5.5.3 Chemicals and substances compliance

We constantly monitor our supply chain to identify and replace hazardous substances in our products and operations. We have established processes to meet the requirements from the following legislations:

- 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, and other stakeholders, we maintain 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). The list's 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 REACH 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.

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

5.5.4 Trade compliance, security, and crisis management Ⓐ

Our Trade Compliance, Security, and Crisis Management teams are part of one global competency center, reporting into Legal and Integrity (L&I).

The Trade Compliance team focuses on ensuring compliance with customs laws, sanctions, and export controls.

The Security team focuses on protecting people, material, and operations, working within the framework of five global programs:

- Physical security
- Project security
- Travel and event security (also supported externally by International SoS)
- Critical national infrastructure (CNI)
- Security and security data and analytics

The Crisis Management team sets the framework, processes, and tools for supporting pre-crisis planning and efficient and effective crisis management structured around PEAR (people, environment, assets, and reputation).

Trade compliance

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, our specialist Global Trade team is 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 Ethics and Business 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.

> "We are committed to ensuring that all our trading activities are compliant, fair, efficient, and sustainable wherever we operate and source from.
>
> **Maxine Kennett**
> Head of Trade Compliance and Security

Security

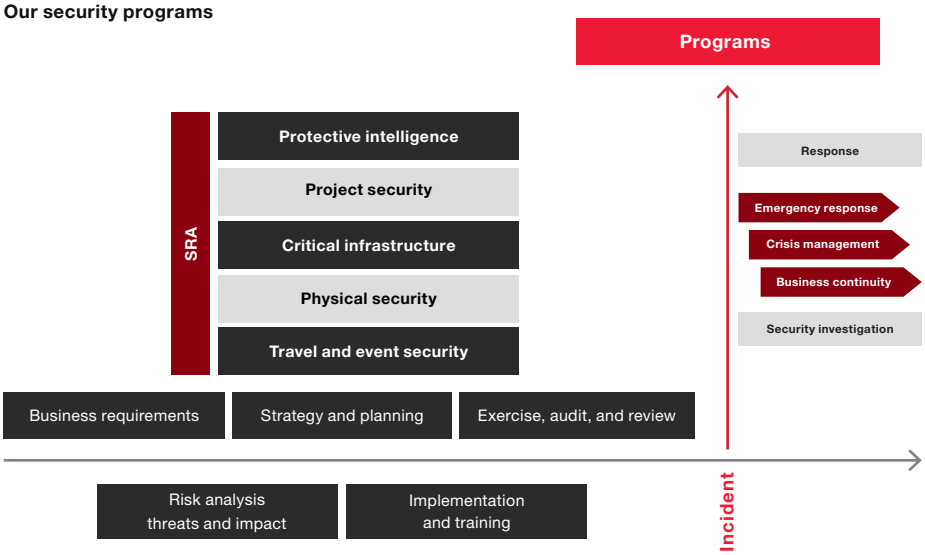
The security of Hitachi Energy is vital to our success. A primary objective for the Security team is ensuring everyone, wherever they are, can carry out their work safely and securely.

We always strive to ensure that the most effective security measures are available and incorporated into our business operations. Our approach is driven by a team of security professionals supported as required by selected external providers, assuring a practical and consistent implementation through our six security programs and the crisis management program (see graphic on the right).

The use of the preferred providers (ICoCA) is highly encouraged for all security systems and is actively followed within Hitachi Energy. ICoCA is a multi-stakeholder initiative formed in 2013 to ensure that providers of private security services respect human rights and humanitarian law. It serves as the governance and oversight mechanism of the International Code of Conduct for Private Security Service Providers.

Wherever possible, Hitachi Energy uses vetted and selected preferred providers for security systems. This ensures the procurement of quality equipment with a proven capacity to support our organization and its security operations globally. Additionally, it ensures that our company can purchase the most advanced technology to maintain an effective security system.

Our security programs



5.5.5 Tax compliance

GRI 207-1, 207-2, 207-3

Hitachi Energy 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.

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, such as 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, and error correction notices.

We comply with country-by-country reporting through the Hitachi reporting channels, and relevant information is annually disclosed by 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 non-monetary sanctions for non-compliance with tax laws and regulations during the current fiscal year.

Hitachi Group companies comply with all relevant laws and regulations in-country, managing tax risks when pursuing business activities and are continually and proactively managing tax-related risks in a responsible manner to ensure our status as a socially-responsible organization is maintained.

They observe international 'Transfer Pricing Guidelines for Multinational Enterprises' and tax administrations of the Organization for Economic Cooperation and Development (OECD), as well as its '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. This group also manages risks on joint cross-border projects and maintains 'Local Transfer Pricing' files, as required by local authorities.

5.6 Cybersecurity

Ensuring safe, reliable, and sound mission-critical infrastructure with expert services and a flexible cyber and physical security offering is critical to the ongoing success of products, operations, system integration, and supply chain.

We apply rigorous information security to support our and our partners' critical infrastructure systems, creating measurable value through continuous improvement and improved efficiency of these systems.

At the same time, we recognize that the goal of security is a shared responsibility that can most efficiently be achieved through collaboration, knowledge, and expertise sharing with partners in the public and private sectors.

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.

Highlights

- **Establishment of the new Cybersecurity Programs department**
- **Establishment of key relationships with our four business units and deployment of a 30-site pilot for our Industrial Cybersecurity Program**
- **Cybersecurity certifications:**
  - **IEC 62443 family of standards** which defines system security requirements and security levels for network and system security. It covers requirements such as identification and authentication, authorization and use control, system integrity, data confidentiality, restricted data flow, events, and availability.
  - **ISO/IEC 27001** - an international standard on how to manage information security. It details requirements for establishing, implementing, maintaining and continually improving an information security management system (ISMS).

5.6.1 Information security management system (ISMS)

The Cybersecurity Management team reports directly to the CFO, who has ultimate responsibility for IT and cybersecurity. Our dedicated information security management system (ISMS) is designed to protect data and customers' systems from the growing threats associated with digitalization and technologies.

Adhering to the Hitachi's IT and security checklists and the world's most stringent models for protecting connected digital systems and equipment, our ISMS defines the principles to manage information, identify risks, and outline mitigation strategies. It is conveyed across the organization through a formalized set of policies and standards guiding all data-handling activities, including human resources, security, IT asset management, physical security, and operational security. In addition, it also covers external considerations such as legal and regulatory compliance, supplier screening, and data protection regulations.

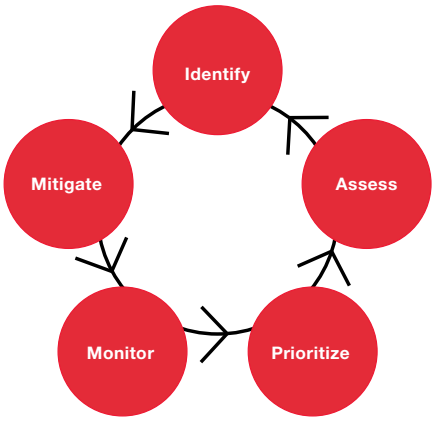
Hitachi Energy runs a cybersecurity risk-based approach and related management program based on ISO 27005, which provides guidance on systematically identifying, addressing, evaluating, and treating relevant risks. Treated as a continuous process involving all IT initiatives, services, and suppliers' engagement, our risk management function is subject to security, legal, and regulatory requirements.

The Cybersecurity Compliance team maintains an overview of and awareness on global regulations relevant and applicable to Hitachi Energy and manages programs to foster compliance with respect to our IT, cybersecurity, corporate functions, and system and product offerings.

We pursued ISO/IEC 27001 and IEC 62443 certifications, maintaining an overview of other cybersecurity standards and their relationship to ISO/IEC 27001 and IEC 62443.

At the heart of our security strategy is the advanced threat management program, which integrates the SOAR (security orchestration, automation, and response) system, along with other key elements such as the security information and event management (SIEM) and incident ticketing systems.

We follow industry best practices such as ITIL 4 and National Institute of Standards and Technology (NIST) recommendations to manage detected cybersecurity incidents effectively. Incidents are recorded, analyzed, confirmed, classified, and prioritized so that appropriate remediation and response actions are implemented while, at the same time, the impacted data, service, or application is restored/recovered.



5.6.2 Holistic approach to cybersecurity

A holistic approach to cybersecurity considers security across all aspects of an organization or system. Safeguarding day-to-day operations, industrial processes, and critical infrastructure systems from cyber threats is a continuous journey driven by operational continuity, safety, and compliance with legal standards.

Embedding security into every layer of the organization—from technology to people and processes, as well as extending these requirements throughout our value chain—requires expertise, commitment, collaboration, and ongoing vigilance. Our value chain approach to cybersecurity considers the entire lifecycle of our organization, including the following focus areas:

Operations

Operations security includes a range of services designed to protect our critical infrastructure.

Our training and awareness program continuously educates, trains, and tests all employees on cybersecurity and data protection policies and procedures. This global program ensures that each user accessing Hitachi Energy data understands their obligation to protect company data.

> "We can make cybersecurity a competitive advantage if we can ensure that our customers feel safe with what we are delivering to them. Customers want to work with those who deliver the right quality on time who also deliver best-in-class cybersecurity.
>
> **Ismo Haka**
> Chief Financial Officer,
> Executive Vice President, Hitachi Energy

Cybersecurity functional areas

Global industrial cybersecurity	Governance and risk management	Cybersecurity programs	Cybersecurity operations	Cybersecurity outreach and awareness

Product

Cybersecurity is a critical aspect of securing from external threats throughout the product lifecycle, from ideation to decommissioning.

The Cybersecurity Council aims to deliver the best-in-class cybersecurity strategy and robust processes for Hitachi Energy and our customers across the value chain, driven by our strong global and regional expertise.

Our Cybersecurity Council is the appointed governance and risk management structure dedicated to minimizing the cybersecurity risks in our offerings and it leads the definition of protective cybersecurity release requirements, setting common security standards. It also coordinates common product service delivery for product protection and cybersecurity assurance services.

Furthermore, the Council contributes to the wider cybersecurity activities of the company along with other partners.

Responsible for defending against cyber-attacks, it establishes, and ensures strong security governance and necessary certifications, as well as meeting our obligations to the Committee on Foreign Investment in the United States (CFIUS)

The Council oversees the deployment of the industrial cybersecurity program and our partnership with cybersecurity specialists HITCO.

It also leads, creates, and maintains a dedicated employee training program, aiming to equip our people with the knowledge and skills needed to protect the organization's critical assets.

In FY23, we successfully deployed a cybersecurity operations' model, effectively contributing to further achieving regulatory compliance, emphasizing operational excellence, and promoting continuous improvement. Alongside, the new cybersecurity programs department successfully deployed a pilot industrial cybersecurity program in 30 sites to strengthen standards across manufacturing, assembly, and test facilities.

Integral to this are the standards and governance in product and supply chain security.

Our certifications

ISO/IEC 27001 is the leading international standard focused on information security. Hitachi Energy has achieved a global multi-site certification for the entire organization which covers over 300 site locations in over 75 countries. Internal audit assessments are conducted annually and actions from any findings are logged and tracked to closure. The ISMS is audited every year by an accredited ISO certification body to ensure requirements of the standard are continually met and improved.

Cybersecurity for operational technology (OT) in automation and control systems IEC 62443 is an internationally recognized series of standards that focuses on cybersecurity for operational technology (OT) in automation and control systems. It provides comprehensive guidelines for securing critical infrastructure, emphasizing shared responsibility among stakeholders, and addressing security throughout the lifecycle of industrial automation systems. The standards promote safe and secure practices across various industries that rely on operational technology. Hitachi Energy continues to achieve IEC 62443 certifications for its service operations (IEC 62443-2-4), product development (IEC 62443-4-1), systems (IEC 62443-3-3) and products (IEC 62443-4-2). This standard has a focus on cybersecurity in the Industrial Automation & Control Systems (IACS) domain. Hitachi Energy is aiming to achieve Maturity Level 3 or Security Level 3 certifications for all applicable and relevant parts of Hitachi Energy.

Supplier

Hitachi Energy applies stringent protocols to all products, systems, services, and data. Our suppliers pay a crucial role in maintaining our security posture and the are expected to support and complement our ongoing efforts to keep our systems and information safe.

Together with strict confidentiality obligations, we have developed a vendor security/ assessment and IT security risk assessment process, which must be successfully completed before onboarding a new supplier.

Training and awareness program Ⓐ

Through the cybersecurity awareness and training program, Hitachi Energy continuously educates, trains, and tests all internal employees on cybersecurity and data protection policies and procedures. The awareness and training program was developed to ensure that each user accessing Hitachi Energy data understands their obligation to protect company data and is enabled to perform in a secure way.

The course is split into easy-to-follow sections, followed by knowledge checkpoints to review the most important information and prepare the learner for the final quiz.

Our training curriculum covers key themes such as:

- Why we need training on cybersecurity
- Handling information at Hitachi Energy
- Accounts security and authentication methods
- Working securely from home and on the go.
- Social engineering
- Phishing
- Corporate vs private devices and company approved software
- Security incidents
- Other security contexts and regulatory obligations

Security awareness of each user accessing Hitachi Energy data is our most important cybersecurity pillar.

It is promoted through various initiatives such as regular awareness campaigns, webinars, or events, and every user is required to successfully complete mandatory training.

Our ongoing outreach and awareness program aims at taking the cybersecurity storytelling to the next level through a diverse offering that includes:

- **Cybersecurity customer request service:** The service that aims to efficiently centralize and manage customer inquiries. It also ensures prompt, accurate, and compliant responses, facilitating successful customer transactions.
- **Cybersecurity community:** Our community is dedicated to raise awareness as well as share information and knowledge across functions and geographies.
- **Cybersecurity awareness month:** Throughout October, each year we cover everything users need to know to lead both their professional and private lives securely. This includes:
  - » Online webinars (for example, behind the scenes of incident response, password security, and avoiding security threats you can face during your standard day);

Trainings	Employees enrolled	Completed	In progress	Enrolled not started	Cancelled
GDPR basics*	11,113	9,012 (81%)	184 (2%)	1,917 (17%)	0 (0%)
GDPR records of Processing and Risk Assessment training**	405	381 (94%)	10 (2%)	3 (1%)	11 (3%)
Video surveillance data protection online training**	113	93 (82%)	11 (10%)	5 (4%)	4 (4%)

(*) as of June 17, 2024 (**) as of May 13, 2024

exciting e-games on information sharing and phishing.

- Technical sessions for IT and security specialists.
- Active employee participation in awareness activities.

Measuring the effectiveness of our mandatory cybersecurity training involves a standardized post-training assessment that evaluates learners' knowledge retention, threat recognition skills, and the use of the appropriate reporting channels.

In addition, following all our online cybersecurity trainings and instructor-led sessions, participants complete feed-back surveys to provide insights into their perceptions of the training's relevance and effectiveness. To ensure the training adapts to new cybersecurity threats, continuous monitoring and updating of training content is a standard part of the training lifecycle, allowing for incorporation of the latest threat intelligence and emerging attack vectors. To ensure the training adapts to new cybersecurity threats, continuous monitoring and updating of training content is a standard part of the training lifecycle, allowing for incorporation of the latest threat intelligence and emerging attack vectors.

5.6.3 Data privacy and protection

GRI 418-1

Complying with data protection laws around the world

Hitachi Energy is fully committed to complying with data protection legislations globally and has developed a data protection compliance program which uses the strict EU General Data Protection Regulation (GDPR) principles as the minimum standard and enhances them with best practice from around the world. Where suppliers are processing personal data on behalf of Hitachi Energy, contracts are supplemented with detailed data protection and security obligations defining how personal data should be processed and secured.

How we are organized

We have a dedicated team of experienced privacy specialists supported by a global network of lawyers and business process experts who ensure that privacy risks are identified and managed. Hitachi Energy has an internal privacy policy with which all employees must comply. Privacy awareness is maintained through compulsory privacy training for all staff, supplemented by additional training for specialized functions.

Managing the risks

Hitachi Energy conducts risk assessments for data processing operations that include personal data, and those that pose a high risk to the rights and freedoms of individuals are subject to an additional data protection impact risk assessment. Each risk assessment reviews the processing activity against global standards and, where necessary, provides advice on how to mitigate privacy and data protection vulnerabilities.

In the event of an incident, our processes allow effective management of any potential privacy risks. Details of how personal data is collected and processed are provided in our privacy notice which is available in 15 languages.

5.6.4 Cybersecurity compliance and certifications

More and more governments, agencies and regulators are developing laws, directives, acts, regulations and requirements, with respect to cybersecurity, especially in the domain of critical national infrastructure. The energy and electricity sectors are considered to be critical national infrastructure.

Hitachi Energy must comply with CFIUS (Committee for Foreign Investment in the United States) to fulfill requirements for foreign investments in the USA due to ownership by Hitachi. Many countries and regional jurisdictions have their owns laws regarding, for example, cybersecurity, information security, with which Hitachi Energy must comply.

We have established a Cybersecurity Compliance team, which keeps an overview of all the global regulations relevant and applicable to Hitachi Energy and manages programs to ensure our IT, cybersecurity, corporate functions, systems, and product offerings are compliant.

Hitachi Energy aims to be a leader with respect to organizational certifications in cyber and information security and strives to continuously improve its cybersecurity posture.

Certification to internationally-recognized standards also gives a level of confidence to our customers, management, partners, and other stakeholders.

As there are many cybersecurity standards available, Hitachi Energy has decided to pursue certification in ISO/IEC 27001 and IEC 62443. In addition, we maintain an overview of other cybersecurity standards and their relationship to ISO/IEC 27001 and IEC 62443.

ISO/IEC 27001 global certification

ISO/IEC 27001 global certification is the leading international standard focused on information security. Developed by the International Organization for Standardization (ISO) in partnership with the International Electrotechnical Commission (IEC), it provides a framework for building, implementing, and maintaining an information security management system (ISMS).

An ISMS is a set of policies and procedures designed to minimize operational risks related to information security. ISO/IEC 27001 addresses people, processes, and technology, aiming to protect companies' information systematically and cost-effectively, regardless of their size or industry.

Hitachi Energy has achieved a global multi-site certification to ISO/IEC 27001 for the entire organization. Internal audit assessments are conducted regularly to a yearly program, and actions from any findings are logged and tracked to closure.

ISO/IEC 27001 Global Multi-site Certificate	IEC 62443-2-4 (Cybersecurity Program)	IEC 62443-3-3 (Systems)	IEC 62443-4-1 (Secure Product Development R&D Teams)	IEC 62443-4-2 (Secure Product)
Covers entire Hitachi Energy globally: **75+** **Countries** **300+** **Sites**	**38** **countries (GA A&C)** **7** **countries (GA Network Control)** **PG Slovakia** **GI HVDC** **HV Products Service**	**GA A&C FOX615 Platform SL3** **GA A&C Substation Automation SL3**	• TR Digital Solutions • GA Grid Edge Solutions • GA A&C • GA ESS • GI Service Solutions ML3 • GI Digital R&D • GA MMS ML3 • HV Power & Industry Components • HV Technology Center Monitoring • GI Grid & Power Quality Solutions • GI MACH R&D	**TR TXpert CoreTec**

Our cybersecurity focus

Operations: IT asset management	Product cybersecurity	Supplier cybersecurity	Training and awareness
Our systematic approach to IT management covers identification, assessment, prioritization, mitigation, and monitoring, ensuring robust protection for our IT systems.	Securing our products against external threats is vital. Our Cybersecurity Council defines protective requirements and common standards to ensure high-quality, secure products for our customers.	Our rigorous vendor security and IT risk assessments ensure our suppliers meet our high standards, supporting our mission to safeguard all systems and information.	Our global program educates employees on cybersecurity policies and practices, featuring mandatory e-learning courses and regular awareness campaigns to keep our team prepared and vigilant.

Cybersecurity for operational technology (OT) in automation and control systems

IEC 62443 is an internationally recognized series of standards that focuses on cybersecurity for operational technology (OT) in automation and control systems. It provides comprehensive guidelines for securing critical infrastructure, emphasizing shared responsibility among stakeholders, and addressing security throughout the lifecycle of industrial automation systems. The standards promote safe and secure practices across various industries that rely on operational technology.

Cybersecurity programs – facing a key recertification year

The duration of the ISO 27001 information security certification is three years, therefore FY24 is a recertification year for Hitachi Energy. The Cybersecurity Programs team will take a step further and combine the conversion to the new ISO 27001 certification with pursuing the IEC 62443 covering cybersecurity for operational environments and industrial control systems.

5.7 Supply chain management

We provide a clearly defined pathway for those wishing to come a supplier partner. There is an established framework for what this involves, including our Supplier Code of Conduct, and our dedicated team of supply chain professionals provide tools and feedback to assist organizations navigate the Supply Base Management Process.

We launched a new risk-based procedure, the Supplier Sustainability Assessment, to identify, assess, monitor, report, and mitigate sustainability risk.

This is used with independently verified assessments developed by the leading provider, EcoVadis. We offer our partners and employees support, training, and evaluation via our Supplier Sustainability Development Program to mitigate significant sustainability risks.

Although we do not source raw minerals and ores directly, our Responsible Minerals Sourcing Program offers regular training and communications for suppliers and internal teams to support compliance with our Conflict Minerals Policy.

"We promote sustainability by committing to responsible sourcing, carbon reduction, circular economy practices, and protecting biodiversity. This involves enhancing our internal processes and collaborating with cross-functional teams to improve supplier qualification and proactively fulfill regulatory and legal obligations."

Armin Plotz
Head of Supply Chain Management

Highlights

- Introduction of a **new sustainability risk-based approach** process
- Establishment of new **Carbon-neutrality Supplier Engagement Program** for roll-out in FY24
- Introduction of a more **accurate sustainability risk screening** through **EcoVadis IQ+** from April 2024
- Inclusion of **ethics and integrity checks** as part of the **qualification process**
- Inclusion of **Greenhouse Gases Assessment Program** for our suppliers in our **Supplier Sustainability Development Program**

5.7.1 Introduction on how we embed and cascade commitments in our value chain

Our non-negotiable requirement is only to do business with fully-qualified, compliant, and high-performing suppliers.

Our Supply Chain Management (SCM) team implements dedicated programs to monitor, assess, and report performance and progress against various indicators, including health and safety, environmental impact, integrity, quality, and human rights.

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

The Supply Quality team is responsible for supplier qualification, product quality, performance measurement, sustainable procurement and risk management processes. It is part of a larger team comprising representatives from the four business units along with Indirect Purchasing (for goods and services) and Trade, Transport, and Logistics (TT&L), which are operationally responsible for execution of our supply chain management sustainability agenda.

5.7.2 Supply quality, sustainability, and risk

GRI 308-1, 414-1

We released a new Supplier Sustainability Assessment Procedure to systematically assess, manage, monitor, and report the sustainability risks associated with our external suppliers' operations and performance by assessing their environmental, social, and governance (ESG) practices.

Completing the EcoVadis sustainability assessment questionnaire is a critical step towards developing collaborative dialogue on mitigating risk by resolving sustainability challenges and establishing good practices.

We defined our Carbon-Neutrality Supplier Engagement Program to catalyze the decarbonization efforts of our organization and our suppliers. The first round of the program will be deployed in FY24 and will involve 10 strategic suppliers.

Hitachi Energy's Modern Slavery and Human Trafficking Transparency Statement 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 modern slavery or human trafficking), recognizing the extremely complex nature of modern slavery.

Supplier code of conduct

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

Supplier quality

The Supply Product Quality Process aims to ensure a smooth working relationship with suppliers and increase quality. The process focuses on how to avoid and manage non-conformities, including related costs. We expect high-quality products, on-time delivery, and full legal compliance.

The Supplier Quality Assurance Agreement details our expectations and requires suppliers' full commitment to achieve at the least our minimum quality expectations. This agreement summarizes the processes and systems that a successful operation should incorporate and covers the following topics:

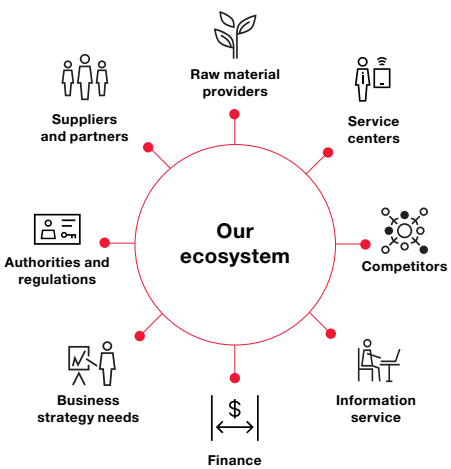
1) Quality management system
2) Incoming goods inspection at the customer
3) Product specifications and requirements
4) Non-conformity management process
5) Process controls
6) Supplier audits
7) Quality and test records
8) Improving quality
9) Supplier required notifications

Supply base management process

GRI 308-1, 414-1

Our supply base management process enables the Hitachi Energy team to partner with suppliers across the entire supply chain lifecycle, 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 acknowledgements



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-specific 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 non-discrimination), data privacy, and integrity.
- Subsequently, operational performance is evaluated periodically based on quality, delivery, commercial, issue resolution, and sustainable practices.
- Category managers classify 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 cases of non-compliance.

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

766*
Suppliers completed qualification

*Includes few supplier types excluded from qualification as per qualification procedure.

Supplier sustainability development program

GRI 308-2, 414-2

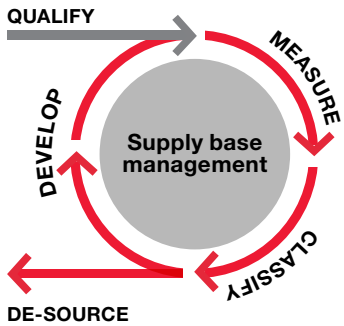
For suppliers with higher sustainability risks, we offer a Supplier Sustainability Development Program (SSDP) that prioritizes partners according to a risk matrix, aggregating country and commodity risks, operational characteristics, the supplier's criticality, and spending level. This program includes:

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

For the implementation of this program we have partnered with third-party service providers such as Bureau Veritas, SGS, and TUV in various regions to assist us in training our suppliers and internal colleagues and carrying out the on-site assessments.

The SSDP focuses on tier-one suppliers in priority countries and expands its reach yearly. We encourage our tier-one suppliers to share the results of our sustainability assessment with tier two suppliers, ensuring that sustainable practices flow smoothly throughout the value chain.

The SSDP focuses on the two highest-risk countries. Through assessments and corrective action plan (CAP) closures lasting from eight months to two years, we help suppliers assess their strengths and weaknesses.



Our supplier assessment tools provide real-time performance and response monitoring. We work with suppliers to detect and implement corrective actions when potential risks are identified. If those are not implemented within a reasonable timeframe, the supplier is recommended for de-sourcing (GRI 308-2 and 414-2).

Under the SSDP program, we have a new stream, the Greenhouse Gases Assessment Program, for our suppliers. This program aims to educate our suppliers about GHG emissions and their environmental effects, benchmark their GHG emissions, and monitor performance. We have partnered with Bureau Veritas India and other consultants, who will train suppliers on carbon emissions and assist them in calculating and, ultimately, reducing their footprint.

The first pilot assessment was conducted with a supplier nominated by the High Voltage business unit in Mumbai and in FY24, the program will expand to various countries covered by our SSDP program.

Supply chain management framework	
Health, Safety, Environment, and Sustainability Policy	Material Compliance and Responsible Minerals Sourcing Regulations
Supplier Sustainability Assessment Process	EU Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH)
Supplier Sustainability Development Program (SSDP)	EU Restriction of Hazardous Substances Directive (RoHS)
Hitachi Group Code of Ethics and Business Conduct	Hitachi Energy Substances of Concern in Products (SCIP) Compliance Statement
Quality Management and Supplier Quality Assurance Agreement	EU Waste Electrical and Electronic Equipment Directive
Human Rights and Fair Labor Conditions Modern Slavery and Human Trafficking Transparency Statement	Hitachi Energy List of Prohibited and Restricted Substances
Cybersecurity Requirements	Hitachi Energy Conflict Responsible Minerals Policy for materials including cobalt, tin, tantalum, tungsten, and gold (3TG)

Our requirements for supplier mandatory acknowledgement:
Supplier Code of Conduct
Cyber Security Policy
Health, safety and sustainability policy
List of restricted and prohibited substances policy
Supplier privacy notice

42
Supply Quality Engineer and SCM colleagues trained globally in our three regions, covering all four business units

144
suppliers and their associates trained by third party service providers

103
supplier assessments completed which accounts for 89 percent of the globally planned assessments

21
countries SSDP rolled out, covering high-risk areas of AMEA, Europe, and Americas

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 as a further resource for the Supplier Sustainability Development Program (SSDP).

The EcoVadis methodology assesses suppliers across four core performance areas: environmental, social, ethical, and responsible sourcing. It draws upon internal policies, documents, external reporting, certifications, and reported results.

We have also 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. At the same time, the SSDP supports those who need to reach the next stage of their journey.

Hitachi Energy joined the 'EcoVadis Wind Energy Initiative' with five leading wind energy industry organizations at the end of 2023. The initiative aims to accelerate the uptake of sustainable practices by fostering strong collaboration between trading partners and amplifying positive impacts across our value chains.

Our pledge is to enhance supply chain transparency and raise the wind industry's performance standards on environmental, social, and governance (ESG) topics. Those suppliers who are part of the shared pool of the Wind Energy Initiative will receive additional training focused on human rights (modern slavery) and decarbonization.

Hitachi Energy is sourcing globally from approximately 40,000 active external suppliers, many of them long-term trusted partners with whom we have successfully collaborated over the years. We are seeking to ensure certifications are regularly performed and standards are consistently upheld by all our suppliers.

Several challenges, however, are met during this process, such as information availability and data storage, completeness of assessments, risk-based approach required to optimize resource allocation to the certification process, certain exclusions for critical suppliers. As a risk mitigation and corrective action, an additional due diligence requirement has been implemented during FY23 that warns the user when a purchase order is being placed with a non-qualified supplier.

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

Responsible minerals sourcing

Hitachi Energy is committed to sourcing minerals acquired ethically and sustainably, ensuring the health, safety, and protection of people who encounter our products. Our Responsible Minerals Sourcing Program includes a due diligence process:

- Establishing strong management systems aligned with the current edition of OECD due diligence guidance to identify risks and enable risk mitigation
- Supporting our customers in fulfilling their reporting or other requirements by providing quality responses on time to enquiries related to conflict minerals or cobalt

We proactively assess our suppliers (including tier two and tier three) using a Reasonable Country of Origin Inquiry report. In 2023, we enhanced communications with suppliers identified as sourcing 3TG and cobalt from high-risk smelters and refiners (SAR) to encourage further conformity to the Responsible Minerals Initiative's assurance process. 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.

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

81%
Conflict minerals survey responses received with 89 percent of those accepted according to the criteria

63%
of conflict minerals smelters and refiners (SORs) have conformant status

20%
Cobalt survey responses received with 100 percent accepted according to the criteria

93%
of cobalt smelters and refiners (SORs) have conformant status

EcoVadis suppliers assessment

2,822
Number or suppliers invited to take an EcoVadis assessment since Hitachi Energy's roll-out of the program

42%
Percent of spend coverage from our suppliers (our commitment for FY23 was 35 percent)

1,558
Number of suppliers assessed in EcoVadis since our roll-out the program

100%
New suppliers that were screened using social and environmental criteria (GRI 308-1 and 414-1)

53
Number of countries where our suppliers have been assessed by EcoVadis

71% Medium to large enterprises

38% Previously assessed

62% Newly assessed

1% Reassessed

6. Outlook

6.1 Evolution of sustainability in our business strategy (continued)

6.2 Our sustainability commitments and targets

6.1 Evolution of sustainability in our business strategy (continued) Ⓐ

Our journey reflects our ongoing commitment to increasingly embed sustainability throughout businesses and geographies.

A just transition to clean energy means focusing on skills, decent jobs, worker protection , prioritizing social and economic development, equity, social inclusion and fairness, and the dynamic engagement of people as global energy citizens and actors.

Our history, matched with our recent evolution into a global business, is a great challenge and an enormous opportunity to fulfill our Purpose further. New net-zero business opportunities and the energy transition will create jobs and demand for new skills, expertise, capacities, and technology. We will keep investing in the research of innovative net-zero technologies, strengthening our efforts to bring innovations to the market and scaling them up.

Meanwhile, access to and services for sustainable energy must be available, affordable, and reliable in the interest of our customers, their countries, and the broader public. The circular economy will become increasingly important in achieving climate ambition and will be a new business model for us across geographies. In this transition, there are opportunities to attain sustainable recovery towards a green and inclusive economy.

Acknowledging the evolving market developments, growing requirements for embedding climate change and sustainability aspects into our business operations, combined with changing customer demands, and emerging trends, Hitachi Energy undertook a renewed materiality exercise in FY23. The results of this renewed assessment are significant in that they capture internal and external stakeholder perspectives, and that they also play a critical role in informing our continuous improvement and strategic approach to the energy transition.

Driven by this aim, we have assessed the strategic direction and alignment with long-term objectives, ensuring alignment across different levels of the organization.

Extensive cross-functional, multi-level coordination across the company was crucial to identifying core strengths and synergies and integrating best practices and improvement strategies. We combined insights from various sources, including performance metrics, market trends, and stakeholder feedback.

Several aspects of alignment between our business and sustainability strategy were also explored:

- Through market scenarios and assessing potential climate impacts on economic growth and market/energy transition drivers such as pace of acceleration, bottlenecks, and governmental plans and targets
- Through enhancing and reinventing our portfolio to comply with and lead on sustainability aspects, for example, SF_6-free, eco-friendly ester liquids for transformers
- Through contributing to our customer's electrification, renewables, and/or decarbonization journeys by optimizing return, incentivizing renewables over existing generation assets, reducing power losses, and increasing efficiency

An outcome of this months-long extensive process was a refreshed framework for our core sustainability obligations, embodied as three strands for action to guide our approach.

Our previous Peace and Partnerships pillars have evolved into our commitment to corporate governance and employee behaviors within the Principles strand for action. Underpinning our approach was a desire to more strongly define the global impact we can make on sustainability through our portfolio and in alliance with our ecosystem of stakeholders.

Our refined sustainability strategy, which now consists of three strands of action, People, Planet and Principles, has recently been launched and will guide our way forward into FY24 and beyond, as we are setting our targets and commitments for 2030 and our overall transition to net-zero by 2050.

These three strands are in alignment with the UN SDGs, and each strand has a corresponding target that drives our business to contribute social, environmental, and economic value.

The three strands of action within our sustainability strategy are underpinned by the SDGs for safeguarding our planet, with a focus on contributing to climate action (SDG 13), conserving life below water (SDG 14) and life on land (SDG 15), promoting responsible consumption and production, particularly waste recycling (SDG 12), and building resilient infrastructure, inclusive and sustainable industrialization, and pioneering innovation (SDG 9).

Sustainability is part of our DNA

Planet

Accelerating the clean energy transition while boosting circularity and biodiversity:

- **Climate**
- **Circular economy**
- **Biodiversity and ecosystems**

People

Supporting a safe, inclusive, equitable and just energy transition, for today's generations and those to come:

- **Health and safety**
- **Diversity, equity and inclusion (DEI)**
- **Human rights and social contributions**

Principles

Taking responsibility for our company governance and employee behaviors:

- **Ethics and integrity**
- **Sustainable supply chain**
- **Behaviors and values**

The 'people' strand is geared towards improving human livelihoods and wellbeing by promoting occupational health and safety (SDGs 3 – good health and wellbeing) and protecting diversity, equality, inclusion (SDGs 5 and 10), human rights, child education, and social cohesion (SDGs 4, 8, and 10).

Our company is built on the foundation of upholding and safeguarding ethical principles of humanity and good corporate governance, consistent with values of SDGs 8 (decent work and economic growth), 12 (responsible production and consumption), 16 (peace, justice and strong institutions), and 17 (partnerships for the goals).

Learn more about our revised strategy launched in 2024.

6.2 Our sustainability commitments and targets

The revised strategy focuses on maximizing our positive impact moving from operational to global impact through our portfolio and people. We aim to act and drive business in a sustainable way along our value chain to assure the link to our business plan and long-term success both from the sustainability but also business performance. To achieve this, the revised strategy has introduced a new hierarchy of for our overall impact:

- **High impact commitments:** how our core business, products, technologies, and services, actively contributes to tackling global issues
- **Top Targets:** individual KPIs aggregation and elevation into Top Targets to better reflect our corporate sustainability maturity and support our Purpose
- **Operational KPIs:** our internal underpinning KPIs to which all parts of Hitachi Energy contribute

These commitments and targets directly align with Hitachi Energy's Purpose of advancing a sustainable energy future for all, as well as the UN SDGs. They also reflect a shift to harness the operational impact we can make as a global technology leader working throughout our value chain and beyond by working in partnership with others to maximize the impact of our people plus our portfolio of products and services.

Our Purpose is advancing a sustainable energy future for all.

Moving from operational to global impact through our portfolio and people.

Our high-impact commitments	**1000Mt of avoided emissions**	**Continue to increase GW of renewable power enabled**	**Contribute to closing the gap of those without access to electricity**	**+10 million people with raised electricity and energy awareness**
Our top targets	**Planet**	**People**		**Principles**
	Net-zero by 2050 Carbon Neutral (-80 percent Scope 1 & 2) -55 percent Scope 3 (Intensity target)	**Health and safety** Elimination of fatalities and life-changing injuries		**Maintain ethics and integrity commitments > 90 percent** Integrity metrics
	Service and digital for sustainability Yearly increase in our Service lifecycle value creation index	**Closing the gap gender gap** 25 percent women in workforce and manager roles by 2025		**Increase sustainability investments** Capital expenditure (CAPEX) and research and development (R&D)
	Increase business positive impact Top quartile (25 percent) within peer group, aligned with EU Taxonomy	**Energizing education** Contribute to education for the next generation		**Annually increase suppliers assessed on ESG** Yearly, based on spend

All targets refer to 2030 unless stated otherwise

7. About this Report

7.1 Appendix

GRI 2-7 Employees and GRI 405-1 diversity of governance bodies and employees

Base data report extracted from HiNext (Workday tool) for the time frame April 1, 2023, to March 31, 2024.

Definitions of employee categories follow the national laws of the countries where the employees are based to calculate country-level data. Country-level data is then added up to calculate total numbers, disregarding differences in national legal definitions.

The organization employs non-guaranteed hours employees who do not have a guaranteed minimum or fixed number of working hours (for FY23 as the numbers are immaterial, they are included in the temporary category). Employment categories include regular and trainee as regular/permanent, apprentice, apprentice permanent, intern, fixed-term contract, temporary, and casual as temporary.

Where an employee's gender data field in the report shows blank, it is mapped as 'not declared'. Also, in certain cases, gender breakdown is not provided for a region to protect the privacy of non-disclosed gender employees (the number is less than 10 individuals in certain regions).

All employees are counted to the nearest 10 individuals per country; recent acquisitions are not included due to the processing time lag for integration into HiNext – see 7.2.3 Reporting Perimeter.

Employees by gender and category (headcount)	Female	Male	Not disclosed	Total
Number of employees	10,381	35,283	16	45,680
o/w permanent	9,837	34,190	16	44,043
o/w temporary	544	1,093	0	1,637

Employees by gender and contract type (headcount)	Female	Male	Not disclosed	Total
Number of employees	10,381	35,283	16	45,680
o/w full time	9,851	34,600	16	44,467
o/w part time	530	683	0	1,213

Employees by gender and function (headcount)	Female	Male	Not disclosed	Total
Number of employees	10,381	35,283	16	45,680
o/w white collar	8,753	23,819	16	-
o/w blue collar	1,628	11,464		-

Employees by age group and category (headcount)	< 30 years	30-50 years	> 50 years	Total
Number of employees	8,715	27,110	9,855	45,680
o/w permanent	7,637	26,827	9,579	44,043
o/w temporary	1,078	283	276	1,637

Employees by age group and contract type (headcount)	< 30 years	30-50 years	> 50 years	Total
Number of employees	8,715	27,110	9,855	45,680
o/w full time	8,312	26,635	9,520	44,467
o/w part time	403	475	335	1,213

Employees by age group and function (headcount)	< 30 years	30-50 years	> 50 years	Total
Number of employees	8,715	27,110	9,855	45,680
o/w white collar	5,852	19,919	6,783	32,856
o/w blue collar	2,863	7,159	3,072	13,094

Employees by region and category	Europe	North Asia	South Asia	Middle East, Africa	North America	South America	Total
Number of employees	21,100	4,410	9,529	1,573	6,417	2,651	45,680
o/w permanent	19,919	4,318	9,330	1,567	6,361	2,548	44,043
o/w temporary	1,181	92	199	6	56	103	1,637

Employees by region and contract type (headcount)	Europe	North Asia	South Asia	Middle East, Africa	North America	South America	Total
Number of employees	21,100	4,410	9,529	1,573	6,417	2,651	45,680
o/w full time	20,018	4,407	9,520	1,570	6,381	2,571	44,467
o/w part time	1,082	3	15	3	36	80	1,213

Employees by region and function (headcount)	Europe	North Asia	South Asia	Middle East, Africa	North America	South America	Total
Number of employees	21,100	4,410	9,529	1,573	6,417	2,651	45,680
o/w white collar	15,313	2,660	7,858	1,335	3,711	1,709	32,586
o/w blue collar	5,787	1,750	1,671	238	2,706	942	13,094

FY22 Employees by region and category	Europe	North Asia	South Asia	Middle East, Africa	North America	South America	Total
Number of employees	18,938	4,117	8,547	1,419	5,622	2,261	40,904
o/w permanent	17,565	4,064	8,171	1,412	5,571	2,181	38,964
o/w temporary	1,373	53	376	7	51	80	1,940

FY22 Employees by region and contract type (headcount)	Europe	North Asia	South Asia	Middle East, Africa	North America	South America	Total
Number of employees	18,938	4,117	8,547	1,419	5,622	2,261	40,904
o/w full time	17,998	4,116	8,537	1,419	5,596	2,195	39,861
o/w part time	940	1	11	0	26	66	1,043

Blue-collar jobs are typically classified as involving manual labor and compensation by an hourly wage. White-collar-jobs are those in an office or other professional environment and compensated by salary.

GRI 2-17 Collective knowledge of the highest governance body

GRI 2-17 Collective knowledge of the highest governance body - Board of Directors

Name	Role	Finance/ Business administration	Listed companies	Risk management	Information and tele-comunication	Marketing and Sales	Energy	Engineering	Human resources
Alistair Dormer	Chair of Hitachi Energy Ltd Board	✓				✓	✓		
Frank Duggan	Vice-Chair of Hitachi Energy Ltd Board; Marketing GEM					✓	✓		
Manuel Valverde	Director; Risk Management GEM	✓		✓			✓		
Seiichiro Nukui	Director; CIO Hitachi Group				✓				
Shahsank Samant	Director; Chairman of Global Logic Inc. Baord		✓		✓				
Akihide Hirao	Director; Fincance GEM	✓							
Stephen Pierce	Director; Head of HR Hitachi Europe								✓
Brice Koch	Director; Chairman of the Board of Hitachi Europe		✓	✓			✓		

GRI 2-17 Collective knowledge of the highest governance body - Executive Team

	Business administration	Finance and economics	Energy	Engineering	Health, safety, environment and sustainability	Human resources	Information technology	Legal and integrity	Marketing and sales	R&D	Risk management
Chief Executive Officer	✓		✓	✓	✓			✓			✓
Chief Financial Officer	✓	✓			✓		✓	✓			✓
Chief Technology Officer			✓	✓	✓					✓	✓
Chief Human Resources Officer	✓				✓	✓		✓			
Global Head of Legal and Intergrity					✓			✓	✓		
Chief Transformation Officer (TCO) and Global Head of Supply Chain Management, Quality, Operations and Common Shared Services			✓	✓	✓		✓				✓
Managing Director of the Grid Automation Business Unit			✓	✓	✓						
Managing Director of the High Voltage Products Business Unit			✓	✓	✓						
Managing Director of the Transformers Business Unit			✓	✓	✓						

GRI 2-17 Collective Knowledge of the highest governance body – Executive Team

	Business Administration	Finance and Economics	Energy	Engineering	Health, Safety, Environment and Sustainability	Human Resources	Information Technology	Legal and Integrity	Marketing and Sales	R&D	Risk Management
Managing Director of the Grid Integration Business Unit			✓	✓	✓						
Chief Marketing and Sales Officer and Region Head for Japan, South America, and South Korea	✓		✓	✓	✓				✓		
Managing Director and CEO in India and Region Head for South Asia			✓	✓	✓				✓		
Region Head for Greater China	✓		✓	✓	✓				✓		
Region Head for Europe, the Middle East, and Africa			✓	✓	✓				✓		
Managing Director in the United States and Region Head for North America	✓		✓	✓	✓				✓		

GRI 2-21 Annual total compensation ratio of highest paid individual

Our highest-paid individual is the Chief Executive Officer (CEO). Hitachi Group determines the compensation we provide to our CEO. Our headcount has grown in production and service areas, impacting our workforce composition. Our analysis shows that the CEO's target total direct compensation represents 84 times the median target total direct compensation of all employees. The CEO's compensation did not change in FY23.

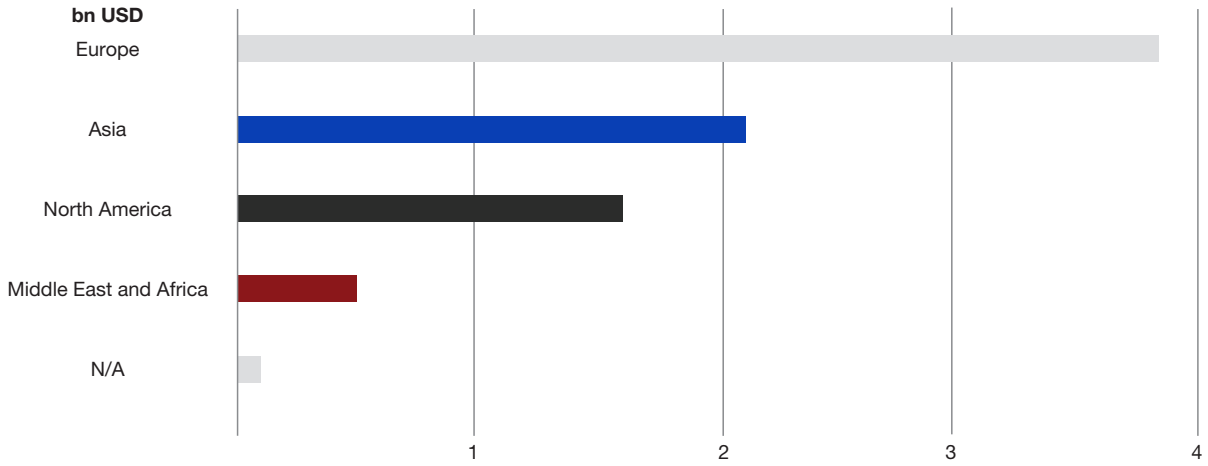
GRI 202-2 Proportion of senior management hired from the local community

Not applicable. With over 40,000 employees across 130+ nationalities and 60 countries, the definition of 'local' is inapplicable. We have national senior management hired in each country, reflecting our workforce's local and global composition

GRI 204-1 Proportion of spending on local suppliers

We buy locally and globally, with operations spanning six regions globally.

Spend by category	bn USD
Services and IS	2.23
Electrical components and electronics	1.75
Raw materials and semi-finished products	1.30
Engineered parts and mechanical components	1.21
Sub-systems and equipment	1.03
Selling, general, and administration	0.62
Others	0.43
Plant sub-systems and equipment	0.07
Grand total	**8.60**



Spend by region	bn USD
Europe	3.79
Asia	2.14
North America	1.61
Middle East & Africa	0.52
Not mapped	0.12
Grand total	**8.58**

GRI 205-3 Confirmed incidents of corruption and actions taken

During FY23, there were no incidents in which Hitachi Energy was prosecuted or penalized by authorities for bribery, corrupt practices, competition law, or export control.

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

During FY23, there were no incidents in which Hitachi Energy was prosecuted or penalized by competition authorities for anti-competitive behavior, antitrust, or monopoly practices.

GRI 207-4 Country-by-country reporting

Not applicable. We submit country-by-country reporting to Hitachi Group. Tax Team, which shares it as part of their overall CbCR with Japanese tax authorities.

GRI 301-1 Materials used by weight or volume

Analysis of the classifications of the materials purchased for the production and packaging of Hitachi Energy's primary products and services during FY23 shows:

i. Non-renewable materials used: approximately 88 percent.

ii. Renewable materials used: approximately 12 percent.

Considering the nature of our business, the greatest proportion of our purchased goods are metals and metal-based semi-final products, which are non-renewable materials. Hitachi Energy will monitor this value to inform decisions about when to purchase renewable materials and when to increase the circularity of non-renewable materials. The details of the classification as described in GRI 301-1:

Material type	Supplier type	Renewable	% of total
Associated process materials	External supplier	No	1.66
	Internal supplier	No	0.02
Other material	External supplier	No	0.84
	Internal supplier	No	0.14
Packaging materials	External supplier	No	0.05
		Yes	0.08
	Internal supplier	No	0
		Yes	0
Raw materials	External supplier	No	30.1
		Yes	7.67
	Internal supplier	No	5.71
		Yes	5.13
Semi-manufactured goods or parts	External supplier	No	35.04
	Internal supplier	No	13.56

It is important to notice that the total spend covered in this value is 54 percent, due to lack of weight and volume data for the rest of the remaining percentage.

GRI 301-2 Recycled input materials used

The average recycled rate is roughly 27 percent. Project-based efforts have been conducted to collect primary data on the material that was recycled. Nevertheless, the global aggregated result was calculated at this stage, leveraging industry average factors based on material associations' publications, such as the International Copper Association and the International Aluminum Institute, and public institutions like the U.S. Environmental Protection Agency. During FY24, we intend to define the methodology for systematically collecting product-level information on recycled content.

The total spend covered is approximately 54 percent due to the lack of weight and volume data availability for the remaining 46 percent.

GRI 301-3 Reclaimed products and packaging

Reclaiming products and, to some extent, packaging is an integral part of our business conduct and is an element of our sustainability and asset lifecycle commitment.

Approximately 15 to 20 percent of our revenues are service activities designed to improve the sustainability footprint of installed assets, ensure efficient and safer operation, and extend asset life. Hitachi Energy's ambition is to increase its efforts on Service and Digital by 2030 with the conviction that more trusted lifecycle partnerships will drive increased asset sustainability:

GRI 302-1 Energy consumption

GRI Ind.	Indicator requirement	Unit	2023	2022	2021	2020	2019
302-1	302-1 Energy consumption within the organization	TJ	3,190.0	3,095.61	3,119.76	3,035.81	3,250.73
302-1	Fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used	TJ	961.5	928.00	912.56	884.42	996.17
302-1	Fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	TJ	170.9	178.00	173.00	145.00	184.90
302-1	Total	TJ	2,039.8	1,989.81	2,034.20	2,006.38	2,069.66
302-1	Electricity consumption	TJ	1,873.3	1,791.48	1,822.89	1,794.70	1,836.72
302-1	Heating consumption	TJ	166.4	198.34	209.17	211.68	232.94
302-1	Cooling consumption	TJ	0.1	0.00	0.00	0.00	0.00
302-1	Steam consumption	TJ	0.00	0.00	2.15	0.00	0.00
302-1	Electricity sold (solar)	MWh	530.7	98.48	50.00	45.50	201.40
302-5	Reductions in energy requirements of products and services				Not applicable		
	Reductions in energy requirements of sold products and services achieved during the reporting period, in joules or multiples				Not applicable		
	Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing				Not applicable		
	Standards, methodologies, assumptions, and/or calculation tools used				Not applicable		

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 and effluents (GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5)

GRI Ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19	FY13
303-3	**Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:**	**ML**	**5,257.98**	**5,074.59**	**4,897.03**	**4,713.61**	**4,755.12**	**5,244.87**
303-3	i. Surface water	ML	3,731.94	3,453.30	2,517.93	2,391.56	2,177.86	2,393.20
303-3	ii. Groundwater	ML	152.61	230.47	1,035.35	989.67	1,201.68	1,320.50
303-3	iii. Seawater	ML	-	-	-	-	-	-
303-3	iv. Produced water	ML	Not applicable					
303-3	v. Third-party water	ML	1,368.97	1,387.02	1,339.88	1,328.94	1,369.94	1,504.95
303-3	Wastewater from external sources	ML	0.16	0.16	0.24	0.13	2.80	-
303-3	Collection of rainwater	ML	4.29	3.64	3.63	3.31	3.24	-
303-3	**Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable**	**ML**	**789.44**	**854.3**	**Information unavailable/incomplete**			
303-3	i. Surface water	ML	379.85	369.84	Information unavailable/incomplete			
303-3	ii. Groundwater	ML	130.27	194.66	Information unavailable/incomplete			
303-3	iii. Seawater	ML	-	-	Information unavailable/incomplete			
303-3	iv. Produced water	ML	-	-	Information unavailable/incomplete			
303-3	v. Third-party water	ML	278.73	289.23	Information unavailable/incomplete			
303-3	Wastewater from external sources	ML	0.16	0.16	-	-	-	-
303-3	Collection of rainwater	ML	0.43	0.41	-	-	-	-
303-3	**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:**							
303-3	i. Freshwater (≤1,000 mg/L Total dissolved solids);	ML	5,253.53	5,070.79	4,896.79	4,713.48	4,725.32	5,218.65
303-3	ii. Other water (>1,000 mg/L Total dissolved solids).	ML	4.45	3.80	0.24	0.13	2.80	-
303-4	**303-4 Water discharge**							
303-4	**Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:**		**4,775.31**	**4,549.89**	**3,527.96**	**4,365.83**	**5,104.89**	**-**
303-4	i. Surface water	ML	3,246.08	3,230.11	2,888.41	Information unavailable/incomplete		
303-4	ii. Groundwater	ML	192.14	99.60	344.50	Information unavailable/incomplete		
303-4	iii. Seawater	ML	-	-	Information unavailable/incomplete			
303-4	iv. Produced water	ML	-	-	Information unavailable/incomplete			
303-4	v. Third-party water	ML	1,337.10	1,220.18	598.69	Information unavailable/incomplete		
303-4	**A breakdown of total water discharge to all areas in megaliters by the following categories**	**ML**	**4,775.31**	**4,549.89**	**Information unavailable/incomplete**			
303-4	i. Freshwater (≤1,000 mg/L Total dissolved solids)	ML	4,020.34	3,831.64	2,128.80	Information unavailable/incomplete		
303-4	ii. Other water (>1,000 mg/L Total dissolved solids).	ML	754.97	718.24	1,399.16	Information unavailable/incomplete		

GRI Ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19	FY13
303-4	**Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories**	**ML**	**600.46**	**606.76**	**Information unavailable/incomplete**			
303-4	i. Freshwater (≤1,000 mg/L Total dissolved solids)	ML	415.12	381.56	Information unavailable/incomplete			
303-4	ii. Other water (>1,000 mg/L Total dissolved solids)	ML	185.34	225.2	Information unavailable/incomplete			
303-5	**Water consumption**							
303-5	Total water consumption from all areas in megaliters	ML	482.66	515.58	1,369.07			
303-5	Total water consumption from all areas with water stress in megaliters	ML	188.99	247.54	Information unavailable/incomplete			

GRI 304 Biodiversity

Please read more in 3.3 Biodiversity section

GRI 304-2 Significant impacts of activities, products, and services on biodiversity

Indicators for pressures assessment on biodiversity

Atmosphere					**Water**				**Soil**	
GHGs (Scope 1)	SF_6	Volatile organic compounds	SOx	NOx	Volume withdrawn from surface or ground water	Volume discharged to nature	Discharged	Biochemical oxygen demand BOD/ Chemical oxygen demand (COD)	Pesticide used	Contains neonicotinoid

GI 304-3 Habitats protected or restored

Location	Scale of planting	In partnership with
Krakow, Poland	1 tree, 400 rose bushes	City of Krakow
Bogota, Colombia	120 trees	Local wetland conservation association
Italy and Malawi	"700 trees (Malawi), 50 trees (Italy)"	International tree-planting organization
Karnataka, Tamil, Nadu, and Gujarat, India	2,450 trees with 29 native species	Local NGOs, local governments
Yogjakarta and South Jakarta, Indonesia	100 trees (Mount Merapi), 3 trees (Jakarta)	Local NGOs, local governments, local communities
La Mesa watershed, Philippines	20 trees	Local tree-planting association

GRI 305 Emissions

GRI Ind.	Indicator requirement	Unit	2023	2022	2021	2020	2019
305-1	**305-1 Direct (Scope 1) GHG emissions**						
	Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent	tCO_2e	81,628.20	83,847.10	144,914.63	186,359.15	171,594.90
	Gases included in the calculation; whether CO_2, CH_4 , N_2O, HFCs, PFCs, SF_6 , NF_3 , or all				All		
	Biogenic CO_2 emissions in metric tons of CO_2 equivalent	tCO_2e	16,921.88	12,579.80	12,309.20	10,269.00	13,128.00
	Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions				CY2019, see Methodologies and assumptions		
	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source				See Methodologies and assumptions		
	Consolidation approach for emissions; whether equity share, financial control, or operational control				See Methodologies and assumptions		
	Standards, methodologies, assumptions, and/or calculation tools used				See Methodologies and assumptions		
305-2	**305-2 Energy indirect (Scope 2) GHG emissions**						
	Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent	tCO_2e	181,572.94	170,059.77	186,466.56	188,991.81	193,039.22
	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	tCO_2e	10,010.38	11,744.64	47,969.30	177,851.00	189,529.01
	Base year for the calculation, if applicable, including: i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions				CY2019, see Methodologies and assumptions		
	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source				See Methodologies and assumptions		
	Consolidation approach for emissions; whether equity share, financial control, or operational control				See Methodologies and assumptions		

GRI Ind.	Indicator requirement	Unit	2023	2022	2021	2020	2019
	Standards, methodologies, assumptions, and/or calculation tools used				See Methodologies and assumptions		
305-3	**305-3 Other indirect (Scope 3) GHG emissions**						
	Gross other indirect (Scope 3) GHG emissions in metric tons of CO_2 equivalent		169,481,539.00	175,932,212.62	See Methodologies and assumptions		166,020,208.81
	Biogenic CO_2 emissions in metric tons of CO_2 equivalent		2,165,632.23	1,891,009.34	See Methodologies and assumptions		1,708,868.49
305-4	**305-4 GHG emissions intensity**						
	GHG emissions intensity ratio for the organization		491.44	517.32	See Methodologies and assumptions		684.96
	Organization-specific metric (the denominator) chosen to calculate the ratio.				Power sold externally, measured in megavolt-amperes (MVA)		
	Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3)				Scope 3 emissions only		
	Gases included in the calculation; whether CO_2, CH_4 , N_2O, HFCs, PFCs, SF_6 , NF_3 , or all				All		
305-5	**305-5 Reduction of GHG emissions**				Information unavailable/incomplete		
	GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO_2 equivalent		5,344.50				
	Gases included in the calculation; whether CO_2, CH_4 , N_2O, HFCs, PFCs, SF_6 , NF_3 , or all				All		
	Base year or baseline, including the rationale for choosing it				CY2019, Information unavailable/incomplete		
	Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). Standards, methodologies, assumptions, and/or calculation tools used		Scope 1 + 2 GHG Protocol, Internal standard SA-S-202-02		Information unavailable/incomplete		
305-7	**305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**						
	Significant air emissions, in kilograms or multiples, for each of the following:						
	NOx	tones	95.50	93.09	95.36	87.69	99.70
	SOx	tones	72.4	71.24	72.93	57.62	64.07

Methodologies and assumptions

- Accounting uses the GHG Protocol Corporate Standard and follows the operational control approach.
- Base year is calendar year 2019 (CY2019).
- 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.
- For Scope 3, GRI 305-3 other indirect (Scope 3) GHG emissions—current reported results were subject to a base year recalculation. Intermediate years have not been updated according to the newest methodology (not required by GHG protocol/SBTi) for this year's report, intention is to update them for next year's report.
- Fuel emission factors taken from IPCC database.
- All emission factors (for all fuels, electricity and district heating) are CO_2, CH_4, and N_2O and are expressed as CO_2e.
- Emissions of all seven reportable greenhouse gases covered by the UNFCCC/Kyoto Protocol are included.
- Global Warming Potential values are taken from IPCC report AR5, 2013/14.

Base Year Recalculations

Year	Scope	Reason	Previous value (tCO_2e)	New value (tCO_2e)	Variance %
FY22	1	Error found in SF_6 monitoring at 2 manufacturing sites	308,865.5	361,123.9	+16.9%
FY22	3	Improved understanding of the energy losses from distribution transformers and stat. var. compensation projects. Calculation error found in power transformers. Switch from using supply-side revenue to demand-side revenue when calculating BU grid emission factors.	141,565,718	202,899,770	+43.3%
FY23	3	Error found in the calculation of shipping emissions. Efficiency of power transformers significantly underestimated.	202,899,770	166,020,209	-18.2%

Intermediate Year Result Updates

Year change made in	Year change made to	Scope	Reason	Previous value (tCO_2e)	New value (tCO_2e)	Variance %
FY23	FY22	2	Emissions incorrectly omitted for purchased electricity from sites in countries where renewable/ nuclear electricity could not be purchased.	91,895	95,416	+3.8%
FY23	FY22	3	Change in methodology that instigated the base year recalculation also affected the reported FY22 result for Scope 3 emissions.	228,295,228	175,727,430	-23.0%

GRI 305-1 Direct (Scope 1) GHG emissions and GRI 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 five 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 distributed back into the grid are excluded.
- Scope 2 emissions comprise purchased electricity, district heating, and other imported cooling/heat.
- 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 market- and location-based approaches (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 deemed not relevant based on them being either not applicable to the business, under negligible influence from us, and/or producing a negligible number of emissions:

- 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 or activity data. Otherwise, emissions are calculated based on spending data.
- Emission factors are taken directly from suppliers; otherwise, from the Sphera (GaBi v10.7.1.28) database.
- We ensure that at least 80 percent of the result is accounted for through activity data, with the remainder of the result extrapolated to provide a result that represents 100 percent of company activity in this category.

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

- Activity data available for approximately 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 U.K. Government Conversion Factors data set.
- 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 11 (use of sold products)

- Energy losses and resulting emissions from our products are classified as ‘Direct-use phase emissions’.
- Activity data is used to calculate over 99.9 percent of emissions. Spend data calculates emissions from smaller product lines, which account for the remainder of emissions and cover 100 percent of products.
- Emissions of products 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 is responsible for the associated emissions. The emissions are calculated based on the grid emission factor of the country to which the product is installed/sold.
- 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 Products, Grid Integration, and Grid Automation), weighted by the revenue generated in each demand country for that business unit.
- Operational lifetime of products is assumed to be between 30 to 40 years.
- Assumptions are made for the yearly operating time of our products during a single year based on past performance and customer data.
- The number of products accounted for is based on those sold, delivered/installed/handed over in the reporting year. Where there is a significant delay between the sale date and the delivery/installation/handover of a product, then it will be accounted for in the year of delivery/installation/handover.
- Where possible, the rate of loss of SF_6 from products is calculated based on the past performance of those products. Otherwise, the maximum loss rate is taken from product guarantee information, industry standards, or local regulations (where applicable).

GRI 305-7 Nitrogen oxides (NOx) sulfur oxides (SOx) and other significant air emissions

GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions NOx and SOx 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.

GRI 306-2 Management of signifact waste-related impacts

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19	FY13
306-2	Share of non-hazardous waste recycled or reused	%	81%	79%	80%	77%	78%	Information unavailable/ incomplete
	Share of non-hazardous waste recovered (including energy recovery)	%	92%	89%	92%	90%	90%	Information unavailable/ incomplete

GRI 306-3 Waste generated

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19	FY13
306-3	Total weight of waste generated	metric tons	82,690.50	83,904.21	70,859.88	66,919.57	69,445.70	75,886.00
306-3	Non-hazardous waste generated	metric tons	75,502.61	74,594.12	64,002.65	59,821.09	64,048.73	Information unavailable/ incomplete
306-3	o/w reused or recycled	metric tons	61,363.90	58,656.10	51,024.00	46,215.81	50,203.61	Information unavailable/ incomplete
306-3	o/w incinerated with energy recovery	metric tons	7,839.82	7,487.76	7,830.68	7,429.85	7,152.86	Information unavailable/ incomplete
306-5	o/w landfilled or incinerated without energy recovery	metric tons	6,298.89	8,450.26	5,147.97	6,175.43	6,692.26	Information unavailable/ incomplete
306-5	Non-hazardous waste reduction	metric tons	-908.49	-10,591.47	-4,181.56	4,227.64	-	Information unavailable/ incomplete
306-3	Hazardous waste generated	metric tons	7,187.89	9,310.08	6 857.23	7,098.48	5,396.97	Information unavailable/ incomplete

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19
306-4	Total waste and breakdown by waste type	metric tons	82,690.50	83,904.21	54,400.78	50,218.68	53,149.61
	Cardboard	metric tons	3,641.53	3,193.65	Information unavailable/incomplete		
	Batteries	metric tons	17.9	25.13	Information unavailable/incomplete		
	Electronics	metric tons	222.78	632.97	Information unavailable/incomplete		
	Glass and ceramics	metric tons	245.88	214.02	Information unavailable/incomplete		
	Metal	metric tons	28,656.45	29,226.56	Information unavailable/incomplete		
	Oil	metric tons	3,119.36	2,684.21	Information unavailable/incomplete		
	Paper	metric tons	1,799.25	1,573.78	Information unavailable/incomplete		
	Plastics	metric tons	1,193.03	1,128.28	Information unavailable/incomplete		
	Rubber	metric tons	37.13	52.13	Information unavailable/incomplete		
	Wood	metric tons	19,903.85	18,769.24	Information unavailable/incomplete		
	Other non-hazardous waste	metric tons	20,025.49	20,436.46	Information unavailable/incomplete		
	Other hazardous waste	metric tons	3,827.85	5,967.78	Information unavailable/incomplete		

GRI 306-4 Waste diverted from disposal

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19
306-4	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	61,363.90	58,656.1	51,024.00	46,215.81	50,203.61
306-4	Preparation for reuse (offsite)	metric tons	6,331.16	4,844.59	Information unavailable/incomplete		
306-4	Recycling (offsite)	metric tons	55,032.74	53,811.51	51/024.00	46,215.81	50,203.61
306-5	Non-hazardous waste reduction	metric tons	2,707.80	-7,632.1	-4,808.19	3,987.80	-
306-2	Share of non-hazardous waste recycled (%)	%	0.81	0.79	0.8	0.77	0.78
306-4	Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	-	4,140.39	3,376.78	4,002.87	2,946.00

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19
306-4	Preparation for reuse (offsite)	metric tons	306.63	184.93	Information unavailable/incomplete		
306-4	Recycling (offsite)	metric tons	3,761.83	3,955.46	3,376.78	4,002.87	2,946.00
306-5	Hazardous waste reduction	metric tons	71.93	-578.68	626.09	1,056.87	-
306-2	Share of hazardous waste recycled (%)	%	57%	44%	49%	56%	55%

GRI 306-4 Waste directed to disposal

GRI ind.	Indicator requirement	Unit	FY23	FY22	FY21	FY20	FY19
306-5	Waste directed to disposal		17,258.14	21,107.715	16,459.10	16,700.89	16,296.09
306-5	Total weight of non-hazardous waste diverted to disposal in metric tons, and a breakdown of this total by the following recovery operation		14,138.71	15,938.02	12,978.65	13,605.28	13,845.12
306-5	Incineration (with energy recovery, offsite)	metric tons	7,839.82	7,487.76	7,830.68	7,429.85	7,152.86
306-5	Landfill or incineration (without energy recovery, offsite)	metric tons	6,298.89	8,450.26	5,147.97	6,175.43	6,692.26
306-5	Total weight of hazardous waste diverted to disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	3,119.43	5,169.69	3,376.78	4,002.87	2,946.00
306-5	Incineration (with energy recovery, offsite)	metric tons	911.24	571.68	Information unavailable/incomplete		
306-5	Landfilling and incineration (without energy recovery, offsite)	metric tons	2,208.19	4,598.01	Information unavailable/incomplete		

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 the Supply Chain Management section through the Suppliers Qualification Process and Eco Vadis assessment. To the best of our knowledge, as of the date of this report's publication, we are not aware of negative environmental impacts within our supply chain.

GRI 401-1 New employee hires and employee turnover

Employee hires by gender and category (headcount)	Female	%	Male	%	Not Disclosed	%	Total	%
Number of employees	2,408	23%	6,673	19%	0	0%	9,081	20%
o/w permanent	2,033	21%	5,974	17%	0	0%	8,007	18%
o/w temporary	375	69%	699	64%	0	0%	1,074	66%

Employee hires by age group and category (headcount)	< 30 years	%	30-50 years	%	> 50 years	%	Total	%
Number of employees	4,182	48%	4,246	16%	653	7%	9,081	20%
o/w permanent	3,374	44%	4,042	15%	591	6%	8,007	18%
o/w temporary	808	75%	204	72%	62	22%	1,074	66%

Employee hires by region and category (headcount)	Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees	3,719	18%	636	14%	2,459	26%	276	18%	1,313	20%	678	26%	9,081	20%
o/w permanent	3,033	15%	555	13%	2,290	25%	272	17%	1,266	20%	591	23%	8,007	18%
o/w temporary	686	58%	81	88%	169	85%	4	67%	47	84%	87	84%	1,074	66%

Employee terminations by gender and category (headcount)	Female	%	Male	%	Not disclosed	%	Total	%
Number of employees	738	7%	2,019	6%	0	0%	2,757	6%
o/w permanent	628	6%	1,877	15%	0	0%	2,505	6%
o/w temporary	110	20%	142	13%	0	0%	252	15%

Employee terminations by age and category (headcount)	< 30 years	%	30-50 years	%	> 50 years	%	Total	%
Number of employees	951	11%	1,530	6%	276	3%	2,757	6%
o/w permanent	738	10%	1,502	6%	265	3%	2,505	6%
o/w temporary	213	20%	28	10%	11	4%	252	15%

Employee terminations by region and category (headcount)	Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees	1,053	5%	194	4%	817	9%	76	5%	496	8%	121	4%	2,757	6%
o/w permanent	920	5%	136	3%	774	8%	76	5%	483	8%	121	5%	2,510	6%
o/w temporary	133	11%	58	63%	43	22%		0%	13	23%			247	15%

Note: Only voluntary terminations are disclosed

GRI 403-5 Worker training on occupational health and safety

Course title	Duration (h)	# Employees	Total hours (h)
7 Steps that Save Lives (tailored for High, Low and Medium Voltage)	0.5	3,078	1,539
Biodiversity	0.5	699	350
Circularity in Operations	0.5	1,085	543
Environmental Essentials	0.5	1,414	707
Ergonomics Awareness – Ergonomic Hazards	0.5	1,098	549
Fair Process	0.5	3,752	1,876
Fundamentals (12 Modules covering Personal protective equipment, back safety, walking, working surfaces and ladder safety, driving and travel safety, emergency preparedness and fire prevention, hazardous substances, electrical safety, lock out tag out authorized (LOTO), working at height, machine safety, confined and permit space entry authorized, aerial lift safety)	0.5 / module	41,756	20,878
Health Resilience	2	1,480	2,960
HSE & Sustainability (Emergency Preparedness and Response, Incident Management, Our Assurance Program, Risk Assessment)	0.5	1,059	530
HSE Masterclass	8	420	3,360
HSE Operating System	0.5	1,505	753
International SOS — Malaria	0.5	160	80
International SOS — Travel Risk Awareness – Medical	0.3	1,086	15

Course Title	Duration (h)	# Employees	Total hours (h)
International SOS - Travel Risk Awareness – Security	0.3	1,009	14
Introduction to Environmental Management in Hitachi Energy	2	76	152
Introduction to Human Rights	0.5	1,389	695
Life Saving Rules	1	10,734	10,734
Medium Incident Investigation	8	348	2,784
Minor Incident Investigation	0.5	1,692	3,384
Person In Charge of Electrical Works (PICW)	8	409	3,272
PICW Light	1	2,054	2,054
Risk Assessment & ABRA – Expert	4	141	564
Risk Assessment & ABRA training for Local Managers	2	221	442
SOT 2.0 - Learning Walks	0.5	1,869	935

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 this report's Health and Safety Section 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 and 25 audits per year. All fixed manufacturing assets (factories) are audited annually.

After the fixed assets are scheduled, project and service audits are scheduled based on the priorities submitted by the business unit. In addition, Real Estate, TT&L, and other corporate locations are subject to audit. Fifty-four 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 which are covered by such a system: 45,680 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; 19,283 (42 percent) are covered by a system that has been internally audited (84 internal audits performed in FY23).The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization which are covered by such a system that has been audited or certified by an external party: 39,141 employees – 86 percent are covered by a system that has been audited or certified by an external party.

GRI 403- 9 Work-related injuries

Employees

	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 consequences work-related Injuries	High consequences work-related Injuries rate	Recordable work-related Injuries	Recordable work-related Injuries rate	Number of hours worked
FY'23	69	37	20	0	0	0.000	2	128	2	0.004	128	0.282	90,842,896
FY'22	58	41	17	0	0	0.000	6	122	6	0.015	122	0.295	82,631,171
FY'21	69	32	21	0	0	0.000	1	123	1	0.003	123	0.318	77,386,317
FY'20	57	39	20	0	0	0.000	1	117	1	0.003	117	0.312	75,053,760
FY'19	60	47	25	2	1	0.003	2	137	3	0.009	137	0.397	69,094,126
Total	**313**	**196**	**103**	**2**	**1**	**0.001**	**12**	**627**	**13**	**0.007**	**627**	**0.317**	**395,008,270**

Contractors

	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 consequences work-related injuries	High consequences work-related injuries rate	Recordable work-related injuries	Recordable work-related injuries rate	Number of hours worked
FY'23	16	10	5	0	1	0.010	0	32	1	0	32	0.305	21,014,004
FY'22	29	10	6	0	0	0.000	2	47	2	0	47	0.431	21,818,568
FY'21	28	14	4	0	0	0.000	0	46	0	0	46	0.417	22,068,210
FY'20	25	11	6	0	0	0.000	0	42	0	0	42	0.386	21,783,817
FY'19	35	17	3	0	0	0.000	3	58	3	0	58	0.451	25,703,816
Total	**133**	**62**	**24**	**0**	**1**	**0.002**	**5**	**225**	**6**	**0**	**225**	**0.400**	**112,388,414**

There were minor differences of two percent or less compared to previous reporting due to the resolution of post-closure incidents and/or verifications and Intelex system updates.

The following considerations apply to the reported indicators and are formalized through our Occupational Health Protocol Standard:

- Occupational diseases are defined according to the International Labor Organization (ILO) Code of Practice on Recording and Notifying of Occupational Accidents and Diseases, annexes A and B, or equivalent local regulation
- It is not reportable under ILO or national requirements, but work-related and/or work-aggravated ill-health conditions that require treatment by a physician are reported
- Occupational illness severity rates (OISR) are calculated as number of days lost from occupational illness multiplied by 200,000 and divided by employee hours worked
- Total illness severity rates (TISR) are calculated as number of days lost from total illness multiplied by 200,000 and divided by employee hours worked
- The main types of recorded incidents relate to slip/trip/fall incidents, handling of machinery and equipment, and use of non-powered hand tools

See section 4.3. Health and Safety for more information, reference our hazard identification, risk assessment, and incident investigation process (GRI 403-2).

GRI 403-10 Work-related ill health

Work related ill health of employees and contractors

	Employees		Contractors			
Year axis	**No. of fatalities**	**Recordable work-related ill health**	**No. of fatalities**	**Recordable work-related ill health**	**Total fatalities**	**Total recordable work-related ill health**
FY23	0	6	0	0	0	6
FY22	0	5	0	1	0	6
FY21	0	2	0	0	0	2
FY20	0	7	0	1	0	8

Illness category	Contractor	Employee	Total
Work-related temporary illness	0	6	6
Occupational disease	0	0	0
Total	0	6	6

The main types of recorded work-related ill health incidents relate to occupational stress due to heavy workloads

Occupational diseases are defined per the International Labor Organization (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases, annexes A and B, or equivalent local regulation and transposed internally through our Occupational Health Protocol Standard. Not reportable under ILO or national requirements but work-related and/or work-aggravated ill-health conditions that require treatment by a physician are also reported and analyzed as per our internal Occupational Health Protocol Standard.

The Occupational Health Protocol Standard was established and reviewed regularly to protect and promote the health of employees; improve working conditions and the working environment; and maintain the health of the enterprise by providing occupational health services to employees and required advice to the responsible managers on how to achieve the highest possible standards of health and safety in the interests of the working premises of which they are a part of.

We aim to build a healthy and capable workforce by integrating health risk management and good health practices into the daily management operations and daily lives of all our employees.

Hitachi Energy offers a comprehensive learning catalogue with a wide variety of face-to-face training, e-learning, and communication activities. The curriculum includes programs that may accompany a change in career trajectory and/or retirement from employment, such as general soft skills, language, and management skills programs.

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

Global Performance Management (GPM) reviews	Eligible	Global Performance Management (GPM) reviews	Eligible
Female	26.11%	**Regular employee**	99.66%
Male	73.84%	**Secondee/expatriate**	0.34%
Not declared	0.01%	**Trainee (trainee)**	0.00%
(Blank)	0.04%		
Total	**100.00%**	**Total**	**100.00%**

For FY 2023, we recorded 98.9 pecent performed performance reviews completed for Global Performance Management (GPM) eligible group. Eligibility is defined as follows:

- **Eligible:** regular employees and/or Secondee who joined on or before December 31, 2023
- **Non-eligible:** all other workforce types and/or secondee employees joined after December 31, 2023

GRI 405-1 Diversity of governance bodies and employees

	FY23	FY23 (%)	FY22	FY22(%)
Total board members*	8		7	
Executive members				
Non-executive members	8	100	7	100
Independent	0			
Total executive team members	15		15	
Gender group				
Women				
Male	15	100	15	100
Age group				
Under 30 years old				
30-50 years old	1	7	1	7
Above 50 years old	4	93	4	93

BoD countries	FY23	FY22
UK	2	1
Finland		1
Ireland	1	1
Japan	2	3
Spain	1	1
Switzerland	1	
USA	1	

*Our Board of Director members are employees of Hitachi Ltd. For more information related to diversity at Hitachi Ltd, please refer to the Sustainability reporting center: Hitachi

ExB Nationalities	FY23	FY22
China	1	1
Germany	3	3
India	1	1
Italy	3	3
Finland	1	1
Pakistan	1	1
South Africa	1	1
Sweden	2	2
Switzerland	1	1
USA	1	1

For employee diversity see GRI 2-7 Employees

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

We continuously work to pay people equitably and according to performance. Considering all employees globally, our analysis shows that female employees earn 97 percent of the total base pay (TBP) male employees receive.

We have considered only regular and full-time employees and our TBP data to calculate the remuneration ratio. Since our short- and long-term incentives allocation is gender neutral, the TBP provides the best available measure and a fair reflection of the remuneration ratio between men and women.

We calculated the remuneration ratio using the median point of the TBP alone without assessing the impact of other underlying pay differentiators such as location, grade, function, qualifications, experience, or individual performance ratings. Employees may elect not to disclose their gender in our human resources system; therefore, our remuneration ratio calculation excludes a small number of our workforce with undisclosed genders.

GRI 406-1 Incidents of discrimination and corrective actions taken

During FY23, no confirmed incidents of discrimination and corrective actions were registered. Only substantiated cases are considered confirmed and thus reported.

	FY23	FY22
Incidents of discrimination	0	0

GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Our Supplier Code of Conduct (SCoC) outlines the principles that guide our suppliers in conducting business ethically, emphasizing the importance of respecting employees' rights to associate and engage in collective bargaining freely.

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

During FY23, Hitachi Energy received no substantiated complaints concerning violations of indigenous people's rights, neither from outside parties nor from regulatory bodies.

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

See Supply chain management

GRI 414-2 Negative social impacts in the supply chain and actions taken

Hitachi Energy systematically assesses, manages, monitors, and reports the sustainability risks associated with our external suppliers' policies, operations, and performance. The supplier sustainability risk analysis is a crucial phase in our sustainability assessment process

For suppliers with higher sustainability risks, we, among others, offer our Supplier Sustainability Development Program (SSDP).
This program includes:

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

For FY23, three suppliers have been de-sourced due to critical findings in HSE topics and a poor collaboration during the corrective action phase.

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

a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:		
complaints received from outside parties and substantiated by the organization	None	
complaints from regulatory bodies	None	
b. Total number of identified leaks, thefts, or losses of customer data.	5	None of these incidents related to previous years

We have focused particularly on customer personal data in evaluating the success of management systems and procedures relating to customer privacy protection.

To determine the corresponding reporting year, the date at which Hitachi Energy first became aware of an incident is used. For example, if an incident was first reported in March 2024 but closed in April 2024, this will fall into FY23 (April 2023 to March 2024).

7.2 Our approach to reporting

7.2.1 Reporting Period and Frequency

GRI 2-3

The present Sustainability Report covers Fiscal Year 2023, from April 1, 2023, to March 31, 2024, of Hitachi Energy, a Hitachi Group company

This is the second 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.

7.2.2 Scope and boundaries

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

The current sustainability report accounts for Hitachi Energy's global policies and management systems as well as the environmental, health and safety performance of 158 manufacturing sites and offices pertaining to the publicly available subsidiaries list.

7.2.3 Reporting perimeter

GRI 2-2, 2-4

The following general approach was followed in the preparation of this report:

- Hitachi Energy reports sustainability data at Group level for all financially consolidated entities over which it has operational control, unless stated otherwise. Companies accounted for by the equity method are not included in the reporting.
- We recalculate and restate our reporting when there is a significant change, assumed to have an impact above 5 percent of reported metrics. For example, the emissions baseline is recalculated based on GHG emissions in CO_2e for cumulative changes above 5 percent.
- We generally aim to integrate new acquisitions in the reporting scope within two years, meaning that data is consolidated into Group reporting at the latest from the third-year post acquisition. Timing for inclusion may differ though between indicators. As such, for this year's report the two following acquisitions performed by Hitachi Energy during the reporting year are currently not included in the perimeter for FY2023:
  - » COET - a leading designer and manufacturer of power equipment for electric mobility, rail, and industry, based in the greater Milan area of Italy.
  - » eks Energy - a leading supplier of power electronics and energy management solutions for storage and renewables integration, based in Seville, Spain.

7.2.4 Reconciliation of the topics of the materiality analysis and GRI Standards

GRI 3-1, 3-2, 3-3

The updated materiality assessment performed by Hitachi Energy in 2023 was carried out in compliance with standard GRI 3 and made it possible to identify the key material sustainability topics for our reporting and for the continuous evolution of our sustainability strategy – see Evolution of sustainability in our business strategy.

The structure of this report was also developed in accordance with the results of our materiality assessment, focusing more closely on the material topics and assigning respective levels of details required to treat each subject, in alignment with associated GRI indicators as per Electric Utilities Sector Disclosures.

Introduction | About us | Environment | Social | Governance | Outlook | About this report

7.3 **GRI index**

Statement of use	Hitachi Energy has reported in accordance with the GRI Standards for the period April 1st, 2023 to March 31st, 2024
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	2. About us – 2.1. About Hitachi Energy – page 8			
	2-2 Entities included in the organization's sustainability reporting	7. About this report – 7.2. Our approach to reporting – page 109			
	2-3 Reporting period, frequency and contact point	7. About this report – 7.2. Our approach to reporting – page 109			
	2-4 Restatements of information	7. About this report – 7.2. Our approach to reporting – page 109			
	2-5 External assurance	7. About this report – 7.4. Independent limited assurance statements (GRI 2–5) – page 132			
	2-6 Activities, value chain and other business relationships	2. About us – 2.2. Advancing a sustainable energy future for all – page 10			
	2-7 Employees	4. Social – 4.2. Diversity, equity and inclusion – page 44; 7. About this report – GRI 2.7 Employees – page 87			
	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	5. Governance – 5.1. Hitachi Energy leadership – page 63			
	2-10 Nomination and selection of the highest governance body	5. Governance – 5.1. Hitachi Energy leadership – page 63			
	2-11 Chair of the highest governance body	5. Governance – 5.1. Hitachi Energy leadership – page 63			
	2-12 Role of the highest governance body in overseeing the management of impacts	5. Governance – 5.1. Hitachi Energy leadership – page 63; 5. Governance – 5.2. Governance approach to sustainability risks and opportunities – page 64			
	2-13 Delegation of responsibility for managing impacts	5. Governance – 5.2. Governance approach to sustainability risks and opportunities – page 64			
	2-14 Role of the highest governance body in sustainability reporting	2. About us – 2.7 Evolution of sustainability in our business strategy – page 22; 5. Governance – 5.2. Governance approach to sustainability risks and opportunities – page 64			
	2-15 Conflicts of interest	5. Governance – 5.4. Ethics and integrity – 5.4.1. Fostering a culture of integrity – page 68			
	2-16 Communication of critical concerns	5. Governance – 5.3. Stakeholder engagement – 5.3.5. Grievance system – page 67			
	2-17 Collective knowledge of the highest governance body	5. Governance – 5.1. Hitachi Energy leadership – page 63; 7. About this report – GRI 2.17 Collective knowledge of the highest governance body – page 89–90			
	2-18 Evaluation of the performance of the highest governance body	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – Remuneration of the highest governance body – page 41			

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-19 Remuneration policies	4. Social – 4.1. Our people – 4.1.2. Remuneration and compensation – page 41			
	2-20 Process to determine remuneration	4. Social – 4.1. Our people – 4.1.2. Remuneration and compensation – Remuneration governance – page 41			
	2-21 Annual total compensation ratio	4. Social – 4.1. Our people – 4.1.2. Remuneration and compensation – Remuneration governance page 41; 7. About this report – GRI 2.21. Annual total compensation ratio – page 90			
	2-22 Statement on sustainable development strategy	1. Introduction – CEO Letter – page 5			
	2-23 Policy commitments	5. Governance – 5.5. Beyond regulatory compliance – page 72			
	2-24 Embedding policy commitments	5. Governance – 5.2 Approach to sustainability risks and opportunities – page 64; 5. Governance – 5.5. Beyond regulatory compliance – page 72			
	2-25 Processes to remediate negative impacts	5. Governance – 5.3. Stakeholder engagement – 5.3.5. Grievance system – page 67			
	2-26 Mechanisms for seeking advice and raising concerns	5. Governance – 5.3. Stakeholder engagement – 5.3.5. Grievance system – page 67			
	2-27 Compliance with laws and regulations			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.
	2-28 Membership associations	5. Governance – 5.3. Stakeholder engagement – page 65			
	2-29 Approach to stakeholder engagement	5. Governance – 5.3. Stakeholder engagement – page 65			
	2-30 Collective bargaining agreements	5. Governance – 5.4. Ethics and integrity – 5.4.3. Our business principles – Collective bargaining agreements – page 70		Confidentiality constraints	Percentage is not reported due to GDPR constraints

Material topics

Please note: The material topics included in the headings below are examples. They can be renamed and grouped according to the names the organization has given to its material topics. The list of material topics included in the content index is the same as the list of material topics reported under 3-2-a in GRI 3: Material Topics 2021.

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22			
	3-2 List of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22			

The disclosures included under the material topics are also examples. The disclosures can be removed (except for Disclosure 3-3) and other disclosures can be added according to the disclosures the organization has reported for each material topic.

Climate change

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22; 3. Environment – 3.1. Climate – 3.1.3. Governance and assessing climate risks, opportunities, and impacts – page 28			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change			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.

Innovation

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22; 2. About us – 2.2. Advancing a sustainable energy future for all – page 10			
	2-6 Activities, value chain and other business relationships	2. About us – 2.4. Purpose–driven expertise – page 14			

Carbon neutrality

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22; 2. About us – 2.2. Advancing a sustainable energy future for all – page 10			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	7. About this report – 7.1. Appendix – GRI 302–1 Energy consumption – page 93			
	302-2 Energy consumption outside of the organization			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, while this indicator is monitored for some 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			Not applicable	Not applicable as 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	3. Environment – 3.1. Climate – 3.1.6. Carbon–neutral operations – page 29			
	302-5 Reductions in energy requirements of products and services			Not applicable	Not applicable as the energy efficiency of our products is generally set by electric transmission and distribution sector-specific national regulations or specified by our customers

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Carbon Neutrality

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	3. Environment – 3.1. Climate – 3.1.2. Our climate commitment and actions – page 28; 7. About this report – 7.1. Appendix – GRI 305–1 Direct (Scope 1) GHG Emissions – page 96 and 98			
	305-2 Energy indirect (Scope 2) GHG emissions	3. Environment – 3.1. Climate – 3.1.2. Our climate commitment and actions – page 28; 7. About this report – 7.1. Appendix – GRI 305–2 Energy indirect (Scope 2) GHG Emissions – page 96–98			
	305-3 Other indirect (Scope 3) GHG emissions	3. Environment – 3.1. Climate – 3.1.2. Our climate commitment and actions – page 28; 7. About this report – 7.1. Appendix – GRI 305–3 GHG emissions intensity – page 97 and 99–100			
	305-4 GHG emissions intensity	3. Environment – 3.1. Climate – 3.1.2. Our climate commitment and actions – page 28; 7. About this report – 7.1. Appendix – GRI 305–4 Emissions – page 97			
	305-5 Reduction of GHG emissions	3. Environment – 3.1. Climate – 3.1.2. Our climate commitment and actions – page 28; 7. About this report – 7.1. Appendix – GRI 305–5 Emissions – page 97	d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).		
	305-6 Emissions of ozone-depleting substances (ODS)			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	7. About this report – 7.1. Appendix – GRI 305 Emissions – page 96 and GRI 305–7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions – page 97 and 100			

Health and safety

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22; 4. Social – 4.3. Health and Safety – page 46			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	4. Social – 4.3. Health and Safety – 4.3.3. Our standards documentation and HSE operating system (OS) – page 47 4. Social –4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50			
	403-2 Hazard identification, risk assessment, and incident investigation	4. Social – 4.3. Health and Safety – 4.3.2. Understanding HSE risks and opportunities – page 47; 4. Social – 4.3. Health and Safety – 4.3.4. Risk / incident management system and incident investigation – A risk management system founded on our safety culture – page 49			
	403-3 Occupational health services	4. Social – 4.3. Health and Safety – 4.3.4. Risk / incident management system and incident investigation – A risk management system founded on our safety culture – page 49; 4. Social –4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50			
	403-4 Worker participation, consultation, and communication on occupational health and safety	4. Social – 4.3. Health and Safety – 4.3.4. Risk / incident management system and incident investigation – A risk management system founded on our safety culture – page 49			

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Health and safety

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	4. Social – 4.3. Health and Safety – 4.3.4. Risk / incident management system and incident investigation – A risk management system founded on our safety culture – page 49; 4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50; 7. About this report – 7.1. Appendix GRI – 403–5 Worker training on occupational health and safety – page 103–104			
	403-6 Promotion of worker health	4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50			
	403-8 Workers covered by an occupational health and safety management system	4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50; 7. About this report – 7.1. Appendix GRI – 403–8 Workers covered by an occupational health and safety management system – page 104			
	403-9 Work-related injuries	4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50; 7. About this report – 7.1. Appendix GRI – 403–9 Work-related injuries – page 104–105			
	403-10 Work-related ill health	4. Social – 4.3. Health and Safety – 4.3.5. Health and wellbeing – page 50; 7. About this report – 7.1. Appendix GRI – 403–10 Work-related ill health – page 105–106			

Human rights

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.7. Evolution of sustainability in our business strategy – page 22; 4. Social – 4.4. Supporting human rights – page 54			
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	5. Governance – 5.3. Stakeholder engagement – 5.4.2. Our business principles – 5.4.3.5. Collective bargaining agreements – page 70 7. About this report – 7.1. Appendix GRI – 407–1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk – page 108			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	4. Social – 4.4. Supporting human rights – 4.4.4 Our human rights journey – page 54			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4. Social – 4.4. Supporting human rights – 4.4.4 Our human rights journey – page 54			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	5. Governance – 5.5. Beyond regulatory compliance – 5.5.4. Trade compliance, security, and crisis management – page 74			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	7. About this report – 7.1. Appendix GRI – 411–1 Incidents of violations involving rights of indigenous people – page 108			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs			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.
	413-2 Operations with significant actual and potential negative impacts on local communities			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.

Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed			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.
	201-3 Defined benefit plan obligations and other retirement plans	4. Social – Our People – 4.1.2 Renumeration and compensation – Defined benefit and other retirement plan – page 42	c. Percentage of salary contributed by employee or employer.	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.
	201-4 Financial assistance received from government			Information unavailable/incomplete	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.
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage			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 globally to capture this indicator in detail over the coming reporting year.
	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.
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported			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.
	203-2 Significant indirect economic impacts			Not applicable	Not applicable as 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.
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	About This Report – Appendices – GRI 204–1 Proportion of spending on local suppliers – page 90–91			

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Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – Anti-bribery and anti-corruption – page 69	a. Total number and percentage of 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. We are working to develop a process to capture this indicator in detail over the coming reporting year.
	205-2 Communication and training about anti-corruption policies and procedures	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – Anti-bribery and anti-corruption – page 69; 5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – Training and communication – page 69	a. total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region. c. Breakdown of business partners that the organization's anti-corruption policies and procedures have been communicated to, by type of business partner and region. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region."	Information unavailable/incomplete	Our board of director members are employees of Hitachi Ltd. For more information related to diversity at Hitachi Ltd please refer to the Sustainability reporting center: Hitachi. Detailed breakdown related to our business partners could not be collected in time to prepare reliable and accurate disclosures. We are working to capture this indicator in more detail over the coming reporting year.
	205-3 Confirmed incidents of corruption and actions taken	7. About this Report – Appendix – GRI 205–3 Confirmed incidents of corruption and actions taken – page 91			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	5. Governance – 5.4 Ethics and integrity– 5.4.2 Our business principles – page 69–70; 7. About this Report – Appendix – GRI 206–1 Legal actions for anti-competitive behavior, antitrust and monopoly practices – page 91			
GRI 207: Tax 2019	207-1 Approach to tax	5. Governance – 5.5 Beyond regulatory compliance – 5.5.5 – Tax compliance – page 75			
	207-2 Tax governance, control, and risk management	5. Governance – 5.5 Beyond regulatory compliance – 5.5.5 – Tax compliance – page 75			
	207-3 Stakeholder engagement and management of concerns related to tax	5. Governance – 5.5 Beyond regulatory compliance – 5.5.5 – Tax compliance – page 75			
	207-4 Country-by-country reporting	7. About this report – Appendix – 207–4 Country-by-country reporting – page 91		Not applicable	All country by country info is shared with Hitachi Ltd which reports it further with the Japanese tax authorities.

Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 301: Materials	301-1 Materials used by weight or volume	7. About this report – 7.1. Appendix – GRI 301–1 Materials used by weight or volume – page 91			
	301-2 Recycled input materials used	7. About this report – 7.1. Appendix – GRI 301–2 Recycled input materials used – page 92			
	301-3 Reclaimed products and their packaging materials	7. About this report – 7.1. Appendix – GRI 301–3 Reclaimed Products and Packaging – page 92			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	3. Environment – 3.2. Circular economy – enabling the value loop – 3.2.4. Water as a shared resource – page 38–39; 7. About this report 7.1. Appendix – GRI 303 Water and Effluents – page 94–95			
	303-2 Management of water discharge-related impacts	3. Environment – 3.2. Circular economy – enabling the value loop – 3.2.4. Water as a shared resource – page 38–39; 7. About this report 7.1. Appendices – GRI 303 Water and Effluents – page 94–95			
	303-3 Water withdrawal	3. Environment – 3.2. Circular economy – enabling the value loop – 3.2.4. Water as a shared resource – page 38–39; 7. About this report 7.1. Appendix – GRI 303 Water and Effluents – page 94–95			
	303-4 Water discharge	3. Environment – 3.2. Circular economy – enabling the value loop – 3.2.4. Water as a shared resource – page 38–39; 7. About this report 7.1. Appendix – GRI 303 Water and Effluents – page 94–95	d. Priority substances of concern for which discharges are treated	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 globally to capture this indicator in detail over the coming reporting year.
	303-5 Water consumption	7. About this report 7.1. Appendix – GRI 303 Water and Effluents – page 94–95			
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	3. Environment – 3.3 Biodiversity – page 39			
	304-2 Significant impacts of activities, products and services on biodiversity	3. Environment – 3.3 Biodiversity – page 39; 7. About this report 7.1. Appendix – 304–2 Significant impacts of activities, products and services on biodiversity – page 95			Data available to us has lead us to assess as not significant our impact on biodiversity from own operations.
	304-3 Habitats protected or restored	3. Environment – 3.3 Biodiversity – page 39	c. Status of each area based on its condition at the close of the reporting period. d. Standards, methodologies, and assumptions used.	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 globally to capture this indicator in detail over the coming reporting year.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	3. Environment – 3.3 Biodiversity – page 39			We assessed that there are no such operations with the level of impact that endangers species to extinct.

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Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
	306-1 Waste generation and significant waste-related impacts	3.Environment – 3.2 Circular economy – enabling the value loop – 3.2.3 Waste – page 37			
	306-2 Management of significant waste-related impacts	3. Environment – 3.2 Circular economy – enabling the value loop – 3.2.3 Waste – page 37; 7. About this report – 7.1. Appendix – page 100–102			
GRI 306: Waste 2020	306-3 Waste generated	3. Environment – 3.2 Circular economy – enabling the value loop – 3.2.3 Waste – page 37; 7. About this report 7.1. Appendix – page 100			
	306-4 Waste diverted from disposal	3. Environment – 3.1 Climate – 3.1.2 Our climate commitment and actions – page 28; 3. Environment – 3.2 Circular economy – enabling the value loop – 3.2.3 Waste – page 37; 7. About this report – 7.1. Appendix – page 101–102			
	306-5 Waste directed to disposal	3. Environment – 3.2 Circular economy – enabling the value loop – 3.2.3 Waste – page 37 7. About this report – 7.1. Appendix – page 100–102			
GRI 307: Environmental Compliance	GRI 307-1 Non-compliance with environmental laws and regulation			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 globally to capture this indicator in detail over the coming reporting year.
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	5. Governance – 5.7 Supply chain management – 5.7.2 Supply quality, sustainability and risk – page 80–82			
	308-2 Negative environmental impacts in the supply chain and actions taken	5. Governance – 5.7 Supply chain management – 5.7.2 Supply quality, sustainability and risk – page 81 7. About this report – 7.1. Appendix – GRI 308–2 Negative environmental impacts in the supply chain and actions taken – page 102			

Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
	401-1 New employee hires and employee turnover	4. Social – 4.1. Our People – 4.1.1. Attracting and growing people – page 41; 7. About this Report 7.1. Appendix – GRI 401–1 New employee hires and employee turnover – page 102–103			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4. Social – 4.1 – Our People – 4.1.2 Remuneration and compensation – Employee benefits GRI 401–2 – page 42	iii. disability and invalidity coverage iv. parental leave vi. stock ownership	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 globally to capture this indicator in detail over the coming reporting year.
	401-3 Parental leave			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 globally to capture this indicator in detail over the coming 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. We are working to develop a process globally to capture this indicator in detail over the coming reporting year.
	404-1 Average hours of training per year per employee	4. Social – 4.1. Our People – 4.1.1. Attracting and growing people – page 41; 7. About this Report 7.1. Appendix – GRI 401–1 New employee hires and employee turnover – page 102		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 globally to capture this indicator in detail over the coming reporting year.
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	4. Social – 4.1 Our People – 4.1.3 A lifelong learning process GRI 404–2 – page 43	b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Information unavailable/incomplete	We don't have any specific programs for continued employability and career endings, however, as you could see in our learning catalogue we've provided, we offer general soft skill programs, including language and management skills, which will serve both for anyone at any timing of career trajectory and even at the ending of the career after the retirement and termination of employment.
	404-3 Percentage of employees receiving regular performance and career development reviews	4. Social – 4.1.2. Renumeration and compensation – Global performance management process (GPM) (GRI 404–3) – page 43; 7. About this report – 7.1. Appendix – GRI 404–3 Percentage of employees receiving regular performance and career development reviews – page 106			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	4. Social – 4.2 Diversity, equity, and inclusion (Diversity 360) – 4.2.2. – Female acceleration – page 45; 7. About this report – 7.1. Appendix – GRI 2–7 Employees – page 87–88; 7.About this report – 7.1. Appendix – GRI 405–1 Diversity of Governance Bodies and Employees – page 106–107	a. Percentage of individuals within the organization's governance bodies (BoD) in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). a. Percentage of individuals within the organization's governance bodies (ExB) in each of the following diversity categories: iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	Information unavailable/incomplete	Our board of director members are employees of Hitachi Ltd. For more information related to diversity at Hitachi Ltd please refer to the Sustainability reporting center: Hitachi. For the other omitted requirements, we could not collect the underlying data in time to prepare reliable and accurate disclosures. We are working to develop a process globally to capture this indicator in detail over the coming reporting year.

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Other GRI disclosures

GRI standard	Disclosure	Location	Requirement(s) ommitted	Reason	Explanation
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	7. About this report – 7.1. Appendix – GRI 405–2 Ratio of basic salary and remuneration of women to men – page 107			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	7. About this report – 7.1. Appendix – GRI 406–1 Incidents of discrimination and corrective actions taken – page 107			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	5. Governance – 5.7 Supply chain management – 5.7.2 Supply quality, sustainability and risk – page 80–82; 7. About this report – 7.1 Appendix – GRI 414–1 New suppliers that were screened using social criteria – page 108			
	414-2 Negative social impacts in the supply chain and actions taken	5. Governance – 5.7 Supply chain management – 5.7.2 Supply quality, sustainability and risk – page 81; 7. About this report – 7.1 Appendix – GRI 414–2 Negative social impacts in the supply chain and actions taken– page 108			
GRI 415: Public Policy 2016	415-1 Political contributions	5. Governance – 5.3 Stakeholder engagement – 5.3.2 Stakeholder engagement – Public policy – page 66; 5. Governance – 5.3 Stakeholder engagement – 5.3.3 Political influence and lobbying activities – page 66–67			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	5. Governance – 5.5 Beyond regulatory compliance – 5.5.1 Product compliance and quality – page 72–73	a. Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	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 globally to capture this indicator in detail over the coming reporting year.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			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 globally to capture this indicator in detail over the coming reporting year.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling			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 globally to capture this indicator in detail over the coming reporting year.
	417-2 Incidents of non-compliance concerning product and service information and labeling			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 globally to capture this indicator in detail over the coming reporting year.
	417-3 Incidents of non-compliance concerning marketing communications			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 globally to capture this indicator in detail over the coming reporting year.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5. Governance – 5.6. Cybersecurity – 5.6.3 Data privacy and protection – page 78; 7. About this report – 7.1. Appendix – GRI 418–1 Substantiated complaints concerning breaches of customer privacy and losses of customer data – page 108			

7.4 Independent assurance statement

DNV Business Assurance Italy S.r.l. ("DNV", "we" or "us") has been commissioned by Hitachi Energy Ltd ("Hitachi Energy" or "the Company") to undertake an independent assurance of Hitachi Energy's Sustainability Report ("the Report") for the reporting period from 1st April 2023 to 31st March 2024.

Assurance approach and level

This assurance engagement has been carried out in accordance with DNV's VeriSustain protocol, V6.0, which is based on our professional experience and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited and reasonable assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 – Conformity assessment, whose general principles are requirements for validation and verification bodies. Accordingly, DNV maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We performed the activities applying a limited level of assurance, as described in the following sections.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than, those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Hitachi Energy website for the indicated reporting period.

Reporting criteria and scope of assurance

The presented information has been evaluated considering that the Report has been prepared by Hitachi Energy in accordance with the Global Reporting Initiative ("GRI") Sustainability Reporting Standards.

We evaluated the application of "in accordance" requirements stated in GRI 1 "Foundation". Accordingly, we reviewed the application of the Reporting Principles to verify the quality and proper presentation of the reported information; specifically, "Accuracy" and "Verifiability" principles were tested for selected key qualitative claims, identified within the Report through the juxtaposition of an "A" to the title of the paragraph (when the claim corresponds to a full paragraph) or at the beginning and at the end of the claim (when the claim is a section of a paragraph)[1].

The review of selected performance data included in the Report was carried out with reference to the applicable GRI Topic Standards, listed in the Appendix to this Assurance Statement. These selected performance data were also verified in terms of plausibility (on a sample basis, as stated in "Basis of our opinion"), and with regards to processes to gather and consolidate the figures. Due to difficulties in collecting all requested evidence related to CO_2 emissions (e.g. electricity and fuel bills from the sampled sites), we were unable to verify the plausibility of such data, thus our review was limited to verifying that the reported data was calculated in accordance with the GHG Protocol based on the relevant environmental data. This scope limitation does not affect our overall conclusion on the Sustainability Report.

The selected key claims and the selected performance data refer to the following disclosure areas:

- Economic Contribution
- Ethics & Integrity
- Environment
- Activities, products & services
- Health & Safety
- Supply Chain & Human Rights
- Workforce

[1]Tables on pages 70 and 78, and text boxes on pages 54 and 74 are not included in the assurance scope, even if they graphically fall within the assured paragraphs.

Responsibilities of the Directors of Hitachi Energy and of the assurance provider

The Management of Hitachi Energy has sole responsibility for:

- Preparing and presenting the Report;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Report that is free from material misstatements;
- Contents and statements contained within the Report.

DNV's responsibility is to plan and perform the work to obtain assurance about whether the Report has been prepared in accordance with the reporting requirements and to report to Hitachi Energy in the form of an independent 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.

Our competence, independence and quality control

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 that have no other contract with Hitachi Energy.

Our multi-disciplinary team consisted of professionals with a combination of sustainability assurance experiences.

Inherent limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of the Company's suppliers, contractors, and any third parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement.

The assessment is limited to data and information in scope within the defined reporting period. Any data outside this period is not considered within the scope of assurance. We did not review any financial disclosures and data as they are not within the scope of our assurance engagement. 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).

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Basis of our conclusions

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work at Group level. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. Our limited assurance procedures included, but were not limited to, the following activities:

- Review of Hitachi Energy's approach to materiality analysis and stakeholder engagement, and recent outputs;
- Interviews with selected Subject Matter Experts and senior managers responsible for management of disclosures to understand key processes, organizational structure, systems and controls in place for generating, validating and reporting disclosures and KPIs in the Report;
- Interviews with relevant internal data owners and approvers and evidence collection, to review the processes for gathering and consolidating selected performance data. Selected performance data are listed in the Appendix to this Assurance Statement and were chosen on the basis of the materiality of issues at the group level;
- Sample testing of the selected performance data to check that it had been appropriately recorded, aggregated and reported. In particular, the following methods were applied during the verification of the selected performance data:
  - » Examination of relevant environmental data related to CO_2 emissions, i.e. Scope 1, Scope 2 and Scope 3 emissions (only the most significant category, Category 11 "Use of Sold Product"), through extractions from the tool used at the corporate level to aggregate and report on environmental metrics; the examination was limited to verifying that the reported data was calculated in accordance with the GHG Protocol based on the relevant environmental data made available;

- Review of privacy-safe data extractions from the Human Resources management system, with details at the country level, and reperformance of calculations using the original source data to verify the consistency between the aggregated data and the reported KPIs;
- On selected sample sites (2 sites in Baden, Switzerland; 4 sites in Ludvika, Sweden; Lodz site and Krakow site, Poland; South Boston site, USA; one site in Xiamen and one site in Chongqing, China), review of documentation, data records and evidence of data submission related to produced waste, health and safety incidents and work-related illnesses; remote audit for one site (Baden, Fabrikstrasse 13, Switzerland) and sample-based on screen assessment of site-specific data during the audit. We chose the selected sites based on their contribution to CO_2 Emissions and the average number of employees in terms of headcount (on the basis of 2022 and 2023 figures as provided by Hitachi);
- On selected sample countries (Switzerland, Sweden, Poland, USA, China), review of processes to determine benefit and retirement plans, to ensure they are consistently disclosed in the Report;
- Collection of relevant information through interviews with internal stakeholders and verification of publicly available information to ensure consistency with the reported data related to sample innovative projects and partnerships mentioned in the Report;
- Review of relevant site-specific and aggregated data records related to anti-corruption training (Ethics and Compliance Refresher Training) to ensure consistency with the reported data;
- Review of system extractions with reference to discrimination cases, that occurred or were investigated during the reporting period, to verify consistency with the reported data;
- Examination of relevant waste data, through extractions from the tool used at the corporate level to aggregate and report on environmental data and metrics, to verify the aggregation methods and the consistency of reported KPIs;
- Examination of relevant health and safety data through extractions from the tool used at the corporate level to report incidents and occupational illnesses;
- Examination of the extraction from the system used for supplier qualification at the group level and collection of documentation related to the environmental and social screening for new suppliers, including sample-based testing of the described process on newly qualified suppliers.

- Analysis of the narrative accompanying the selected performance data, reviewing the methodological statements and assumptions used for calculation, to verify consistency with Hitachi Energy's internal procedures and with the approach discussed during the interviews;
- Review of supporting sample evidence for selected key qualitative claims in the Report, identified as mentioned in "Reporting criteria and scope of assurance". Our selection and verification processes were prioritized based on the materiality of issues at the group level;
- Understanding and testing, on a sample basis, of the processes used to adhere to and evaluate adherence to the reporting requirements;
- Providing preliminary and final feedback on drafts of the Report on the basis of our assurance scope.

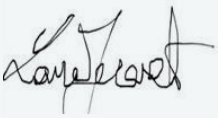
Our conclusions

Based on the work we have undertaken, the procedures we have performed and the evidence we have obtained, nothing came to our attention to suggest that Hitachi Energy's Sustainability Report, for the reporting year ended 31st March 2024, 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. This conclusion relates to the Scope of Assurance outlined in this Statement and is to be read in the context of this Independent Limited Assurance Statement, in particular the inherent limitations explained overleaf.

For and on behalf of DNV Business Assurance Italy S.r.l.

Vimercate (MB), Italy

3rd October 2024



Laura Ierardi
Lead Verifier

Alessia Segalini
Reviewer

Appendix: Selected performance data

The scope of our review of the processes for gathering and consolidating performance data has been limited to the following Selected performance data, which have been disclosed in the Report.

Economic Contribution

- GRI 201-3 Defined benefit plan obligations and other retirement plans

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Ethics and Integrity

- GRI 205-2 Communication and training about anti-corruption policies and procedures
- GRI 406-1 Incidents of discrimination and corrective actions taken

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Environment

- 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

Activities, products & services

- GRI 2-6 Activities, value chain and other business relationships

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Health & Safety

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

Supply Chain & Human Rights

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

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Workforce

- GRI 2-7 Employees
- GRI 401-1 New employee hires and employee turnover
- GRI 405-1 Diversity of Governance Bodies and Employees

7.5 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: tons 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

Chemicals and substances

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

Disclaimer

This voluntary sustainability report for FY23 has been prepared oriented towards Global Reporting Initiative (GRI) Sustainability Reporting Standards and related applicable sector standards for electric utilities disclosures. The content is informed by collaboration and engagement with internal and external stakeholders of Hitachi Energy. Hitachi Energy reports data at group level for financially consolidated entities over which we have operational control, unless stated otherwise (for further details please refer to section 7.2.3 Reporting perimeter.

Data availability and collection is an ongoing challenge. In particular, given the different regulatory landscape across the countries where Hitachi Energy operates, the compilation and definition of key data may vary, potentially affecting comparability of data. Due to such challenges, we sought carefully to select and apply appropriate methods and calculations and make assumptions as well as estimates for individual disclosures that we felt were reasonable under the given circumstances.

The accuracy and completeness of our report is therefore subject to inherent limitations of assumptions and estimates. Hitachi Energy aims to improve the data availability and quality.

In the process of preparing the Sustainability Report, it was often necessary to comply with different regulatory provisions that are still subject to considerable uncertainty regarding their interpretation. In the absence of a generally accepted, legally binding interpretation and published clarifications of these positions, our sustainability report is based on a reasonable interpretation of the relevant provisions subject to inherent uncertainty.

Any forward-looking statement in this report is based on current assumptions valid as of the date of publication of the present report. Those assumptions were made after careful and appropriate examination and assessment. By their nature, forward-looking statements refer to matters that are uncertain to different degrees. Due to this uncertainty (for example, unknown risks, uncertainties, and other factors), the actual results, developments, or performance of Hitachi Energy could be materially different. Hitachi Energy assumes no obligation to update or revise any such statements except as required by law.

We endeavor to ensure to the best of our knowledge and in accordance with applicable law that this report presents a true and fair view of the business model, as well as of the environmental, employee and social matters, the respect for human rights, and the fight against corruption and bribery.