

HITACHI

A woman wearing a white hard hat and a blue work jacket with reflective stripes is shown in profile, looking towards the right. She is holding a tablet computer in her hands. The background is a soft-focus landscape of a field under a sunset sky with warm orange and yellow tones.

Hitachi Energy

Sustainability Report 2025
Fiscal Results 2024

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CEO letter

Sustainability is part of our DNA and is embedded in our Purpose to inspire the next era of sustainable energy

→ [Find out more on page 03](#)



Environment

Our environmental mission is integral to our long-term value creation strategy

→ [Find out more on page 37](#)



About us

Driver of innovation, resilience, and long-term value creation across our global operations

→ [Find out more on page 08](#)



Our people

We are committed to people and society, and bring our contribution through responsible business practices

→ [Find out more on page 59](#)



Governance

Hitachi Energy is committed to transparent and accountable governance, embedding ethics, integrity, and responsible business practices into every aspect of our operations to build trust and drive sustainable impact across our value chain.

→ [Find out more on page 80](#)

Introduction

As a global technology leader, our Purpose is to inspire the next era of sustainable energy

We are committed to powering the world's energy system to be more sustainable, secure, resilient, and affordable, making electricity more accessible to all and empowering societies to thrive.

→ [Find out more on page 08](#)

CEO letter



At Hitachi Energy we are redefining energy for generations to come

Today we stand as a global leader in power grids and electrification technologies. We're growing fast, and see an open doorway to opportunities and partnerships with the brightest minds, a chance to create better for our people and planet, and help accelerate the energy transition.

→ [Find out more on page 08](#)

Highlights

75%
reduction in Scope 1
and 2 emissions

32%
intensity reduction in
Scope 3 emissions

2,500
patent families aligned
with our Purpose

We are on a mission to deliver our Purpose – Inspire the next era of sustainable energy. As part of Hitachi, Ltd., Hitachi Energy is a global technology leader in electrification, powering a sustainable energy future with innovative power grid technologies with digital at the core.

Over three billion people depend on our technologies to power their daily lives.

With over a century in pioneering mission-critical technologies such as high-voltage, transformers, automation, and power electronics, we are addressing the most urgent energy challenge of our time – balancing soaring electricity demand while decarbonizing the power system.

The decisions we make today will shape our world for centuries to come. For society, electricity powers industries and people, underpinning innovation, manufacturing, production, services, and, ultimately, prosperity and progress for communities everywhere.

For our planet, electricity serves as our main source of cleaner, renewable power, reducing emissions and accelerating the energy transition for a more sustainable future while meeting increasing demand.



We can only be optimistic about the future. The International Energy Agency (IEA) report Electricity 2024 – published in July of that year – highlights that investment in clean energy is on the rise, while investment in fossil fuels is starting to decline.

Our Sustainability Report is our commitment to report transparently and comprehensively on sustainability as part of our business strategy, covering environmental, social, and governance (ESG) dimensions. This report covers fiscal year 2024 (FY24) in terms of actions taken and progress made.

We work with all parts of Hitachi, our customers, partners, and supply chain throughout the product lifecycle, with a strengthened focus on Service, offering innovative and sustainable products and solutions with digital at the core. With a ‘True One Hitachi’ mindset, we also collaborate

with governments, 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.

Sustainability is part of our DNA and is embedded in our Purpose to inspire the next era of sustainable energy. None of this would be possible without our people, and together, we are committed to driving and championing sustainability in line with Hitachi Group’s vision and ambitions.

Andreas Schierenbeck
Chief Executive Officer
Hitachi Energy

“We are entering the ‘electricity age’, a time when the world’s energy systems are being rebuilt around electrification, digitalization, and sustainability.”

Andreas Schierenbeck
Chief Executive Officer, Hitachi Energy

Highlights



Environmental

Carbon neutrality

75%

reduction of Scope 1 and 2 emissions versus base year (2019) = 365.2 kt to 91.9 kt

78%

reduction of SF₆ emissions versus baseline (2019) = 116.9 kt to 26.1kt

65%

percent of energy consumption is from renewable sources

100%

fossil-free electricity in our operations wherever possible

Circular economy

100+

locations achieved 'zero-waste-to-landfill' status in FY24

100+

projects focused on environmental improvements were completed or started

<5%

landfill disposal rate of non-hazardous waste

Eco-design principles and lifecycle assessments (LCAs) embedded along the value chain of our products wherever possible

Highlights (continued)

 Social

Inclusion

51,253

employees globally

170

nationalities, 67 countries

66%

favourable growth sentiment in exit survey

Health and safety

29%

decline in Total Recordable Injury Frequency Rate (TRIFR) in FY24 compared to FY19

>93%

Non-Conformance Report (NCR) on-time closure

98

audits performed globally by the specialist HSE audit team

3.19

severity rate compared to 2.43 in FY23

60k+

safety inspections performed.

Corporate citizenship

397

global and local initiatives in 26 countries

Human rights

101

new supplier on-site audit assessments completed through the Supplier Sustainability Development Program, which accounts for 81 percent of the globally planned assessments.

5.3m

impressions generated by the Electron campaign for electricity and energy awareness





Governance

Ethics & Integrity

ISO 37001

Anti-Bribery Management System certification.

ESG Regulatory team dedicated to monitoring and counseling on environmental, social, and governance regulations.

Cybersecurity:

ISO 27001

and IEC 62443 global certifications.

Supply chain management

100%

newly qualified suppliers assessed through environmental and social criteria (GRI 308-1 and 414-1)

Engaging with suppliers to understand the impacts of PFAS on our supply chain. In addition, working with customers to support the safe installation, use, and maintenance of equipment, and support the proper disposal of materials.

69%

investigations closed.

89%

enrolled employees completed integrity trainings.

Hitachi Group Code of Ethics and Business Conduct adopted.

28

countries involved in Industrial Cybersecurity Program.

Enhanced sustainability risk-based approach process.

Launched on-site audits on GHG as part of the Supplier Sustainability Development Program.

Leveraging ethics and integrity checks as part of the qualification process.

From April 2024, more accurate sustainability risk screening enabled through EcoVadis IQ+.

Hitachi Energy has been honored with the prestigious EcoVadis Award for Best Mature Program in Sustainable Procurement.

2.0

About us

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Hitachi Energy plays a vital role in the global energy transition by delivering technologies that integrate renewables and improve grid reliability, supporting decarbonization and electrification across sectors, and collaborating with customers and partners to co-create solutions that empower societies and protect the planet.

About Hitachi Energy

We are committed to powering the world's energy system to be more sustainable, secure, resilient, and affordable, making electricity more accessible to all and empowering societies to thrive.

→ [Read more on page 09](#)

Our Purpose-driven expertise

We contribute to society through the development of superior, original technology and products

→ [Read more on page 14](#)

Partnerships to accelerate sustainability

We actively forge strategic partnerships to accelerate sustainability and drive the global energy transition.

→ [Read more on page 20](#)

Sustainability in our business strategy

Sustainability guides how our company operates, innovates, and collaborates to support an inclusive energy transition

→ [Read more on page 26](#)

Research and innovation

Our portfolio is designed to advance a world ready for a carbon-neutral future

→ [Read more on page 21](#)

2.1 About Hitachi Energy

We are a truly global leader

Hitachi Energy is a global technology leader in electrification, powering a sustainable energy future with innovative power grid technologies with digital at the core. Over three billion people depend on our technologies to power their daily lives.

Part of the Hitachi Group and headquartered in Switzerland, Hitachi Energy employs more than 50,000 people in 67 countries and generates revenues of around USD16 billion.

Hitachi Energy

50,000+
employees

170
nationalities

1,800+
field employees

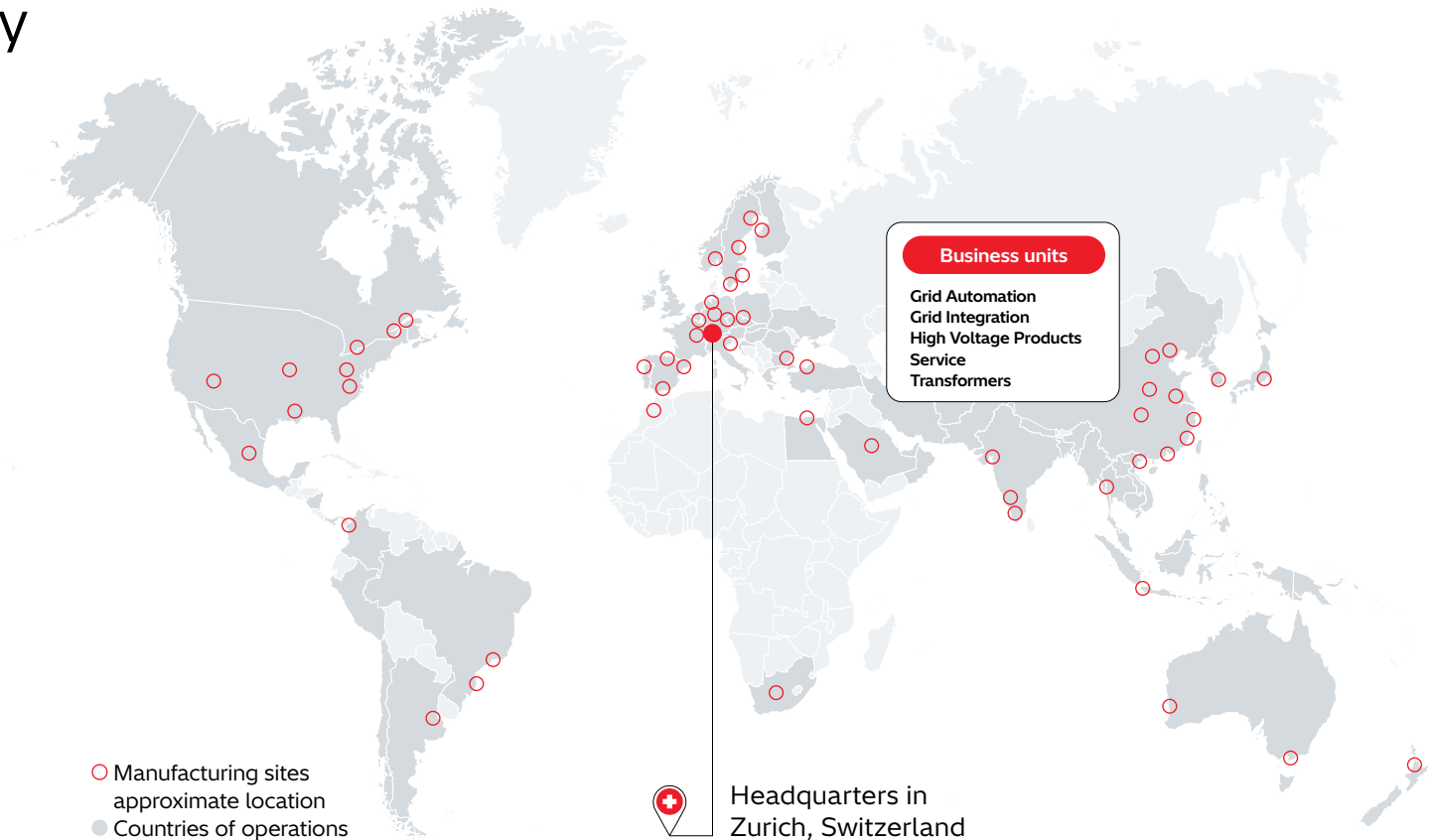
67
countries

2,600+
R&D experts

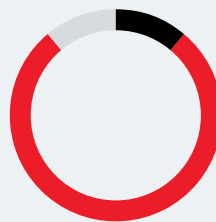
100+
years of heritage

16bn

USD business revenues

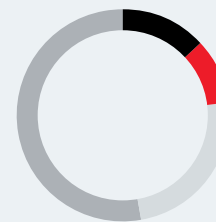


Customers



● Industry ● Transport and infrastructure
● Utilities ● Products

Offering



● Services ● Systems
● Software and automation ● Products

Geographies



● Americas ● Asia, Middle East, Africa
● Europe

2.1 About Hitachi Energy (continued)

We are driving innovation, pioneering technologies, and solutions while maintaining and modernizing the world's largest installed base

With over a century in pioneering mission-critical technologies such as high-voltage, transformers, automation, and power electronics, we are addressing the most urgent energy challenge of our time – balancing soaring electricity demand, while decarbonizing the power system.

Leveraging an unparalleled installed base in over 140 countries, we co-create and build long-term partnerships across the utility, industry, transportation, data centers, and infrastructure sectors.

Our business provides pathways to accelerate the energy transition and deliver customer success. To deliver maximum value, we have organized our operations around five global Business Units and have local offices and research centers spanning 67 countries.

This highly networked design enables our experts to stay close to customers, fostering a strong awareness and knowledge of local market operating conditions. We connect the latest pioneering developments and solutions through the competence and reference points of our global business units.

Customers across the utilities, transportation, IT such as data centers, industry and Smart Life sectors trust us to deliver pioneering and digital solutions across the value chain. Our solutions help meet the growing demand for electricity – affordably, reliably, sustainably, and in a modern way.

“Sustainability is at the heart of our strategy and portfolio. It drives how we innovate, collaborate and deliver value – creating resilient solutions that meet today’s challenges and anticipate tomorrow’s needs.

Alicia Argüello
Global Head of Sustainability
Hitachi Energy



Our five business units*



Grid Automation

Supporting 50 percent of the top 250 global electric utilities

→ Read more <https://www.hitachienergy.com/products-and-solutions>



Grid Integration

> 150 GW of High Voltage Direct Current (HVDC) links integrated into power system

→ Read more <https://www.hitachienergy.com/products-and-solutions>



High Voltage Products

Installed one out of four high-voltage switchgear in the world

→ Read more <https://www.hitachienergy.com/products-and-solutions>



Transformers

Global leader across complete range of transformers, components and services

→ Read more <https://www.hitachienergy.com/products-and-solutions>



Service

Access to the world's largest installed base with more than 500,000 assets, USD230bn value in 140+ countries

→ Read more <https://www.hitachienergy.com/services-and-consulting>

* New Service BU was established as of April 1st, 2025

2.2 Inspire the next era of sustainable energy

Our Purpose is to inspire the next era of sustainable energy. Electricity is the main source of cleaner power, reducing emissions and accelerating the energy transition. Ensuring it is accessible around the world is vital for the future of the planet, its people and our global economy.

This year's Sustainability Report highlights a number of major macro-level trends that are reshaping our industry and influencing strategic decisions at every level. These include, among others, the broadening energy mix, navigating global volatility, and the technologies shaping the future. The decisions we make today on electrification will shape the world for centuries to come.

A broadening energy mix: electrification and complexity

Global demand for electricity is increasing at an unprecedented pace, and existing infrastructure simply cannot keep up. In 2024 demand surged by four percent year-on-year, equating to a nation-state the size of Japan coming onto the grid almost overnight. It is expected to accelerate further at six percent year-on-year until 2035 according to the IEA.

This growth is being driven by the accelerating electrification of industries, transportation, and infrastructure. As economies seek to decarbonize and achieve net-zero targets, electricity is the heartbeat of the energy transition.

Today's grid is changing rapidly. The energy transition is driving unprecedented change to our power systems, with increased adoption of renewable power generation and the electrification of transportation, industry, and buildings sectors, which will require managing a vastly more complex and dynamic energy mix. In this broadening mix, conventional power sources are being supplemented – and in many cases replaced – by an array of renewable energy technologies, including solar and wind, plus emerging alternative sources such as green hydrogen.

Each of these presents unique challenges for grid stability, intermittency, and integration. The modern power system is no longer linear but increasingly decentralized and digitally enabled. This means that a more flexible and scalable power system is required, and the total grid needs to evolve accordingly.

Hitachi Energy is playing a vital role in supporting the transition. Our technologies are strengthening and modernizing the grid, supporting its security and resilience.

Global volatility: navigating policy shifts and supply chain disruptions

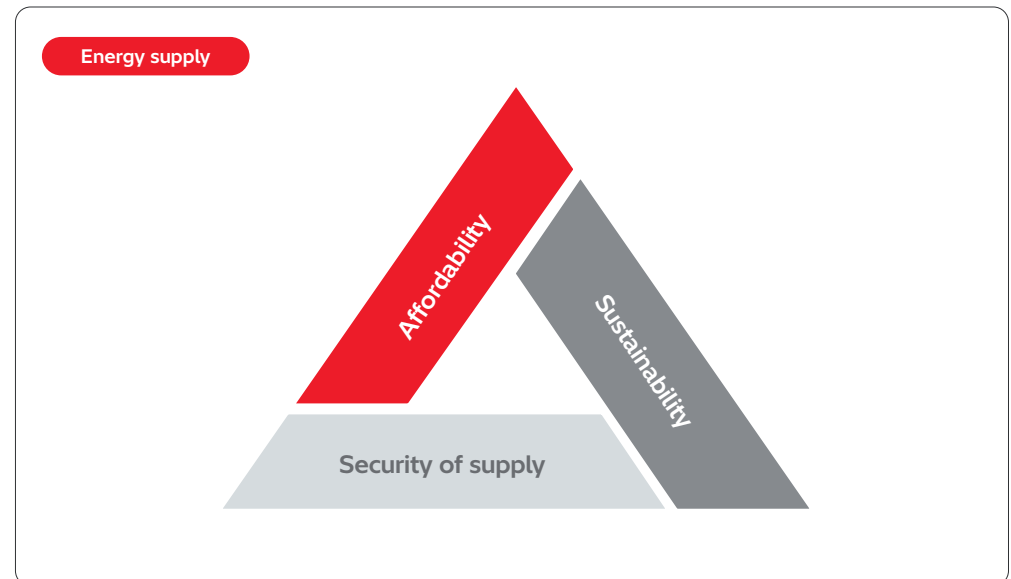
Sustainability policies and regulations are evolving rapidly, shaped by political dynamics, climate commitments, and regional and national agendas.

While these signal increased urgency around decarbonization, it also creates a more fragmented regulatory environment. The recently announced European Union 2040 Climate Targets shows commitment to tackling climate change and accelerating the energy transition.

Hitachi Energy is actively engaging with policymakers, industry coalitions, and other stakeholders to advocate for harmonized standards and a more stable regulatory environment. The path to sustainability must be coherent, consistent, and inclusive, accelerating innovation while ensuring accountability.

Supply chains are also under increasing pressure. Geopolitical volatility is exacerbating disruption, posing concerns around energy security, accessibility, and risk management. Challenges triggered by geopolitical tensions, war and conflict, extreme weather events, and global health crises have exposed vulnerabilities in the procurement and logistics systems underpinning the energy sector.

In response, Hitachi Energy is prioritizing supply chain resilience and ethical sourcing as integral components of our sustainability strategy. Through our global expertise and experience, we partner with our customers in-market on bespoke, localized engineering, manufacturing, and services.



2.2 Inspire the next era of sustainable energy (continued)

Innovation with impact: digitalization and the workforce of the future

As energy systems grow more complex and interconnected, digitalization is a key enabler to managing the complexities of future power systems. Digitalization is key to creating a resilient and adaptable grid by enabling real-time data analysis, predictive maintenance, and the efficient integration of renewable energy.

It is estimated that digitalization could reduce global power sector emissions by up to 20 percent through digitalized operations and infrastructure planning. To deliver on this potential, we continue to pioneer new technologies and are leveraging more than a century's worth of innovation experience to bring new solutions and services to market, with digital at the core.

As the energy landscape transforms, so too must the workforce that powers it. The global competition for engineering, digital and technical skills is becoming more intense, and recent reports forecast a skills shortage of more than seven million clean energy professionals globally by 2030.

We are investing heavily in hiring, upskilling and reskilling initiatives, working closely with academic institutions, vocational programs, and professional development networks to create new pathways into engineering and energy careers. These type of investments will help Hitachi Energy lead the race to design, build, and operate the energy infrastructure that will enable a sustainable future.

The decisions we make on electrification today and the investments in grid infrastructure and technology to achieve progress will shape the world for decades to come.

We are entering the era of electricity. To deliver on our Purpose, we are committed to not just reacting to, but also actively shaping and delivering sustainability planning and action across the world.

Embracing sustainability

There are many aspects to sustainability as articulated in the UN's 17 Sustainable Development Goals (SDGs).

Hitachi Energy's sustainability strategy maps our high-level commitments and key targets to those SDGs most applicable to our business, including good health and wellbeing (SDG 3), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), responsible consumption and production (SDG12), and climate action (SDG 13).

→ Read more in section 2.6 Sustainability in our business strategy

The Global Energy Storage and Grids Pledge made at COP29 is significant as it is the first time that storage and grids have been elevated as pillars of the international climate agenda.

According to the Global Renewables Alliance, "These investments are vital to integrating variable renewable energy, ensuring reliability, and enabling energy security through a flexible, modern energy system – a prerequisite for achieving the global goal of tripling renewables agreed at COP28."



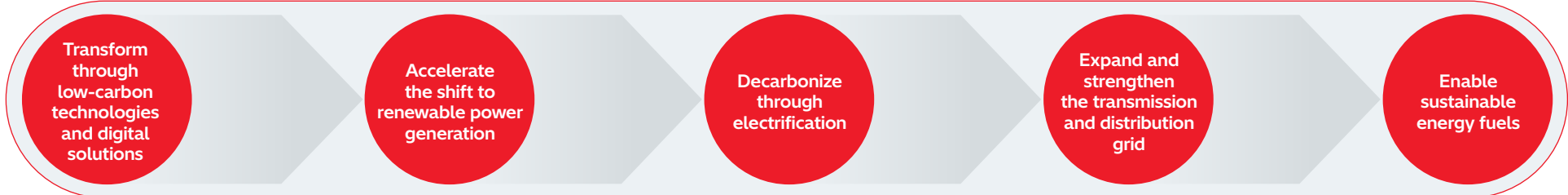
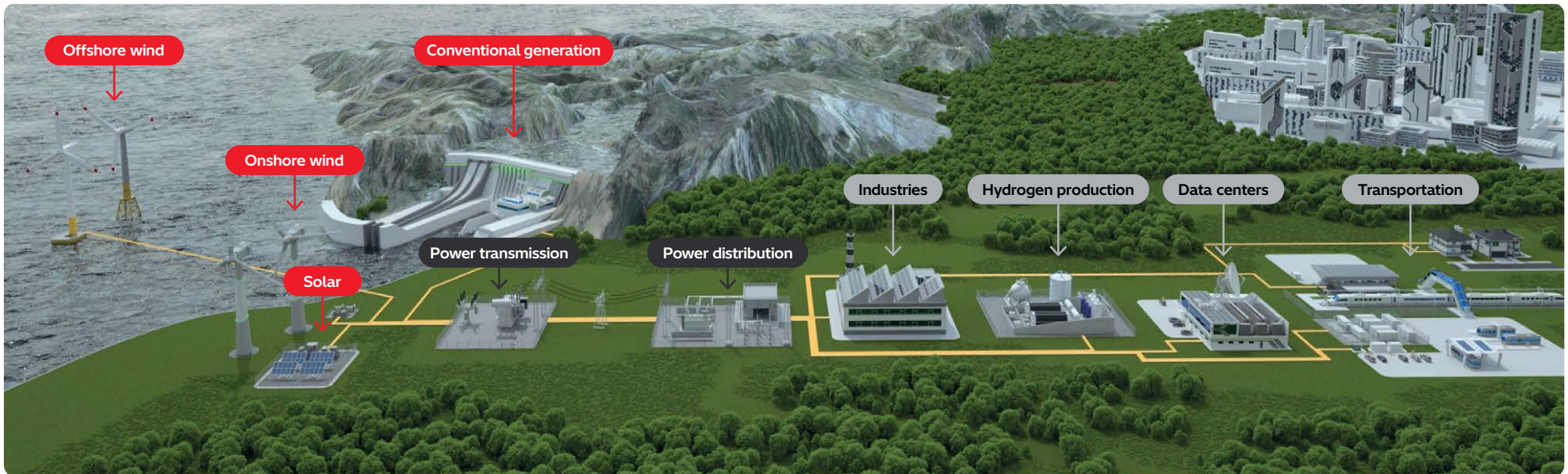
2.2 Inspire the next era of sustainable energy (continued)

Energy value chain

We serve customers across the energy value chain

Key

- Power generation
- Power transmission and distribution
- Energy intensive industries



2.3 Our Purpose-driven expertise

Sustainability is at the heart of what we do in meeting the demands of the rapidly evolving energy landscape.

Electrification is surging – not just in traditional power sectors, but across mobility, data centers, and industrial processes – requiring integrated, future-ready solutions.

We collaborate across the global value chain to co-create digital and energy platforms that manage increased complexity, capacity, security, and reliability, as well as cybersecurity risks inherent in modern energy systems.

As a **mission-critical manufacturer**, we are responding to widespread investment in renewables and new distributed energy resources, as well as making clean electricity more accessible and reliable for all.

Our ongoing innovation ensure customers can depend on our solutions to navigate the complexities of the energy transition – delivering economic, environmental, and social value in a rapidly changing world.

By adapting our business models and investing in digitalization and services, we are pioneering technologies that accelerate the global transition to net-zero energy systems, enabling the integration of renewables, expanding, enhancing and digitizing the grid, and electrifying industries and transportation.

This supports growing demand for both decarbonization and resilience of supply.

Our **evolving portfolio** reflects these market trends.

EconIQ™ – our eco-efficient portfolio launched in 2021 – already demonstrates our commitment to reducing environmental impact, offering SF₆-free switchgear solutions and transformers with significantly lower carbon footprints across their lifecycle. By replacing sulfur hexafluoride (SF₆) with a sustainable gas mixture, the breaker eliminates the greenhouse gas emissions caused by SF₆ while maintaining the same reliable performance and compact design as the conventional solutions.

→ [Read more in section 2.5 Research and innovation](#)

We have also recently introduced next-generation power quality solutions, such as the new advanced STATCOM and SVC Light® for dynamic grid stabilization and expanded our HVDC and Grid-eXpand™ modular grid connection offering faster, more flexible integration of renewables.

Digitally enabled asset management tools such as Asset Performance Management are empowering customers to optimize grid reliability and efficiency with data-driven insights, supporting proactive operations and predictive maintenance.

Our energy trading solutions enable the optimization of energy production and consumption with sustainability as the primary objective, providing advisory guidance on improving carbon emission while keeping records of an enterprise's carbon footprint.

Alongside **circularity initiatives** to maximize efficiency of resource use and recycling – ranging from transformer recycling programs to product take-back schemes – we are strengthening supply chain transparency and promoting responsible sourcing. Our efforts align with the evolving sustainability reporting requirements and regulatory developments.

Our strategy recognizes our stewardship responsibilities for water, land, and biodiversity, as well as the need to foster social value by supporting communities, and protecting human rights throughout our value chain.

Hitachi Energy remains at the forefront of shaping a sustainable energy future, empowering customers and partners to accelerate the energy transition at scale and speed, as set out in the following points:

1) 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.

2) Decarbonize through electrification

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

3) Enable sustainable energy carriers

We focus on developing new products, solutions, and services that harness green hydrogen. From 'Power-to-Hydrogen' to 'Hydrogen-to-Power,' we bring expertise to support the growth of the hydrogen economy, designed to electrify assets and decarbonize operations.

4) 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.

5) Transformation through low-carbon technologies and digital solutions

We are advancing low-carbon and digital technologies to meet global sustainability goals, 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.

2.3 Our purpose-driven expertise (continued)

Our expertise in action

Key: ● Technology Innovation ● Environmental footprint ● Social impact ● Sustainability influence partnership

1. Accelerate the shift to renewable power generation

Porkeri and Sund BESS

End user segment – Utilities (T&D)
Country of delivery – Faroe Islands, Kingdom of Denmark

This project supports the Sev's goal of 100 percent renewable electricity by 2030 by integrating Battery Energy Storage Systems (BESS) with renewable generation, in particular onshore farms.

BESS ensures grid stability and has led to reduced frequency and voltage fluctuations while also more than doubling the use of available wind energy.

The customer selected Hitachi Energy for both projects due to our standardized solution, proven performance, and advanced capabilities in grid stabilization and renewable integration.

Porto Santo II

End user segment – Utilities (T&D)
Country of delivery – Portugal

As part of the second phase of Região Autónoma da Madeira's regional strategy to boost renewable electricity, this project focuses on expanding energy storage to support a significant increase in renewable energy capacity.

It ensures the secure operation of the island's isolated grid without fossil fuels whenever renewable resources are available.

The project also adds redundancy to the first BESS installed in Porto Santo (both delivered by Hitachi Energy), strengthening system reliability.

By enabling more renewable integration, it contributes directly to the reduction of CO₂ emissions in local electricity production.

Renewable generation siting for Scout Clean Energy using PROMOD

End user segment – Renewables
Country of delivery – United States

Scout Clean Energy licensed Hitachi Energy's PROMOD power generation and transmission modeling system to select optimal sites for new renewable projects, a crucial step in the development process. The result of this analysis is also used to obtain approval for project financing.

Scout Clean Energy is now able to run multiple scenarios for optimal siting internally, saving time and money with the ability to submit financing applications with bankable results.

PROMOD enables renewable entities to site, size, and plan for development investments more efficiently, increasing these assets across the footprint and ultimately creating a more sustainable world.

Caithness Moray Shetland (CMS) – the first multi-terminal HVDC VSC interconnection in Europe

End user segment – Renewables
Country of delivery – Scotland, United Kingdom

Scottish and Southern Electricity Networks (SSEN) Transmission needed to connect the Shetland Islands to the UK transmission system while strengthening the onshore network in northern Scotland.

This involved three HVDC Light converter stations in a multi-terminal scheme, executed in two stages.

The Caithness-Moray link was commissioned in 2018 and prepared for further expansion; the Shetland link has been operating since August 2024.

This boosts renewable energy and enhances power stability, contributing to the United Kingdom's decarbonization target of bringing all greenhouse gas emissions to net-zero by 2050.

2.3 Our purpose-driven expertise (continued)

Our expertise in action (continued)

Key: ● Technology Innovation ● Environmental footprint ● Social impact ● Sustainability influence partnership

1. Accelerate the shift to renewable power generation (continued)

Khavda-Nagpur – connecting renewable energy



End user segment – Renewables

Country of delivery – India

Our customer, Power Grid Corporation of India Ltd (POWERGRID), required an HVDC link to transmit renewable energy from Khavda in Gujarat to the industrial center of Nagpur in Maharashtra.

The project scope includes converter transformers, AC/DC control and protection, gas-insulated high-voltage switchgear, thyristor valves, 765 kV/400 kV substation, and auxiliary systems to be delivered by Hitachi Energy India Ltd.

Al-Khushaybi PV IPP and Al Muwayh PV IPP (3,500MWac) in KSA – renewable PV plants



End user segment – Renewables

Country of delivery – Saudi Arabia

ACWA Power was set up to develop the two largest photovoltaic (PV) plants in the country to contribute to the Kingdom’s renewable energy vision by offsetting nearly 3.5 million metric tons of CO₂ emissions annually and driving sustainable and reliable energy solutions, helping the country’s energy transition.

ACWA worked with Hitachi Energy through engineering, procurement, and construction (EPC) partner Larsen & Toubro (L&T) to deliver the electrification system for this landmark project.

We provide end-to-end protection, a monitoring and control solution, and communication equipment for the electrical grid system to connect the grid pooling substation to 380 kV grid switching stations.

This ensures better-informed decision-making and visualization with grid operation support and improved scalability and fixability.

AusNet Golden Plains Wind Farm



End user segment – Renewables

Country of delivery – Australia

As part of the country’s overall strategy to achieve net-zero emissions and shift the energy mix toward renewables, we supported AusNet in the Golden Plains Wind Farm project by supplying two key 850 MVA 500 kV power transformers.

Located in the state of Victoria, as Australia’s largest permitted onshore wind project it will generate 4,000 gigawatt-hours of renewable energy annually, powering over 765,000 homes and saving 4.5 million metric tons of CO₂ emissions each year.

2.3 Our purpose-driven expertise (continued)

Our expertise in action (continued)

Key: ● Technology Innovation ● Environmental footprint ● Social impact ● Sustainability influence partnership

2. Decarbonize through electrification

Hitachi Energy's Grid-enSure™ technology boosts the upgrade of Xingang Group's electric arc furnace ● ○ ○ ○

End user segment – Industry
Country of delivery – China

Hitachi Energy delivered the new SVC Light STATCOM (Static Synchronous Compensator) for the Xinyu Iron and Steel Group (Xingang Group) electric arc furnace energy-saving and environmental protection renovation project.

This technology helps to improve the power quality of high-power electric arc furnaces by providing dynamic reactive power compensation and harmonic control systems®.

Hitachi Energy power quality solution reduces grid connections by almost half in European rail corridor ● ● ○ ○

End user segment – Transportation
Country of delivery – Lithuania

The electrification of this 377 km corridor, running from one end of the country to the other between the capital Vilnius, and the principal port of Klaipėda, will allow replacement of diesel-powered locomotives with lower-carbon high-speed electric trains.

This will reduce metric tons CO₂ emissions by 150,000 metric tons a year and cut operating costs by 40 percent according to the Lithuanian government.

Scott transformers strengthening Indian Railways' power system ● ○ ○ ○

End user segment – Transportation
Country of delivery – India

Hitachi Energy is the first company to supply the largest power-rated Scott transformers in India with multiple units for 100MVA 132 kV and 230 kV loads.

These will enable the upgrade of the rail infrastructure electrical system in western India, allowing trains to reach speeds of 160 km/h compared to today's 130 km/h maximum speed.

With a higher capacity and higher speed, the commute of passengers between four major cities in India will take less time and be more reliable.

2.3 Our purpose-driven expertise (continued)

Our expertise in action (continued)

Key: ● Technology Innovation ● Environmental footprint ● Social impact ● Sustainability influence partnership

3. Enable sustainable energy carriers

4. Expand and strengthen the transmission and distribution grid

HyFlex Hydrogen Power Generator – customer demonstration with Ramirent



End user segment – Hydrogen
Country of delivery – Finland

HyFlex™ is perfect for hard-to-decarbonize applications, such as remote construction sites, ‘green’ festivals, and critical infrastructure.

This ‘plug-and-play’ system includes fuel cell modules, power electronics, batteries, cooling, and auxiliary equipment, ensuring seamless and grid-independent operation.

Higashi-Shimizu – reinforcement of Japanese power supply



End user segment – Utilities (T&D)
Country of delivery – Japan

Chubu Electric Power Co’s. Higashi-Shimizu project aims to reinforce the connection between the 50 Hz network in eastern Japan and the 60 Hz network in western Japan.

The connection is expected to significantly strengthen and help develop electricity transfer, increasing reliability by enhancing the integration of the Japanese grid.

Hitachi Energy supplies system engineering, Voltage Source Converter (VSC) technology called HVDC Light®, a digital solution with the well-proven MACH™ control and protection system.

Two new back-to-back blocks of 300 MW each will be built on an existing site with an existing HVDC back-to-back installation.

SSEN maintains the UK’s energy security, HVDC EnCompass LTSA



End user segment – Utilities
Country of delivery – Scotland

The 1,200 MW Caithness-Moray and Shetland project is Europe’s first multi-terminal HVDC system using Voltage Source Converter (VSC) technology.

It enabled Scottish and Southern Electricity Networks (SSEN) Transmission to connect the electricity grids on each side of the Moray Firth and the Shetland Islands.

The long-term service agreement marks the beginning of a new phase in the life of this pioneering infrastructure.

For a project of this magnitude and complexity, maintenance requires a specialized approach, combining advanced technology with expert knowledge.

2.3 Our purpose-driven expertise (continued)

Our expertise in action (continued)

Key: ● Technology Innovation ● Environmental footprint ● Social impact ● Sustainability influence partnership

5. Transform through low-carbon technologies and digital solutions

<div style="background-color: red; color: white; border-radius: 15px; padding: 5px; margin-bottom: 10px;"> Hitachi Energy delivers China's first SF₆-free 420 kV dead tank breaker ● ● ○ ○ </div> <p>End user segment – Utilities (T&D)</p> <p>Country of delivery – China</p> <p>Hitachi Energy has delivered China's first SF₆-free 420 kV dead tank breaker (DTB) to the State Grid Corporation of China (SGCC).</p> <p>This groundbreaking achievement marks a significant step in decarbonizing the power grid and aligns with China's ambitious target of achieving carbon neutrality by 2060.</p> <p>The SF₆-free 420 kV DTB is part of our EconIQ eco-efficient portfolio of products, services, and solutions that are proven to deliver exceptional environmental performance.</p>	<div style="background-color: red; color: white; border-radius: 15px; padding: 5px; margin-bottom: 10px;"> Hitachi Energy to supply Japan's first SF₆-free 300 kV circuit-breakers to Chubu Electric Power Grid ● ● ○ ○ </div> <p>End user segment – Utilities (T&D)</p> <p>Country of delivery – Japan</p> <p>This is the first project in Japan where SF₆-free circuit-breakers will be installed at voltages of 275 kV and above.</p> <p>It marks a milestone in achieving sustainable power grids in Japan and in delivering Chubu Electric Power Grid's ambition of reducing emissions to zero by 2050.</p> <p>The SF₆-free EconIQ circuit-breaker reduces CO₂-equivalent emissions from the insulating gas by 99.3 percent.</p>	<div style="background-color: red; color: white; border-radius: 15px; padding: 5px; margin-bottom: 10px;"> Co-creation of a sustainable energy future through EconIQ Transformers ● ● ○ ○ </div> <p>End user segment – Utilities (T&D)</p> <p>Country of delivery – El Salvador</p> <p>To support DELSUR's vision, Hitachi Energy is providing EconIQ power transformers (one 10/14 MVA, 46/23-13.2 kV and one 20/26 MVA, 46/23-13.2 kV power transformer unit) which are developed with an eco-efficient design and filled with natural esters, an insulation fluid with higher fire safety rating and greater biodegradability in case of leakages.</p>	<div style="background-color: red; color: white; border-radius: 15px; padding: 5px; margin-bottom: 10px;"> FLEX: Building meaningful connections with our customers in manufacturing segment – First branded EconIQ™ transformer from South America ● ● ○ ○ </div> <p>End user segment – Other</p> <p>Country of delivery – Mexico</p> <p>FLEX in Mexico has set a new benchmark in the energy sector by integrating four 25/33 MVA, 69/23 kV Power Transformers using natural ester insulating fluid and TXpert™ Ecosystem.</p> <p>These transformers, the first branded under Hitachi and incorporating the EconIQ concept, exemplify excellence in lifecycle analysis, sustainability performance, decarbonization, safety, ecosystem protection, and resource responsibility.</p>	<div style="background-color: red; color: white; border-radius: 15px; padding: 5px; margin-bottom: 10px;"> Qair drives renewable integration with Hitachi Energy global expertise ● ○ ○ ○ </div> <p>End user segment – Renewables</p> <p>Country of delivery – Brazil</p> <p>Qair worked with Hitachi Energy to implement a MicroSCADA system to automate power flow and monitor and control multiple sites.</p> <p>The Collaborative Operations Center (COC) manages and monitors three project sites to provide a comprehensive and complete view of assets.</p> <p>Recently, Qair added a new EnCompass™ service agreement.</p>
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2.4 Partnerships to accelerate sustainability

Sustainability is a journey and shared responsibility that requires various stakeholders' collaboration and active participation.

We, together with our customers and partners, are committed to powering the world's energy system to be more sustainable, secure, resilient, and affordable, making electricity more accessible to all and empowering societies to thrive.

Our involvement ranges from small to large scale, using our global experience and platforms and adjusting them to the local needs. We build innovative, sustainable, and scalable solutions together with our partners to meet the needs of the end customers.

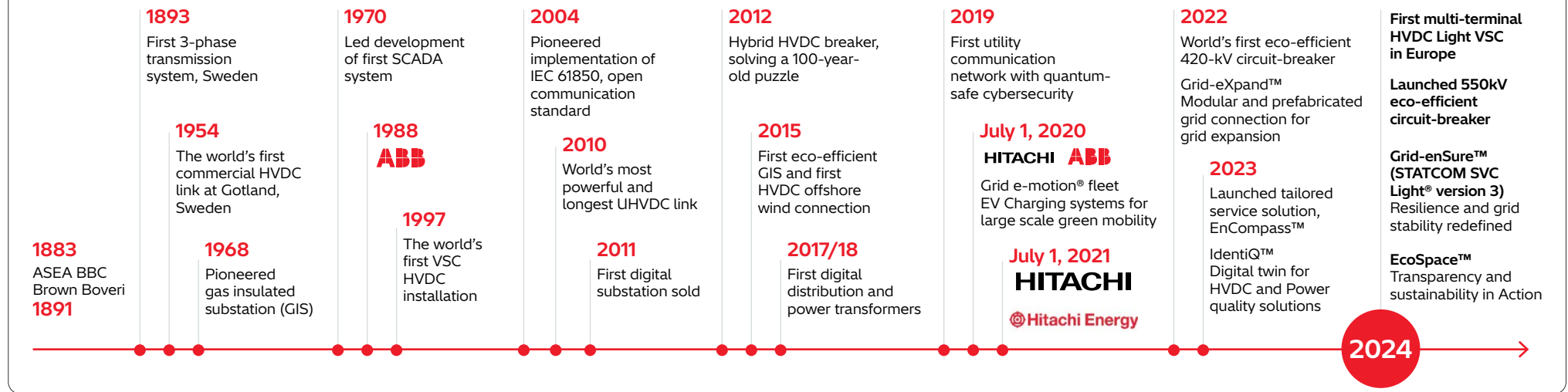
Partnerships to accelerate sustainability

We leverage shared expertise, resources, and influence to scale impact more effectively than it could be done alone. Open collaboration and customer focus are key dimensions of our Hitachi Energy's culture. Wherever they are in the world, our experts thrive on 'teaming up' to co-create impactful solutions that deliver customer success and societal progress with social, environmental and economic value.

Project	Description
<u>Hitachi Energy and AWS strategic collaboration</u> accelerates innovation in the cloud	Hitachi Energy and Amazon Web Services (AWS) have entered a multi-year strategic collaboration agreement (SCA) to accelerate how utility and energy-intensive companies deploy cloud-based solutions and advance the energy transition. The initial focus of the agreement delivers Hitachi Vegetation Manager, an artificial intelligence (AI)-driven vegetation management system, on AWS. This innovative solution aims to significantly reduce power or system outages caused by vegetation interference with critical infrastructure.
<u>Hitachi Energy and Samsung C&T expand their strategic collaboration to identify common objectives and explore joint business opportunities for HVDC projects</u>	This non-exclusive collaboration leverages the growing markets and the global trend toward electrification and power infrastructure expansion. By capitalizing on the rapid increase in the global HVDC market, the two companies are well-positioned to deliver advanced and efficient power solutions that meet the rising demand for clean energy. Hitachi Energy will provide its HVDC technology as part of the collaboration, and Samsung C&T will bring its EPC capabilities.
Fostering innovation and entrepreneurship	Through the <u>Hitachi Energy Startup Challenge</u> , entrepreneurs from around the world are challenged with innovative ideas to drive sustainable solutions into the energy industry in collaboration with Hitachi Energy. Winners of the 2024 awards were Pond Biomaterials and Composite Recycling.

2.5 Research and innovation

Our ambitious pathway of record-breaking technologies



2.5.1 Pioneering spirit and commitment to purposeful innovation (GRI 3-3)

Our innovative technologies help increase access to affordable, reliable, and sustainable energy vital for society to prosper and progress. Consumers' evolving needs and lifestyles place new demands on electricity grids – our technologies help make the energy system more resilient, secure, and safe.

Electricity and electrification are central to achieving a carbon-neutral future. Together with customers and partners, we are co-creating solutions to accelerate the energy transition.

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

Our technologies are also instrumental in the electrification of transportation, industry, and smart life sectors.

Recognized as pioneers for more than a century, we bring a mindset of anticipating needs to ensure our customers achieve their goals. We believe that collaboration and teamwork involving a diversity of perspectives result in great innovation.

As we drive toward a carbon-neutral future, our teams are continuously innovating and inspiring action to deliver enduring economic, environmental, and social value.

Our research and development (R&D) activities employ more than 2,600 experts in more than 20 countries. Our scale and approach enable us to form networks and partnerships that span national borders, bringing together

customers, industry partners, policymakers, academia, research bodies, and startups.

While our customers rely 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 research and development annually. Hitachi Energy Research (HER) represents our global network of five Research Centers in eight locations in Asia, Europe, and North America.

HER focuses on studying, prototyping, and predeveloping commercially viable solutions, resolving challenging technical problems, and contributing to the innovation process in Hitachi Energy via scouting, customization, and derisking of emerging technologies.

HER works hand-in-hand with a worldwide network of Global Development Centers for research and development activities within our business units. Combined with our extensive global footprint and local office network, we are constantly adding to our ecosystem of knowledge, which includes the latest reference points and best practices required to anticipate and solve customer needs.

With innovation, we:

- Manage and strengthen our core business
- Foster adjacent, emerging business
- Seed transformational, future business
- Maintain diversity of thought, balancing our global presence with our regional and local expertise
- Maintain strategic protection of intellectual property

2.5 Research and innovation (continued)

2.5.2 Sustainability and health, safety and environment (HSE) at the core of our research and development (R&D) processes (GRI 3-3)

We are convinced that meaningful innovation cannot be achieved without considering the health and safety of the public, our customers, and our own employees, as well as environmental and broader sustainability aspects, such as circularity. Addressing these aspects is at the very heart of technology and product development at Hitachi Energy.

To ensure their proper consideration throughout Product Development and Technology Development, we integrated health, safety, environmental, and sustainability considerations into our research and development processes in the form of an approach comprising multiple checklists, governing documents, and tools.

Including comprehensive guidelines, it is now integral to our R&D investment decision model (Gate Model) and addressing health, safety, environmental, and sustainability (eco-design) aspects is mandated for Product Development and Technology Development projects.

The governance, checklists, and tools ensure we thoroughly address safety and other HSE-related risks and opportunities during project execution, helping us to ensure the health, safety, and environmental compliance of our products.

To enhance sustainability, a comprehensive list of eco-design aspects tailored to Hitachi Energy's specific needs (such as design for circularity or energy efficiency), complemented by explanations and examples, is part of the checklist that must be considered in research and development projects within technical and economic boundaries (see also section [3.3.1 Eco-design](#)).

In this context, R&D project leads and teams are supported by an advisory team, with dedicated training and individual coaching as needed.

Compliance with laws and regulations is among the top priorities when executing product development projects. Hence, lists of applicable laws, lists of prohibited and restricted substances, as well as recommendations for the selection of materials are provided to the R&D team to inform its decisions during the development phase. For this purpose, the Product Material Compliance management system is deployed in R&D.

→ [Read more in section 5.6.1 Product compliance and quality](#)

To create transparency about our products' environmental impact and to improve eco-design in R&D, we use lifecycle assessments (LCAs) for selected projects and products, special cases, and to satisfy customer requests. For FY25, we are aiming to introduce a state-of-the-art LCA tool to facilitate the deployment of such studies on a larger scale across the organization.

We are committed to providing our customers with solutions to best meet their requirements. We have channels through Marketing & Sales involving key account managers, plus a dedicated Customer Care Response Process (CCRP), to ensure that customer feedback and lessons learned from our installed base are considered in Market Requirement Specifications (MRS). MRS serve as the basis to define the objectives of research and development projects.

Voice from R&D

“Sustainability must be embedded in design from the start.

As a research scientist, I focus on integrating lifecycle thinking and circularity principles into the development of next-generation products by bringing a data-driven approach.

Collaborating across teams and disciplines helps us rethink and innovate materials and design approaches so we align with emerging regulations and our customers' evolving expectations, shaping technologies that are high-performing as well as resource-efficient and resilient.”

Anastasiia Komarova,
Scientist, Hitachi Energy Research,
Switzerland



2.5 Research and innovation (continued)

2.5.3 Intellectual property (GRI 3-3)

By the end of FY24, Hitachi Energy's patent portfolio comprised around 2,500 patent families covering technologies vital to fulfilling our Purpose. Our extensive portfolio reflects our commitment to investing in sustainable technology innovation, spanning various domains such as SF₆ alternatives and power grid solutions that enable renewable energy integration.

The LexisNexis® PatentSight® patent analytics platform illustrates how our patent portfolio aligns with the United Nations Sustainable Development Goals (SDGs). It shows that a significant number of our patent families align with:

- SDG 7 Affordable and Clean Energy
- SDG 9 Industry, Innovation, and Infrastructure
- SDG 13 Climate Action

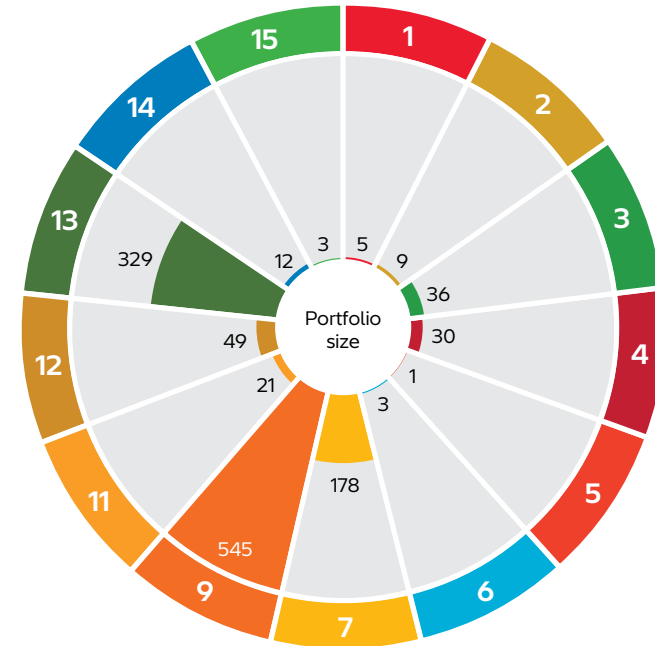
According to PatentSight, Hitachi Energy's innovations relating to GHG Emission Reduction, Advanced Manufacturing, and Smart Grid are key contributors to the UN SDGs.

This further strengthens our strategic approach to sustainability, demonstrates how sustainability sits at the core of our innovation and further validates our identified contribution to SDGs 7, 9 and 13.

The patent/SDG mapping by PatentSight shows a select portion of the Hitachi Energy portfolio, and does not presently cover various innovations that we consider to be sustainable technologies, such as SF₆ alternative technologies that promote GHG reduction as well as various others that are vital to integrating renewable energy generation into power grid systems.

See PatentSight [methodology and definitions of terms](#).

Number of patent families aligned to UN SDGs



	SDG 1: No Poverty		SDG 6: Clean Water and Sanitation		SDG 13: Climate Action
	SDG 2: Zero Hunger		SDG 7: Affordable and Clean Energy		SDG 14: Life Below Water
	SDG 3: Good Health and Wellbeing		SDG 9: Industry, Innovation and Infrastructure		SDG 15: Life On Land
	SDG 4: Quality Education		SDG 11: Sustainable Cities and Communities		
	SDG 5: Gender Equality		SDG 12: Responsible Consumption and Production		

2.5 Research and innovation (continued)

2.5.4 Our capabilities in practical examples (GRI 3-3)

Sustainable building design for static frequency converters

As part of our commitment to reducing environmental impact, we conducted a lifecycle assessment (LCA) of our static frequency converters.

The study revealed that the choice of building material significantly influences CO₂ emissions during the preuse phase.

By exploring the use of wooden structures instead of traditional concrete buildings, we identified a potential reduction in CO₂ emissions of up to 70 percent.

This alternative meets standard building requirements, including fire safety, and involves only a moderate cost increase of approximately nine percent. Moreover, the reduced carbon footprint may offer long-term financial benefits as carbon pricing mechanisms evolve.

The aesthetic and architectural advantages of wooden buildings further support this sustainable transition.

Converter end-of-life strategy

Understanding the full lifecycle of our products is essential to sustainable innovation. We recognized the growing importance for customers to have clear guidance on product disassembly and disposal. In response, we developed a comprehensive end-of-life guide that accompanies our product documentation.

This guide outlines best practices for dismantling and recycling key components, helping to minimize environmental impact.

Our analysis shows that reusing and recycling materials from converters can reduce CO₂ emissions by several hundred tonnes, depending on the power equipment size.

These insights not only support our customers' sustainability goals but also inform our internal development priorities, guiding improvements to our existing platforms and shaping future innovations.

University collaboration: Bulletproof barrier

Electrical infrastructure assets, such as transformers, are increasingly at risk from vandalism and targeted attacks, threatening energy system stability and damaging high-value, hard-to-replace equipment.

While interest in protective solutions is high, previous offerings failed to gain market traction due to excessive weight and cost.

In a joint ideation session, engineering students from North Carolina State University teamed up with Hitachi Energy's Transformer research and development team in Raleigh to develop an innovative concept for a lightweight, cost-effective bulletproof barrier.

Using enhanced, commercially available protection materials, the team overcame earlier limitations and successfully demonstrated the concept.

A patent has been filed, and the technical concept is now being developed as a commercial product. This initiative highlights the power of collaboration beyond our own industry – bringing fresh perspectives, accelerating innovation, and creating value for customers.

EnCompass™ Agreements – partnering with our customers for superior lifecycle performance

EnCompass Agreements represent Hitachi Energy's portfolio of partnership-oriented service offerings, covering products and systems, and providing round-the-clock access to expert services and support.

Customers can tailor the content of their agreement by bundling custom maintenance and advisory services, rapid support and availability guarantees, as well as digitally enabled condition monitoring and asset performance management services to meet their specific strategic service needs and goals.

Service is our commitment to maintaining and strengthening the world's largest high-voltage installed base and the future of the energy system.

Leveraging a century of experience and expertise, our team delivers service solutions that cover the entire asset and system lifecycle of assets, helping ensure safe and resilient operations while reducing operating costs and mitigating system risk.



“At Hitachi Energy, we are solving a fundamental societal problem to bring secure, affordable, reliable, and sustainable energy to people. What’s urgently needed is to accelerate know-how exchange globally across generations and to deploy technology at scale.”

Gerhard Salge
Chief Technology Officer
Hitachi Energy

2.5 Research and innovation (continued)

EconiQ® – our eco-efficient portfolio

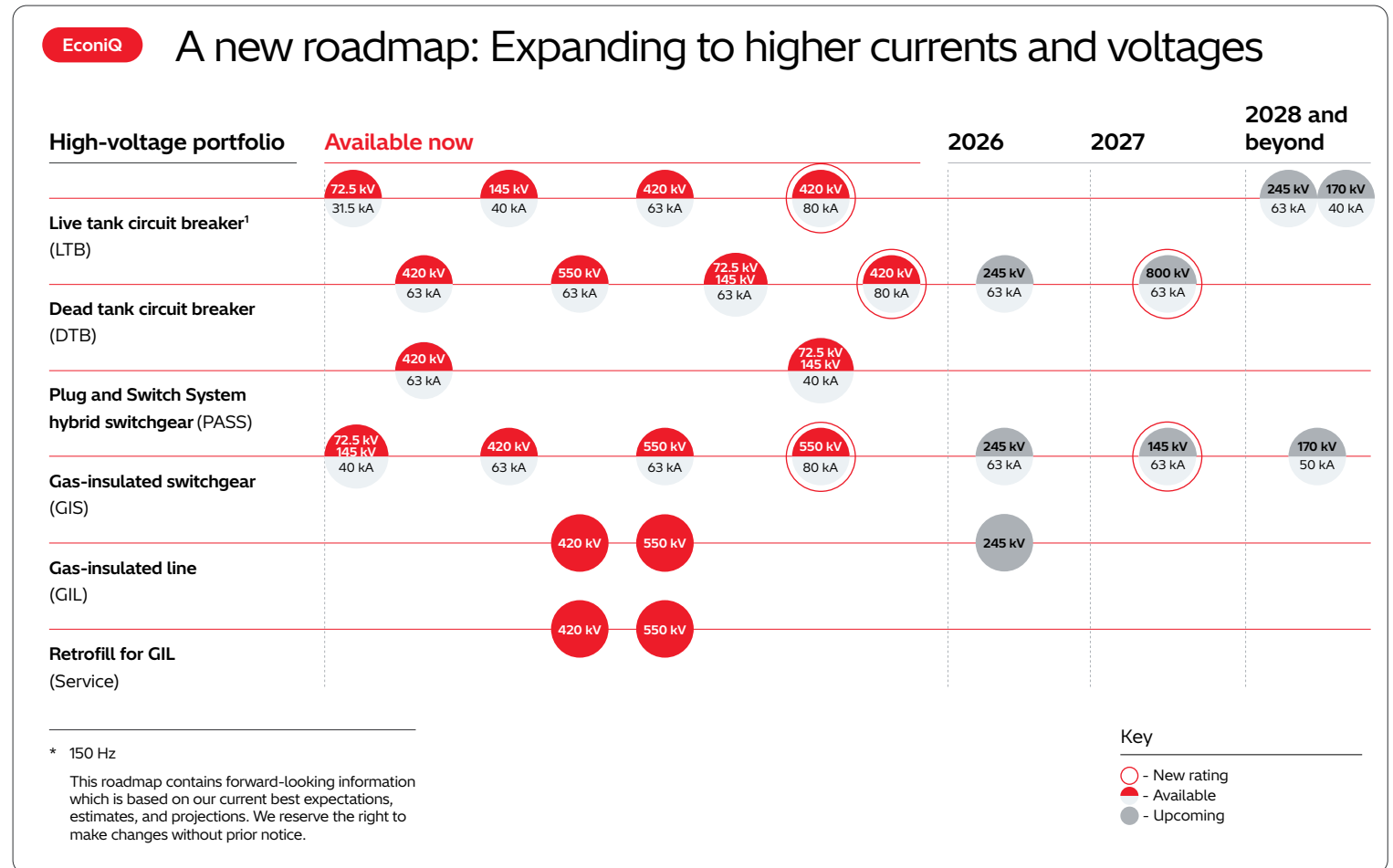
EconiQ eco-efficient portfolio: reflecting our engineering capabilities and commitment to align our offerings with our sustainability ambitions.

EconiQ is Hitachi Energy’s eco-efficient portfolio for sustainability. where products, services, and solutions are proven to deliver exceptional environmental performance.

Our EconiQ portfolio (high-voltage, transformers, consulting, and implementation) is designed 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 SF₆-free technology, is proven to significantly reduce carbon footprint throughout the entire lifecycle.

The EconiQ™ high-voltage portfolio roadmap demonstrates the scalability of our technology, enabling customers and the industry to transition rapidly to eco-efficient solutions.



2.6 Sustainability in our business strategy

2.6.1 Our sustainability journey

In February 2023, the Sustainability Function separated from the then Health, Safety, Environment, Sustainability and Security Function.

It has since worked with the business and other stakeholders to refine and revise the company's sustainability strategy to align fully with Hitachi Energy's 2030 business plan:

- In June 2023 we established a dedicated team within the Legal & Integrity Function to monitor and provide counselling on environmental, social, and governance (ESG) and product material matters
- In September 2023, Hitachi Energy released its first Sustainability Report, including limited assurance on selected KPIs in accordance with the GRI Standards core option
- In December 2023 we completed our sustainability material impact assessment with the involvement of internal and external stakeholders; the results of the assessment informed our current sustainability strategy, launched in 2024
- Aiming to continuously improve, we have regularly reviewed our risk framework to include additional risks related to the environment, as well as social and governance aspects, and ensure it reflects our journey of enhanced operational awareness

→ Read more in section **5.2. Governance approach to sustainability risks and opportunities**

- We have also developed roadmaps for carbon neutrality, circular economy, and biodiversity, and an action plan for human rights due diligence and our community contributions (CSR) strategy
- In April 2025, we initiated a double materiality assessment (DMA), which we perceive as critical tool for organizations seeking to:
 - Align with evolving sustainability standards and regulatory compliance
 - Enable better strategic decisions by guiding resource allocation, innovation, and long-term value creation
 - Manage their risks effectively and have a strategic forward looking oversight framework
 - Build stakeholder trust through enhanced transparency
 - Enhance leadership in sustainability and competitive advantage in a marketplace that assigns more and more value to sustainability related topics

Sustainability issues are being assessed for materiality from two perspectives:

- Financial materiality – ESG issues affect the company's financial performance
- Impact materiality – how the company's operations and activities impact the environment and society

Further details regarding the results of our DMA, and the next steps we will take to integrate its results into our strategy, will be available within our Sustainability Report for FY25.

No.	Impacts aggregation into macro areas	Final macro area brief title
1.	Carbon neutrality – emissions reduction roadmap in operation and value chain, energy efficiency	Carbon neutrality
2.	Climate change – climate transition plan and scenario planning, financing risks and opportunities from climate impact	Climate change
3.	Biodiversity and ecosystem protection – pollution prevention and control, protection, and restoration of natural capital	Biodiversity
4.	Circular economy and resource efficiency – efficiency and resource-use minimization (waste, water, materials), raw materials sourcing, recycling, circular business models	Circular economy
5.	Innovation – sustainable products, services and solutions – R&D, eco-design, LCSs, products, compliance, avoided emissions, Scope 3 emissions, digitalization	Innovation
6.	Health and safety – workers and contractors' occupational health and safety, wellbeing and mental health, resilience, product and projects safety	Health and safety
7.	Employee welfare – employment practices (non-discrimination, equity, operational changes, social dialogue, living wages)	Employee welfare
8.	Diversity, equity and inclusion – Diversity 360 (Leadership pillars, female acceleration, live diversity, equity and inclusion, attract and grow people – training and education)	Diversity
9.	Sustainable procurement – supply chain management, supply chain transparency, labor standards, conflict minerals, supplier social and environmental assessment	Sustainable procurement
10.	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 impact	Human rights
11.	Security and crisis management – organizational resilience and continuity, physical security, security investigations, projects security, travel and event security	Security
12.	Stakeholder and community engagement – incorporation of stakeholders' views and interests through meaningful engagements and collaboration (public policy, communication, impact management and partnerships)	Stakeholder engagement
13.	Social contribution – partnerships and investment to maximize impact and create shared value through corporate social responsibility programs (access to electricity, energizing education, BringKids2School)	Social contributions
14.	Corporate governance – organizational structure and composition, responsibility for managing impacts, diversity, performance evaluation, compensation, and enterprise risk management (ERM)	Economic impact
15.	Economic impact and accounting standards – direct economic value generated and distributed, significant indirect economic impacts, payment practices, approach tax	Economic impact
16.	Cybersecurity, privacy, information and data security	Cybersecurity
17.	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 behaviour and antitrust, conflict of interest)	Business conduct
18.	ESG transformation and business integration – framework and regulations (taxonomy, CSRD, GRI, CDP, EcoVadis, SBTi, SASB, MSCI), strategy and business plan alignment with ESG	ESG

2.6 Sustainability in our business strategy (continued)

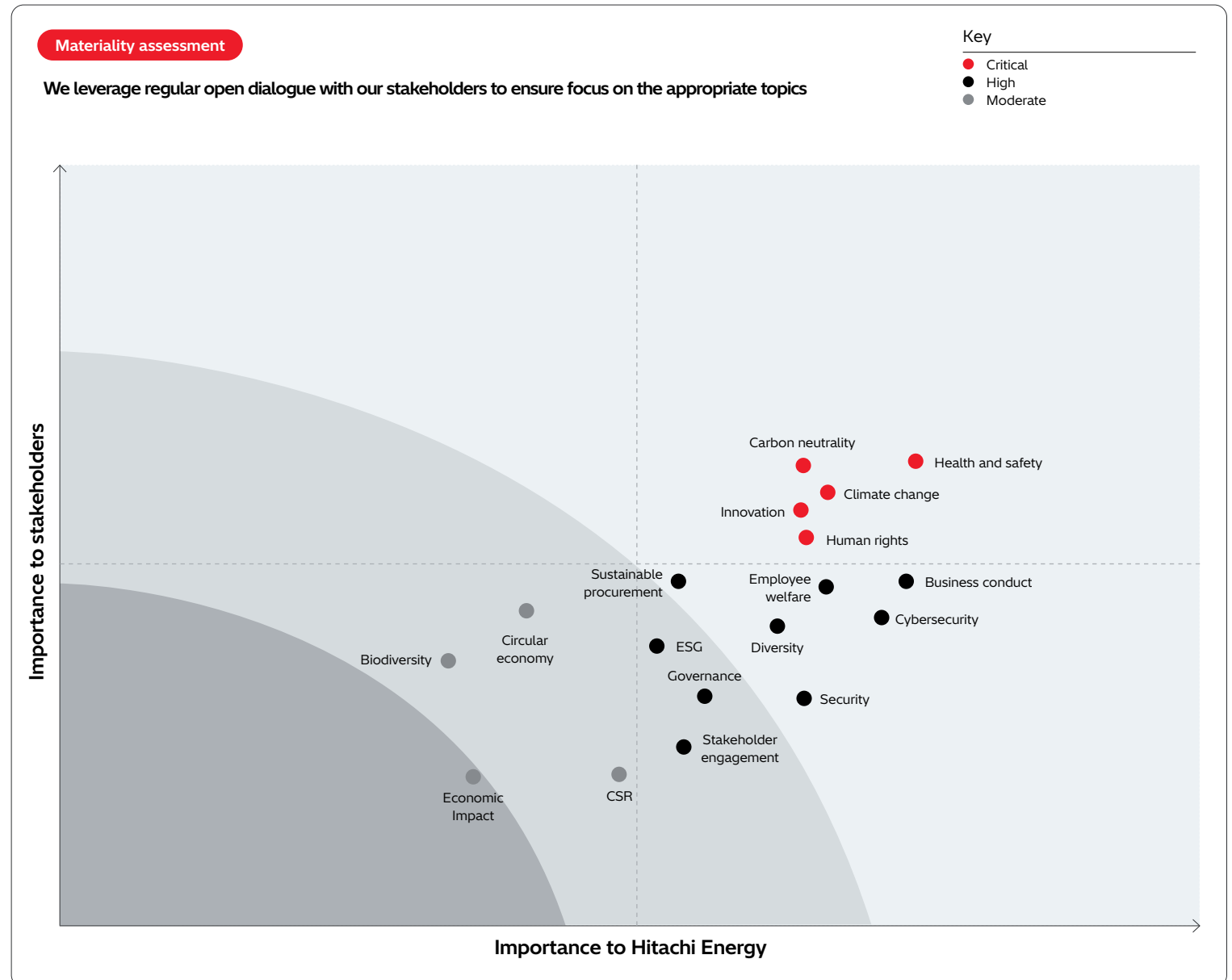
This journey has also confronted many challenges in our operating environment, including internal and external influences. Internally, and guided by Hitachi Energy’s Purpose, we have implemented and navigated these complexities, adapting our Sustainability Function organizational structure, and ensuring expertise and resources required, while at the same time taking challenges as opportunities for innovation and further growth.

Externally, we have continuously kept abreast of and ensuring compliance to the evolving regulatory and reporting landscape, while navigating market developments, changing customer demands, and emerging trends.

2.6.2 Identification of material topics (GRI 2-14, 3-1, 3-2, 3-3)

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, 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, as well as take early actions where possible to prevent and mitigate potential negative impacts.



2.6 Sustainability in our business strategy (continued)

More than 270 stakeholders were involved in the materiality assessment, of which 73 percent were external and 27 percent internal. Of the internal stakeholders, 24 percent were members of senior management. A total response rate of 15 percent informed the assessment results.

The material impacts included in the assessment are relevant to Hitachi Energy globally.

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, 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.

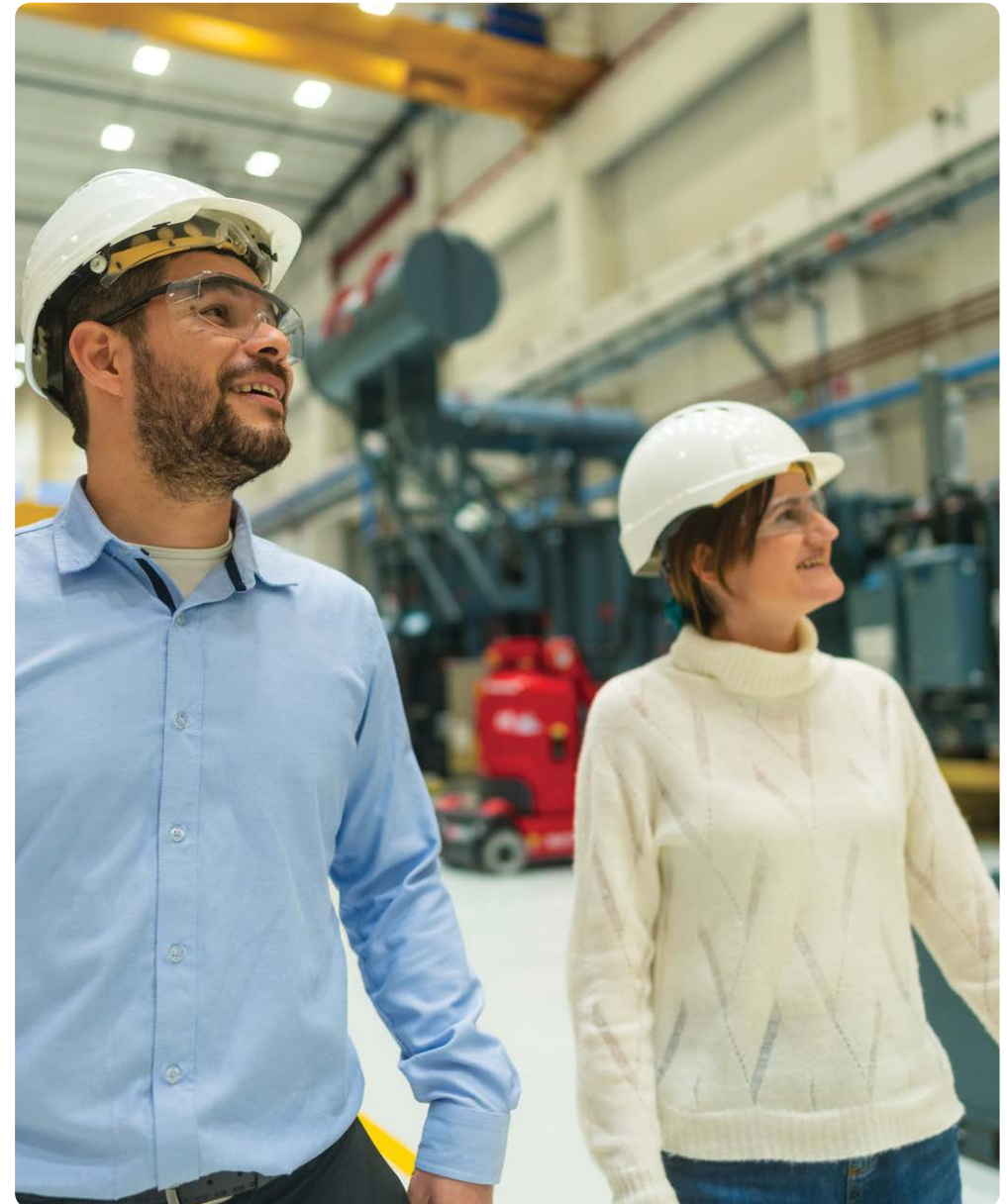
Within our enterprise risk management (ERM) framework we assess impact over the short-term (less than two years), medium-term (two to five years) and long-term (more than five years) perspective.

Materiality Assessment

270
responses received
across all stakeholder
categories

27%
internal stakeholders of
which 24 percent were
senior management

73%
external stakeholders



2.6 Sustainability in our business strategy (continued)

2.6.3 Risks and opportunities of material topics (GRI 2-14, 3-3)

Carbon neutrality

Topic description: Emissions reduction roadmap in operations and value chain, energy efficiency

Impact assessment: Material

The path toward 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

→ [Read more in section 3.1. Climate](#)

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. We use climate scenarios (for example, SSP1-2.6, SSP2-4.5, SSP5-8.5) to assess business resilience in our own operations and to guide long-term strategy. 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 extreme weather leads to increased use of electricity
- Increased competitiveness of existing power transmission and distribution systems by making them more resilient to extreme weather conditions.

Risks:

- Acute risks: Increasing frequency and severity of extreme weather events (for example, floods, storms) pose significant threats to operations. These events can damage production facilities, increase asset downtime, deteriorate working conditions, and disrupt supply chains – resulting in delays in both deliveries and the procurement of critical components.
- Chronic risks: Long-term climate changes, such as rising temperatures and sea levels, may impact infrastructure integrity, logistics efficiency, and the long-term viability of certain operational locations.
- The growing need for climate adaptation and mitigation measures may divert financial resources away from strategic decarbonization initiatives, including grid expansion, renewable energy integration, and investment in research and development of low-carbon technologies.

→ [Read more in section 3.1. Climate](#)

2.6 Sustainability in our business strategy (continued)

2.6.3 Risks and opportunities of material topics (GRI 2-14, 3-3) (continued)

Innovation

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

Impact assessment: Material

Our technologies and solutions are key enabler of electrification and thus essential for the transition toward a sustainable energy infrastructure to action against climate change.

They support broader access to affordable, resilient, and sustainable energy, which is important for societal prosperity and progress.

As consumer needs and lifestyles continue to evolve, our forward-looking technologies help make the energy system more sustainable, flexible, and secure. Continuously innovating on our products helps to reduce resource consumption and might eventually improve circularity

Opportunities:

There is a significant opportunity to innovate and introduce sustainable products and solutions in our industry. We anticipate that those leading the way will become the preferred brand, supplier, employer, and investment of choice for their stakeholders.

As electrification stands as a cornerstone of decarbonization, the most innovative companies will play a leading role in contributing to a net-zero future. We see innovation as part of our DNA and strategy on a short-, medium- and long-term basis.

Risks:

The risk landscape around innovation of sustainable products and solutions in our industry is quite complex:

- Customer-facing risks, such as 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.
- Design and manufacturing related risks such as availability of materials, quality control, upgrading of production, service, circularity and end of life processes, training and recruitment of specialized resources, compliance with regulatory and legal requirements, investment costs.
- Risks related to regulatory environments, which may require technology providers to invest a vast amount of funding to develop new sustainable solutions while the market adoption of them is relatively low. Therefore, regulatory actions need to balance between creating sustainability markets and developing sustainable technology, for a healthy development of sustainable solutions.

→ [Read more about our management approach to innovation, in section 2.3. Our Purpose-driven expertise \(what we contribute to\)](#)

2.6 Sustainability in our business strategy (continued)

2.6.3 Risks and opportunities of material topics (GRI 2-14, 3-3) (continued)

Health and safety

Topic description: Employee and contingent workers' 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 to 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 toward 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.

Opportunities:

- Foster a strong health, safety, and environment culture that makes us an organization people want to work for and with
- Strengthen relationships with customers and our supply chain
- Minimize operational disruption through risk management, operating discipline, and adopting new technologies

Risks:

- Harm to people and planet with attendant damage to reputation.
- Loss of business opportunities.
- Financial costs such as fines, legal fees, compensation.

→ [Read more in section 4.3. Health and safety](#)

Human rights

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.

Opportunities:

- Work to further enact the 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

Risks:

- 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

→ [Read more on our management approach to human rights, in section 4.4. Supporting human rights](#)

2.6 Sustainability in our business strategy (continued)

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   

2.6 Sustainability in our business strategy (continued)

Our Purpose: Inspire the next era of sustainable energy



2.6.4 Our sustainability strategy

In July 2025 and in the spirit of One Hitachi, we have updated our company narrative and Purpose.

The updates reflect Hitachi's original foundations, our guiding principles and leadership pillars, as well as Hitachi's core values of Harmony, Sincerity, and Pioneering Spirit.

Our Hitachi Energy sustainability strategy, refreshed for the start of FY24, consists of three strands of action, People, Planet and Principles, and guides our way as we are setting our targets and commitments for 2030 and our overall transition to net-zero by 2050.

It is further aligned and contributing to Hitachi's new sustainability strategy, 'PLEDGES', to further advance sustainable

management. Hitachi aims to contribute to the realization of a harmonized society in which the environment, happiness, and economic growth are in balance, and to achieve sustainable growth, as outlined in its new management plan, Inspire 2027.

The sustainability strategy which guides our actions stemmed from an extensive engagement with stakeholders which resulted in our Material Impact Assessment Report (MIAR) – read more in section **2.6.2. Identification of material topics**.

This provided a clear focus for our actions and informed the refresh of our sustainability strategy and its three strands of action.

Our sustainability strategy's three strands mirror our approach to ESG factors.

The strands also reflect an emphasis on harnessing the impact we can make as a global technology leader within our operations but as well throughout our value chain and beyond. We are committed and strive to work in partnership to maximize the impact of our people and our portfolio as well as to co-create value.

Each of these strands is aligned with the most relevant SDGs and support our most material topics:

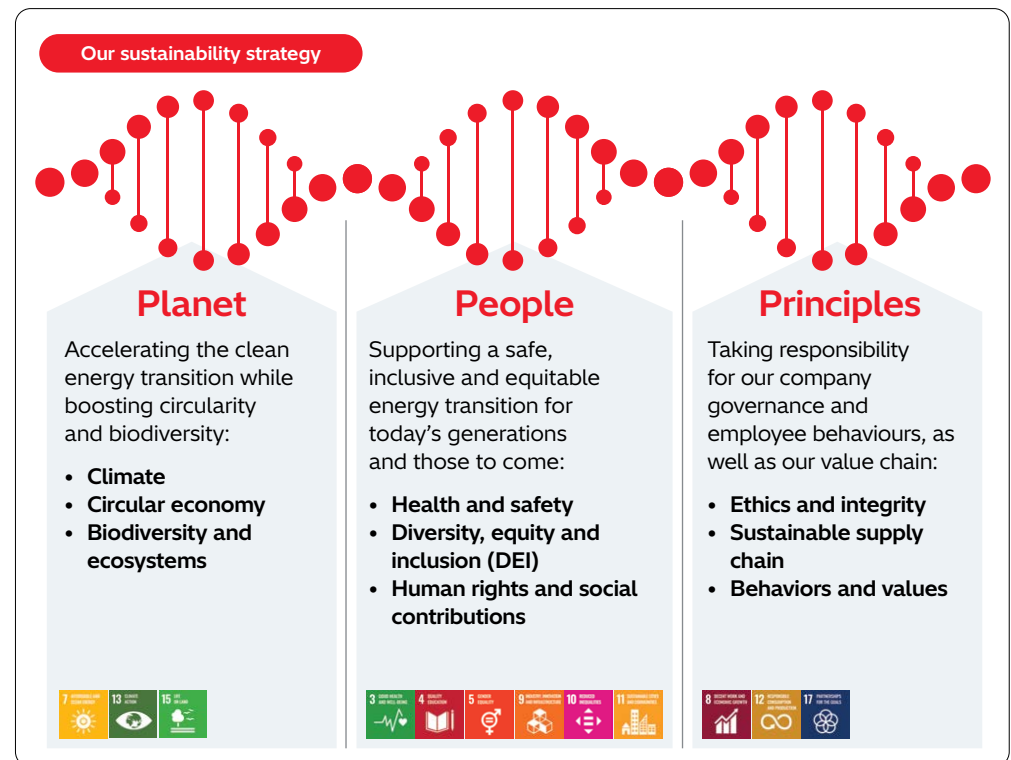
- For the **Planet** strand, we have a focus on contributing to affordable and clean energy (SDG 7), climate action (SDG 13) and life on land (SDG 15), promoting responsible consumption and production (SDG 12). Also, through our people, portfolio, global reach and in partnership with customers and partners, we contribute to building resilient infrastructure, inclusive and sustainable industrialization, communities and cities, and pioneering innovation (SDGs 9 and 11).

- 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) and 17 (partnerships for the goals).

Each strand also has a corresponding target that drives our business to contribute social, environmental, and economic value. Our evolving targets are informed through our open engagement with stakeholders, and we publish our Sustainability Report annually, setting out our progress.

Our plans and performance are based on open disclosure and are scrutinized by leading external expert organizations.

→ [Read more about our targets on our Hitachi Energy website.](#)



2.6 Sustainability in our business strategy (continued)

1000Mt of avoided emissions by FY30

	FY22	FY23	FY24	Total cumulative to date
Avoided emissions (Mt CO ₂ e)	78.63	186.54	212.81	477.99

We calculate our avoided emissions according to guidance from the World Business Council for Sustainable Development (WBCSD.)

Continue to increase GW of renewable power enabled¹

Contribute to closing the gap of those without access to electricity¹

+10 million people with raised electricity and energy awareness

More than 5.3 million people reached through our ongoing energy and electricity awareness campaign in FY24, that included live events, blogs, whitepapers, articles, ebooks and videos.

PLANET

Net-zero by 2050	CY19 (base year)	CY20	FY21	FY22	FY23	FY24	Compared to base year
Scope 1&2 (ktCO ₂ e)	365.2	368.9	196.2	96.7	92.7	91.9	
YoY		1%	-47%	-51%	-4%	0.9%	-75%
Scope 3 (tCO ₂ e/MVA)	653.3	-	-	494.3	451.9	443.8	
YoY		-	-	-24%	-9%	-2%	-32%

Service and digital for sustainability: Yearly increase in our Service lifecycle value creation index.

	FY20 (ref. value)	FY21	FY22	FY23	FY24
Service lifecycle value creation index	1	1.105	1.208	1.390	1.621

Our service activities are designed to improve the sustainability footprint of installed assets, ensure efficient and safer operation, and extend asset life. Increasing our focus on Service and Digital, we've achieved a 62.1 percent increase in our service lifecycle value creation index, measuring our service business growth, compared to the 2020 baseline, demonstrating true progress towards our ambition for sustainable asset lifecycle management.

Increase business positive impact¹:

Top quartile (25 percent) within peer group, aligned with EU taxonomy.

Our commitments and targets

Our high-impact commitments

1000 Mt of avoided emissions	Continue to increase GW of renewable power	Contribute to closing the gap of those without access to electricity	+10 million people with raised electricity and energy awareness
------------------------------	--	--	---

Planet

Our top targets

Net Zero by 2050
Carbon Neutral (-80 percent Scope 1 and 2)
-55 percent Scope 3 (intensity target)

Service and digital for sustainability
Yearly increase in our Service lifecycle value creation index

Increase business positive impact
Top quartile (25 percent) within peer group, aligned with EU Taxonomy

People

Our top targets

Health and Safety
Elimination of fatalities and life-changing injuries

Closing the gender pay gap
25 percent women in workforce and manager roles by 2025

Energizing education
Contribute to education for the next generation

Principles

Our top targets

Maintain ethics and integrity commitments
>90 percent Integrity metrics

Increase sustainability investments
Capital expenditure (CAPEX) and research and development (R&D)

Annually increase suppliers assessed on ESG
Yearly, based on spend

* All targets refer to 2030 unless stated otherwise, and are underpinned by a series of key internal performance indicators (KPIs) to which all organizational areas of Hitachi Energy contribute.

2.6 Sustainability in our business strategy (continued)

PEOPLE

Health and safety: Elimination of fatalities and life-changing injuries

	FY21	FY22	FY23	FY24
Total fatalities	0	0	1	1
Life-changing injuries	1	8	2	6

Incidents are classified according to the actual and/or potential impact and defined along three levels of investigation: Major, Medium and Minor. Within our Major incidents, the indicator relates to Fatal (F), respectively Serious Injuries (SI).

→ Read more in section 4.3. **Health and safety**

Closing the gender gap²: 25 percent women in workforce and manager roles by 2025

	FY23	FY24
Female employees ²	23%	23%
Female managers ²	21%	21%

Energizing education

Contributing to education for the next generation: 12 schools allowing 4,000 children accessing education through the BringKids2Schools and other programs (5 schools already existing in Malawi and Senegal, 3 in Sweden, and 4 new schools under construction in Malawi with capacity to serve 600 students)

PRINCIPLES

Maintain ethics and integrity commitments > 90 percent

	FY24	Weight %
Percentage of eligible new joiners trained on ethics and integrity within 90 days of joining	88.53%	50%
Percentage of eligible employees retrained via yearly refreshers	94.91%	50%
Ethics and integrity commitments	91.72%	

Increase sustainability investments¹:

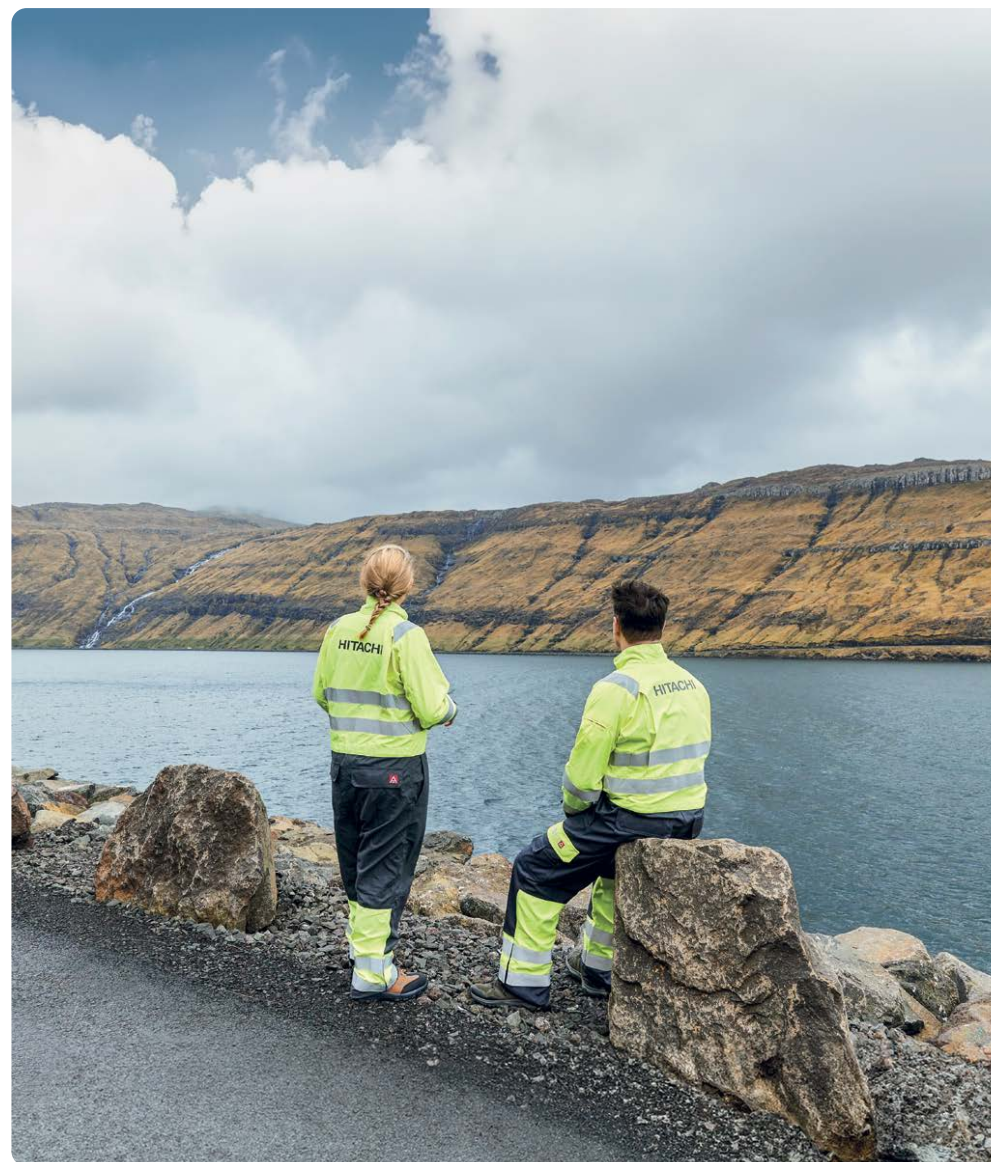
Capital expenditure (CapEx) and research and development (R&D).

Annually increase suppliers assessed based on ESG: Yearly, based on spend

	FY22	FY23	FY24
Suppliers assessed	266	1,558	1,992
Spend covered (%)	23	42	58

¹ Calculation methodology being developed

² Hitachi Energy is committed to complying with local laws. Due to recent changes in the United States, diversity data for US-based employees has been excluded from this target.



2.6 Sustainability in our business strategy (continued)

Sustainability ratings and external recognitions

EcoVadis

Following two consecutive gold awards, our sustainability performance received a platinum medal by **EcoVadis**, a leading sustainability assessment specialist.

This places us in the top one percent of the 89,000 companies assessed by EcoVadis.

We also received the EcoVadis Award for 'Best Mature Program in Sustainable Procurement'.

→ [Read more in section 5.8.2.5 Sustainability assessment via EcoVadis](#)



CDP

We were awarded a second successive 'A-' for our efforts on climate change and other environmental challenges.

This keeps Hitachi Energy in CDP's 'leadership band' of organizations implementing current best practices

CDP also recognized our efforts by placing us in the A-list in its Supplier Engagement Assessment (SEA) for our work as a business partner with suppliers to drive sustainability.



SBTi

Our targets to drastically reduce greenhouse gas emissions (GHGs) and achieve net-zero by 2050 were approved in February 2024 by leading independent experts SBTi.

Revalidation will be in 2029, or earlier if there is any material change to the company's plans.

→ [Read more in section 3.1.1 Our commitment toward net-zero by 2050](#)



WBCSD

World Business Council for Sustainable Development (WBCSD) collaborated on our approach to calculating 'avoided emissions' when we enable renewable generation sources to connect to a power grid, publishing a case study featuring the connection of the Dogger Bank A wind farm to the United Kingdom's national electricity distribution network.

→ [Read more in the WBCSD's case study](#)



3.0



Environment

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At Hitachi Energy, our environmental mission is integral to our long-term value creation strategy. We are committed to enabling a sustainable energy future by delivering technologies that support the global transition to net-zero.

We recognize the urgent need and our responsibility to act in order to decarbonize our future, protect the environment, and maximize the efficient use of natural resources.

As such, we have set our 2050 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 addressing emissions along our value chain, reducing fossil

fuel and energy consumption in our operations, maximizing product efficiency, and investing in alternatives.

We protect community resources by focusing on using water efficiently and limiting water usage in stressed areas, minimizing and recovering waste, as well as 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 decarbonization efforts and create more circular, sustainable solutions for all aspects of the value chain.

Highlights

Hitachi Energy is actively helping to tackle climate change in both its own operations and along the value chain

Scope 1 and 2 emissions

91.9 ktCO₂e

-0.9% YoY and -75% vs base year

Scope 3 emissions intensity

443.8 tCO₂e per MVA

-1.8% YoY and -32.1% vs base year

Energy consumption

65%

from renewable sources

Fossil-free electricity in own operations

100%

wherever possible, purchased or via EACs

Landfill disposal rate

<5%

non-hazardous waste

Eco-design principles and LCAs

embedded along the value chain of our products wherever possible

3.1 Climate

A critical turning point in the global climate narrative was marked in 2024, with the World Meteorological Organization (WMO) confirming it as the warmest year on record.

The global average surface temperature reached 1.55°C (±0.13°C) over the calendar year, making it the first year to exceed the 1.5°C threshold set out in the Paris Agreement. Alarming, there is now an 86 percent chance that at least one more year between 2025 and 2029 will exceed this 1.5°C limit and a 70 percent chance that the five-year average will also surpass it.

In response to these developments, the Intergovernmental Panel on Climate Change (IPCC) initiated the scoping process for its seventh Assessment Report (AR7) in late 2024. This report will build on the sixth assessment's urgent call for transformative adaptation and immediate emissions reductions, emphasizing that the window to limit warming to 1.5°C is rapidly closing.

In 2024 the World Economic Forum (WEF) also highlighted climate change as a top global risk, warning of irreversible tipping points such as the near-total loss of coral reefs, which are vital for marine biodiversity and coastal protection.

3.1.1 Our commitment toward net-zero by 2050 (GRI 305-1, 305-2, 305-3, 305-4, 305-5)

The global path toward 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 greenhouse gas (GHG) emission reduction targets to set our net-zero trajectory.**

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 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 to achieve this. We address remaining Scope 1 and 2 emissions through SF₆ loss prevention, energy efficiency, and alternative energy sources, to minimize the use of carbon offsets. Rigorous management of SF₆ to reduce emissions to as low as technologically possible is critical for our journey to carbon neutrality.

→ [Read more 3.1.5. Carbon-neutral operations](#)

Scientific evidence shows that human-induced GHG emissions, particularly carbon dioxide (CO₂), are accelerating climate change. We support national and international efforts to minimize and, where feasible, eliminate anthropogenic GHG emissions to avoid potentially dangerous impacts on ecosystems and society.

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.

Hitachi Energy is contributing to grid resilience and digital transformation, recognizing that a robust, flexible energy infrastructure is essential to withstand climate shocks and ensure energy security. This includes:

- Innovating grid technologies that can adapt to variable renewable energy sources
- Enhancing system reliability through digital solutions and predictive maintenance
- Collaborating with stakeholders to co-create climate-resilient energy systems



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

“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 build a more resilient, renewable future starting from our own operations. Together, we transform ambition into action, ensuring a thriving planet for generations to come.”

Alicia Argüello,
Global Head of Sustainability
Hitachi Energy

3.1 Climate (continued)

Our net-zero commitment

Our GHG emission targets validated by SBTi

All targets versus base year CY19

Scope 1 and 2
(own operations)

Scope 3
(upstream, downstream, value chain)

Near-term
(by 2030)

80%
reduction in absolute emissions (metric tons CO₂e)

55%
reduction in emission intensity (per unit of power capacity sold in our products, metric tons CO₂e per Mega Volt-Ampere)

Long-term
(by 2050)

90%
reduction in absolute emissions (metric tons CO₂e)

97%
reduction in emission intensity (per unit of power capacity sold in our products, metric tons CO₂e per Mega Volt-Ampere)

Net-zero

By 2050

These efforts support both mitigation and adaptation goals, helping communities and industries prepare for and respond to climate-related disruptions.

Moreover, **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 million metric tons of avoided emissions per year under their Environmental Action Plan for 2024 (FY22–FY24), helping our customers to reduce their Scope 1, 2, and 3 emissions.

Our sustainability strategy was refreshed for FY24, and we set ambitious near-term and long-term GHG reduction targets, validated by the Science Based Targets initiative (SBTi) in early 2024, to underscore our commitments.

→ [Read more 2.6.4 Our sustainability strategy](#)

By reporting through CDP (formerly the Carbon Disclosure Project), we ensure that our progress is transparent, and our stakeholders are informed about the strides we are making.

We remain dedicated to continuous improvement, innovation, and collaboration to maintain our performance aligned with these goals.

3.1 Climate (continued)

3.1.2 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.

We recognize the urgency of 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.

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 responsibility for key aspects of our company's operations, and other key stakeholders from the Management Team, such as the Head of Ethics and Integrity, Head of Communications, Head of Government Relationships, and Head of Sustainability.

The Sustainability Function has been represented directly in the Management Team since February 2023 and sustainability-related topics are regularly addressed within the Executive and Management Team agendas.

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.

3.1.3 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 greenhouse gas emissions along the value chain
- Sourcing fossil-free electricity in our operations
- Reducing energy use in our factories
- Continuing to invest in alternatives for SF₆ and minimizing its use in our products and operations
- Maximizing energy efficiency in our products

As climate impacts intensify, resilience and adaptation have become central pillars of sustainable development. 2024 saw a surge in extreme weather events – heatwaves, floods, and droughts – that disproportionately affected vulnerable communities and low-income nations.

Between 2015 and 2023, disasters impacted an average of 125 million people annually and caused over USD 131 billion in yearly economic losses, with least developed countries experiencing up to 7.5 times higher impacts.

At the start of FY24, Hitachi Energy refreshed its sustainability strategy to reflect evolving global priorities, including the urgent need for climate resilience and equitable energy transformation. These themes are embedded in the company's three strategic strands for action: Planet, People, and Principles.

In FY24, we updated our climate scenario analysis with a focus on acute and chronic physical climate related risk. In this assessment we engaged with Swiss RE utilizing their Digital Risk Services (RDS) Platform to assess the exposure of 100 of our key operational sites (including manufacturing locations, warehouse and business offices) to events related to climate change.

To evaluate physical climate risks across different potential future climate conditions, various emission trajectories were analyzed.

These trajectories represent possible future scenarios that examine how global societal trends, population changes, and economic developments might influence greenhouse gas emissions, radiative forcing, and global temperature increases.

The scenarios are based on the Shared Socioeconomic Pathways (SSPs), which underpin the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6).

- SSP1-2.6 scenario (1-2°C) Sustainability: Gradual development towards a socially and economically sustainable path driven by an

increasing commitment to achieving development goals. Global consumption is oriented toward low material growth as well as lower resource and energy intensity.

- SSP2-4.5: Middle of the Road: Globally, slow progress is made toward achieving the UN's Sustainable Development Goals. Social, economic, and technological trends do not shift notably from historical patterns. Environmental systems experience degradation, despite progress being made in some parts of the world. An overall reduction in the intensity of resource and energy use is taking place.
- SSP5-8.5: Fossil-fueled Development: CO₂ emissions triple by 2075, leading to economic growth and a social divide. Investments are rather made toward technological adaptation to climate change and border control. This scenario is seen as an extreme case.






Swiss Re's Climate Risk Scores quantify the future physical risk related to climate change. The scores are modeled globally and express changes in the frequency and intensity of the perils. The scores combine:

- robust science based on data used for the latest Intergovernmental Panel on Climate Change Assessment Report (IPCC AR6)
- risk layers, such as flood zones, from Swiss Re's proprietary natural catastrophe framework.

They are computed for three different IPCC climate scenarios further described in the Table "Overview on the cluster categorization on the climate hazards" (see next page), providing insights for the years 2030 to 2085 in five-year increments.

3.1 Climate (continued)

Overview of cluster categorisation of the climate hazards

	Cluster	Climate hazards
	Flood	Fluvial flood Pluvial flood Storm surge (sea level rise)
	Precipitation	Extreme precipitation Winter precipitation Summer precipitation
	Wind	External daily wind
	Temperature	Heat wave Heat stress Cold stress
	Aridity	Drought

The results of this assessment provided us with deeper insights into where we should focus our climate resilience and adaptation strategies in our operations – such as addressing risks from extreme heatwaves, flooding, droughts, and severe storms – enabling business continuity and proactive preparation for climate-related events in these locations.

In addition to understanding climate-related risks associated with our operations, we also used the Swiss RE Risk Digital Services (RDS) tool to better understand our impact and dependencies on nature for the selected major manufacturing locations focusing on our own operations, as nature and climate are highly interrelated.

3.1.4 Carbon accounting and environmental reporting

To align with the baseline that we set for our GHG emission reduction targets, in 2024 we adjusted the base year for waste and water-related KPIs for consistency across our operational environmental KPIs.

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

FY24 emissions table (absolute):

Scope	FY24
Scope 1 (ktCO ₂ e)	85.4
Scope 2 (ktCO ₂ e)	6.4
Scope 3 (ktCO ₂ e)	158,613.6

We perform carbon accounting based on the GHG Protocol Corporate Accounting and Reporting Standard, covering all three Scopes. We follow the Operational Control approach, and the organizational boundary encompasses all permanent sites, including manufacturing, service sites, and offices.

In FY24, 162 sites provided data relating to our environmental performance using a dedicated internal environmental reporting system. There are in excess of 400 Hitachi Energy sites across the world, and the sites required to report are selected based on three key criteria related to their size, the type of operations, and whether they handle SF₆ gas. These criteria ensure that we are always accounting for over 95 percent of Scope 1 and 2 greenhouse gas emissions generated across all sites.

Data collected from these sites includes details of direct emissions as well as energy use, which, when converted into CO₂e, forms the basis of our operational (Scope 1 and 2) carbon footprint.

Environmental reporting is performed by the sites either quarterly or annually, depending on the size and potential impact of the site, using questionnaires issued through an online data collection tool. The process of reporting is 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

3.1 Climate (continued)

While we do calculate and report on several other Scope 3 categories, they are deemed to be either not applicable or not relevant due to the negligible emissions they create and/or the lack of influence Hitachi Energy has over them.

This year our accounting methodology has been updated to use the latest Global Warming Potential values from the IPCC’s AR6 report. This has had an impact on both our Scope 1 and Scope 3 emissions therefore base year recalculations have been performed for all scopes of emissions to ensure consistency and also the highest accuracy possible in our emissions reporting.

3.1.5 Carbon-neutral operations (GRI 302-1, 302-4) ^A

Scope 1 and 2 reductions

^A Most of our Scope 1 and 2 emissions originate from energy consumption and losses of SF₆. This year, our combined Scope 1 and 2 emissions totaled 91.9 kt CO₂e. This represents a 0.9 percent decrease compared to FY23 and 75 percent reduction since our CY19 base year.

Reductions since 2019 have been achieved by our Scope 1 and 2 reduction strategy, primarily driven by our Fossil Free Electricity program and world class SF₆ management.

→ Read more in section **3.2 Operational management of environmental impacts** on how our High Voltage Products business unit is tackling SF₆ emissions.

In FY24, the total number of reporting sites in our portfolio remained unchanged; however, adjustments within the portfolio included four site relocations, the addition of 14 newly reporting sites, and the removal of 14 sites from reporting. Of those removed, five sites no longer met our reporting criteria, while nine locations ceased operations. Collectively, these sites contributed over 5.3 ktCO₂e in FY23. Meanwhile, the new reporting sites introduced in FY24 accounted for a combined impact of 4.44 ktCO₂e, reflecting a net reduction in emissions within the portfolio changes.

Nearly 90 percent of our Scope 1 and 2 emissions fall under Scope 1. More than 70 percent of Scope 1 emissions result from natural gas combustion and SF₆ losses, approximately 45 percent and 28 percent, respectively.

Another significant contributor to Scope 1 emissions is the use of heavy oil, particularly from our manufacturing facility in Figeholm, Sweden, accounting for approximately 12 percent of total Scope 1 emissions. District heating accounts for most of our Scope 2 emissions. Energy consumption from renewable sources reached 64.6 percent.

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

- Energy efficiency
- SF₆ management
- Renewable fuel sources/electrification
- Purchase of fossil-free electricity wherever possible
- Fleet electrification

Since 2020, we have implemented energy management standards in manufacturing sites and larger offices, aligning with ISO 50001:2018. In FY24, focused carbon-neutrality feasibility studies were conducted across the top-emitting sites in our Transformers business unit, which accounts for more than 50 percent of our Scope 1+2 emissions.

The need to phase out fossil fuels and pursue electrification is embedded in equipment repurposing or replacement plans. We also continuously work to improve SF₆ management in our operations, and our fleet electrification program continues to expand

Of the 100+ environmental improvement projects started or completed in FY24, many were focused on GHG reductions and energy efficiency. Projects completed in FY24 have reported estimated annual energy reductions of more than three million kilowatt hours.

One example of an improvement project is the Bad Honnef steam boiler exchange.

This shows our commitment to reducing Scope 1 and 2 emissions through energy efficiency and modernization. The initiative replaces outdated gas-powered steam boilers – which were inefficient and lacked heat recovery – with adapted modular steam generation featuring higher efficiency and flexible fuel options, including natural gas, biogas, oil, and green hydrogen.

By upgrading to lower-power hybrid boilers, the project is expected to reduce gas consumption by over 40 percent ^A.

GHG Emissions (ktCO₂e) by category



● Gases	44.9%
● SF ₆	28.4%
● Oils	12.4%
● District heating	6.9%
● Transport fuels	6.8%
● Biomass (CH ₄ and N ₂ O only)	0.3%
● Purchased electricity (market-based)	0.1%

“By embedding operational excellence, pursuing carbon neutrality, embracing circular economy principles, and safeguarding biodiversity, we are forging a future where business and nature thrive together. Grounded in our Purpose and strengthened by disciplined execution, growing capabilities, and unwavering risk management, we are transforming ambition into action at every site to create a lasting global impact.”

Solen Karavelioglu,
Global Head of HSE
Hitachi Energy



3.1 Climate (continued)

3.1.6 Other decarbonization initiatives

Company car electrification ^A

Our fleet electrification program continued during FY24, including rolling out the new Global Company Car Regulation which 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 tightly defined exemption criteria apply (such as no charging possibilities at home or work and high daily mileage).

The first three waves of the policy roll out covered 26 countries and 64.5 percent of the active fleet. The final wave has now been launched and will add a further five countries, increasing the coverage of the policy to 72.5 percent of the active fleet.

The adoption rate of the policy stands at 80 percent in those countries already covered by the policy, meaning that 18 percent of the active fleet are now fully electric vehicles and thus we expect to see some significant reductions in the emissions from our fleet in the coming years.

Travel regulation ^A

The 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 ^A

Hitachi Energy commits to sourcing 100 percent of its purchased electricity from fossil-free sources wherever feasible. 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

Reducing our emissions intensity

In FY24, Hitachi Energy continued to reduce the intensity of its Scope 3 emissions, reducing from 451.9 (FY23) to 443.8 tCO₂e per MVA in FY24. This constitutes a reduction-to-date of 32.1 percent in intensity compared to CY19 and keeps us on track to meet our SBTi-validated target of 55 percent reduction by 2030.

Absolute emissions from Scope 3 have risen by 1.7 percent compared to FY23, due to increases in our sales and a corresponding increase in the amount of purchased goods. However, this has been offset by an increase in power sold and a reduction in the proportion of our product sales to the fossil fuel generation sector.

Over the past year, we have made several improvements to the accuracy of our data and our accounting methodologies, across all categories of Scope 3 emissions.

This includes better pricing data and more closely matched emission factors to our purchased goods, improved journey data to enable more accurate splits between upstream and downstream transportation, and primary travel data now available for all years to 2019.

Combined with the update to using AR6 GWP_s (read more in section [3.1.4 Carbon accounting and environmental reporting](#)), this means that we have recalculated both our base year and intermediate year results, to ensure we are reporting as consistently and accurately as possible.

Use of sold products

This category is the largest contributor to our Scope 3 emissions. In FY24 it made up 95.7 percent of emissions intensity and the result was a net reduction in intensity of 2.2 percent compared to FY23.

There were some small increases in the absolute emissions generated by our products, with sales in transformers and high voltage products increasing, and a small increase of sales in countries with high grid emission factors. We also acquired EKS Energy, which is a growing operation and has added emissions to our recent years' results.

However, all of these increases were offset by a decrease in the proportion of sales to fossil fuel generation applications, which have a proportionally greater impact on emissions than sales to other sectors.

At the same time, we have seen a notable increase in our business related to the renewable energy sector, particularly through growth in HVDC systems, power quality solutions, and advanced grid connection offerings. These technologies

are essential for integrating renewable energy sources into the grid and contribute to achieving decarbonization goals.

The gradual, annual decrease in grid emission factors around the world also helped to maintain our level of absolute emissions while still increasing the amount of power sold.

The vast majority of our use of sold product emissions intensity is contributed by our Transformers business unit (95.6 percent).

Transformers are among the most efficient energy-intensive devices, with a global average of more than 98.5 percent efficiency for distribution transformers and more than 99 percent for power transformers.

As such, our transformers portfolio is well placed to enable a higher integration of renewable and zero-carbon power sources in future, with extremely high efficiency, and help us achieve a best-in-class balance between material use and energy efficiency.

We expect our emissions intensity to continue a downward trend as we continue to support the decarbonization of power grids globally.

Purchased goods and services

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

In FY24, we enhanced the quality of the carbon emission factors used to calculate our secondary data and retroactively applied them to all historical records, including the 2019 baseline. This correction revealed that previous supply chain emissions had been over-reported, and the updated factors have now rectified this discrepancy.

3.1 Climate (continued)

In line with the increase in sales of our products and services, absolute emissions from our supply chain also rose during FY24, in proportion to business growth.

However, the rise in power sold led to a slight increase in the emissions intensity of this category, up 9.5 percent from 16.75 to 18.34 tCO₂e per MVA compared to last year. This increase is attributed to business growth in projects that began or continued during the reported fiscal year but will be delivered to customers in future reporting cycles. Despite this, emissions intensity has only increased by 0.9 percent compared to the base year.

The Supply Chain Management (SCM) team has continued improving data collection, availability, granularity, and accuracy, introducing KPI dashboards to allow individual business parts to track their impact on material consumption. Ongoing efforts are being made to enhance traceability in primary data.

Currently, we recognize that not all primary data is collected centrally, and some important decentralized initiatives aimed at sourcing lower-carbon materials for key projects are not captured in our central reporting due to traceability limitations. We keep improving our digitalization and traceability platforms to drive meaningful action toward decarbonization.

We have strengthened our supplier engagement efforts to further reduce emissions. As part of this initiative, we have:

- Launched a carbon-neutrality supplier engagement program in collaboration with the Hitachi Group. This program was deployed in FY24, beginning with our top 10 highest-emitting suppliers

- Expanded our supplier sustainability development program to include greenhouse gas (GHG) emissions on-site auditing as a standard component of suppliers' audits

This comprehensive approach is designed to support our emission reduction goals while enabling continued business growth and meeting the increasing product demand. We continuously review and refine our approaches to drive ongoing improvement and strengthen collaboration with our suppliers.

→ [Read more in 5.8 Supply Chain Management](#)

Upstream and downstream transportation

Transportation of both purchased goods (upstream, category 4) and sold products (downstream, category 9) is overseen by the Trade, Transport and Logistics (TTL) team within the broader SCM function.

During FY24, the team collaborated with a third-party consultancy specializing in transportation and data management. This partnership has enabled significant progress in collecting and analyzing transportation data to enhance the accuracy and reliability of GHG emissions monitoring.

Improvements in the calculation methodology have contributed to non-material changes that have nevertheless been retroactively applied to all historical records, including the 2019 baseline.

Emissions from these categories contribute less than 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 FY24, total emissions from transportation activities increased by almost 7 percent compared to FY23 due to business growth. Air transport is the most emission-intensive form of transport we use and continues to be the key focus of the TTL team to minimize its use.

Despite this, transportation's emissions intensity has decreased since our 2019 base year, from 0.33 to 0.30 tCO₂e per MVA.

Business travel

Emissions from our business travel activities constitute less than 0.1 percent of our Scope 3 emissions intensity. 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 intensity in this category has risen again to 0.3 tCO₂e per MVA, due to the ongoing increase in business travel which is linked to our company growth. This constitutes a 19.8 percent rise since FY23 and a 54 percent increase since the 2019 base year.

3.1.8 Helping customers toward carbon neutrality

Our world needs to deliver upon urgent climate change commitments and circular economy practices. The energy transition is key. As society shifts toward sustainable energy and as industries rapidly convert to electrification, it is clear the electricity grid will play a critical role within the entire energy system.

Through the EconiQ eco-efficient portfolio we are reinforcing our commitment towards a carbon-neutral energy future. Building on over 250 years of combined technology leadership, we have been investing consistently to address the growing demand for eco-efficient solutions.

Together with customers and partners, we are accelerating the energy transition. We continue to lead innovation to lower the environmental impact of our products and solutions as we support the quest toward carbon neutrality.

3.1 Climate (continued)

Avoided emissions

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

We have set ourselves the target of contributing to the generation of 1,000 Mt of avoided emissions by FY30, and in the past three years alone we have made significant contributions to projects that have generated almost 478 Mt of avoided emissions.

These avoided emissions are generated primarily through the use of our transformers and HVDC products in renewable energy generation projects.

	FY22	FY23	FY24	Total
Avoided emissions (Mt CO ₂ e)	78.63	186.54	212.81	477.99

→ [Read more in the WBCSD's case study](#)

We calculate our avoided emissions according to guidance from the World Business Council for Sustainable Development (WBCSD), to ensure our calculations follow the best practices and are as accurate as possible.


Over the past year, we have collaborated directly with the WBCSD to co-develop a case study on our HVDC solution. This study has been published by the WBCSD as a learning asset, to help establish best practice and serve as a guide for other practitioners and stakeholders.

Our HVDC technology – which celebrated 70 years of pioneering heritage in 2024 – enables efficient and reliable transmission of power from generation sources in remote locations to the places it is consumed.

By enabling our customers greater flexibility in where they can locate power generation facilities, we provide greater opportunities for the expansion of renewables and the generation of avoided emissions.

In these cases, the ‘avoided emissions’ are the greenhouse gases which would otherwise have been emitted by the most likely alternative solutions, such as fossil fuel power plants.

We continue to investigate other product lines from across our portfolio and review other possible scenarios, to assess their eligibility to generate avoided emissions and accelerate our progress towards our company target.




World Business Council for Sustainable Development

Measuring the impact of carbon avoiding solutions in the energy sector: A Case Study

Hitachi Energy's HVDC (High-Voltage Direct Current): Efficient long-distance power transmission for carbon-neutral energy systems

→ 18 million tons of CO₂

avoided by 1200 MW offshore wind project connected by HVDC in the next 20 years



Hitachi Energy's HVDC system transmits offshore wind power serving more than **1.5 million households annually** with renewable energy

The Business-As-Usual Scenario

- The United Kingdom's electricity grid, originally built to connect electricity generated in power stations from fossil fuels, such as coal from the North and Midlands of England and South Wales.
- In the past years, gas has played an important role in providing most of the electricity across the United Kingdom, but high zero-carbon ambitions are driving significant technology changes.
- The emission factor used is based on the most recent overall UK grid based on IEA Emission Factor.

The Low-Carbon Scenario

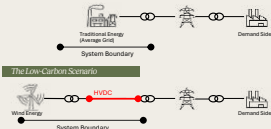
- Integration of a 1200 MW offshore wind farm into the energy system via HVDC connection.
- VSC (Voltage Source Converter) -based HVDC enables transmission through submarine cables with minimal losses, facilitating the integration to the grid of massive offshore wind farms.
- Reduces offshore substation footprint through simplified design.
- Provides critical grid support functions like black start capability, enabling rapid power restoration after widespread outages.
- Hitachi Energy's HVDC technology efficiently transmits large volume of energy over long distances.
- By connecting remote renewable energy sources, HVDC helps lower CO₂ emissions compared to fossil electricity sources, contributing significantly to the transformation and flexibility of the energy system.

Capturing avoided emissions – assessment details

- Functional Unit: kWh
- Impact: 213.2 gCO₂ / kWh
- Time Period: forward looking for lifetime of grid connection (20 years)
- Scope: United Kingdom
- System Boundaries: Renewable energy source to grid connection point, including lifecycle emission of energy source and HVDC.

How It Works

System boundaries



Lifecycle emissions of the renewable energy generation (based on NREL data) and HVDC connection* included in the system boundary.

Through the integration of renewables supported by HVDC, power generators reduce Scope 1 emissions, transmission operators and consumers reduce Scope 2 emissions and manufacturing companies like Hitachi Energy reduce Scope 3: cat.11 emissions through a cleaner energy mix.

WBCSD Avoided Emissions Eligibility Gates

Gate 1 (Climate Action Credibility) Gate 2 (Climate Science Alignment) Gate 3 (Contribution Legitimacy)


Environmental and Social Side Effects

HVDC enables efficient long-distance transmission of renewable energy, improving resource diversity and overall system reliability. Large-scale infrastructure projects may have temporary impacts on local communities during the construction phase. Compared to AC (Alternating Current), HVDC tends to have a smaller environmental footprint in terms of electromagnetic fields, land use, visual impact, and noise pollution.

Third-Party Verification

Calculated internally

*The lifecycle emissions of HVDC are disclosed [here](#).



Scan me to learn more

See also the sustainability report of Hitachi for more information on WBCSD and avoided emissions: <https://www.hitachi.com/sustainability/en/2024>

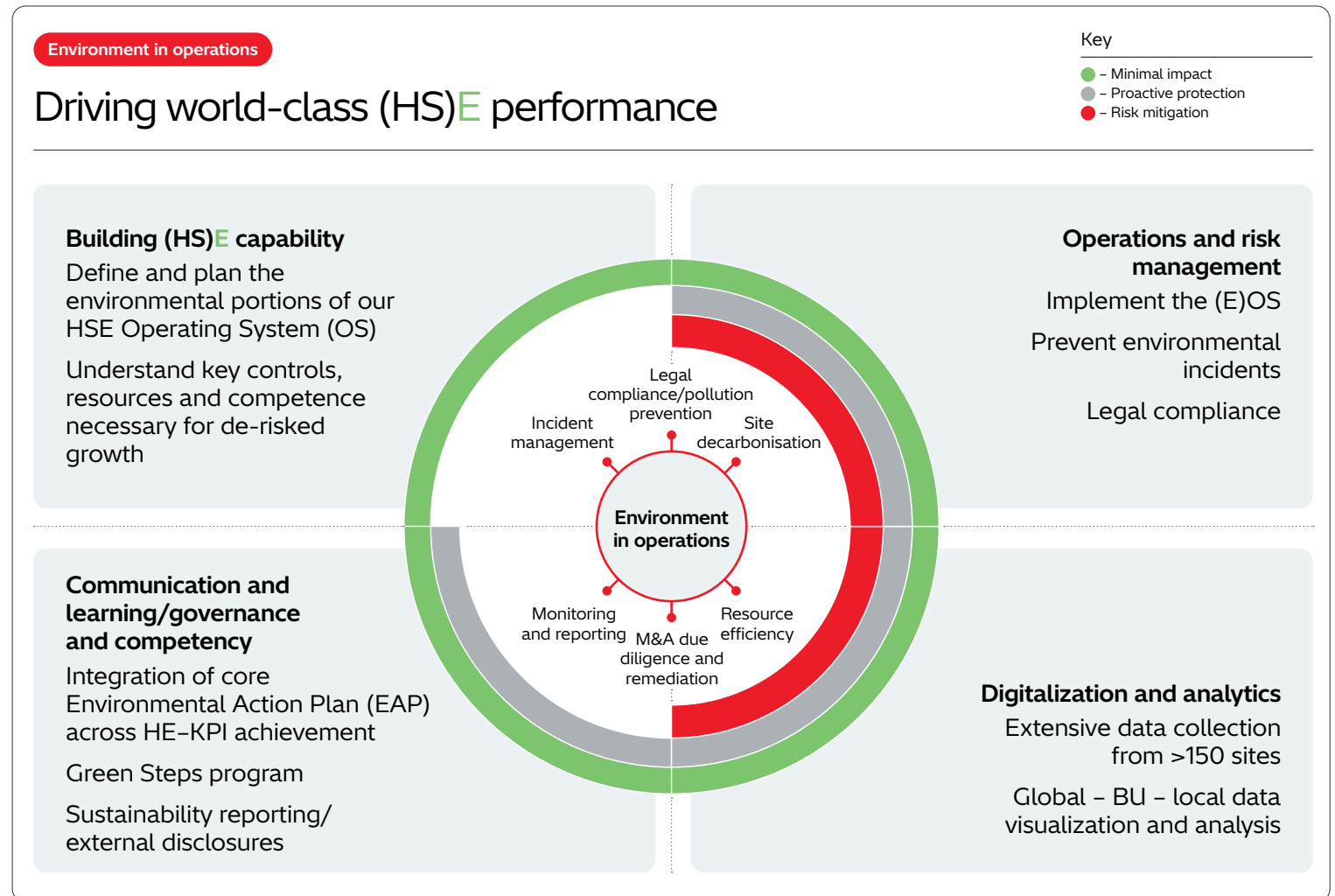
PLEASE NOTE: THE CURRENT VERSION OF WBCSD'S GUIDANCE FOR AVOIDED EMISSIONS IS NOT A STANDARD AGAINST WHICH SOLUTIONS CAN BE VERIFIED. THE INCLUSION OF SOLUTIONS IN THIS USE CASE PLOT IS INDICATIVE AND DOES NOT QUALIFY AS A 3RD-PARTY REVIEW OR VERIFICATION FOR THE UNDERLYING AVOIDED EMISSIONS CLAIMS.

3.2 Operational management of environmental impacts

Using a plan, do, check, act (PDCA) approach, our operational environmental targets, impacts, and improvement activities are rooted in ISO 14001.

Environmental risks and opportunities assessments within our business sites are aligned with our wider HSE risk and opportunity approach.

→ Find out more in [Section 4.3. Health and Safety](#)



3.2 Operational management of environmental impacts (continued)

Business site environmental targets

In addition to top-level targets and high-impact sustainability commitments under our sustainability strategy, the targets are supported by underpinning KPIs that are driven by our operations. In 2024, we set our environmental targets for our operations involving the following environmental impacts, see table below, following an extensive exercise across Hitachi Energy operations, where sites in the scope of each KPI have provided their own site-level targets, which are consolidated into Hitachi Energy targets.

These targets establish the foundation for how Hitachi Energy will measure environmental performance across our operations for years to come, aligned with the approach of Hitachi Group.

Find more information about our actions to achieve world-class HSE performance in [4.3.1 Our approach to Health, Safety and Environment \(HSE\)](#).

Environmental operations programs

Our operational environmental management approach across business sites is developed in accordance with our approach to HSE, delivered through an Annual Operating Plan (AOP) aligned with a strategic roadmap through to FY30 and discussed further in [section 4.3. Health and safety](#).

Our 11 Green Steps program focused on:

- Energy efficiency
- Energy intelligence
- Go fossil-free
- Manage SF₆
- Waste mapping
- 3R (Reduce, Reuse, Recycle) implementation
- Packaging optimization

- Caring for water
- Checking our chemicals
- Preventing pollution
- Inviting nature and boosting biodiversity

This refocusing is expected to be completed by the end of FY25 and will serve as a source of environmental excellence and inspiration across our organization.

Core programs are defined, which involve all Hitachi Energy business units, and each business unit also has distinct programs and focuses based on the nature of its services and offerings.

From a core program perspective, in FY24, we began evolving our 11 Green Steps program – which provided a broad range of information to support factories in reducing their environmental impact – into an environmental innovations library to help share best practices and experience across our global portfolio of sites.

KPI	Locations in scope of KPI	Target years established
GHG emissions		
Scope 1 and Scope 2 combined GHG emissions reduction (absolute)	All reporting locations	2025-2030
Waste and valuables		
Reduction in total waste generation (intensity-based)	Manufacturing locations	2025-2027
Zero-waste-to-landfill	Manufacturing locations	2025-2030
Effective use of plastic waste	Manufacturing locations	2025-2030
Water		
Reduction in total water withdrawal (intensity-based)	Manufacturing locations	2025-2027
Reduction in total water withdrawal (absolute)	Manufacturing locations in high or extremely high water stress areas	2025-2027

11 Green steps factory program

Programs	<p>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 – to inspire the next era of sustainable energy.</p> <ul style="list-style-type: none"> Energy efficiency Energy intelligence Go fossil-free Manage SF₆ 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 Mgmt.	OS Standard GHG Emissions	OS Standard SF ₆	OS Standard Waste Mgmt.	OS Standard Water Mgmt.	OS Standard Chemical Mgmt.	FY24: OS Standard Biodiversity
Implementation	<p>Check: Audits by HSE Assurance team Environmental dashboard Environmental reporting</p> <p>Communicate: Environmental dashboard Sustainability report 11 Green Steps intranet</p> <p style="background-color: #e91e63; color: white; text-align: center; padding: 5px;">Learning and awareness: 11 Green Steps Training Sharing best practice</p>						

3.2 Operational management of environmental impacts (continued)

3.2.1 Business unit and site operational activities

Grid Automation

Biodiversity = Life Campaign Fostering Harmony with Nature

This year, Hitachi Energy Grid Automation (PGGA) business unit emphasized the importance of biodiversity – the foundation of life on Earth. Biodiversity loss threatens our food, water, air, and health. Through global commitment and local action, we can help protect our planet.

Fostering Harmony with Nature

We launched a new initiative to inspire biodiversity-friendly actions at home and at work. From planting native species to reducing waste, small steps make a big difference.

Workplace Awareness

PGGA HSE team created engaging materials to promote biodiversity in daily operations. These posters encourage simple actions to help stop biodiversity loss.

Further examples from our Grid Automation business unit include:

Waste segregation and recycling improvements

- Beginning in January 2025, the Riyadh facility introduced separate waste collection for paper, cardboard, wood, and plastic, ensuring that all materials are directed to recycling rather than landfill disposal. A switch to a new waste handling service provider improved waste management efficiency, supporting sustainable diversion strategies. These efforts align with the campaign's commitment to waste segregation and reduction, fostering greater environmental awareness and responsible disposal practices.

Water conservation and efficiency measures

- Energy-saving initiatives at the Seville facility focus on reducing electricity consumption and improving efficiency. Computers are now programmed to automatically shut down when not in use, while older air conditioning units are gradually being replaced with energy-efficient inverter-type models. The ongoing transition to LED light fittings further strengthens the campaign's mission to promote smart electricity use, reduce unnecessary energy waste, and encourage sustainable workplace practices.

Grid Integration

In Grid Integration Business unit, as part of our scaling journey to meet evolving market demands and support the energy transition, we are investing in operational excellence for key infrastructure projects and expanding our manufacturing capacity across the company, with environmental sustainability in mind.

In 2024, we have continued to enhance digitalization and transparency to accelerate decarbonization in our projects. With EcoSpace™, we've developed a platform that delivers reliable sustainability data for complex energy infrastructure projects. Its Build module enables carbon footprint tracking at operational sites, offering actionable insights and comparative scenarios to reduce impact. Trusted across 40+ project sites, EcoSpace Build™ supports internal reporting, continuous improvement, and customer transparency.

We are advancing zero-emission construction sites through real-world demonstrations of HyFlex™, our hydrogen-powered, fuel cell-based generator. Pilots in Sweden, the Netherlands, and Germany mark a key step toward cleaner construction practices. We are also fostering a cross-industry ecosystem of collaborations essential to accelerating decarbonization on site.



3.2 Operational management of environmental impacts (continued)

In 2024, we have implemented several impactful best circular and carbon conscious practices for example at HVDC UK project sites, including:

- 23 tons of metal, 40 tons of concrete and 265 tons of timber were recirculated through recycling and reuse partnerships, or repurposed
- Construction equipment, such as portacabins and scaffolding, was auctioned or reused, reducing waste streams
- On-site water abstraction and treatment innovations saved over 5.6 tons of GHG emissions annually by reducing tanker traffic
- Solar-powered traffic lights and CCTV systems saved 40 tons of GHG emissions per site per year
- Biodiversity efforts included planting over 50,000 native trees, shrubs, and wildflowers and creating reedbeds and attenuation ponds that now serve as habitats

As highlight of our manufacturing expansion, we inaugurated a new 3,300 sqm facility in Smedjebacken, Sweden, dedicated to producing advanced power electronic valves for HVDC transmission and power quality solutions—key components for the energy transition. Operating with a zero-carbon footprint since 2024, the factory runs entirely on fossil-free electricity.

In 2024, we also implemented a number of improvements to our factories environmental impacts:

- At our Praha facility, a small photovoltaic power plant was launched, projected to generate over 233,000 kWh annually while reducing furnace standby temperatures led to 130,000 kWh in energy savings and over 700,000 Czech koruna in annual financial benefits.
- In Beijing, water-saving equipment reduced usage by 360 m³, and heating system

improvements cut 124,700 kg CO₂e emissions annually.

- Ludvika phased out over 11,500 kg of hazardous chemicals, enhancing workplace safety and environmental compliance.

High Voltage Products

The High Voltage Products business continued to focus on reducing impacts from SF₆ emissions.

In FY24, a multidisciplinary working group was created within the business unit to further review medium- and major-level SF₆ release incidents in factories and project sites and to determine additional controls as needed for risk mitigation. The group evaluates each incident from multiple perspectives, including design, quality, and operational aspects.

With a view to learning from incidents, global HV instructions on SF₆ handling were updated with new requirements identified from incident investigations.

In addition, integration of the EconIQ portfolio into operations and projects, such as the replacement of SF₆-based testing and SF₆ inventory control implemented by some of our manufacturing locations, reduces the quantum of SF₆ handling, thereby reducing the risk of losses.

New training on SF₆ is available on MyLearning, the company's e-learning platform.

Targeted improvement actions were carried out by several HV facilities on energy efficiency, waste generation, and freshwater consumption in the form of lighting, heating, and ventilation improvements, material packaging and waste recycling enhancements, and water recycling and reuse.

HV facilities in China sought to voluntarily carry out external validation for factories on their zero-waste-to-landfill status. Two of the facilities completed the validation in FY24 and received 'advanced' performance level

status, while the remaining validations are planned for the upcoming financial year.

Renewable energy continued to be incorporated into operations in FY24, with projects such as renewable electricity purchases, solar photovoltaic installations, and electrification of vehicles and forklifts.

Transformers

Our Transformers business unit has the largest manufacturing site footprint and our highest GHG emissions. Accordingly, a major effort was launched in transformers to conduct economic and technical feasibility analysis across more than 20 sites with the largest GHG emissions. These efforts are critical to shape Hitachi Energy's path toward carbon neutrality by 2030.

One major project underway is at Figeholm, Sweden, where a near-USD 17 million investment aims to expand the capacity of the site's operations by transitioning the existing hot water boiler system, using heavy oil as an energy source, to a bioenergy boiler system (wood pellet fuel).

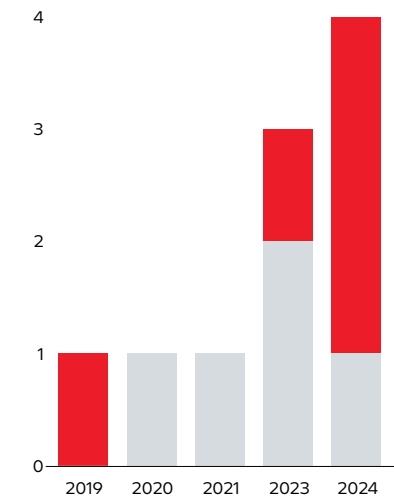
Figeholm is historically within the top five GHG-emitting factories in Hitachi Energy, and this project is expected to reduce greenhouse gas emissions by more than 9 ktCO₂e annually; the project is expected to be completed in 2025 with final commissioning around summer 2026.

Numerous other projects focused on circularity, hazardous substance management, biodiversity, and enhancing the environmental competence of employees took place across transformers throughout 2024.

3.2.2 Major and Significant environmental incidents

Hitachi Energy is committed to sustainable operations and relentless risk management because we are aware that our operations have the potential to negatively impact the environment.

Major and Significant environmental incidents



- Major environmental incident
- Significant environmental incident

In FY24, we experienced 1 Major and 3 Significant environmental incidents according to the classification criteria defined in our HSE Operating System. Three of the four incidents, including the Major incident, were SF₆ releases; 1 Significant Incident was an oil release.

Major level investigations were conducted for all these incidents, with root causes identified, corrective action plans defined, and learnings shared across the organization.

3.3 Circular economy – enabling the value cycle

The energy transition requires vast resources to be successful. That makes it essential to be good stewards and care for resources in a way that maximizes the use of existing assets and creates ‘return loops’ for resources when new assets are needed.

Multiple stakeholders recognize the need to shift to models that enable sustainable value creation – unlocking a path to innovation, growth, and competitiveness referred to as a ‘circular economy.’

The World Economic Forum defines a circular economy as an economy where things are made and consumed in a way that minimizes our use of the world’s resources, cuts waste and reduces carbon emissions. Products are kept in use for as long as possible through repairing, recycling, and redesign – so they can be used again and again.

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 of 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.

In Hitachi Energy, we’re envisioning a value cycle instead of ‘just’ a value chain.

We are a recognized leader in installing high-voltage 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 refurbish delivered equipment. These benefits are integrated throughout our service offerings. For example, our EconIQ® Retrofill offering allows customers to replace high-GWP SF₆ insulation gas with our eco-efficient alternative gas mixture. This results in significant environmental savings and minimized downtime for customers.

In addition to delivering Lifecycle Assessments (LCAs), we have developed the EcoSpace™ and EcoSmart™ platforms, which enable quantitative modeling and estimation of the environmental footprint associated with diverse energy solutions and service configurations across the entire product lifecycle:

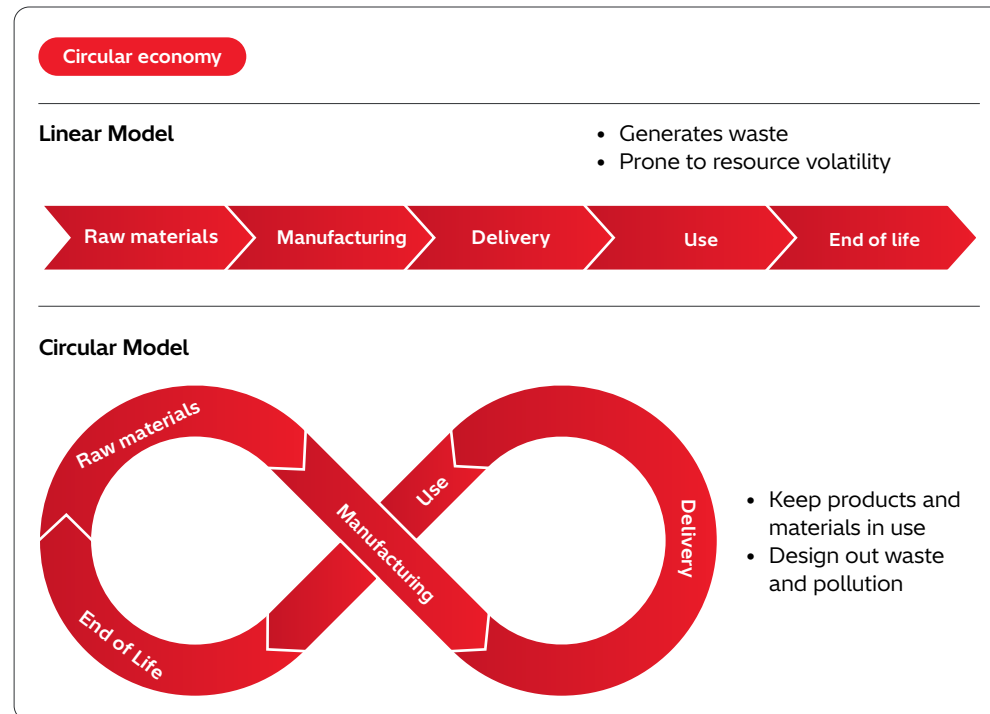
- If final LCAs for projects or products are requested, we aim to deliver reports. The same applies to Environmental Product Declarations (EPDs).
- To complement conventional LCAs, we can help assess the carbon footprint of projects and services, including specific resource-related factors such as waste 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 futureproof our business with resource efficiency as a key operational driver. This includes a commitment to send zero waste to landfill sites and achieve 100 percent plastic waste recovery across manufacturing facilities by 2030. Additionally, we extend our focus to enable circularity across our value chain, or value cycle.

We prioritize long-term use of our products and solutions. The 70-year legacy of the HVDC link in Gotland—from its initial installation to successive upgrades and enhancements—stands as a testament to enduring performance and continuous innovation.

Through our service and digital offerings, we are convinced that more trusted lifecycle partnerships will optimize asset performance while driving increased asset sustainability.

Our service activities are designed to improve the sustainability footprint of installed assets,



3.3 Circular economy – enabling the value cycle (continued)

ensure efficient and safer operation, and extend asset life. Increasing our focus on Service and Digital, we've achieved a 62.1 percent increase in our service lifecycle value creation index, measuring our service business growth, compared to the 2020 baseline, demonstrating true progress towards our ambition for sustainable asset lifecycle management.

To improve circularity, we consider eco-design for all newly designed and developed products, following the IEC 62430 approach, and we include the consideration of eco-design principles into our research and development processes ([read more in section 2.5 Research and innovation](#)).

We hold a lifecycle perspective in mind, working with ISO 14040/44 principles while recognizing that system benefits can only be realized if the focus is broadened from individual products to the collection of interacting 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.

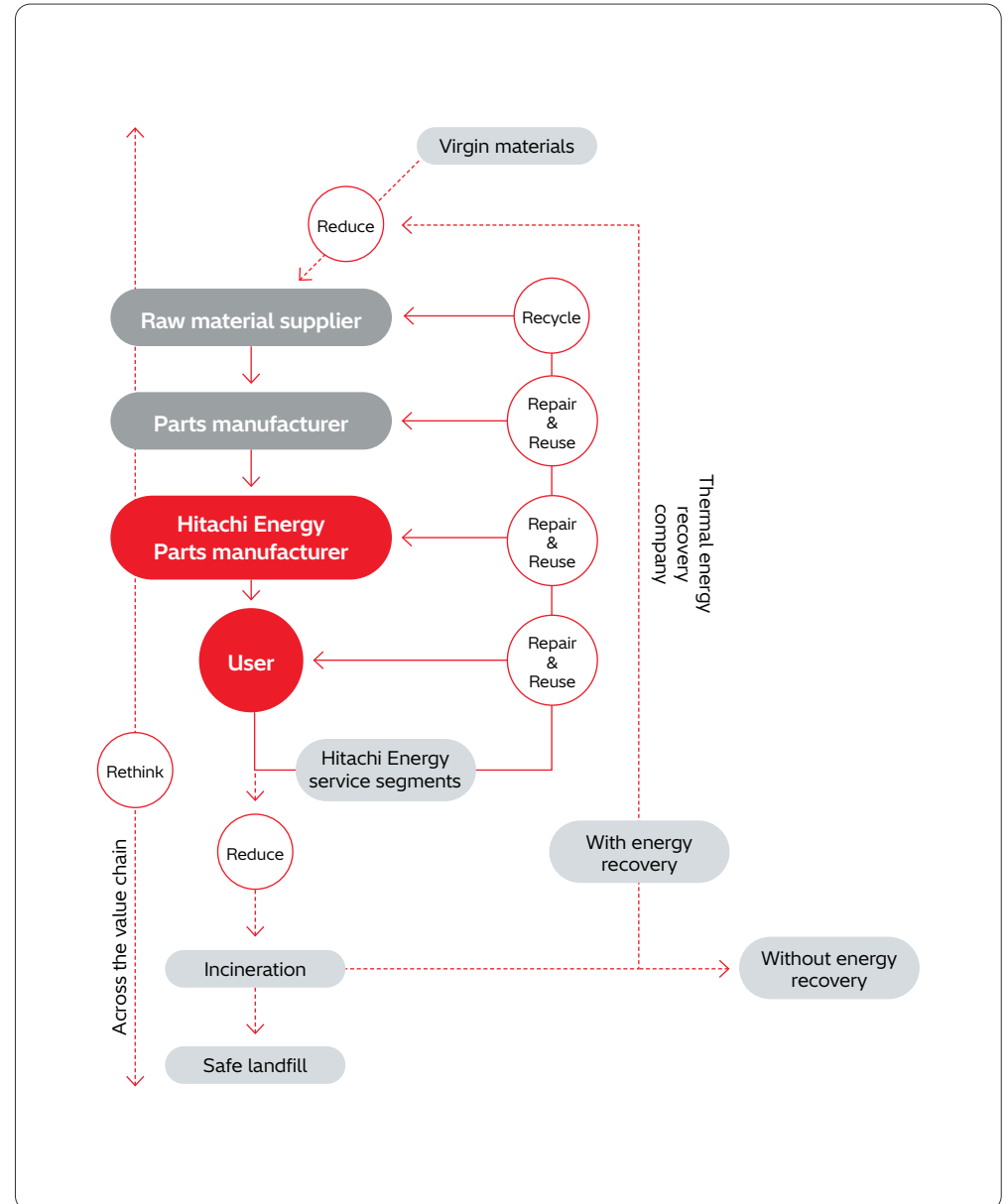
We help drive progress in this area through standard initiatives, such as EN 45550/60 series, ISO 59000 series, and industry working groups for sustainability and circularity. We strive to create value sustainably, finding new ways to optimize resource use while minimizing or eliminating waste.

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

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

Hitachi Energy applies solutions in all areas of our '5R model,' both in operations and through our value proposition. We present examples of our 5R model in practice in the next pages.

We are committed to further exploring circular business models. These can take many shapes and forms and require a shift in how certain activities are prioritized and business is conducted.

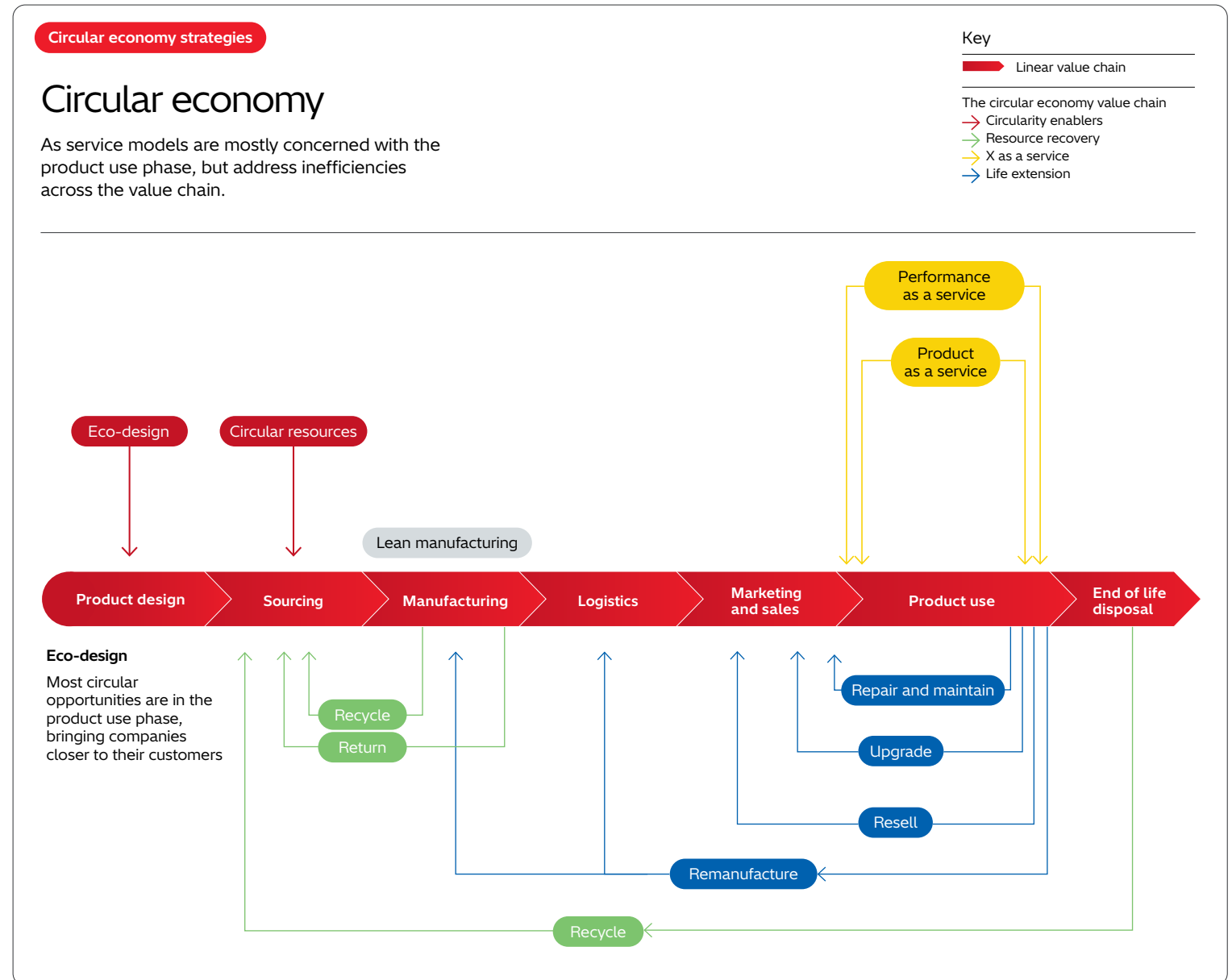


3.3 Circular economy – enabling the value cycle (continued)

The diagram on this page 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.

To further strengthen our commitment toward circularity, we are currently developing a Circular Economy Policy for release in FY25.

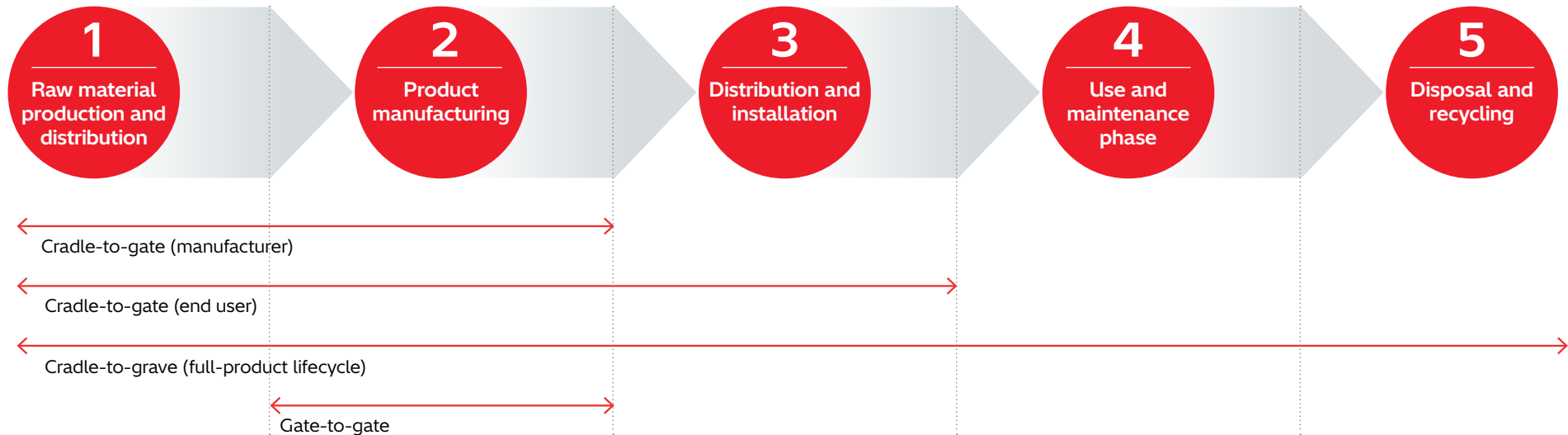
We are always pleased to discuss this topic with our stakeholders as we continually pursue increased operational resource efficiency and apply eco-design principles to all new products.



3.3 Circular economy – enabling the value cycle (continued)

Rethink EcoSmart

Product lifecycle stages and scopes of lifecycle impact assessment



Calculate

The tools' main goal 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.

Compare

We aim to provide a scientific, data-driven approach to performing such assessments to inform customers' design and material choice specifications. Furthermore, the tools are used in product management and innovation processes to support the evaluation of the sustainability impact of today's technologies and products and to guide research and development activities in generating the sustainability value proposition of the future.

Co-create

These tools help us engage with customers to co-create the best economic and environmental design appropriate to their application-specific ecosystem and corporate sustainability priorities and objectives.

3.3 Circular economy – enabling the value cycle (continued)

Rethink

EcoSpace™ is our digital platform for measuring, reporting, and improving sustainability across energy infrastructure projects.

EcoSpace easily integrates information from other applications and delivers transparent, data-driven insights that empower better, more informed decisions – across a project’s lifecycle, from system design to on-site execution reporting.

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

These tools evaluate energy and resource consumption and environmental impacts from all lifecycle stages of transformer and system 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

Digital substations enable us to rethink the conventional substation and produce a solution that reduces material use and footprint and better uses assets over their lifetime while providing a range of technical benefits to the customer.

- **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

Reuse and Repair

At Hitachi Energy, repair is the cornerstone of reuse.

By prioritizing the repair of assets, we directly enable their continued use, extending their lifespan and delivering significant value to our customers.


When an asset experiences a failure, our immediate focus is on providing a repair solution. This approach is preferred whenever it is commercially and environmentally more viable than replacing the asset with a new one.

To best serve our customers, we offer repair options both on-site, for issues that can be resolved quickly at the customer’s location, and in our workshops, for more complex failures – leveraging our global network of specialized facilities.

Our commitment to prompt and effective repair is further strengthened through our EnCompass™ Agreement, which includes corrective maintenance services. This ensures faster emergency support and minimizes downtime for our customers.

The digital and traditional services within our EnCompass Agreement portfolio facilitate faster identification and resolution of existing or impending failures, allowing us to intervene and repair proactively.

Repair and reuse best practices: rehabilitated transformers




Before

90%

reused material

100 metric tons steel

25 metric tons mineral oil



After

278 mt

CO₂e savings

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.

Our objective is to use our repair capabilities to provide our customers with the highest possible asset availability and continuity of electricity supply.

By repairing and maintaining equipment, we actively extend asset lifecycles and ensure top performance throughout their operation.

Recycle

When products can’t be maintained effectively anymore, we reach the end-of-life (EoL) stage, where 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 taking care of EoL and ensuring effective equipment recycling.

One example of this is a project across the value chain to enable the recycling of insulating fluid in distribution transformers. This involved a customer who wanted to recycle insulating fluid in new transformers and a supplier with the technology to refine used insulating fluid to the right quality level – resulting in 90 percent lower embedded carbon emissions than the alternative, virgin mineral oil.

Within our supply chain, we have been engaging with our strategic suppliers to increase the use of recycled content, while addressing the ongoing challenge of improving material traceability.

We estimate an average of slightly under 30 percent recycled content per weight of purchased materials and products.

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.

3.3 Circular economy – enabling the value cycle (continued)

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 US Environmental Protection Agency.

We keep working on strengthening our systems for collecting product-level information on recycled content to improve data accuracy and transparency.

3.3.1 Eco-design (GRI 3-3, 306, 416-1)

Hitachi Energy is committed to providing innovative solutions to serve our customers while minimizing the environmental footprint of its products and operations.

To ensure minimum eco-impact of future products, eco-design principles are considered in technology and product development with the help of a mandatory checklist wherever applicable (see also [chapter 2.5. Research and innovation](#)).

By applying eco-design principles, we improve the circularity of our products and services while reducing environmental impact, and there are many examples in our product portfolio where eco-design aspects have been considered.

In alignment with Hitachi’s approach, our research and development activities, we see the principles of eco-design as a driver for innovation with key considerations such as:

- Selection of materials with lower environmental footprint, for example, materials from sustainable sources such as biobased or recycled materials
- Selection of materials that can be recycled
- Design of recycling and improved end-of-life treatment, for example, ease of disassembly

- Design for repair and reuse
- Reduction of energy consumption during operation
- Rethinking design and processes, for example, to minimize waste and resource consumption during production

When considering these aspects, we aim to apply quantitative methods, such as LCA, to make meaningful design decisions based on data.

3.3.2 Lifecycle perspective ^A

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 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 at the system level, not only the product level.

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

We understand the complexity of our portfolio and that the systems we deliver are customized to our customers’ needs and specifications.

Over the 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.

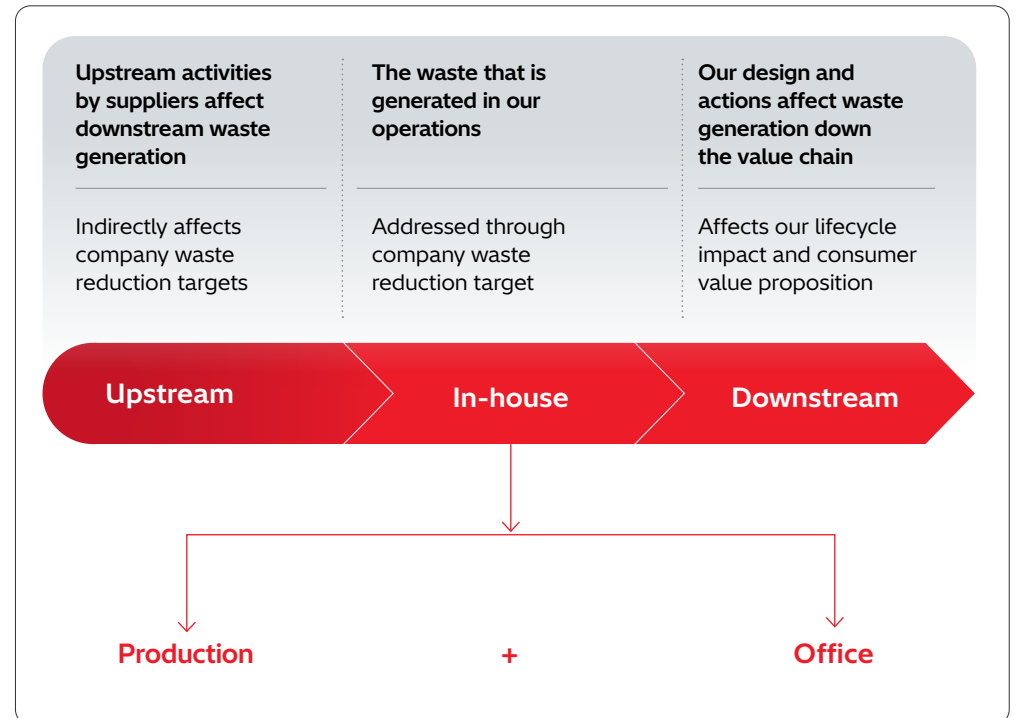
We are investigating the quantification of the environmental impact and potential benefits of our service solutions and project installations. We are implementing highly automated LCA tools that directly assess project-specific configurations, providing

decision support at all project stages and during discussions with our customers.

3.3.3 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



3.3 Circular economy – enabling the value cycle (continued)

challenge. 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.

Our waste per type	Metric tons
Total	81,036.80
Cardboard	5,242.29
Batteries	16.97
Electronics	198.43
Glass and ceramics	691.34
Metal	28,539.51
Oil	3,398.34
Paper	1,651.39
Plastics	1,093.60
Rubber	48.52
Wood	20,575.06
Other non-hazardous waste	13,952.36
Other hazardous waste	5,628.99

Total waste (year-on-year)

In the battle against excess consumption, and despite our significant increase in business output, we generated only three kt more waste in FY24; still down from our FY22 high of 84 kt, showing our continued efforts to drive out unnecessary resource use and minimize waste wherever possible.

Total recovered waste: keeping the upward trend

Continuing with the momentum of FY23, our efforts yielded another two percent improvement in total recovered waste. Materials are reused, recycled, or harnessed

Dealing with waste



	Metric tons
● Recycled waste	58,091.19
● Waste to energy	12,040.01
● Reused waste	5,758.34
● Disposed sent to landfill	3,277.86
● Disposed - other	1,869.40

for energy recovery, and we intend to keep materials in these loops as long as possible.

Landfill rates: from five percent to four percent

Our continued efforts towards zero-waste-to-landfill, guided by our 5R approach, has further decreased our non-hazardous waste landfill disposal rate from five percent last year, to four percent this year. Last year value was revised from the previously reported eight percent to five percent, following data refinements.

A significant step in responsible waste management. Worth mentioning is that if we include the hazardous waste portion, the landfill disposal rate is even lower.

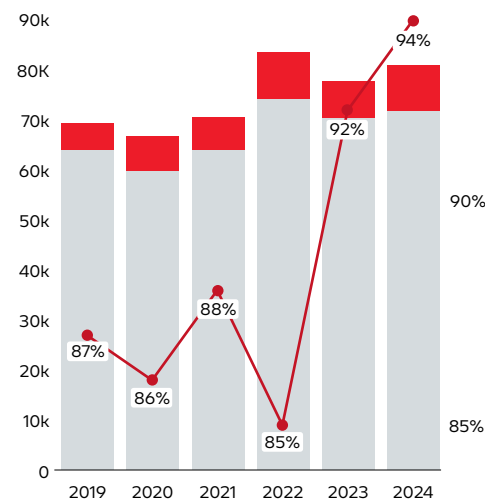
We diverted more than 63 000 metric tons of waste from disposal.

Zero waste achieved at more than 100 locations

Our zero-waste-to-landfill sites continue to help reduce environmental impacts by minimizing greenhouse gas emissions, conserving resources, and promoting sustainable waste management.

Across our global footprint, more than 100 locations achieved zero-waste-to-landfill status (non-hazardous waste, >99.5 percent landfill avoidance rate).

Total recovered waste



- Total non-hazardous waste (metric tons)
- Total hazardous waste (metric tons)
- Total recovered waste rate (percent)

Best practices across the company

Examples include:

- In Mysore, India, wood dust generated during board manufacturing is repurposed into biofuel briquettes, which are then used to fuel boilers. This reduces waste, promotes energy recovery, and aligns with circular economy principles by converting industrial byproducts into a sustainable fuel source
- At Dosquebradas, Colombia, partnerships with specialized waste management companies ensure waste is redirected away from landfill. This initiative supports responsible disposal and enhances energy recovery processes, reducing environmental impact while improving waste handling efficiency
- In Guarulhos, Brazil, a biodigester system processes food waste from the canteen, converting organic material into usable energy. By repurposing food scraps, this approach minimizes landfill contributions while generating renewable energy to support facility operations
- In Quebec, Canada, a newly established contract with a municipal waste company ensures waste is directed to incineration plants for energy recovery rather than landfill disposal. This strategy reduces landfill dependency while repurposing waste for practical energy applications

3.3 Circular economy – enabling the value cycle (continued)

3.3.4 Water as a shared resource (GRI 303-1, 303-2, 303-3, 303-4)

With two billion people worldwide living in countries where water supply is inadequate, according to UNICEF, 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 have now set freshwater targets for all manufacturing sites regarding water efficiency and absolute reduction targets for sites in regions with elevated water risk.

Freshwater use is classified as withdrawing groundwater, surface water, and water bought from utilities.

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 afterward 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 targets 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.

Additionally, we collect information on rainwater collection on-site and seawater and wastewater from external sources.

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 then returned to the same or a similar water body under legally permitted conditions.

30,000 m³
water saved in FY24 from conservation activities

Despite a year-on-year increase in water withdrawal due to factors such as our substantial production output and increased working hours, we will continue to drive the focus on water conservation and reduction.

A sample of projects conducted or started in FY24 include optimization of domestic/sanitary water use, rainwater harvesting, and use of treated water for gardening.

We aim to reuse water through uptake and filtering within industrial processes, minimizing additional withdrawals. Sound water resource management also includes controlling discharges, especially those near precious local aquifers.

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. Our discharge control limits are always aligned with local legislation or are more stringent and consider any potential pollution that could occur.

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

Baseline water stress	# of sites	Water withdrawal (ml)	% of total
High or extremely high	58	833.9	15
Medium or lower	104	4,863.6	85
Total	162	5,697.5	100

The Rainwater Harvesting Project at the Halol factory (India) Transformers Insulation Kit Centre is a key initiative aimed at enhancing sustainable water usage and supporting groundwater replenishment. Three rainwater harvesting structures were developed following geohydrological and geophysical assessments.

These structures collectively capture and recharge an estimated 12,960 cubic meters of rainwater per season, surpassing expectations in FY24 due to high-intensity rainfall.

The project has resulted in an average rise in water levels of 5.68 meters, alongside a 454 ppm (parts per million) reduction in total dissolved solids (TDS), improving overall groundwater quality.

This initiative plays a crucial role in responsible water management, directly addressing long-term conservation efforts and reducing reliance on traditional groundwater extraction and canal water usage.

By implementing structured rainwater infiltration techniques, the facility demonstrates its commitment to resource sustainability, with plans to audit and certify the site as a water-positive location.

The project exemplifies how innovative water conservation strategies can enhance natural water cycles, ensuring long-term availability and ecological balance.

3.4 Biodiversity

Biodiversity is a vital component of sustainable development. In 2024, the urgency to safeguard and restore biodiversity grew, driven by global assessments highlighting rapid ecosystem degradation and species loss.

Our sustainability strategy integrates clear targets and key performance indicators to advance climate action, circular economy initiatives, and the protection of biodiversity and ecosystems.

In December 2024, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) released its Transformative Change Assessment, identifying the root causes of biodiversity loss and outlining pathways to achieve the 2050 Vision for Biodiversity.

The report emphasized the need for systemic shifts in economic, social, and governance structures, including reducing harmful subsidies and promoting inclusive, nature-positive development.

In response, the Kunming-Montreal Global Biodiversity Framework, adopted in late 2022, continued to guide international efforts throughout 2024.

This framework aims to halt and reverse biodiversity loss by 2030 through actions

such as protecting 30 percent of the planet’s land and oceans, restoring degraded ecosystems, and integrating biodiversity into national policies and economic planning.

At Hitachi Energy, we follow the Kuming Montreal Global Biodiversity Framework in our efforts.

In FY24, to better understand our impact and dependencies on nature around us, we further worked on developing an internal methodology by embedding the principles of global frameworks and best leading initiatives.

Mapping biodiversity

In FY23, we assessed whether any of our manufacturing locations were within a 10 kilometers radius of areas of high biodiversity value. We identified 49 sites in 21 countries, including one in Germany located within a Key Biodiversity Area (KBA).

Most sites were associated with terrestrial biodiversity, while three were near Ramsar-designated wetlands.

We evaluated direct pressures on biodiversity from our operations, including impacts on air, water, and soil. No sites exceeded environmental thresholds or raised material concerns. Additionally, pesticide use at five sites near protected areas was reviewed and confirmed to be free of neonicotinoids.

We also assessed that there are no such operations with the level of impact that endangers species to extinct.

We acknowledge that indirect impacts may occur across our value chain and remain committed to assessing these further.

Biodiversity enhancement initiatives

In FY24, several Hitachi Energy operational sites continued their efforts to enhance biodiversity through proactive initiatives:

Tree planting and urban forests

- **Vadodara, India:** Developed an urban forest using the Miyawaki technique over 10,000 m², planting 3,000 saplings. Additional greenbelt development is planned
- **Halol, India:** Created greenery at traffic islands and developed urban forests at two locations, with maintenance at a third
- **Savli, India:** Implemented similar environmental initiatives with over 50 employees participating

Recognition for sustainable landscaping

- **Bangalore, India (Plot no. 4A, 5 & 6):** Received the **Best Industrial Gardening Award** from the **Department of Horticulture, Government of Karnataka**, recognizing sustainable landscaping and biodiversity enhancement

On-site initiatives (continued from FY23)

- **South Boston, United States:** Four beehives installed in collaboration with a local beekeeping association
- **Turgi, Switzerland:** Replaced invasive plant species with native flora to support local ecosystems

Ecosystem protection and biodiversity

Under our 11 Green Steps program, we continued to focus on:

- **Responsible chemical management** and substitution with safer alternatives
- **Pollution prevention** through risk assessments and mitigation
- **Inviting nature to our sites** through landscaping, tree planting, and habitat creation

As set out previously, in FY25 we will evolve our 11 Green Steps program to bring more tangible, impactful opportunities to our teams across Hitachi Energy.

4.0



Social

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Our social responsibility efforts are aligned with our Purpose and reflect our commitment to responsible business practices that enhance stakeholder trust and resilience across the value chain.

We take a holistic approach to our social responsibilities.

The health and safety of all stakeholders comes first in the decisions we make and are an intrinsic element of our license to operate as a business.

We aim to be a world-class leader in health, safety and environment to protect people, communities, and the planet. To achieve this, we focus on three priorities for HSE: instill operating discipline; build HSE capability; and relentless risk management.

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 are committed to a working environment that values differences. Our priority is to uphold our values and commitments in promoting and respecting the differences and uniqueness of each person.

We actively contribute 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.

More generally, we seek to contribute positively to the communities near our sites.

Highlights

We have a Purpose-driven approach to solving societal challenges through technology, collaboration, and responsible business practices

Employee Survey

66%

favorable sentiment on growth during exit survey

Total Recordable Injury Frequency Rate (TRIFR)

-29%

compared to FY19

Safety

60k+

inspections performed

23%

women in workforce globally

26 countries and 397 global and local corporate citizenship initiatives

11,716

participants BringKids2Schools (BK2S) program

4.1 Our people

Hitachi Energy is committed to creating a safe, inclusive, and empowering environment where its people can thrive, innovate, and lead the energy transition. Through strong corporate citizenship, we invest in our workforce and communities, championing inclusion, education, and ethical practices that drive long-term social and economic value.

4.1.1 Attracting and growing people ^A

At Hitachi Energy, we are committed to the value of differences as a driver of innovation and collaboration.

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 differences and diversity lead to great innovation, and how employees are empowered to develop their careers.

We seek to provide an employee experience that attracts individuals who bring differences and diversity of perspectives to help us innovate and realize our Purpose.

As a merit-focused organization, 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.

4.1.2.1 Remuneration of the highest governance body (GRI 2-19)

Our senior executive remuneration philosophy reflects sustainable value creation. Our fixed remuneration is proportionate to the role and level of senior executives within our organization. We award short-term incentives for outcomes that reflect our financial performance and non-financial targets.

In FY24, we achieved 84 percent of our non-financial targets, which include health and safety, quality, integrity, and people aspects.

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 (BoD) members are employees of Hitachi Ltd. [For more information please refer to the Sustainability reporting center: Hitachi.](#)

4.1.2.2 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.

4.1.2.3 Retirement benefits

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

4.1.2.4 Termination payments

Termination payments for our senior executives are provided in accordance with contractual obligations, company global policies and jurisdiction.

As part of our continuous commitment to responsible remuneration, we are currently updating our executive employment contracts to ensure alignment in termination rules.

4.1.2.5 Remuneration governance (GRI 2-20, 2-21)

At Hitachi Energy, we are committed to maintaining responsible, transparent, and market-aligned remuneration practices that support the long-term sustainability of our business and our ability to attract and retain top talent.

Typically, every two years, we work with an independent external consulting firm to conduct comprehensive market benchmarking.

This helps us assess each component of our senior executives' remuneration packages against relevant peer groups, ensuring our compensation is fair, competitive, and aligned with evolving market trends.

To support sustainable pay decisions, an external consultant joins our discussions to help shape balanced and forward-looking compensation strategies.

Our Remuneration Advisory Board (RAB) meets four to six times annually to review key topics, such as proposed salary adjustments for senior executives, benchmarking results, peer group composition, internal equity, quality of market data, performance measures, and broader business and market developments.

Our Board of Directors (BoD) is informed of and approves all compensation policies and proposals applicable to our senior executives.

We apply a standardized, objective approach to job grading across our organization based on the global Hitachi framework. This ensures consistency and fairness in how we evaluate roles.

In addition, 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.

4.1 Our people (continued)

In FY23, we launched our first global annual salary review process within our HR system. By FY24, 69 percent of eligible employees had their remuneration reviewed through this platform, enabling managers to assess and compare total base pay in a consistent, transparent, and equitable manner.

4.1.2.6 Employee benefits (GRI 401-2)

We typically provide benefits to employees based on their job grade or employee group if any differentiation applies. If the nature of an employee benefit permits, we provide the benefits in proportion to the respective working ratio – for example, vacation days – or acknowledge their proportional size by reference to pensionable or insured salaries.

In such cases where the benefit cannot be provided proportionally (for example, medical insurance), we generally provide the full provision when the working ratio equals or exceeds 50 percent.

4.1.2.7 Defined benefit and other retirement plans (GRI 201-3)

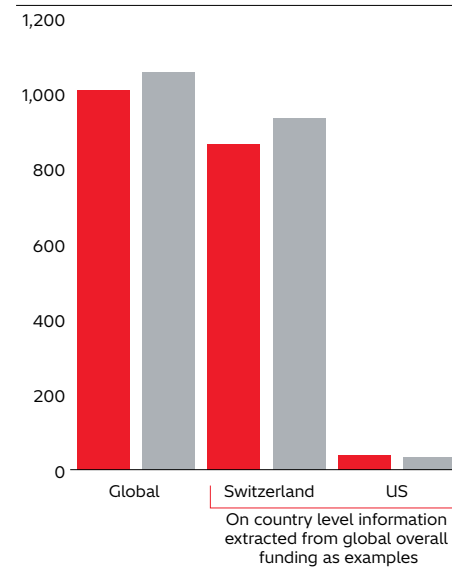
We offer various defined benefit plans across the globe, which we broadly classify into two categories:

- Defined benefit pension plans provide either a lifelong annuity, a one-off lump sum payment at retirement, retirement savings paid in several installments, or a combination of the aforementioned. The benefit value typically depends on factors such as earnings, tenure, or other criteria set out in the respective plan rules.
- Termination indemnity plans provide a predefined amount when the employee leaves employment, commonly referred to as end-of-service gratuity.

While we secure and fund our defined benefit pension plans through dedicated and separated plan assets held by trusts or pension funds with a current overall global funding ratio higher than 100 percent, our termination indemnity plans – a sub-category of our defined benefit plans – are funded through non-separated general company assets and paid by operational income.

Our local actuaries evaluate and consolidate defined benefit costs and defined benefit obligations of each plan annually at the end of each financial year-end. The actuaries act fully

Defined benefit pension plans – DBO compared to plan assets in USDmillion (March 31, 2025)



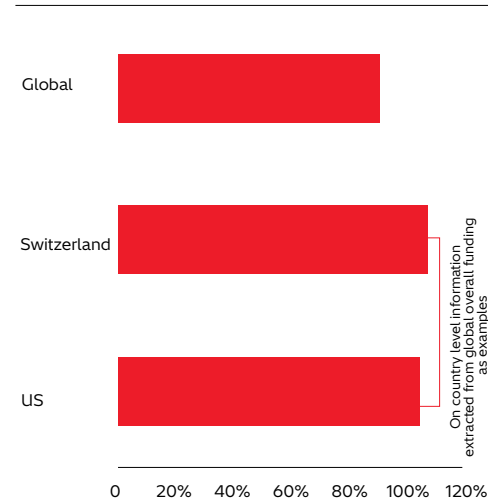
● Defined benefit obligation (DBO)
● Plan assets

independently and free of any influence or attempt to influence the company.

The two graphs below illustrate the total amount of our globally defined benefit obligations arising from our defined pension plans versus the total amount of accrued plan assets that are held separate from company assets to secure these obligations and their funding ratio as of March 31, 2025.

In addition to the globally consolidated numbers, the graphs include two countries – Switzerland and the United States – as examples.

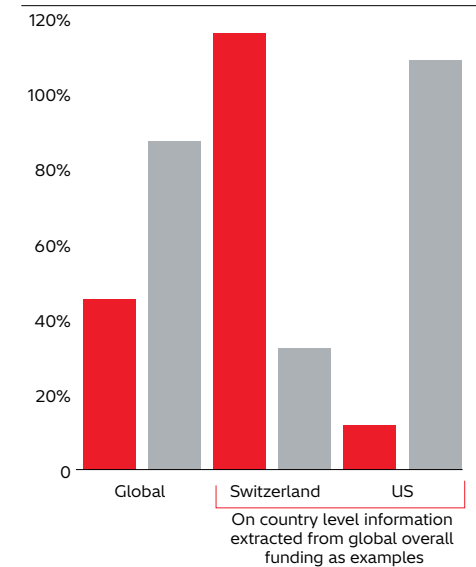
Defined benefit pension plans – funding ratio (March 31, 2025)



Apart from defined benefit plans, we offer defined contribution plans widely to support our employees in accruing retirement savings.

Depending on local market practices and legal requirements, our defined contribution plans are funded either solely by the employer, by the employee in the way of deferred compensation mechanisms, or jointly by both parties.

Percentage of employees covered by defined benefit pension plans compared to defined contribution plans (March 31, 2025)

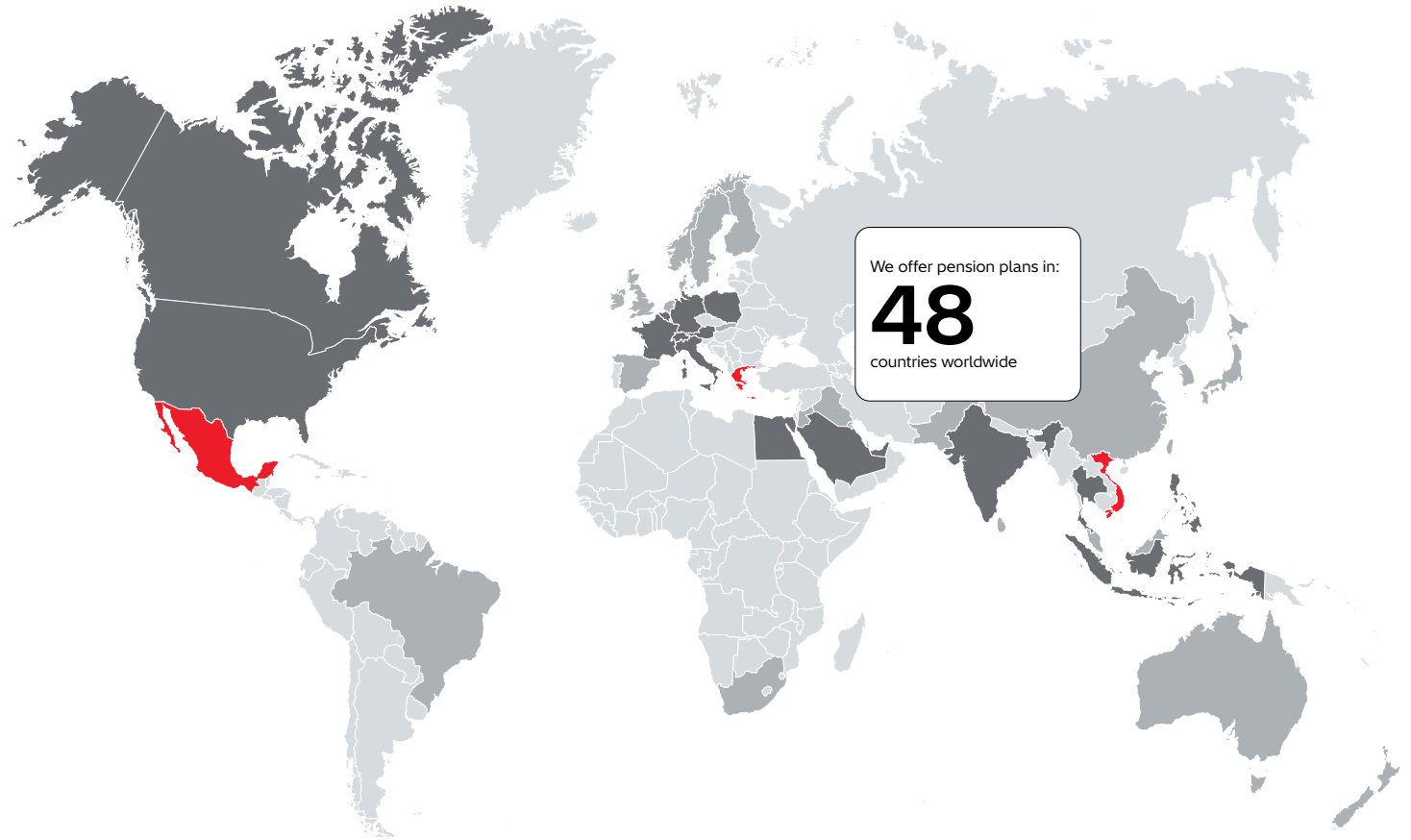


● Defined benefit plans (DB)
● Defined contribution plans (DC)

4.1 Our people (continued)

Pension plans

The map illustrates classification of these pension plans by country, distinguishing between countries with defined benefit plans offering only, defined contribution plans only, and countries where we offer both.



● **DB only**
Greece
Mexico
Vietnam

● **DC only countries**
Australia
Bahrain
Brazil
China
Denmark
Finland
Hong Kong

Iraq
Ireland
Japan
Jordan
Kuwait
Malaysia
Netherlands
New Zealand

Norway
Pakistan
Qatar
Singapore
Slovakia
South Africa
South Korea
Spain

Sri Lanka
Sweden
Taiwan
UK

● **DB and DC only countries**
Austria
Belgium
Canada
Egypt
France
Germany
India

Italy
Philippines
Poland
Saudi Arabia
Switzerland
Thailand
UAE
USA

4.1 Our people (continued)

4.1.2.8 Global performance management process (GPM) (GRI 404-3)

We apply Hitachi's global performance management (GPM) process, which forms the foundation for business management and performance improvement to promote the organization's and individuals' sustainable growth.

Employees eligible for the FY24 GPM review include all indirect employees and secondees who joined the organization on or before December 31, 2024. 'Indirect workers' relates to the nature of work done by employees working in an office or other professional environment and compensated by salary – for further information, see **6.2. GRI indicators - GRI 2-7 Employees.**

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 improvement, 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 roles at Hitachi Energy and companies within the Hitachi Group.

4.1.3 Lifelong learning (GRI 404-2)

We believe everyone has the potential to succeed when given the right tools. We are committed to the value of differences as a driver of innovation and collaboration and provide access to learning and opportunities for personal and career growth.

We strive to deliver innovative learning experiences in line with people's goals to support business and individual growth (GRI 404-2).

70:20:10 philosophy

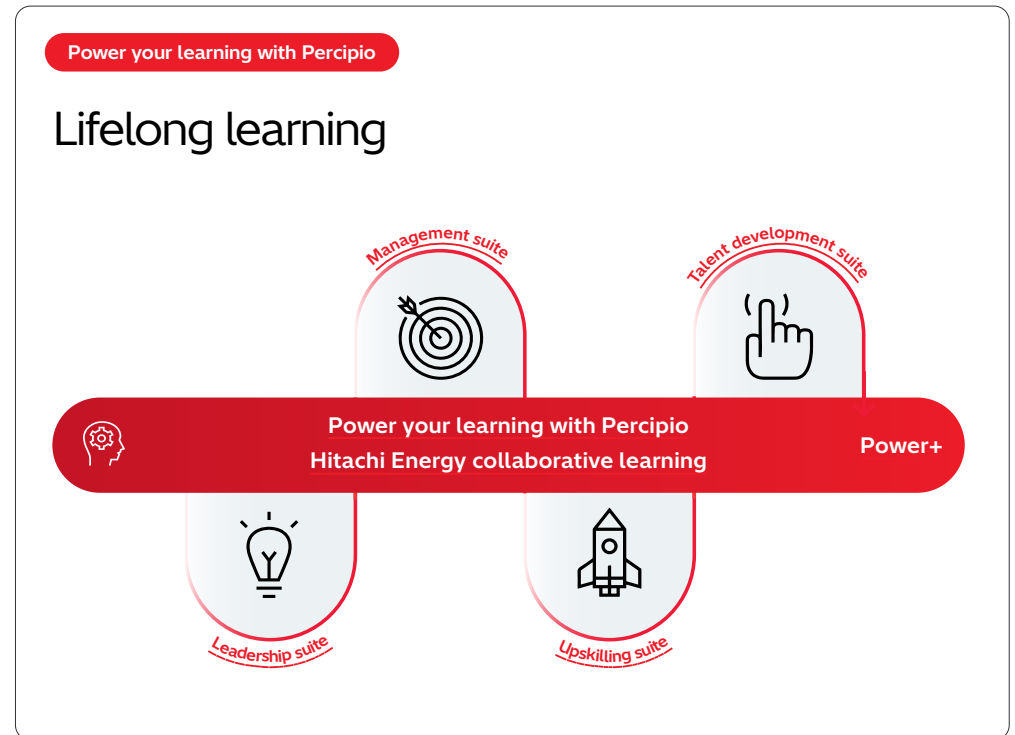
We operate according to a '70:20:10' development philosophy. Empirical studies confirm that 70 percent of learning comes from on-the-job informal knowledge acquisition, 20 percent from social interactions, and 10 percent from formal course-based learning.

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). We implemented learning for all within the organization by launching an on-demand learning platform active since FY21, as well as several talent development programs.



Externally, we created partnerships with schools to promote our industry and activate interest in science, technology, engineering, and math (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 employs a user-friendly app and a pool of professional external experts.

4.2 Inclusion at Hitachi Energy

4.2.1 Valuing diverse perspectives and inclusion (Diversity 360)

In 2024, Hitachi Energy had 51,253 employees representing 170 nationalities across 67 countries. We believe that the diverse perspectives of our people are key to our Purpose. By connecting people across the globe in an inclusive environment, we can capitalize on the true diversity of thought our people bring.

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 which represents our promise to shape a culture that is uniquely ours and is a true differentiator.

At Hitachi Energy we remain committed to attracting, growing, and retaining the best talent to deliver our strategy and serve our customers and to building an inclusive work environment where everyone from any background across the world can achieve their full potential.

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

Our Guiding Principles for Inclusion are intended to guide our approach to talent strategy, as well as the design and execution of individual talent programs, processes, and experiences, which we consistently apply across our company:

- a. We strive for **global consistency** to foster inclusion and belonging for our global connected workforce.
- b. We comply **with local laws and regulations**, addressing the unique needs for local markets.
- c. Our talent and employee experience are consistently **merit-based, inclusive, and fair**.

Our people-centered approach of Diversity 360 pivots on foundational beliefs of:

- **Our Leadership Pillars** – Our Leadership Pillars support leadership at all levels. The four fundamental pillars revolve around connecting people to purpose, people, potential, and performance. This helps us strengthen the line of sight to the company and to Hitachi, while driving innovation and collaboration. We aim to foster a merit-based workplace, where every voice is heard and diverse perspectives lead to stronger decision making and better outcomes for business and society. Our leaders are key to creating the enabling culture we need to achieve sustainable growth. The model outlines effective tools and defines anchoring behaviors for people managers.

Since 2021 we have covered more than 6,800 employees through 'Activate' and in excess of 4,200 employees through 'Develop' learning interventions of Our Leadership Pillars, which is made up of unique training delivery combining e-learning and webinars in a blend of virtual and face-to-face instructor-led classes to understand the concept of Our Leadership Pillars.

We continue to enroll new people managers in the program annually. This learning opportunity has established a clear understanding of expectations and behaviors. Hitachi Energy continues to develop and empower leaders to exemplify these behaviors, holding them accountable as advocates and champions of our signature leadership style, a true differentiator and a competitive advantage.

- **Inclusion** – Together we are stronger. As part of Hitachi, we support the organization's commitment to embrace diverse perspectives and ensure fair and transparent processes based on merit. We believe that the uniqueness and differences of our people, businesses, regions and technologies deepen our impact, strengthen our relationship with customers and communities, and fuel long-term sustainable growth. We want everyone to unlock their full potential, so we can contribute to society. Together we are stronger reflects our approach to work, growth, and success by integrating diverse perspectives, fostering collaboration, and generating shared value.

- **Culture** – We are committed to living our culture, advancing our purpose, and driving business success while delivering an outstanding employee experience. This approach is fundamental to achieving our goals and empowering a sustainable energy future for all. We strive to cultivate a culture where our extraordinary people are supported with the right environment, equal opportunities, and the confidence to thrive.

Our focus remains on accelerating inclusive culture for a sustainable tomorrow, as we deepen our commitment to:

- Celebrating all people for their contributions to the bigger 'why' of the organization
- Creating a culture of collaboration to fuel great innovation
- Promoting and encouraging a sense of belonging for all people
- Co-creating an agile and connected environment
- Zero tolerance for any kind of discrimination in the workplace

Since 2023, we have celebrated inclusion months annually that have collectively brought close to 7,500 together through live learning sessions hosted globally. Beyond staging global learning sessions and Impact dialogues, we saw multiple efforts brought to life across our global footprint living by the philosophy of 'Think Global, Act Local'. We invite everyone and encourage all our people to join the inclusion months' celebrations.

4.2 Inclusion at Hitachi Energy (continued)

- **Growth mindset** – We provide accessible and inclusive learning opportunities for all to upskill and cross skill (through classroom and on the job training), nurture different competencies, learn about cultures and perspectives to foster better collaboration across the company, and sharpen technical skills to be equipped to deliver excellence to customers and partners that support Hitachi Energy’s growth. Varied perspectives, different cultures, and experiences foster learning agility and dynamic culture of innovation and collaboration, enabling our people to reach their highest potential.

We run Global Talent Development Programs across tiers, boosting our learning culture with Percipio and Culture Wizard to anchor inclusive behaviors.

4.2.2 Community outreach

We continuously evolve our outreach strategy that strengthens our impact for social innovation, fostering long-term sustainability.

- We have a connected community of 19 Employee Resource Groups (ERGs) with about 2,800 members and growing, across our global footprint that plays a pivotal role in bringing people and cultures together beyond boundaries promoting a sense of inclusion and belonging at Hitachi Energy.

ERGs are employee-led groups that invite and embrace all people to raise awareness around uniqueness and differences of people and culture, thereby learning together to build and sustain an engaging workplace community.

- Hitachi Energy’s goal is to create long-term partnerships with suppliers who meet specific requirements of quality, cost, delivery, technical performance, and customer satisfaction.

4.2.2.1 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 by inclusive mindset to collaborate leading to great innovation, and energize careers, we ensure that our EVP is well-embedded into the entire employee lifecycle, from consideration to alums. Shape Tomorrow Today!

4.2.2.2 Global Power+ Graduate Development Program

The Global Power+ Graduate Development Program symbolizes our ongoing commitment to grow our employees and connect People to Potential. The mission of the Global Power+ Graduate Program is to attract top early talents with Engineering or STEM degrees, offer them an inspirational work environment, and prepare them to become great people champions and innovators.

These graduates will grow into leadership positions and make a real difference in achieving our Purpose.

The essence of the program is the explorer approach: rotations across business units/functions with assignments abroad encouraged whenever applicable.

In 2024 we had 44 placed within their permanent roles.

→ [Read more about our Early Career Programs](#)

Since the program’s inception in 2021, we have hired 247 graduates, with 83 currently active in the program and 144 placed within their permanent roles.

4.2.3 Diversity 360 Week

Over the last few years, Diversity 360 Week has been an annual event focused on our commitment to fostering an inclusive workplace that values difference and embraces all people. It offers a chance to pause, reflect and celebrate our people on this journey of making inclusion impact real.

In 2024 we had nine live learning sessions on global platform and were joined by around 5,000 colleagues live during the week. Since its inception in 2021, we have averaged about 10,800 colleagues attending sessions during the week.

Beyond staging global learning sessions, we had the opportunity to witness multiple efforts around the Diversity 360 Week across our global footprint.

Power+ graduate program

Power+ strives for excellence, and we can highlight key metrics:

- Our flagship, global rotational graduate program for early STEM (Science, Technology, Engineering and Math) talents
- Across Business Units/Functions rotations
- 18 months long in total (3 x 6-month assignments)
- Assignments abroad encouraged whenever applicable

97%

retention in the program (only for active trainees): 97 percent (target: 90 percent)

90%

retention one-year post-program: 90 percent (target: 90 percent)

8.3

likeliness to promote the program: 8.3 (Max 10, target: 7.5)

Since

2021

inclusive merit-based talent pool

~30

nationalities

80

graduates per year hired across 13 key markets

4.3 Health and safety

Highlights

Performance

0.29

Total Recordable Injury Frequency Rate (TRIFR)
 - 29 percent compared to 2019
 + 3 percent compared to FY23

106k

hazards reported

60k+

Life Saving Rules inspections performed

>93%

on-time closure of non-conformance reports (NCRs)

Operations

HSE Masterclass for senior management and HSE Leadership Development Program for frontline supervision are deployed to increase HSE competency

42%

of senior management (those in roles up to three layers below the CEO) trained at end of FY24

98

HSE audits performed

Delivered annual update of Standards documentation on our global Health, Safety, and Environment HSE Operating System (HSE-OS)

Established the foundational framework for the Three Lines of Defense model in HSE, ensuring relentless risk management, operating discipline and compliance to improve our HSE maturity

Revised and implemented accountability framework to reinforce assurance in HSE

Development of a Functional capability strategy for the HSE function

Established a framework for HSE cultural assessment based on industry best practices for a roll-out in FY25

Strengthened mental health and wellbeing focus with our Mind Matters initiative

Continued our annual HSE Week with the 'Do the Right Thing!' theme

140+

entries in our continued annual HSE Awards (almost double compared to FY23)

Phased roll-out of Safety Collaboration Center, digital HSE solution for field operations

4.3 Health and safety (continued)

4.3.1 Our approach to Health, Safety and Environment (HSE)

We foster a healthy and productive work environment, believing those working for us can only perform at their best when they feel safe, healthy, and well

Safety is therefore part of our 'license to operate', and HSE performance comes first in our decision-making process.

To emphasize our duty of care, we set out long-term HSE commitments in 2023, that continue to guide us today:

- 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

These commitments are also aligned with our company's HSE Policy, keystone of our HSE approach, as it is endorsed by our Executive Team members. The policy defines our ambition and highlights key areas of action.

Within our HSE community, we are striving toward world-class HSE performance across Hitachi Energy and have a framework defining 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 550 health, safety, and environment professionals, of whom around 100 professionals are dedicated environmental management employees.

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

During FY24, an HSE charter was developed for launch in FY25, which outlines our approach to HSE, the roles and responsibilities of the HSE function, which is underpinned by a comprehensive HSE RACI (responsible, accountable, consulted, informed) matrix.

Everything from the company's HSE Policy, HSE Standards documentation, work processes, and HSE training programs right down to the last line of protection combine to prevent harm.

Creating those layers of safeguards and protection is mirrored in our audit and assurance activities, which create a 'Three Lines of Defense' approach (see graphic on page 69), as defined in 2024, to removing risk:

1. Local self-verifications and inspections focus on specific activities and adherence to safe work practices and our Life Saving Rules.
2. Business unit/hub/global product group assessments are carried out regularly at various sites to assess compliance with operational HSE requirements and to address the day-to-day operational needs of each place of work. Local teams can also proactively use the self-assessment tool to identify improvements.
3. Company internal audits are conducted annually by trained and certified internal auditors at our sites, project locations, and joint venture activities; these verify baseline

compliance and maturity with our HSE Operating System (HSE-OS) requirements.

The Global HSE function is responsible for the company's overall HSE strategy, delivered through an Annual Operating Plan (AOP) aligned with a strategic road map through to FY30. The AOP outlines core actions, which are applicable throughout Hitachi Energy, and common ones, which apply to more than one business unit/function.

The Global Head of HSE is a member of the Global Management Team and reports directly to the Chief Transformation Officer, who is a member of the Executive Team.

Each of our five 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 Global HSE functional Management Team provides technical expertise and governance 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. The Business Unit HSE Managers provide distinct BU HSE programs to support operational teams to improve performance by driving operating discipline and relentless risk management.

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. In FY24, a member of the HSE functional Management Team took up the additional role of Global Lead – Country HSE Operations to improve the coordination and approach of country-focused HSE resources, focusing on fiduciary responsibilities and legal compliance.

In FY24 we also updated our HSE Accountability Frameworks, which are important to the proper and effective governance of HSE as they set clear and consistent minimum accountabilities and responsibilities. Given the variety of our working environments, we have three frameworks covering:

- Fixed workplaces (our own sites)
- External projects (third party sites)
- Internal Real Estate projects (for investments of USD2.5 million+)

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.

4.3 Health and safety (continued)

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 prevent environmental harm or damage and to ensure the safety and health of all employees and contractors, as reflected in [section 5.8 Supply chain management](#).

We updated our environmental targets in alignment with Hitachi Group's [Inspire 2027 management plan](#).

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. 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 (HSE-OS) (GRI 403-1)

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

The HSE-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 HSE-OS applies to all global functions 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 HSE-OS Guardrail and HSE-OS Protocol Standards, where applicable.

Our HSE-OS prescribes full compliance with all laws and regulations. In the event of conflicting requirements between the HSE-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 developing an appropriate HSE integration plan. We also seek to learn from new entities joining Hitachi Energy.

All employees are covered by our HSE-OS, which applies to all units in Hitachi Energy. Some 49 percent of operations were internally audited in FY24 (98 internal audits performed, covering 24,871 employees).

Our operations are subject to internal HSE audits, and factories and our fixed manufacturing assets are audited annually. Project and service activities are scheduled based on the business units' priorities. Trade, Transport, and Logistics (TT&L), Real Estate, and other corporate locations are also subject to internal HSE audits.

Our HSE-OS comprises a variety of policies and procedures, including:

- Company HSE Policy endorsed by our CEO and all Executive Team members
- Guardrail Standards to oversee HSE management risks and controls, articulated around a Plan, Do, Check, Act continual improvement cycle
- Protocol Standards to manage operational risks and controls, articulated by maturity level, from basic to standard, then advanced to leading

ISO certifications across our estate

We have

141

sites covered by an ISO 14001, 45001, 50001 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.

4.3.4 Proactive risk and incident management (GRI 403-2, 403-3, 403-4, 403-5)

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

We minimize the risk of harm and are committed to eradicating fatalities, life-changing injuries, and major environmental incidents. In the workplace, we take extensive measures aligned with industry standards and protocols to protect employees from chemical, physical, or biological exposures that may cause ill health, including occupational diseases.

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 hazards, 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 ensure health, safety, and environment always come first in the decisions we make, with a focus on learning 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 Intelix system. Our HSE performance data, updated every 12 hours, is available via PowerBI, enabling colleagues to monitor performance and trends easily.

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 (three levels of investigation: Major, Medium, and Minor):

4.3 Health and safety (continued)

- **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 (our incident reporting system)
- Reports investigation findings to the accountable manager and their team
- Reports the incident investigation outcomes to all relevant parts of the organization

Workers are protected against reprisals. Errors are normal and expected. 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 damage

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.

Our ‘Stop! Take 5’ tool supports and encourages those working for us to pause, discuss, and assess potential safety risks before proceeding with work.

Time Out for Safety (TOFS) encourages employees, contractors, and visitors to speak up 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.

Regardless of their position, in such situations, 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.

The ability of any employee to pause a job is not just a right; it is a responsibility, as lives may depend on it.

Our flagship safety program, the 10 Life Saving Rules (LFRs), is key to developing and maintaining an effective workplace safety culture. Our 10 LSRs protect our employees and contractors from the activities most likely to cause serious harm or death if safety rules

are not fully and properly applied. Adherence to the LSRs is the minimum baseline expected in all our operations.

We have completed an internal assessment of our HSE risk management system and will strengthen our approach based on a ‘three lines of defense’ as defined below.

4.3.4.1 Hitachi Energy ‘three lines of defense’ model

Our three lines of defense model provides multiple layers of interventions to control risks so that they can be addressed before they impact people, the environment, or operations

1st

line of defense

Responsibility lies with the process owners (management) as 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 (TOFS)
- Safety Observation Tours
- Life Saving Rules and governance
- High-risk activity assessments
- HSE-OS self-assessment
- Learning teams

2nd

line of defense

Responsibility lies with the senior HSE managers within the business units in providing compliance and governance oversight. They identify emerging risks and establish frameworks to support risk and compliance management. They also review the first line of defense for compliance with Hitachi Energy’s HSE expectations.

3rd

line of defense

Responsibility lies with the Global HSE Function’s auditors, who provide objective and independent assurance. They assess the operations for compliance and performance against HSE-OS requirements 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.

4.3 Health and safety (continued)

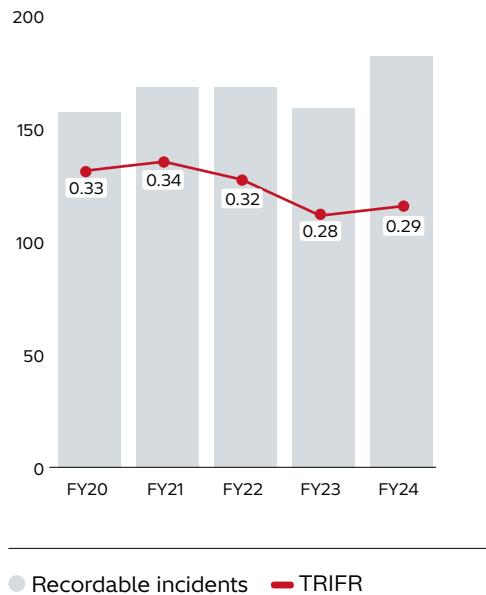
4.3.4.2 Total Recordable Injury Frequency Rate (TRIFR)

The company is committed to minimizing harm and to eradicating fatalities and life-changing injuries.

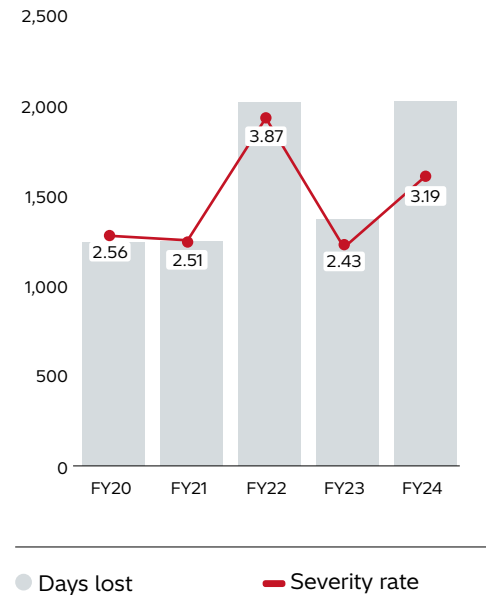
We target ongoing reductions in our TRIFR, which covers employees and contractors. It has fallen significantly by 29 percent since FY19 and reached 0.29 in FY24; however, year-on-year it increased three percent from 0.28 in FY23.

Maintaining a high on-time closure rate for corrective actions remains an important focus area to remedy unsafe scenarios as swiftly as possible.

Total Recordable Injury Frequency Rate (TRIFR) including contractors



Days lost and severity rates for employees and contractors



We believe our comprehensive program of actions will address underlying causes of harm and provide the structured approach required to improve performance in a fast-growing organization.

4.3.4.3 Fatal incidents

In FY24, our organization suffered two tragic events which resulted in fatalities for two of our colleagues. First was a workplace fatality involving an employee in the United States. It occurred following entry to a confined space on a transformer where there was an oxygen-deficient atmosphere.

A second fatality occurred during business road travel, in which an employee's vehicle

was struck on a public road by a member of the public's vehicle, resulting in fatal injuries.

In each tragic event, support was given to the family and colleagues affected.

All major level incidents are investigated using the Tripod Beta methodology, focusing on identifying organizational root causes, learning, and improving our systems to prevent re-occurrences.

The investigation in the United States yielded insights into how confined space activities are managed, including permit-to-work control, additional lockout tagout requirements, training, and supervision. The learnings were shared throughout the organization, and an additional evaluation of high-risk sites was undertaken.

The business travel investigation highlighted key findings for road safety.

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 Labour Organization.

Our policies around employee health and wellbeing outline how the company will fulfill its obligations and support people.

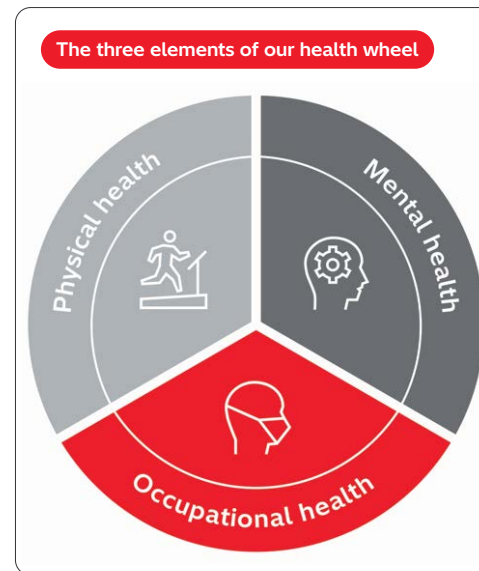
Across our locations, we have 200 professionals focused on occupational health and industrial hygiene. They are helping provide positive health and wellbeing work environments in line with the three elements of our Health Wheel (see illustration below).

Our physical and mental health activities also address non-occupational issues.

We have a multi-disciplinary 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.

Voluntary health promotion services and programs include:

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



4.3 Health and safety (continued)

We continue to review our 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 readiness

During our HSE Week in November 2024, we focused on several campaigns on health and wellbeing:

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

4.3.5.1 Our Health Saving Actions (HSAs)

To create a structured approach to the diverse range of health topics we must address, we continue to run campaigns around 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
- 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. During FY24, our focused campaigns were around:

- Real-time women's health challenges
- Traveler awareness of malaria and its prevention
- Campaigns to support tobacco de-addiction
- Increased awareness of sedentary lifestyles and the importance of taking frequent breaks
- Ergonomics training
- Mental health awareness

4.3.5.2 Our health-related trends

Aligned to our Health Wheel approach (see graph on previous page), our 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 schools
- Access to healthy meal options at work
- Access to health check screening for employees
- Flu vaccination campaigns during the fall seasons in the northern and southern hemispheres

- Travel health campaigns, with Medical Travel Risk Awareness training and introduction of a frequent traveler medical questionnaire as part of medical preparedness
- Continuation of malaria infection prevention training

Mental health:

- Analysis through our 'Mind Matters' mental wellbeing initiative, open to employees and their families free of charge, indicates an overall wellbeing score for Hitachi Energy of 72, five points above the average industry score.
- Other key outcomes for FY24 include:
 - All employees across the globe have access to the initiative
 - More than 3,000 employees working on their mental health through the use of the app
 - 4,500 hours spent on proactive wellbeing and self-care
- Resilience training for employees with an updated version in development with a focus on techniques to help with stress management
- Resilient Leadership psychological safety training launched for people managers
- Increasing mental wellbeing awareness through promoting and supporting resources on various world days with mental health significance, and through dedicated sessions with leaders/experts

Occupational health:

- Extensive ergonomics campaigns were implemented as this was identified as the top health risk, including training in ergonomics and office ergonomics assessments
- Proactive monitoring of health hazards
- Increased attention to rehabilitation following injury
- Campaign around noise monitoring

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

The HOP approach is based on five principles:

1. People make mistakes: 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 are 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.

4.3 Health and safety (continued)

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

Conducting thorough investigations is vital in helping prevent future incidents. In 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 is not 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 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 to conduct minor investigations, about 400 people trained to conduct medium investigations, and 15 trained to conduct major-level investigations. Training helps ensure our investigations are conducted consistently and provides useful insights that help us continuously improve.

4.3.6.2 HSE learning program

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

1. Systematic problem-solving
2. Experimentation
3. Learning from past experiences
4. Learning from others
5. Transferring knowledge

Knowledge gained from failures is often instrumental in achieving subsequent successes.

4.3.6.3 Key learning initiatives ^A

Life Saving Rules (LSRs) online training program

As safety is a key element of our license to operate, and we are committed to eradicating fatalities and life-changing injuries, training on the LSRs is mandatory.

Our 10 LSRs 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 must complete Life Saving Rules training. For many, this training is delivered via a one-hour online training program, and 98 percent of our 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 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 surveys, 94 percent of respondents found its content 'good/very good', and 93 percent found it 'relevant and helpful'.

HSE Masterclass for senior management

The HSE Masterclass enhances managers' HSE leadership capability. It is founded 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. We also review the array of company programs and resources supporting our approach.

Participants engage with fellow managers on HSE case studies, experience-sharing exercises, role plays, and team discussions. These pragmatic sessions help make it clear to delegates what HSE leadership means for them and their teams.

Since its launch in September 2021, 1,654 managers globally have participated in a 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.

HSE Leadership Development Program (LDP) for frontline supervision

The HSE LDP is a certifying training program launched in FY24. It concentrates on HSE leadership for frontline supervision, specifically those on the shopfloor or in the field, detailing roles, responsibilities, accountability, and authority in HSE processes for leaders of team members exposed to frontline operations.

Focus is put on the planning and supervision of frontline operations activities from a health, safety, and environmental perspective.

The program is based on the key principles of human and organizational performance and is also structured around case studies, experience sharing, role plays, and team discussions.

It comprises three discrete four-hour blocks, delivered between three to six months apart to allow learning, development, and behavioral change to be assessed.

Reflecting the international nature of Hitachi Energy, it can be facilitated in 25 languages by a cohort of nearly 200 certified facilitators from our local operating units.

4.3 Health and safety (continued)

Our other online training

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 shop floor or in the field (30-minute 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 versus unsafe behaviors (30-minute duration)
- **HSE Operating System** – on our assurance and management system approach, highlighting our company's approach to health, safety, and environmental management in a structured way (30-minute duration)
- **Biodiversity** – covering what biodiversity means, why it is important, and how it relates to our business (30-minute duration)
- **Circularity in Operations** – covering the basics of circularity and how to apply them in Hitachi Energy's daily operations (30-minute 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 continued with the annual HSE Week, retaining the theme 'Do the Right Thing!'.

HSE Week again helped us celebrate the great HSE behaviors required for world-class performance. A core of company-wide online sessions and resources are augmented by local activities across the organization, often delivered at a site or country level. Collectively, the arrangement provides a platform for sharing knowledge that supports continual improvement.

A range of HSE Week collateral was produced in more than 20 languages to ensure maximum relevance to colleagues globally.

We also used this week to launch our second annual HSE Awards to celebrate people 'doing the right thing!' and contributing to improving health, safety, and environmental outcomes. For the 2024 competition's four categories, more than 140 entries were received, nearly double compared to the inaugural awards for 2023.

4.3.7 Our commitment for continual improvement toward 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 company's rate of growth, 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. The steps we take to deliver this include:

- Our senior leaders are continually encouraged to actively support all efforts in promoting our learning-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. These crucial principles have been at the core of our HSE approach since June 2021 and throughout a period of 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 by 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, enabling insightful data-based decision-making to tackle risks

- Mandatory training, for example, for our 10 Life Saving Rules, for all senior leaders through our HSE Masterclass, and 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
- In FY24, we participated in a Hitachi-wide safety culture survey with findings becoming available in FY25. We are augmenting this in FY25 by piloting HSE cultural assessments
- 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
- Our annual HSE Awards, through which we recognize and celebrate individuals and teams whose actions have made a positive contribution.
- Major overhaul of the Functional HSE website to make it easier to find relevant information and resources

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

Hitachi Energy is deeply committed to upholding all internationally recognized human rights across our operations and throughout our value chain.

Our commitment is grounded in key global standards, including the International Bill of Human Rights, the International Labor Organization’s (ILO) eight core conventions, and the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations (UN) Guiding Principles on Business and Human Rights (UNGPs), and the Organization for Economic Cooperation and Development’s (OECD) Guidelines for Multinational Enterprises.

Through our human rights framework and supporting programs, we affirm our dedication to principles such as non-discrimination, and the elimination of child labor, forced labor, and modern slavery.

We actively promote safe and healthy working conditions, protect against retaliation, and uphold the rights to freedom of association and collective bargaining.

These values are not only embedded in our policies, they are integral to how we operate and engage with our people, partners, and communities.

4.4.1 Human rights at Hitachi Energy

Respect for human rights is not only a moral obligation, it is a fundamental business imperative that underpins our long-term success. It is at the heart of our vision for a just, inclusive, and sustainable energy future.

Driven by our responsibility toward people, communities, and the planet, we integrate human rights into our governance frameworks to shape our policies, codes of conduct, strategic decisions, partnerships, and everyday practices.

All employees, along with those reporting to them, are accountable for ensuring that their actions and those of their teams fully comply with applicable laws, the Hitachi Group Human Rights Policy, and Code of Ethics and Business Conduct, as well as all relevant company policies.

We apply a collective responsibility to respect and promote human rights in every aspect of our work, setting the ethical standards and behaviors expected of all personnel, helping to foster a culture of integrity, inclusion, and accountability.

As we advance the energy transition and support the global journey towards UN SDG 7 – ensuring access to affordable, reliable, sustainable, and modern energy for all – we believe in inclusive growth, ethical innovation, and equitable progress across the value chain.

Key human rights topics are embedded in diverse processes and guidelines and are addressed specifically in our supplier registration and qualification process which includes the acceptance of Hitachi Energy’s Supplier Code of Conduct, Supplier Sustainability Development Program, and the Responsible Minerals Sourcing Program.

Key human rights documentation

As human rights is a material issue, we focus our efforts on defined areas within a set of commitments, policies, and standards:

- [Hitachi Energy’s Human Rights Policy](#) identifies, assesses, and manages human rights impacts within our value chain – our formal declaration of support
- [Hitachi Energy’s 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
- The [Hitachi Energy Supplier Code of Conduct \(SCoC\)](#) sets clear expectations for ethical, lawful, and sustainable

business practices, requiring our suppliers to uphold human rights, integrity, and compliance with applicable laws as part of a shared commitment to responsible sourcing and corporate values

- [Modern Slavery and Human-trafficking Transparency Statement](#)
- [Hitachi Energy Responsible Minerals Sourcing Policy](#) details our measures to comply with international standards and regulations to prevent financing armed conflict and human rights abuses
- The [Hitachi Energy General Terms and Conditions of Purchase \(GTC\)](#) are the contractual basis pursuant to which we do business with our suppliers. Hitachi Energy GTC of Purchase shall apply to all purchase orders placed by Hitachi Energy Ltd and its subsidiary companies

4.4 Supporting human rights (continued)

4.4.2 Our human rights journey (GRI 408-1, 409-1) ^A

Upholding human rights is an ongoing commitment and a continuous journey requiring transparency, accountability, openness, and meaningful engagement with a diverse range of stakeholders, including customers, suppliers, and local communities.

In 2019, a comprehensive two-year initiative including internal and external consultations helped us identify our salient areas of impact:

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

Building on this assessment, we mapped key processes and tools to support mitigation and identify improvement areas.

In 2021, global cross-functional workshops refined our understanding of human rights impacts, risks, and opportunities. Insights were reviewed by our Sustainability Board and validated externally. We then conducted a gap analysis for each salient issue to evaluate current practices and shape targeted remediation plans.

This led to concrete organizational advancements. In FY23, our newly-centralized Global Sustainability Function introduced a dedicated role to oversee the implementation of human rights due diligence across the company.

In that year our material impact assessment reaffirmed human rights as essential for fostering long-term value creation and organizational resilience and for it to remain a key element in our sustainability strategy refreshed for that start of FY24.

Over the past two years, we have made significant progress in reinforcing our human rights framework.

We have refined risk management to reflect the unique dynamics of the energy sector where supply chains, infrastructure development, labor practices, and community relations are closely linked to human rights considerations.

This strengthened approach is shaped by emerging global trends, evolving regulatory landscapes, and insights gained from industry and stakeholder engagement. It aligns with due diligence standards and is increasingly integrated into a robust set of policies and procedures that apply to our interactions with employees, suppliers, contractors, local communities, and broader society.

Aiming to deliver a social innovation-driven business model, we are consistently applying process improvements to enable the systematic application of human rights considerations into day-to-day operations.

Notably, we have embedded socio-environmental impact assessments into supplier management, and we are further incorporating human rights into project planning and stakeholder engagement.

As part of our ongoing commitment to responsible business conduct, we are actively strengthening our due diligence framework with a particular emphasis on regional and sector-specific risk management. This includes the enhancement of our processes for identifying, assessing, and mitigating risks

Key improvements implemented as part of this approach include:

- Extensive work to develop a new human rights policy architecture to shape our future approach
- Adapting our sustainability risk-based approach to the specific needs of our business through supply chain management program, with tailored guidance for upstream suppliers and enhanced processes downstream
- Enhancing our sustainability risk screening through the adoption of EcoVadis IQ+, effective from start of FY24
- Integrating ethics and integrity checks into the supplier qualification process to reinforce responsible sourcing
- Launching on-site GHG audits as part of our Supplier Sustainability Development Program
- This drive for continuous improvement has been recognized externally through the EcoVadis Award for 'Best Mature Program in Sustainable Procurement', highlighting our progress in embedding sustainability across our supply chain

related to human rights –specifically those associated with child labor and forced labor – across our operations, including direct and indirect supply chains and project activities.

Our approach is guided by internationally recognized standards, including the UNGPs and the OECD Guidelines for Multinational Enterprises. We are also aligning our practices with emerging regulatory requirements.

We aim to publish a comprehensive report detailing our progress, methodologies, and key actions by the end of FY27. This report will reflect our commitment to transparency, continuous improvement, and stakeholder engagement.

This statement reflects our current strategic direction and anticipated actions, which may evolve in response to emerging developments, stakeholder input, and regulatory changes. We remain committed to providing periodic updates and, where appropriate, substantiating our progress through relevant documentation and disclosures.

The continuous improvement processes review continues to ensure alignment with established and evolving international human rights frameworks into operational practices.

Together, these actions set a proactive and increasingly integrated approach to managing human rights. At Hitachi Energy, we recognizing its role as a core business driver that strengthens trust, enhances resilience, and unlocks long-term value for our company and stakeholders alike, as we strive for an inclusive energy transition.

→ [Read more in section 5.8 Supply Chain Management](#)

4.5 Corporate citizenship

Highlights

397

global and local corporate citizenship activities in 26 countries

4,000 children

accessing education through the BringKids2Schools and other programs (eight schools already existing in Malawi, Senegal, Sweden, and four new schools, under construction in Malawi)

5.3 million

people reached as part of our ongoing electricity and energy awareness drive

Aligning with Hitachi Group’s approach, our corporate citizenship organizes across the four core areas of education, environment, community support, health and sports.

Our global standards and policies ensure strict compliance with the Hitachi Code of Ethics and Business Compliance, reflecting our values, adhering to applicable laws, and addressing the evolving needs of the communities we serve.

We actively encourage and empower our employees to take an active role in our efforts, recognizing their contributions as essential to strengthening our social license to operate and advancing our sustainability agenda.

We engage directly with neighbouring communities and design and participate in volunteer programmes that respond to local needs and create lasting value. In doing so we are also connecting our people to our Purpose and enabling them to bring our Purpose to life.



4.5.1 Global presence, local approach

Supporting sustainable development begins with fostering strong, meaningful relationships between our people and the communities, global and local, where we live and operate.

While leveraging our diverse portfolio in pursuit of a carbon-neutral future, we capitalize on our extensive international presence to further drive enduring positive impact. Our activities in over 60 countries enable us to implement tailored initiatives that foster collaboration and mutual growth with the local communities where we live and work.

Our approach to corporate citizenship is anchored in four principles:

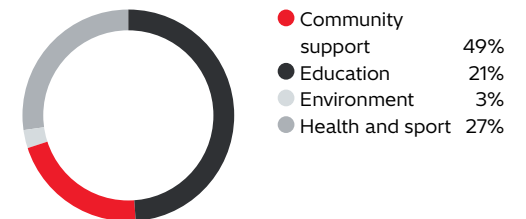
- **Employee-driven impact:** Our people are the catalysts of both our social and business impact and active agents in shaping initiatives such as leading donation drives, selecting causes, and volunteering their time, skills, and expertise to create meaningful change.
- **Community integration:** We design and deliver initiatives with communities, not just for them. Whether driven by employee passion, core industry and professional expertise, or project synergies, our involvements are designed to address local needs in a sustainable and inclusive way
- **Collaborative partnerships:** In line with SDG 17, we build strong, purpose-driven alliances with NGOs, civil society organizations, educational institutions, and global partners to co-create lasting value and scale our impact
- **Social innovation:** Striving to make our presence purposeful means applying our energy expertise to co-create solutions that address local challenges and align with our business, accelerating the energy transition, delivering real-world impact, and strengthening the resilience of the communities we serve

During FY24 we have continued to improve our corporate citizenship activities data collection system, strengthen internal controls, and reinforce our related management system.

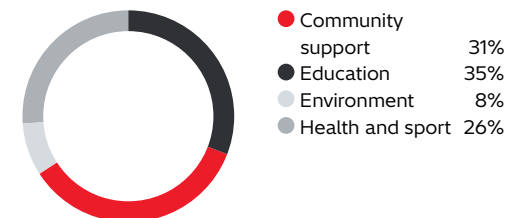
As part this process continues alongside the delivery of our refreshed sustainability strategy, energizing education and energy and electricity awareness emerged as the cornerstones of our community action. Through these improvements, we have obtained a broader understanding of our overall impact and are able to set the basis of our future social-innovation approach.

In FY24, Hitachi Energy companies implemented 397 global and local activities in 26 countries involving employee participation, financial contributions, and in-kind donations across the four core areas as shown in the pie charts below.

Contributions by volume



Contributions by value



4.5 Corporate citizenship (continued)

4.5.2 Energizing education – contributing to education for the next generation

We recognize the importance of empowering the next generation with the knowledge, skills and values necessary to address the global energy challenges we face today.

Actively supporting the energy transition means fostering the transformative power of people, particularly young people’s education.

We support learning opportunities that connect young people to the world of technology and energy and promote inclusive and equitable access to quality education especially in underserved communities.

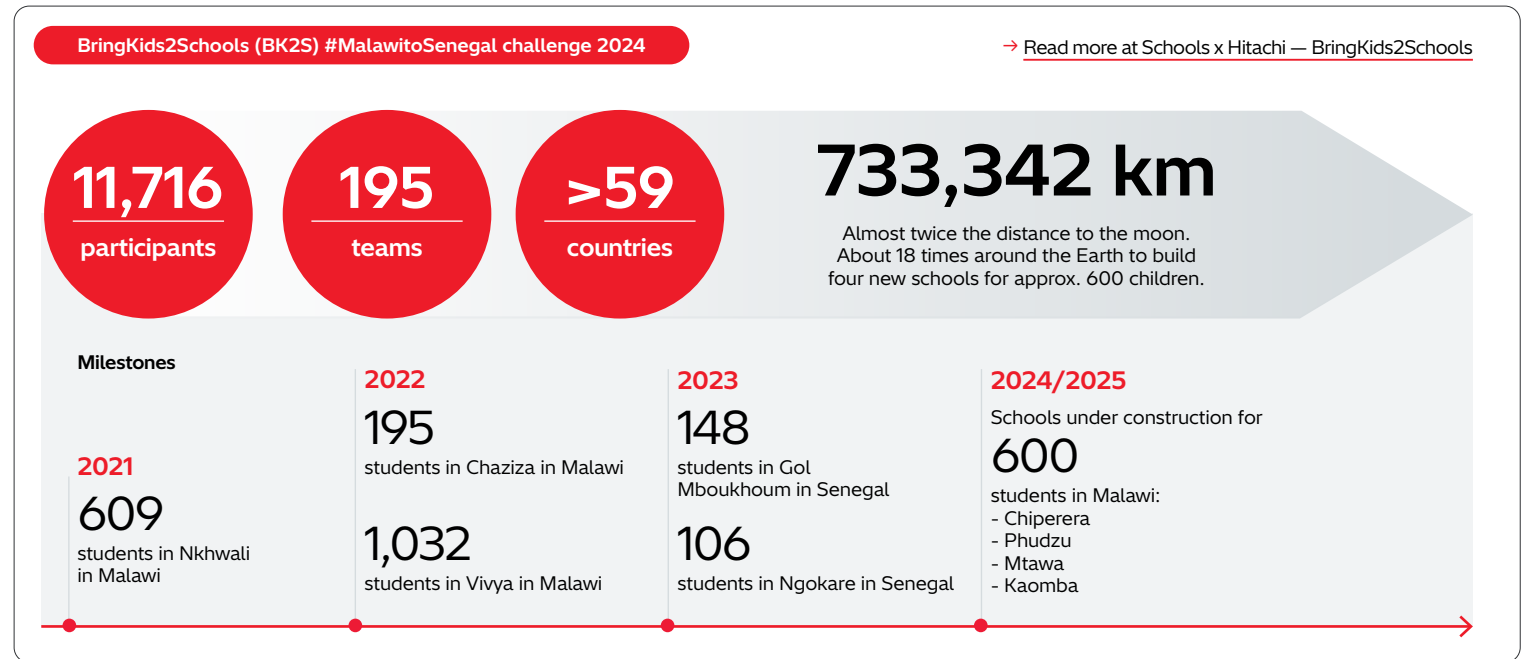
We invest in safe learning environments and facilities, supporting, enhancing, and equipping local schools through a site-based approach.

We also provide opportunities for children and students in emerging countries according to their needs, such as insight into the business world, training programs, practical experience, and routes to internships, summer jobs, and further education in the technology and energy industry, using our employee volunteers to foster mentoring and tutoring drives.

Examples of how we contribute to education around the globe include:

4.5.2.1 Africa: transforming education, one school at a time, through local management

Where once there were no schools, or only temporary structures, there now stand real opportunities for learning and growth. By supporting the construction of safe, well-equipped classrooms and facilities, we help create an environment where both students and teachers can thrive. When children have a secure place to learn, entire communities benefit.



Since 2017, the Swiss nonprofit [BringKids2Schools \(BK2S\)](#), in partnership with local construction organization BuildOn, has been advancing children’s right to quality education.

This is achieved through a collaborative model that engages a village steering committee to oversee construction and mobilize local volunteers to help build a school under professional supervision.

Community commitment, active participation, and long-term sustainability are central to ensuring that each school is not only built but also embraced and maintained by the local population.

Hitachi Energy has proudly supported this mission for four consecutive years, with

employee-driven participation at the heart of its efforts. Hitachi Energy matched the funds raised, amplifying the impact.

In the annual challenge, our employees, together with their families and friends, covered a remarkable 733,342 kilometers

To-date, this participation has supported the construction of nine schools – seven in Malawi and two in Senegal – bringing lasting change to communities and brighter futures to thousands

4.5.2.2 India: empowering female students through STEM education

Advancing gender equity in STEM is central to delivering a truly inclusive development. In India, our Women in Technology program supports girls and women to enter, remain, thrive and lead in the world

of technology. This initiative, in partnership with Shikshana foundation is focused on providing scholarships, career training (in nine states), mentorship, materials, and job placement (across six states), to selected women who aspire to be engineers, from less privileged backgrounds.

These initiatives combine continuous mentoring with soft and technical skills development to enhance employability. Gender stereotypes in STEM are actively challenged through workshops and inspirational sessions led by women professionals in the energy sector. Strategic partnerships with educational institutions further amplify impact through knowledge exchange and capacity-building.

4.5 Corporate citizenship (continued)

Batch 1 (academic years 2020–2024)

- 80 students from three states and 10 institutions
- All the students completed undergraduate course in Engineering in August-October 2024
- 50 percent of students in core engineering, rest in information sciences
- 20 percent pursuing higher education, the rest are employed

Batch 2 (academic years 2022–2026)

- 120 students from six states and 16 institutions
- All the students are in third year of the undergraduate courses
- Good academic performance (70–85 percent)
- Five students completed internship at a Hitachi Energy factory

Batch 3 (academic years 2024–2028)

- 80+50 students from eight states and 20 institutions
- All students in first year of undergraduate course in electrical engineering
- Students visit to Hitachi Energy locations planned for May/June 2025

Strategic partnerships with educational institutions further amplify impact through knowledge exchange and capacity-building.

330

female students supported to date academic performance (70–85 percent)

500

female students from 12th grade

1,120

hours contributed by employee volunteers

2

schools' energy needs addressed through solar power system and energy-efficient fixtures and fittings, and e-carts

2

digital classrooms delivered

Helping communities

A range of programs making a difference

We support a range of programs that make a positive contribution to communities:

- We constructed a one-kilometer bitumen-coated road and installed 2.5 kW of solar-powered streetlighting to improve transport connections with the village of Thandavapura which is close to our Mysore site
- We installed 58 kW of solar power at six public health government hospitals which provide free medical care
- Constructed rainwater harvesting wells at

three locations each of which store 12,000 liters and are recharged each monsoon.

- Planted 37,000 saplings at several government locations and providing ongoing maintenance
- We developed 19 'smart' classrooms' at nine government-run schools close to where we have facilities – two in Mysore, two in Chennai, and five in Vadodara. This involved installing large interactive screens with computers, refurbishing the rooms, decorating them with murals depicting science and math topics, and installing new lighting and fans plus. Five of those schools, areas also had 32 kW solar power systems installed.

4.5.3 Energy citizens: powering a just and inclusive transition

To achieve an inclusive energy transition, we must recognize people as the true drivers of change. This is why we champion a global energy citizenship by investing in individuals, especially youth, as informed leaders and changemakers.

Through education in energy literacy, climate science, safety, and responsible consumption, we empower communities to actively shape the next era of sustainable energy.

Transitioning from centralized fossil fuels to renewable interconnected systems is essential to achieving climate goals and ensuring equitable access to energy for all, everywhere. This journey requires collaboration with industry, government, academia, and civil society.

Blogs	35
White papers	7
Events	5
Videos	14
BBC Electron	8
Perspective	36
eBooks	5
Total	110
Total reach (# people)	5,332,713

4.5 Corporate citizenship (continued)

As electricity demand grows, smart grids and renewable technologies must evolve together with people’s awareness, habits, aspirations, and needs. By encouraging participation in local energy planning and policy advocacy, raising awareness, sharing knowledge and expertise with stakeholders at different levels, we strive to help communities become agents of change.

In harmony with our commitment to UN SDG 7, our approach to energy goes beyond infrastructure. Energy is not just a commodity. It’s a social value that underpins human development, justice, enjoyment of human rights and opportunity.

By inspiring energy citizens through social innovation, we help build a resilient, inclusive energy future where everyone has a voice and a role, working together to inspire the new era of sustainable energy.

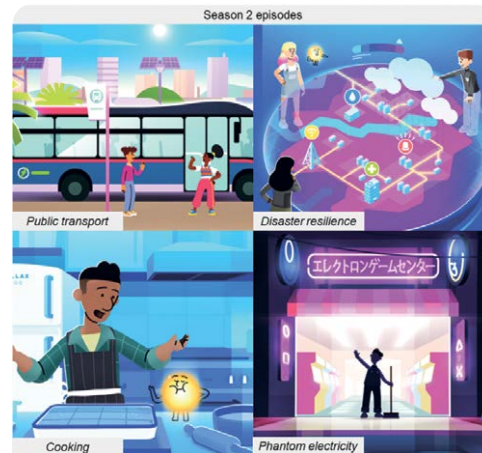
In 2024, as part of our ongoing energy and electricity awareness drive, we were able to reach 5.3 millions through a wide-reaching campaign that included live events, blogs, whitepapers, articles, ebooks and videos.

→ [Read more on our Media page](#)

4.5.3.1 Electron: empowering youth through energy literacy

To build a more inclusive and sustainable energy future, we must first close the energy literacy gap. That’s why Hitachi Energy, in collaboration with UK broadcaster the BBC, has developed a dynamic and inspiring animated series aimed at teenagers aged 14 to 17.

Our energy guru, Electron, guides young audiences, taking 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 for this campaign and beyond.



Season 2: The Journey of Electron Season 2

Episode 1

Electron shows Khaya how sharing public transport is not only more energy efficient than traveling alone but even more so when powered by renewable electricity!

Episode 2

When an extreme weather disaster hits, Electron and Elise meet the heroic engineers working behind the scenes to keep us safe.

Episode 3

Electron unveils her top tips for supercharging Darshan’s cooking, making it more energy efficient and eco-friendly!

Episode 4

Yuta discovers that leaving devices on invites unwelcome guests: Phantom Electricity! Turn off devices to preserve electricity and bust those phantoms.

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

Through captivating storytelling, the series explores essential questions like “What is electricity?” and dives into critical topics such as “**Why is the energy transition so important?**”. By making complex concepts accessible and engaging, this initiative empowers the next generation to understand – and shape – the future of energy.

Season two of *The Journey of Electricity* features Electron guiding teens on immersive, real-world experiences to discover how electricity powers our lives and understand topics on energy efficiency, the role of engineers, and phantom power.

4.5.3.2 Knowledge in action

The rapid low-carbon transformation to achieve the Paris Agreement’s goals is technological as well as educational, with energy production, distribution, and consumption at its core.

Energizing minds on ‘sustainability and energy transition’

A dialogue on advancing energy transition for India’s net-zero journey.

As part our 75th anniversary celebrations in India, Hitachi Energy launched the Technology Colloquium – Technologies for Energy Transition and Sustainable Grid, a nationwide initiative aimed at engaging engineering students in discussions on sustainability and India’s net-zero goals.

This platform brings experts to engineering colleges across the country to foster awareness and dialogue around the energy transition. By October 2024, the initiative had reached 44 institutions, including BVM Engineering College (Gujarat), IIT Delhi, and NIT Warangal.

Beyond promoting products or technologies, we actively engage in knowledge-sharing with peers, partners, and stakeholders focusing on closing knowledge gaps by sharing insights from our subject-matter experts. This includes educational content on electricity, energy systems, and sustainability that is designed to raise awareness, foster dialogue, and empower informed decision-making.

This way, we aim to contribute to building a global community of energy citizens – individuals and institutions equipped to lead, innovate, and collaborate toward a more sustainable future. This approach reinforces our broader mission to inspire the next generation and support UN SDG 7.

→ [Read more in section 5.3. Stakeholder engagement](#)

5.0



Governance

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Hitachi Energy is committed to transparent and accountable governance, embedding ethics, integrity, and responsible business practices into every aspect of our operations to build trust and drive sustainable impact across our value chain.

Hitachi Energy's leadership sets the tone for effective governance and ensures our guiding principles and leadership pillars are embedded in strategic decision-making and across operational practices.

We establish comprehensive assessment frameworks, which ensure that we are able to 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 quality and continuous improvement.

We actively engage stakeholders, policymakers, regulators, institutions, and analysts to ensure our operations provide quality results, and offer adequate support to the entire value chain. Our employees' opinions and needs are of high concern to us,

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

We are committed to ensuring compliance with applicable regulations. We take our engagement further by pursuing additional certifications and our strong commitment to integrity is a key component of our 'license to operate'. We put great emphasis on training our employees and those who work closely with us on acting 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.

Highlights

Sustainability is a dedicated function, and the Global Head of Sustainability is part of the Management Team

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

Successful completion of the ISO 37001 Surveillance Audit in all 12 certified countries, with 100 percent reduction in non-conformities from 2023 to 2024

From 2024, more accurate sustainability risk screening for our suppliers through EcoVadis IQ+

Leveraging the Supplier Sustainability Assessment and Carbon-neutrality Supplier Engagement Program, with ethics and integrity checks as part of the qualification process.

Hitachi Energy has been honored with the prestigious EcoVadis Award for Best Mature Program in Sustainable Procurement

5.1 Hitachi Energy leadership

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 (BoD) of Hitachi Energy are appointed by the general meeting of shareholders based on their core skills and experience (GRI 2-17) and are tasked to discharge the duties of the BoD as required by Swiss law. Hitachi, Ltd. is the 100 percent shareholder of Hitachi Energy.

Lorena Dellagiovanna, Executive Vice President and Executive Officer, Chief Sustainability Officer, Chief Human Resources Officer (CHRO) and Chief Diversity, Equity and Inclusion Officer (CDEIO) at Hitachi, Ltd., was appointed Chair of the Board of Directors of Hitachi Energy in April 2025 and has been serving as a BoD member since June 2024.

Our chairman of the Board of Directors is a non-executive member and an employee of Hitachi Ltd. For more information related to our Board composition please refer to the Sustainability reporting center: Hitachi.

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

The BoD is also assisted by the Remuneration Advisory Board, which focuses on making recommendations concerning executive compensation. The nomination of the BoD is reviewed to ensure compliance with the Audit and Remuneration Advisory Board (RAB) regulations.

These bylaws are defined by the Chief Legal and Integrity Officer and Secretary to the BoD, and approved by the BoD.

The nomination and selection of members of the Board are guided by principles of transparency, diversity, and skillset alignment with the company’s Purpose: “Inspire the next era of sustainable energy”. The governance structure is designed to ensure strategic oversight, ethical leadership, and accountability. The selection process is overseen by Hitachi Ltd., the parent company, and follows a structured approach that includes:

- Evaluation of competencies relevant to the energy sector, sustainability, innovation, and global business leadership
- Consideration of diversity in terms of gender, nationality, professional background, and experience
- Alignment with company priorities, which includes sustainability strategy
- Stakeholder engagement, where feedback inform the governance priorities

As Hitachi Energy is not a listed company, the independence of directors, although a governance consideration, is not a direct driver in the decision process.

Our Guiding Principles

We bring energy: We are making unparalleled investments in our global footprint and people, and continuously pioneering technologies to power a sustainable energy future for all.

We achieve more together: This challenge is bigger than one company, one team, and one individual. It takes collaboration and partnerships to make the energy transition happen. We co-create global-local solutions and build long-term partnerships.

We inspire progress: With over a century in pioneering mission-critical technologies, we are addressing the most urgent energy challenge of our time – balancing soaring electricity demand while decarbonizing the power system

Our impact is real: From remote villages to bustling cities and industries, over three billion people depend on Hitachi Energy technologies to power their daily lives.

Our Leadership Pillars

People to people: How we connect, work together, and co-create in partnership (**Harmony – Wa**).

和

People to potential: Our drive to develop/progress technologies and as individuals (**Pioneering spirit – Kaitakusha-Seishin**).

開拓者精神

People to performance: Our focus on delivering real solutions of high quality and with real impact (**Sincerity – Makoto**).

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People to purpose: Our energy, passion, and our sense of Purpose.

Social Value

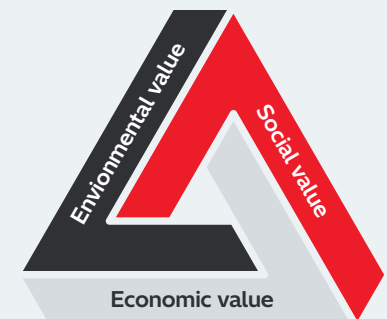
- Healthy lives and a safe, secure, comfortable and efficient society

Economic Value

- Redistribution of EVA* to stakeholders

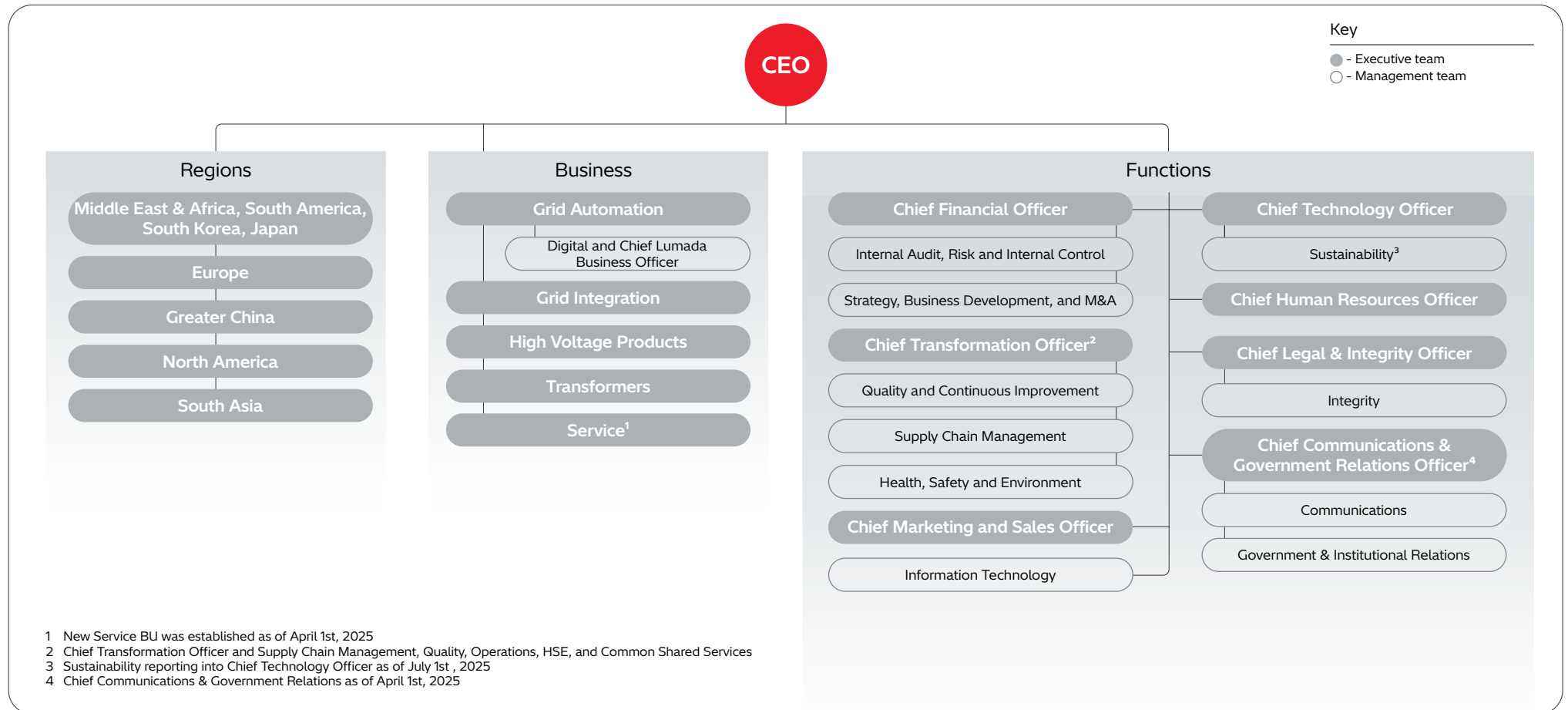
Environmental Value

- Environmentally conscious manufacturing
- Reduction of environmental burden through the value chain



*Economic Value Added

5.1 Hitachi Energy leadership (continued)



Our Board members are employees of Hitachi Ltd. For more information related to GRI 2-18 Evaluation of the performance of the highest governance body, please refer to the [Sustainability reporting center: Hitachi: Hitachi \(GRI 2-18\)](#).

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.

Under the BoD’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 Executive Team members twice a year.

5.2 Governance approach to sustainability risks and opportunities

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 (see [section 2.6 Sustainability in our business strategy](#)), 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

Hitachi Energy's CEO has 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 business strategic topics, including Sustainability from an agenda driven by the Head of Sustainability. Sustainability issues and key themes are also a regular topic in the Board meetings that take place on a quarterly basis.

Since February 1, 2023, the Sustainability Function has existed as a separate function from Health, Safety, and Environment (HSE), and the Global Head of Sustainability is a member of the Management Team and a regular participant in the Executive Team and Board meetings, in which Sustainability is allocated a regular Agenda slot.

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, and minimum annually review and approve the reported information, including the organization's material topics, which the Global Head of Sustainability leads.

The Global Head of Sustainability is supported in the execution of the sustainability strategy by the Sustainability Leadership Team, which is composed of business units' sustainability leads and central functions' nominated representatives, who oversee and coordinate the implementation of sustainability initiatives and targets within their respective areas of responsibility.

The Sustainability Leadership Team meets on a monthly basis to discuss key developments of the sustainability agenda, as well as address challenges and issues raised across the organization.

Furthermore, in order to ensure wider communication of sustainability initiatives and alignment of sustainability and business strategy across the organization, a Sustainability Network meeting takes place monthly in order to regularly inform employees on sustainability developments.

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. These annual exercise results are factored into the annual budgeting process to ensure resource allocation and alignment with the remediation activities.

Proactive and continuous monitoring facilitates early identification and effective implementation of response strategies. Regular reporting supports monitoring risks, identifying opportunities, and overseeing the implementation of corrective actions.

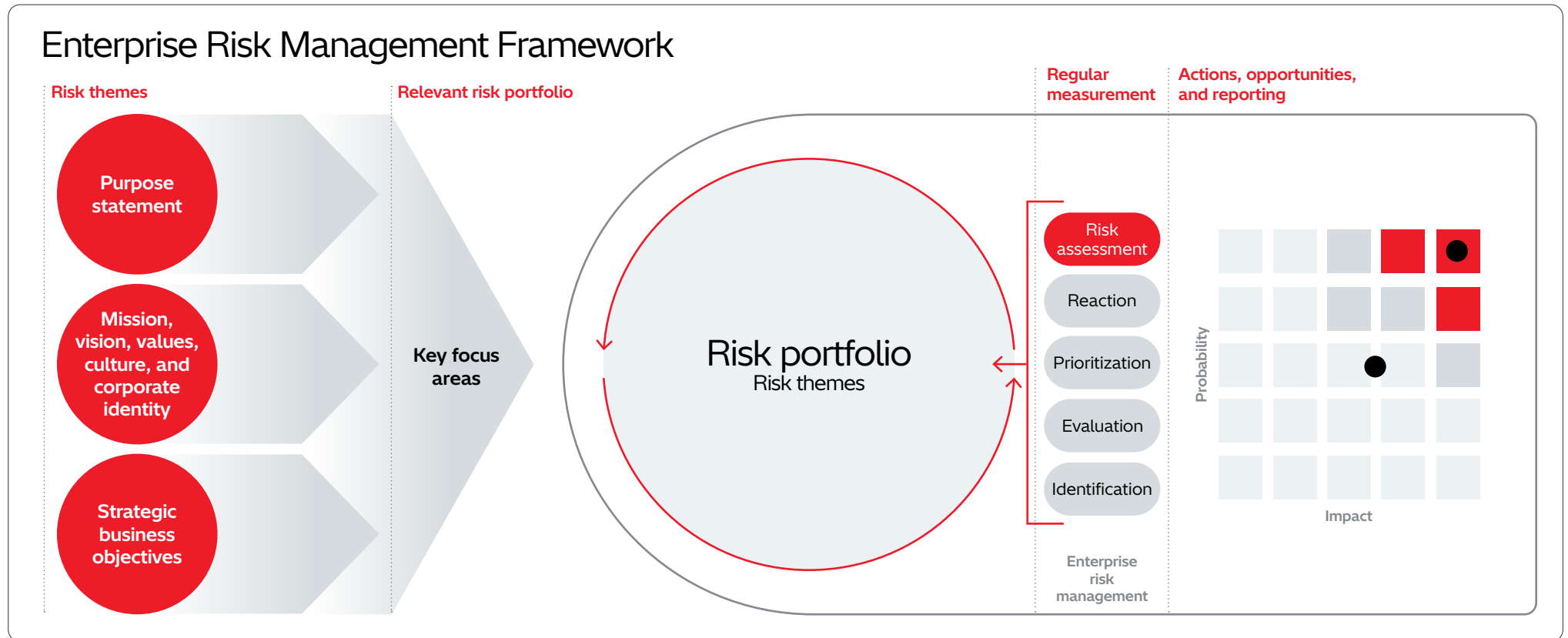
Our ERM framework aligns with both the Supply Chain and Sustainability functions to communicate key corporate priorities throughout the value chain with specific methodologies. We employ external reporting and assessment tools, such as EcoVadis, ISO certifications, and ESG reporting, to monitor performance, highlight risks and opportunities, and standardize responses.

Hitachi Energy has defined processes, backup 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 shape 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.

5.2 Governance approach to sustainability risks and opportunities (continued)



As the next step to strengthen risk management maturity, 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 captured and reported at the executive management level.

Specific remediation procedures for managing 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 them as projects.

We foster collaboration within teams covering the same themes to develop high-level proposals. Then, a plan with a timeline and resources is presented to the Executive Team as a list of high-level resolutions. The top ones are developed into project management documents approved by the Executive Team and implemented across the organization by theme owners.

5.3 Stakeholder engagement

We strive to build or strengthen 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 sustainability, affordability, and security of supply.

This transition requires strong collaboration and engagement. Hitachi Energy has embedded a business model that prioritizes people – starting with our employees, customers, suppliers, and business partners – and develops extended social dialogue in the communities, countries, and regions where we live and work.

Our sustainability strategy, refreshed for the start of FY24, emphasizes that engaging and partnering with stakeholders is key to our business’s success and endurance.

→ [Read more about our sustainability strategy in section 2.6. Sustainability in our business strategy](#)

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 collaborations – 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 (SDG) 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 the Parties (COP29) in Baku, Azerbaijan, in 2024.

COP29 delivered the first global stock take of progress on climate goals since adopting the Paris Agreement in 2015. A significant accomplishment of COP29 was the agreement to triple renewable energy capacity and double the global average annual rate of energy efficiency improvements by 2030.

Hitachi Energy participates 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 Stakeholder engagement (continued)

5.3.1 Approach to stakeholder engagement

The Government Relations team at Hitachi Energy oversees government and institutional stakeholder engagement.

Priority stakeholders, including policymakers, regulators, institutions, and industry analysts, are identified in key geographies through collaborative approaches and stakeholder dialogue. 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 on topics relating to the acceleration of the energy transition. This can be through major platforms and events, such as COP or Climate Week. 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.

To ensure meaningful stakeholder engagement, we prioritize thought leadership activities where company representatives share expertise and lessons learned from different global markets across a variety of platforms.

We value transparent engagement across stakeholder groups on topics that can contribute to the acceleration of the global energy transition and climate change mitigation. We also appreciate the opportunity to learn from thought leadership from institutions. For example, the World Economic Forum releases an Annual Risk Report, which clearly highlights that over the last two decades, environmental risks have steadily consolidated their position as the greatest source of long-term concern.

Thanks to our partnership and engagement with the World Economic Forum, our senior leadership can incorporate such risks into business strategy, acting early to mitigate or adapt to such environmental risks, while also developing solutions and services to support others in managing the impact of such risks.

There are other similar examples of our involvement with institutions from across the world, such as the Utilities for Net Zero Alliance (UNEZA).

During COP29, 31 partners, including 25 global utilities and power companies that collectively serve more than 250 million customers, formed UNEZA. Hitachi Energy is proud to be a founding member of this international platform and to have the opportunity to contribute to thought leadership from the alliance.

UNEZA enables cooperation within the power and utilities sector to address and overcome common barriers hindering the achievement of emissions reduction targets and the realization of global net-zero ambitions.

UNEZA operates under the guidance of the International Renewable Energy Agency (IRENA) and the UN Climate Change High-Level Champions, ensuring a focused and strategic approach to achieving a sustainable energy future.

UNEZA's members and partners recognize that the key to unlocking the utility sector's global energy transition potential lies in the ability to deliberately target existing structural, regulatory, and financial impediments and challenges that may stand in the way of progress.

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 2023 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 that the EU strives 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 electrification resulting in greater use of electricity. This transformative shift in how energy is used will drive significant changes 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.

Read more in the [IEA Renewables 2024 Report](#).

Humanity 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. COP29 recognized the need for grid development and storage deployment to meet the tripling renewables target.

Therefore, we must prepare today to build the grids and interconnectors across the globe needed to deliver the clean power 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
- Maximization of the integration of renewables
- Optimization of grid infrastructure build-out, including interconnectors
- Deployment of available and sustainable technologies at speed and scale

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 Stakeholder engagement (continued)

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, during 2024 Hitachi Energy contributed to responses from different associations on consultation requests linked to the EU Action Plan for Grids.

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

5.3.5 Grievance system (GRI 2-16, 2-25, 2-26, 406-1)

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

We have in place our Whistleblower Policy to encourage all stakeholders to speak up against breaches of Hitachi's core values and standards. Launched in December 2021, the policy covers all issues mentioned in Hitachi's Code of Ethics and Business Conduct, and Hitachi Energy 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. Strengthened integrity and compliance processes have been developed to address

certain risk 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 internal parties can communicate issues to their direct management or functions, such as Integrity, Legal, and HR.

Employees and external stakeholders can also report compliance 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 so-called 'Hitachi Global Compliance Hotline' ([EthicsPoint – Hitachi Global](#)). This hotline provides an [Ethics Web Portal](#) (web intake 24/7) and the Ethics Hotline (call 24/7), through which reporters may submit concerns anonymously. Reporting could be done in 21 languages.

Information on the use of/and how to report to the Hitachi Global Compliance Hotline has been both shared on the intranet (How do I report) and internet ([How do I report | Hitachi Energy](#)).

In addition, Hitachi Energy's Office of Special Investigations (OSI) is a corporate function that can be contacted by mail or post to report concerns.

In FY24, a Report Concern Form has been developed to facilitate any reporting to direct management or functions, Integrity, Legal, and HR where these departments report on behalf of concerned parties if these parties reject using the Hitachi Global Compliance Hotline.

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 action to defeat the purpose of non-retaliation 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.

In addition to the global hotline to report any integrity concerns, local (grievance) mechanisms are in place in compliance with national laws.

These mechanisms are a variety of state-based or non-state-based, judicial or non-judicial processes through which stakeholders can raise grievances and seek remedy, including but not limited to the ombudsperson offices, regulatory oversight bodies, and government-run complaints offices.

Intended users of the grievance mechanisms, to the extent possible, are involved in the design, review, operation, and improvement of these mechanisms by providing their feedback. Their input is being assessed and if applicable, their recommendations are taken into account.

In FY24, 598 integrity concerns were reported via these channels.

On a monthly basis, the highest governance body within our company are being informed about the top critical cases in the company in terms of allegations received, investigations updates and the outcome of these investigations. On average, there are two to six cases each month reported to the body. On a quarterly basis, the highest governance body receives the most important statistics on all cases reported via the grievance system.

Our investigation process

Hitachi Energy's OSI team triages integrity concerns and investigates or refers them to other corporate functions.

The OSI team includes dedicated senior investigators conducting investigations, especially into 'license to operate' matters, and the OSI team oversees all referrals. Referrals take place via email or alternatively, via the system, where dedicated members of Legal and HR have access rights. The department finalizes all investigations by concluding whether the reported concern has been (partially) substantiated, not substantiated, unable to substantiate, or not a compliance matter. This conclusion is based on the Hitachi Code of Ethics and Business Conduct, underlying local law, or internal regulations.

The Head of OSI and Head of Integrity then refer any (partially) substantiated matter for disciplinary actions and lessons learned to either the Country Disciplinary Committee (CDC), the Regional Disciplinary Committee (RDC), or the highest-level 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. In FY24, one case in Europe included confirmed discriminatory treatment by a manager toward their team. Appropriate disciplinary actions have been decided on by the CDC and implemented by HR.

5.4 Ethics and integrity

Hitachi Energy’s commitment to ethics and integrity is not just about compliance – it’s about fostering a culture where every decision reflects the company’s values and contributes to long-term trust of our stakeholders and sustainability of our business operations. It is our code of honesty, fairness, and accountability, and serves as a universal framework for decision-making across the organization.

Introduction - milestones

- Further developments of Hitachi Energy Integrity app
- Upgraded Conflicts of Interest disclosure tool to allow targeted assessments, tailored approval chains and delegation, as well as improved reporting capabilities
- Production of ‘In the Hot Seat’ podcast series
- Implementation of Bribery and Corruption Risk Assessment globally
- Development of Gifts, Entertainment, and Expenses dashboard

Recognitions:

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

5.4.1 Fostering a culture of integrity (GRI 2-15)

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

As one of our 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 they operate.

We strive to foster a working environment where integrity and responsible behavior are clearly understood and actively practiced. To support this, we conduct Bribery and Corruption Risk Assessments in selected countries and provide clear guidance, tools, systems, processes, and training. These resources empower individuals to identify risks, ask questions, and report potential misconduct within a culture where speaking up is safe and encouraged.

The Hitachi Code of Ethics and Business Conduct is available on our website and as a free mobile app.

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

- Anti-bribery and anti-corruption
- Substance-based due diligence
- Donations and sponsorships
- Gifts, entertainment, and expenses
- 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 Board of Directors receive regular updates on our integrity metrics, initiatives, and developments within Hitachi Energy and are prompted to ensure active oversight and lead by example.

Members of the highest governance body, senior management, and employees are required to proactively disclose any actual, potential or perceived conflicts of interest.

Conflict of interest disclosures are to be made through a questionnaire on the Conflict of Interest disclosure Management Tool, which is to be completed and submitted for review.



“At Hitachi Energy, Integrity – alongside health, safety and environment (HSE) and quality – is our license to operate. From everyday actions to major decisions, every choice counts. We empower everyone to live and lead with integrity by speaking up when something feels or looks wrong. Honesty, ethical behavior, and integrity are the foundation of everything we do.”

Dominique Abrokwa,
Global Head of Integrity
Hitachi Energy

5.4 Ethics and integrity (continued)

Conflicts of interest can include personal, financial, or professional relationships that could compromise their impartiality or loyalty to the company. Disclosures are reviewed by line management, HR management and the Country Heads of Integrity/Legal

During the reporting period, all disclosed conflicts of interest were reviewed and managed in accordance with company policy. No unresolved or material conflicts of interest were identified.

In addition, we conduct conflict of interest and criminal record checks on our company directors twice a year.

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 live in the regions they support, ensuring compliance with local guidelines.

The Hitachi Code of Ethics and Business Conduct non-compliance requires enforcement through disciplinary actions. The Integrity Disciplinary Committees at our headquarters, regions, and countries implement decisions based on investigative results and additional controls to decrease risk exposure.

In addition, through questions within the mandatory new joiner trainings, Integrity officers, along with Regional Heads of Integrity, will be able to understand employee attitudes, awareness, progress and perceptions of integrity and compliance, and based on the answers initiate micro-learnings or dedicated communication.

At the same time, internal audits focus on:

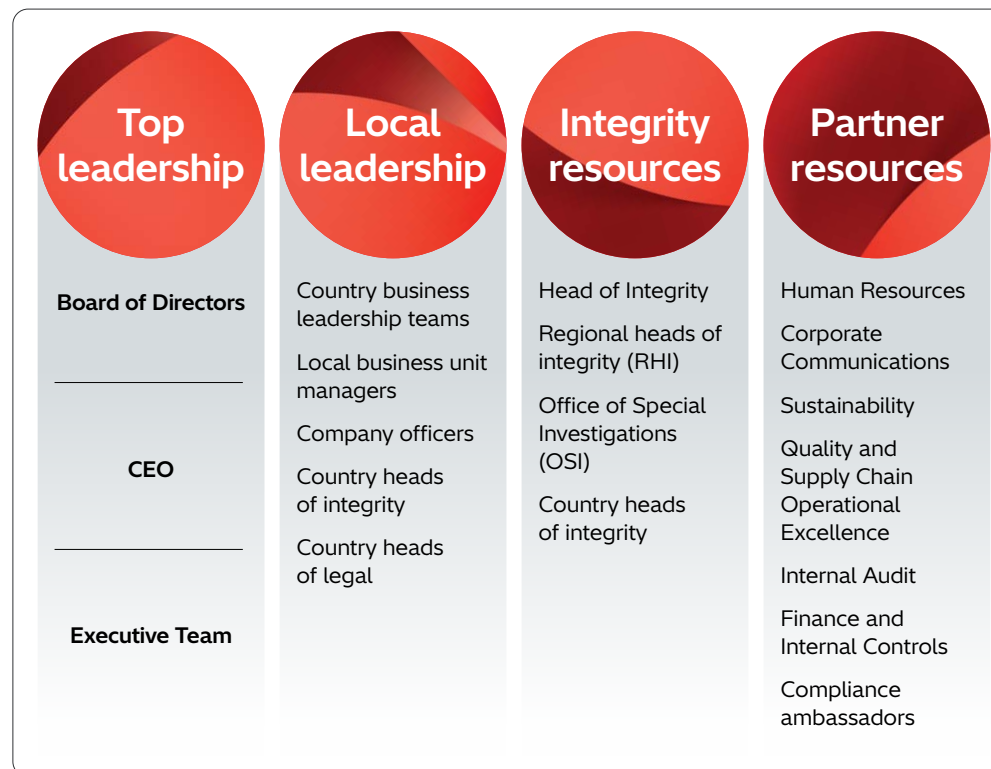
- Regular anti-bribery reviews throughout the year and around the world
- Evaluation of fraud risk exposure and developing trends across functions to prevent and detect potential fraud

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 162 sites, with 42 percent of Hitachi Energy sites currently certified.

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

Implementing this standard strengthens 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.



5.4 Ethics and integrity (continued)

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.

Category	Details
Intellectual property (IP)	<ul style="list-style-type: none"> • IP strategy: Regular updates and improvements to IP portfolio focused on innovation for sustainability • Current portfolio: Over 12,580 patent and utility model applications and registrations; around 500 design applications and registrations; around 1,550 trademark and domain name applications and registrations
Anti-competitive behavior, antitrust, and monopoly practices	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – 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 or Integrity

5.4.2.1 Intellectual property

Hitachi Energy understands that our Intellectual Property and that of others is crucial to provide a return on investment in innovation and that this is necessary to deliver sustainable products and solutions.

Over the years, we have evolved our Intellectual Property (IP) strategy to ensure sustainability, especially the environmental circularity of technology, is implemented into our decision-making. Our IP is crucial to our mission to inspire the next era of sustainable energy, driving innovation and fostering collaboration in the energy sector to address the increasing demand for clean, efficient, and sustainable energy solutions.

We strategically align our IP portfolio to our business to ensure that we support sustainable technology innovation.

5.4.2.2 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 employees with customers, other business partners, and the communities where we operate must be guided by Hitachi’s values – harmony, sincerity, and pioneering spirit. 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, antitrust guidance, and training for our employees following a practical, risk-based approach.

5.4 Ethics and integrity (continued)

5.4.2.3 Anti-bribery and anti-corruption (GRI 205-1, 205-2, 205-3) [Ⓐ]

We enforce a rigorous zero-tolerance policy against any involvement in anti-bribery and 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 bribery in the form of gifts, entertainment, expenses, and charitable contributions:

- Gifts, entertainment, and expenses: Activities involving gifts, meals, entertainment, travel, and lodging are vulnerable to bribery. We require employees to adhere to the corporate policy and provide explicit guidance on requests of this nature. Every employee should obtain necessary approvals through our compliance desktop from the line manager and the Country Head of Legal or Integrity
- Sponsorships and donations: Sponsorships or donations are only made strictly in accordance with Hitachi's Code of Ethics and Business Conduct, according to our core values, and in line with 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 [4.5 Corporate citizenship program](#)

The Country Head of Legal or Integrity oversees local legal and tax aspects.

In FY24 we conducted a Bribery and Corruption Risk Assessment. The assessment encompassed operations in 21 countries across the Americas, Europe, and Asia-Pacific, chosen based on factors such as corruption perception, local revenue, number of employees and audit/investigation history.

The methodology followed a three-step process: evaluating inherent risks, assessing residual risks after controls, and planning mitigation strategies. Key risk categories included government interactions, third-party relationships, procurement, sales practices, and internal governance. In FY24 notable enhancements to the methodology involved using predefined risk lists, quantitative scoring, and an emphasis on actionable mitigation rather than just risk description.

During FY24, there were no confirmed incidents of corruption in which employees were disciplined, no incidents in which Hitachi Energy was prosecuted or penalized by authorities for bribery, corrupt practices. This is the outcome after investigation by OSI of any integrity concerns reported in relation to allegations of corruption and bribery.

In FY24, the number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery: 1.

5.4.2.4 Training and communication (GRI 205-2) [Ⓐ]

Our employees must 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 8,100 new joiners have completed anti-bribery and corruption training in FY24. 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 culture of integrity, from October 2022, Hitachi Energy conducted Hitachi's mandatory annual 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.

In FY24, we counted 41,457 employees (95 percent of those enrolled) that completed the training, including 14 out of the 15 members of the executive team, as the fifteenth member joined the company in July and took the training course for new hires. Regular refresher training on integrity serves as a reminder of our guidance on integrity behaviors and culture within Hitachi Energy and Hitachi Group and is part of our continuous education.

5.4 Ethics and integrity (continued)

Communication and training about anti-corruption policies and procedures

	Europe	North Asia	South Asia	Middle East & Africa	North America	South America	Total
Total Employees	23,760	5,127	10,361	1,713	7,367	2,925	51,253
o/w enrolled for refresher training	19,630	4,599	8,512	1,610	6,746	2,584	43,681
o/w completed refresher training	18,561	4,563	8,161	1,602	6,009	2,561	41,457
% completion	94.6%	99.2%	95.9%	99.5%	89.1%	99.1%	94.9%
Executive Team enrolled	10	1	1	1	1	0	14
Completed	10	1	1	1	1	0	14
% completion	100%	100%	100%	100%	100%	-	100%
White collar enrolled	14,394	2,621	7,206	1,361	3,884	1,594	31,060
Completed	13,892	2,601	7,006	1,354	3,645	1,587	30,085
% completion	96.5%	99.2%	97.2%	99.5%	93.8%	99.6%	96.9%
Blue collar enrolled	5,236	1,978	1,306	249	2,862	990	12,621
Completed	4,669	1,962	1,155	248	2,364	974	11,372
% completion	89.2%	99.2%	88.4%	99.6%	82.6%	98.4%	90.1%

- **Integrity on the Business Agenda (IOBA) initiative:** To strengthen awareness of conducting business with integrity, our management receives 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

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.

Communication and training relating to Anti-bribery and Corruption Basics for Suppliers (Business Partners)	Total
Total suppliers training invitations	399
Suppliers completed Anti-bribery and Corruption Basics for Business Partners	334
Percentage completion	83.7

5.4.2.5 Collective bargaining agreements (GRI 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 the workplace.

They have a dominant role in the regulation of terms of employment, alongside the country's 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 concluded by an employer or employer's organization and an employee's representative organization. It must concern conditions of employment or the relationship between employer and employee.

CBAs can be nationwide or apply to a specific industry, company, or business unit and be entered into for a specified period, or until

further notice. These CBAs should be applied to specific union members, but may also be applied to all employees in the company regardless of union status. This is regulated in the specific country labor legislation.

Hitachi Energy is not able to disclose the percentage of employees covered by CBAs 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 and other legislation are linked to individual countries and therefore differ 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.

5.4 Ethics and integrity (continued)

In addition to complying with country labor legislation where Hitachi Energy is represented and operates, we also comply with the standards of international organizations such as the United Nations (UN) and the 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 affect two or more countries. When this part of the process is fulfilled, the co-determination process and engagement are 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 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 Quality and continuous improvement

An integrated approach to quality and continuous improvement supports Hitachi Energy’s Purpose to inspire the next era of sustainable energy, while maintaining operational excellence and stakeholder satisfaction.

By driving an engaging Quality and Continuous Improvement culture, based on a stringent Quality Management System and thorough processes for our business, we help reduce waste, conserve resources, and minimize environmental impact.

5.5.1 Delivering quality (GRI 416-1)

Energized by our Purpose of inspiring the next era of sustainable energy, Hitachi Energy is committed to powering the world’s energy system to be more sustainable, secure, resilient, and affordable. At Hitachi Energy, we consider quality an integral part of our license to operate. It is part of our DNA.



5.5.2 Quality management system (GRI 416-1)

Hitachi Energy manages quality performance with a stringent Quality Management System and thorough processes.

→ [Read more about our Supplier Quality Management in section 5.8 Supply chain management](#)

5.5.2.1 Quality Policy

The commitment of the executive team toward quality is defined and communicated via the Hitachi Energy Quality Policy. The Quality Policy sets out how we will comply with legal and regulatory requirements and provide highly reliable products and services following Hitachi’s founding spirit of ‘Harmony, Sincerity, and Pioneering Spirit’.

Hitachi Energy is committed to contributing to society by developing superior, original technologies and products in the energy sector and growing into a world-leading company.

We aim to satisfy our customers and to be their preferred partner.

- We as an organization take safety, integrity, and quality as our license to operate and are part of our DNA
- Our suppliers are partners who share our passion for quality. As a global leader in the social innovation business, we aim to increase customer satisfaction by continuously improving our quality management system
- Excellent employees are our greatest asset in meeting the needs of our customers. A strong workforce and a collaborative approach will enable us to share and practice Hitachi’s ‘Basics and Ethics’ philosophy
- We are a continuously learning organization. Lean Six Sigma education and the Ochibo Hiroi approach enable our employees to use state-of-the-art problem-solving tools to find superior solutions for our products, processes, and services

The Hitachi Energy leadership team sets challenging quality goals to drive operational excellence to meet customer expectations and is committed to providing the resources and tools to help employees achieve their goals.

5.5.3 Functional competency (GRI 404-2)

At Hitachi Energy, our diverse and international workforce is our greatest asset, driving continuous improvement and innovation. Following Hitachi’s ‘Ochibo Hiroi’ spirit, we foster a culture of learning from mistakes, empowering employees through targeted training and effective business processes to deliver on time high-quality products and services. To support this, our global Quality and Continuous Improvement strategy leverages a structured competency framework that aligns employee skills and behaviors with organizational goals. This framework sets clear expectations, identifies and addresses skill gaps, and promotes career development.

5.5 Quality and continuous improvement (continued)



5.5.4 Quality assurance (GRI 416-1)

Hitachi Energy’s Quality Management System is audited through a structured approach designed to ensure compliance and drive continuous improvement across all business units.

This process begins with a Risk Assessment and a Global Quality Self-Assessment (GQSA), conducted annually by each unit to evaluate its own quality practices, followed by a Global Quality Audit (GQA) performed by the central audit team in collaboration with business unit Quality teams.

The GQSA provides a baseline for identifying gaps and improvement opportunities, while the GQA offers an external perspective through on-site or remote audits.

These audits cover key functions such as Sales, Project Management, Engineering, Supply Chain, Operations, Human Resources, Quality Management Systems, and Unit Management, and are executed using standardized checklists aligned with ISO 9001 and product compliance requirements.

Each unit is audited at least once every three years, with prioritization based on risk evaluations, self-assessment results, and unit performance. Findings are categorized by severity and tracked to closure, with effectiveness verified through follow-up reviews.

This approach ensures a consistent global standard, supports continuous improvement, and reinforces quality as a core element of operational excellence at Hitachi Energy.

5.5.5 Non-conformity management

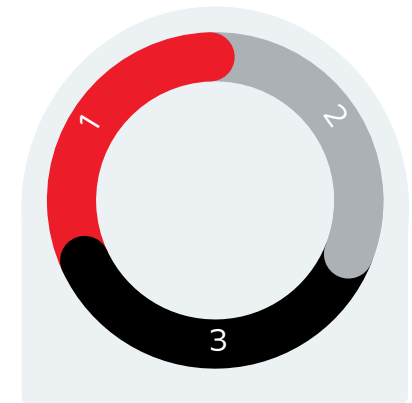
Hitachi Energy has a strong management system in place which enables timely registration of an incident and the focus on containing quickly, following the “energize first approach”, to mitigate the consequences for the customer. It follows the steps:

- Documentation
- Containment
- Correction
- Root cause analysis
- Corrective action
- Validation

Global Quality Audit Process

One system, one cycle, global reach

- 1 Risk assessment (annually)
- 2 Global quality self-assessment (annually)
- 3 Global quality audit (once in three years)



5.5 Quality and continuous improvement (continued)

5.5.6 Continuous improvement methodologies

The continuous improvement culture is embedded into Hitachi Energy’s employee approach and supported by four distinct programs.

<p>Quality Improvement Plans (QIP) Detailed, overarching work plans that serve as roadmaps to achieving quality targets</p>	<p>Lean Six Sigma The Six Sigma problem solving approach seeks to improve process quality by eliminating the causes of defects and removing errors and variations</p>
<p>Lighthouse Continuous improvement by implementing ‘Lean’ methodologies. Lean, aims to eliminate waste in processes and shorten cycle times</p>	<p>Ochibo Hiroi In Hitachi, the term Ochibo Hiroi refers to all activities regarding quality problems in manufactured products. It means learning from mistakes</p>

The quality improvement plans are managed inside of a business unit. Their aim is to execute mid-term strategic initiatives within a three-year timeframe.

Continuous improvement is a culture in Hitachi Energy, based on Lean Six Sigma and Lean. Lean Six Sigma problem-solving methodologies are based on data, aiming to improve processes, performance and quality. Lean Six Sigma focuses on reducing variability in the output.

Lighthouse is Hitachi Energy’s program to deploy Lean. This is a continuous improvement system which provides methods to apply lean principles to reduce waste and shorten process cycle times which are applied in all Hitachi Energy’s operations units.

Ochibo Hiroi events are structured lessons learned sessions with senior management involvement to openly share learnings and ensure effective mitigation.

5.5.7 Employee engagement (GRI 2-29, 404-3)

Employee engagement is vital to organizational success, particularly in fostering a culture of Quality. Hitachi Energy strives to create an environment where employees feel connected to their work, their teams, and the organization, empowering them to continuously improve and speak up when they see quality at risk.

Hence, engaging employees and creating meaningful interactions with their peers, especially in a highly complex organization of more than 50,000 employees across 60+ countries worldwide, remains a key priority.

5.5.8 Continuous measurement of customer satisfaction (GRI 416-1)

To become the preferred supplier in our industry it is important to continuously monitor the degree of customer satisfaction. Hitachi Energy measures customer satisfaction, for example, with the Transactional Net Promotor Score (TNPS).

5.6 Business approach to compliance

Over FY24, the Legal and Integrity Regulatory team has continued to grow, expanding its presence across key jurisdictions. This strategic growth has strengthened our ability to address legal and regulatory issues and also customer requirements in a more aligned and holistic manner. By deepening collaboration with internal stakeholders, legal considerations are embedded early and consistently and this integrated approach supports our broader sustainability and compliance objectives, and those of our customers.

Compliances	Scope	Approach	Legislation (selection, not comprehensive)	Key documentation
Product compliance GRI 416-1	Retain our license to operate and deliver on our potential	Achieve product compliance across the full portfolio in all the markets we serve	<ul style="list-style-type: none"> Founded on a cross-functional program led by the Legal and Integrity team Aligned with our business units, Portfolio Management, R&D, HSE, Sustainability, and Supply Chain Management 	<ul style="list-style-type: none"> Hitachi Energy Product Regulatory Compliance
Product and Material compliance – Responsible Minerals sourcing	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 material comply with all applicable regulations and standards and enforce the same standards in our supply chain	<ul style="list-style-type: none"> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Applicable regulations on responsible minerals sourcing 	<ul style="list-style-type: none"> Hitachi Energy Responsible Minerals Sourcing Policy Hitachi Energy Responsible Minerals Sourcing report
Product and Material compliance – Chemicals and substances compliance	Goods supplied for product development, production processes, products and components, packaging materials, service activities, construction sites, and end-of-life phases	<ul style="list-style-type: none"> Issued a list of Prohibited and Restricted Substances aligned with the global standards IEC 62474 (Material Declarations for the Electrical and Electronics Industry) and the Railway Industry Substance List (RISL) Submit SCIP notifications to SCIP database for substances of very high concern 	<ul style="list-style-type: none"> EU’s Regulation on Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) EU’s Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) EU’s 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 (Products) (SCIP) EU’s Extended Producer Responsibilities (EPR) covering packaging, batteries and WEEE Unites States’ Toxic Substances Control Act (TSCA) 	<ul style="list-style-type: none"> Hitachi Energy List of Prohibited and Restricted Substances Hitachi Energy List of Prohibited and Restricted Substances – Guidance document Hitachi Energy Material Compliance – REACH Management Hitachi Energy Product Regulatory Compliance
Trade compliance	Ensure all trading activities are compliant, fair, efficient, and sustainable wherever we operate and source from	<ul style="list-style-type: none"> 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 		

5.6 Business approach to compliance (continued)

Compliances	Scope	Approach	Legislation (selection, not comprehensive)	Key documentation
Anti-competitive behavior, antitrust, and monopoly practices	Ensuring 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	<ul style="list-style-type: none"> Centralized management by global antitrust compliance initiatives Build up of local antitrust knowledge and expertise to ensure compliance with antitrust rules and regulations locally 	<ul style="list-style-type: none"> Applicable antitrust and competition law rules and regulations 	<ul style="list-style-type: none"> Internal antitrust regulations Specific antitrust guidance
Tax compliance	Being a socially responsible organization and maintaining a high standard of knowledge among all employees involved in tax management activities	<ul style="list-style-type: none"> Continually and proactively manage tax-related risks responsibly Ensure and certify that appropriate tax accounting arrangements have been established and maintained throughout the organization Manage tax governance designed to address risks associated with the globalization of the business and initiate and maintains internal controls Deploy appropriate tax accounting arrangements, covering the responsibilities, policies, appropriate people, and procedures for managing compliance risks up to the finalization of tax return 	<ul style="list-style-type: none"> International Transfer Pricing Guidelines for Multinational Enterprises Tax administrations of the OECD The OECD's Action Plan on Base Erosion and Profit Shifting 	

5.6 Business approach to compliance (continued)

Compliance with regulatory requirement, including environmental, social, and governance (ESG) and product material legislations, is critical for Hitachi Energy’s sustainable growth.

Adhering to these regulations ensures we not only operate within the legal frameworks established by governments and international bodies – thereby mitigating legal risks and avoiding potential fines and sanctions – but also meet the evolving expectations of our customers and partners.

From an ESG perspective, compliance reinforces our commitment to environmental stewardship, social responsibility, and transparent governance.

It aligns our operations with global sustainability standards and supports

Hitachi Energy’s broader sustainability objectives, ultimately fostering trust and long-term value among all stakeholders.

We prioritize strict adherence to all environmental, ethical, social, and financial regulations in the markets we serve.

We believe this is the best and only way to help our customers and partners achieve their commercial and sustainability goals and is the most efficient route to delivering on our goals and Purpose.

Ultimately, our approach to compliance is more than about fulfilling regulatory or other legal 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 across our products and processes,

throughout and beyond their lifecycle.

Responsible business conduct and adherence to policy commitments are an integral part of our Code of Conduct, which all of our employees and business partners are required to adhere to, as well as re-enforced through a mandatory Ethics and Compliance training (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.

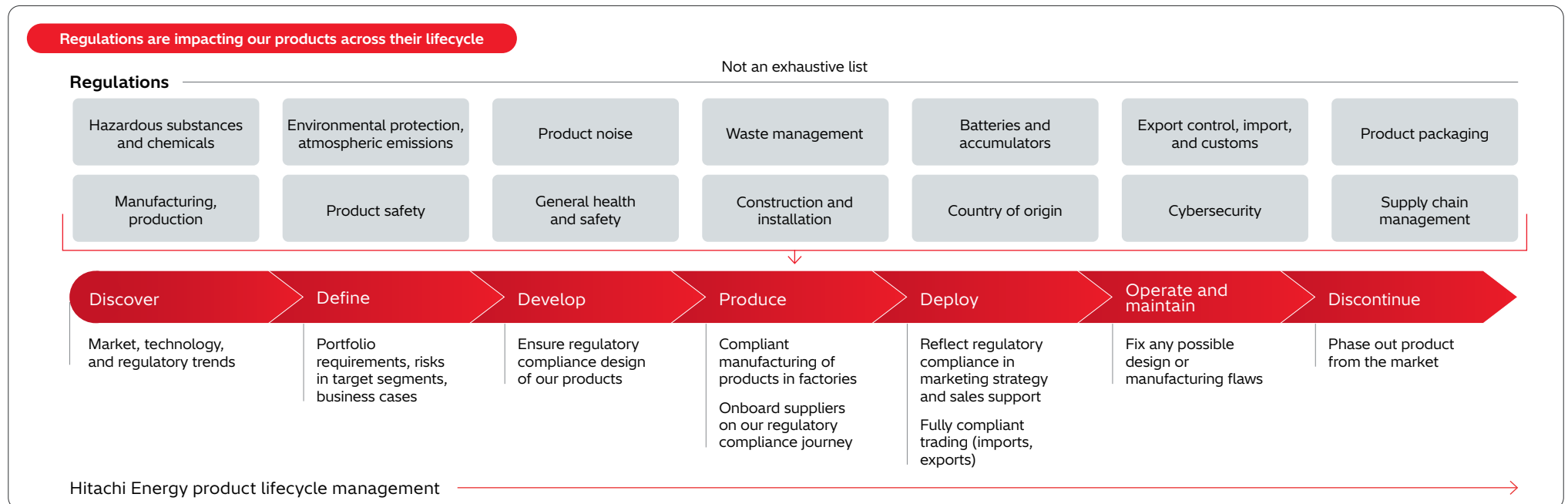
Product and material compliance is essential to our business. Compliance guarantees that our products meet safety, quality, and environmental standards, ultimately protecting people and the environment.

Our commitment to ensuring our products comply 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 impacting our portfolio and company overall.

We undertake a comprehensive product responsibility approach. Prioritizing material, chemical, and substances compliance is crucial for several reasons:

- Health and safety
- Environmental impact
- Production efficiency
- Customer value



5.6 Business approach to compliance (continued)

5.6.1 Product compliance and quality (GRI 416-1)

Achieving product compliance across our full portfolio in all the markets we serve demonstrates our commitment to integrity and regulatory excellence 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 requirements are managed and governed by different processes and roles within our organization.

We have successfully deployed the Product Material Compliance management system to strengthen our product material compliance processes. This solution enables us to automate, digitize, and streamline our data management, ensuring greater efficiency, accuracy, and regulatory alignment.

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

The Product Development Quality team ensures the quality of the output of the product development process and provides confidence in the quality of products under development.

Quality Assurance (QA) and Quality Control (QC) help us identify issues and find improvements in process efficiency or effectiveness. These provide the means to ensure that quality and adherence to defined standards play an important role in building and maintaining 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 to safeguard product quality.

5.6.2 Material compliance and responsible sourcing

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 about our Supplier Compliance | Hitachi Energy](#)

Hitachi Energy is dedicated to sourcing minerals responsibly, as outlined in our [Responsible Minerals Sourcing Policy](#). We actively collaborate with the Responsible

Minerals Initiative (RMI) to encourage smelters and refiners to participate in audits that align with OECD guidelines.

Consequently, we have implemented due diligence programs on conflict minerals and cobalt, based on the internationally recognized due diligence framework set forth in the [Organization for Economic Cooperation and Development \(OECD\) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition \(2016\)](#) and related supplements. Our aim is to ensure that any conflict minerals and other minerals of concern contained in the products and materials supplied to Hitachi Energy originate from conflict-free sources. We actively collaborate with the Responsible Minerals Initiative (RMI) to encourage smelters and refiners to participate in audits that align with OECD guidelines.

5.6.3 Chemicals and substances compliance

We are determined to comply with regulatory and customer requirements regarding the prohibition and restriction of substances, including hazardous substances. We have established processes to meet the requirements of the legislation, including:

- European Union Regulation 1907/2006 on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
- European Union Directive 2011/65/EU on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)
- European Union Waste Framework Directive (WFD) 2008/98/EC on Substances of Concern in articles as such or in complex objects (products) (SCIP)

- Regulation (EU) 2019/1021 on persistent organic pollutants (POP)
- US Toxic Substances Control Act (TSCA)

→ [Read more in section Highlights](#)

We constantly monitor our supply chain to identify regulated substances in our products and operations.

To facilitate compliance and protect ecosystems, workers, customers, consumers, and other stakeholders, we maintain a list of Prohibited and Restricted Substances. This aligns with the global standards IEC 62474 (Material Declarations for the Electrical and Electronics Industry) and the Railway Industry Substance List (RISL).

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 reviewed biannually, 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 regularly assess our obligations and register notifications in the SCIP database maintained by the European Chemicals Agency (ECHA) for Substances of Concern in articles as such or in complex objects (SCIP-Products).

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. We work closely with all our vendors and suppliers to keep the ledger updated.

5.6 Business approach to compliance (continued)

Key Hitachi Energy documentation includes:

- Hitachi Energy Prohibited and Restricted Substances – Guidance document
- Hitachi Energy List of Prohibited and Restricted Substances
- Hitachi Energy Product Regulatory Compliance
- Hitachi Energy Material Compliance – REACH Management

5.6.4 Trade compliance, security, and crisis management ^A

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 aims to ensure trade compliance and to manage trade-related risks and opportunities. To do this, the team proactively monitors and advises on trade regulations, ensures compliance with sanctions, export controls and customs laws, and manages trade reporting and trade-related audits end-to-end to safeguard Hitachi Energy’s license to operate.

The Security team aims to safeguard people, assets, operations, and reputation. To do this, the Security team works 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
- Security data and intelligence

The Crisis Management team aims to ensure that crisis situations are anticipated and prepared for at all levels, and to manage crises.

Trade compliance

As stated in the Hitachi Group Code of Conduct, we are committed 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”.

As part of the Hitachi Group, Hitachi Energy is committed to complying with all laws and regulations governing the movement and transfer of goods, services, software, and technology across international borders (import, export, transit, and transfer requirements) as well as to ensure this trade is fair, efficient, and sustainable.

To achieve strict compliance, Hitachi Energy has a Trade Compliance team, which is mandated to ensure trade compliance and to manage trade-related risks and opportunities. The team comprises trade compliance professionals located across the globe who work with internal and external tools to

support trade compliance activities (such as sanctioned party screening, export control management, and customs compliance).

Security

The security of Hitachi Energy is vital to our success. A primary goal for the Security team is to ensure everyone, wherever they are, can carry out their work safely and securely.

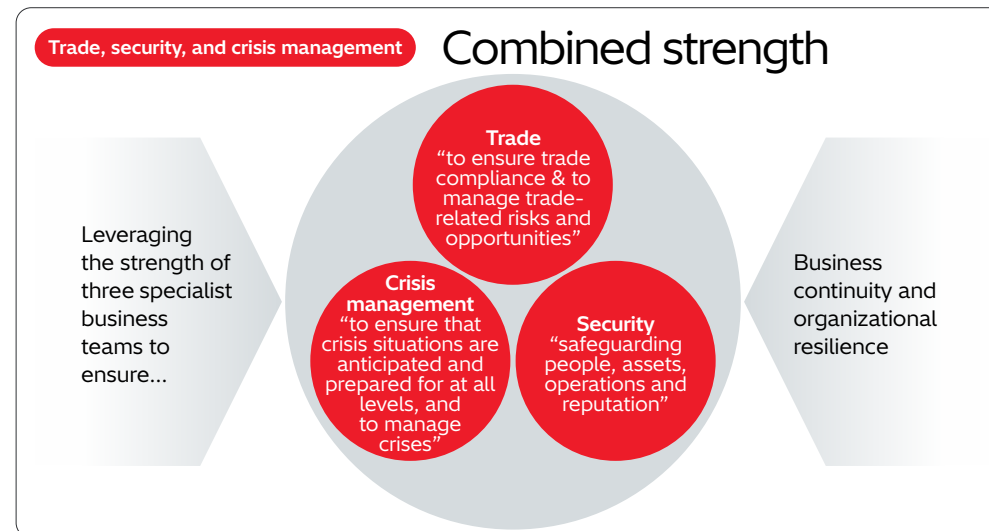
As a result, we always strive to have in place the most effective security measures incorporated into our business operations.

Our approach is driven by a team of security professionals located across the globe who have access to external and internal tools, as well as the services of external providers – thereby assuring a practical and efficient implementation of our five global security programs.

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.



5.6 Business approach to compliance (continued)

5.6.5 Tax compliance (GRI 207-1, 207-2, 207-3, 207-4)

Hitachi Energy complies with all relevant local taxation laws and regulations in the countries where we are tax-resident and with international tax laws and frameworks applicable to the group. In line with our commitment to being a socially responsible organization, we continually and proactively review and manage local and global tax-related risks responsibly when pursuing our global business activities.

With oversight from the Chief Financial Officer (CFO), the Hitachi Energy Tax team is responsible for ensuring and certifying that appropriate tax governance arrangements are established and maintained throughout the organization.

Our specialist team manages Hitachi Energy's tax framework, which is designed to address risks associated with the globalization of the business and initiates and maintains internal controls.

The team deploys appropriate tax accounting and compliance arrangements, covering the responsibilities, policies, relevant people, and procedures for managing tax compliance and reporting requirements across all our countries.

We strive to maintain a high standard of knowledge among all employees involved in tax management activities, such as expertise in tax filings and tax payments, managing tax audits, internal and third-party contract reviews, mergers and acquisitions activities, any voluntary disclosures to tax authorities, and error correction notices.

The organization strives to maintain transparent and collaborative conduct with tax authorities.

We comply with country-by-country reporting through the Hitachi reporting channels. Hitachi Group annually discloses relevant information on time.

Tax compliance is prepared following 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 observe international 'Transfer Pricing Guidelines for Multinational Enterprises' and tax administrations of the Organization for Economic Co-operation 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.



Highlights

The Industrial Cybersecurity Project (ICSP):

This enhances visibility into operational technology and the overall security posture at factory, assembly, and test field sites within the Hitachi Energy domain. The project has delivered measurable benefits in a standardized and scalable manner across four business units and 28 countries

Cybersecurity certifications: Hitachi Energy achieved the largest known scope of ISO/IEC 27001 certification in the world, covering over 40,000 employees across 342 sites in 72 countries. We also hold several IEC 62443 certifications, demonstrating our dedication to securing industrial automation and control systems

Cybersecurity compliance: Hitachi Energy complies with applicable laws and closely monitors the development of NIS 2.0 (Network and Information Security) and the CRA (Cyber Resilience Act), and implements laws

Incident response: In FY24, our organization did not experience major cyber incidents that threatened our business continuity. Hitachi Energy is well equipped in terms of capability and capacity to maintain our business secure

Threat landscape: AI is being weaponized to scale phishing, impersonation, and malware creation. At Hitachi Energy, we respond to these emergent threats through proactive monitoring and threat intelligence capabilities

Supply chain: While attacks on the supply chain are becoming a significant risk to the organization's security, Hitachi Energy has strengthened vendor assessments and risk remediation to secure the supply chain

Product security: We enhance Hitachi Energy products' protection by aligning with industry best practices. We have released new standards and governance for secure product development, including code signing and Software Bill of Materials (SBOM)

Training and awareness: We equip employees to counter cyber threats through robust education and training, strengthening our culture of security. Engagement in our Cybersecurity Foundations training has grown, and participation in Cybersecurity Awareness Month has hit record levels

Cybersecurity initiatives: We're driving strategic efforts to position Hitachi Energy as a cybersecurity leader and trusted partner. Key initiatives include CFIUS and CRA compliance, the Industrial Cybersecurity Project, and Product Security 2.0

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 measures to support our own critical infrastructure systems and those of our partners, 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 be most efficiently 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.

“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

5.7 Cybersecurity (continued)

5.7.1 Information Security Management System (ISMS)

The Cybersecurity Management team reports directly to the CFO, who has ultimate responsibility for cybersecurity. Our dedicated ISMS is designed to protect data and customers' systems from the growing threats associated with digitalization and technologies.

Adhering to 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.

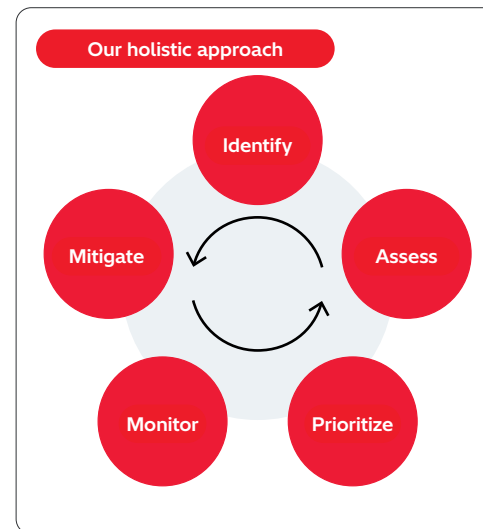
It also covers external considerations, such as legal and regulatory compliance, supplier screening, and data protection regulations.

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 and business initiatives, services, and suppliers' engagement, our risk management function is subject to security, legal, and regulatory requirements.

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.



5.7.2 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:

- Global industrial cybersecurity
- Operations security
- Cybersecurity compliance and certifications
- Offering security
- Supplier security
- Training and awareness program

5.7.2.1 Global industrial cybersecurity

The Industrial Cybersecurity Program delivers a 360-degree cybersecurity transformation by identifying vulnerabilities and aligning with leading standards such as NIST and ISA/IEC 62443. It establishes secure OT/ICS (operational technology/ industrial control system) environments through network segmentation, access controls, and advanced tools.

Our proactive defense strategy includes system hardening, real-time threat monitoring, and reducing attack surfaces.

Employees are empowered as a human firewall through OT-specific training to counter phishing and human error, all while ensuring regulatory compliance and future-ready operations.

Hitachi Energy's Industrial Cybersecurity Project (ICSP) is transforming the cybersecurity landscape across 28 countries and four Business Units. It standardizes and scales security practices, improving visibility into Operational Technology (OT) and strengthening defenses at factory, assembly, and test sites.

Key activities and outcomes include:

- Implementation of the Operational Technology (OT) asset monitoring solution across mission-critical sites
- Cataloging and assignment of ownership for OT assets, ensuring business accountability for asset management
- Delivered training to over 300 employees, clarifying their roles and responsibilities

5.7.2.2 Operations security

Cyber Defense Center

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.

The increased efficiency of our Security Operations Center, coupled with advanced threat intelligence and real-time monitoring, is significantly enhancing our ability to prevent and mitigate cyber threats. Automation and data-driven analytics streamline detection and response processes, reducing the time required to neutralize potential risks. This proactive approach minimizes operational disruptions and safeguards critical business assets.

Vulnerability Management and Asset Detection (VMAD)

Through continuous scanning, assessment, and prioritization, Vulnerability Management and Asset Detection proactively identifies and remediates vulnerabilities across our infrastructure and applications. By leveraging automation and threat intelligence, they ensure that the most critical weaknesses are addressed swiftly, minimizing exposure to potential exploits and contributing to a more resilient security environment.

5.7 Cybersecurity (continued)

Product Security Incident Response Team (PSIRT)

The PSIRT plays a critical role in safeguarding our products and services by ensuring timely disclosure and remediation of known vulnerabilities. Our structured vulnerability disclosure program contributes to a more resilient product ecosystem, ensuring that our offerings remain secure, compliant, and aligned with industry best practices.

Threat intelligence and detection engineering

The Threat Intelligence and Detection Engineering team proactively identifies and mitigates cyber threats before they can impact our business. They collect, analyze, and share threat intelligence to enhance our defenses and prevent potential damage from cyber attacks.

Cybersecurity architecture and engineering

The Architecture and Engineering team delivers comprehensive cybersecurity assessment services to identify risks, ensure compliance, and strengthen defenses across Hitachi Energy's infrastructure. Their work includes application security reviews, firewall assessments, and penetration testing. Through these services, they help build secure, resilient systems and proactively reduce vulnerabilities.

5.7.2.3 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.

The Cybersecurity Compliance Program team ensures that Hitachi Energy remains aligned with global cybersecurity laws, regulations, and

directives. This includes managing compliance initiatives for frameworks such as CFIUS, the EU NIS 2 Directive, and the EU Cyber Resilience Act (CRA). The team also leads efforts to catalog and assess cybersecurity-related legislation across all countries where Hitachi Energy operates, ensuring timely adaptation to regulatory changes.

In addition to program oversight, the team provides subject matter expertise to support regulatory adherence, drives policy development aligned with standards like ISO 27001 and NIST, and promotes a strong cybersecurity culture through training, awareness, and continuous improvement initiatives.

Hitachi Energy aims to be a leader with respect to organizational certifications for cyber and information security and strives to continuously improve its cybersecurity posture. In January 2021, Hitachi Energy achieved the ISO/IEC 27001 global certification, underscoring its commitment to robust information security management.

The journey continued with a successful three-year recertification in 2024, along with conversion to the latest version, namely ISO/IEC 27001:2022.

Not only is Hitachi Energy proud to have the largest scope ISO/IEC 27001 certification in the world, but the certification program also ensures that its cybersecurity practices remain at the forefront of international cybersecurity standards.

Over the years, Hitachi Energy has also attained several IEC 62443 certifications and is also a world leader in the number of IEC 62443 certificates, further demonstrating its dedication to securing industrial automation and control systems.

ISO/IEC 27001 Global Multi-site Certificate

Covers Hitachi Energy globally:

70+
countries

340+
sites

IEC 62443-2-4 (Cybersecurity Program)

38

Countries, GA Automation & Communication

7

Countries, GA, Network Control

4

global certificates:

- GA Grid Edge Solution
- GI HVDC
- GI Power Quality Solutions
- HV Service

IEC 62443-3-3 (Systems)

6

system reference architectures certified:

- GA SAS,
- GI FOX615,
- GI XMC20
- GA Windfarm
- GI, HVDC MACH™
- GI, RelCare and StationConnect

IEC 62443-4-1 (Secure Product Development R&D Teams)

11

global R&D teams certified

Cybersecurity Assurance Center (CsAC)

IEC 62443-4-2

3

certified products:

- GA, RTU500 series (RTU530 RT3)
- GA, RTU500 series (RTU560 RT3)
- TR, TXpert Core Tec V3z

5.7 Cybersecurity (continued)

5.7.2.4 Offering security

Cybersecurity is a critical aspect of securing from external threats throughout the product lifecycle, from ideation to decommissioning. Hitachi Energy ensures its products, systems, and services are cyber-secure. The company's comprehensive strategy involves people, processes, and technology.

The Secure Development Lifecycle (SDL) ensures cybersecurity is considered from the design phase to delivery, with robust policies, procedures, and best practices in place.

The Cybersecurity Assurance Center (CsAC) independently tests products to identify vulnerabilities and ensure compliance with security standards. The company also provides comprehensive documentation for secure installation and continuous support to maintain security post-deployment. This approach guarantees that Hitachi Energy's offerings are robust and resilient against cyber threats.

Our Cybersecurity Council is the appointed governance and risk management structure dedicated to minimizing 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.

In FY24, we released new Standards covering Project, Systems, Service, and Internet Dependent Solutions alongside our Product Release Standard. We also established governance for Code Signing and provided security tooling guidelines. To improve Risk Management, we introduced Software Bill of Materials for real-time software component tracking. Additionally, we've invested in annual training for Product Security roles.

5.7.2.5 Supplier security

Hitachi Energy adheres to stringent protocols for all products, systems, services, and data. Our suppliers play a crucial role in maintaining our security posture and are expected to support and complement our ongoing efforts to keep our systems and information safe.

The company has established the Hitachi Energy Cybersecurity Standards for Suppliers (CS-S), which outlines the cybersecurity requirements for suppliers. This ensures that third-party components meet stringent security standards. By monitoring and managing vulnerabilities in third-party components, Hitachi Energy maintains a robust cybersecurity posture. Suppliers are required to implement cybersecurity measures to protect data and ensure the security of Hitachi Energy's offerings.

Together with strict confidentiality obligations, we have developed a cybersecurity supplier assessment and IT security risk assessment process that must be successfully completed before onboarding a new supplier.

5.7.2.6 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 program is promoted through various initiatives, such as regular awareness campaigns, webinars, or events, and every user is required to successfully complete mandatory training.

We run a mandatory e-learning course, 'Cybersecurity Foundations,' which gives insight into the most common cyberattacks and provides step-by-step guides and practical exercises to help learners establish game-changing security skills. The course is split into easy-to-follow sections, followed by knowledge checkpoints that allow learners to review the most important information and prepare for the final quiz.

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 training and instructor-led sessions, participants complete feedback 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 are a standard part of the training lifecycle, allowing for the incorporation of the latest threat intelligence and emerging attack vectors.

Our Outreach and Awareness team aims to take cybersecurity storytelling to the next level through a diverse offering that addresses our internal and external clients.

The Customer Cybersecurity Office (CCSO) at Hitachi Energy enhances cybersecurity by fostering strong customer relationships. Acting as a trusted advisor, the CCSO provides comprehensive support through proactive engagement, efficient inquiry management, incident communication, and participation in industry events.

The Customer Cybersecurity Request Service, led by the CCSO, centralizes the management of customer inquiries for efficient handling. It also ensures prompt, accurate, and compliant responses, facilitating successful customer transactions.

The Cybersecurity Outreach and Awareness team comprises Regional Cybersecurity Managers, each responsible for Hitachi Energy's cybersecurity posture in their respective region. They bridge local business and cybersecurity experts, apply regional knowledge of laws and threats, and ensure global initiatives are implemented locally, embedding cybersecurity into daily operations and decision-making.

The cybersecurity community is dedicated to raising awareness and sharing information and knowledge across all functions and business units.

Throughout the annual Cybersecurity Awareness Month in October, we cover everything employees need to know to lead both their professional and private lives securely. This includes:

- Online webinars (for example, managing cyber risks in the supply chain, AI-enhanced cyber threats, password security, and avoiding security threats you can face during your standard day); exciting e-games on information sharing and phishing
- Technical sessions for IT and security specialists
- Active employee participation in awareness activities

5.7 Cybersecurity (continued)

5.7.2.7 Data privacy and protection (GRI 418-1)

Respecting data protection rights is a top priority for Hitachi Energy.

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 that uses the strict EU General Data Protection Regulation (GDPR) principles as the minimum standard and enhances them with best practices 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 that define 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.

Trainings (as at end FY24)	Registration period	Number of employees enrolled	Completed
GDPR basics	FY24	9,226	7,820 (85 percent)
GDPR Records of Processing and Risk Assessment training	FY24	26	21 (81 percent)
Video surveillance data protection online training	FY24	13	8 (62 percent)

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 mitigating 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.



5.8 Supply chain management

Highlights

- Enhanced sustainability risk-based approach process
- Introduction of more accurate sustainability risk screening through EcoVadis IQ+ from April 2024
- Leveraging of ethics and integrity checks as part of the qualification process
- Launched on-site audits on greenhouse gasses as part of the Supplier Sustainability Development program
- Enhanced our third-party supplier sustainability assessments with carbon maturity assessments
- Hitachi Energy has now been honored with the prestigious EcoVadis Award for ‘Best Mature Program in Sustainable Procurement’
- Engaging with suppliers to understand the impacts of PFAS on our supply chain. In addition, working with customers to support the safe installation, use, and maintenance of equipment, and the proper disposal of materials

EcoVadis announced the winners of its ninth annual Sustainability Achievement Awards.

Hitachi Energy won the ‘Best Mature Program in Sustainable Procurement’ at the ninth EcoVadis Sustainability Achievement Awards (formerly the Sustainable Procurement Awards). The awards recognize companies with strong sustainable procurement programs and individuals going above and beyond to drive sustainability efforts within their organizations.

This award recognizes ongoing achievements and innovations that drive continued program expansion and maturity, even beyond the scope of the Sustainable Procurement program.

We provide a clearly defined pathway for those wishing to become a supplier partner.



[EcoVadis Announces 2025 Sustainability Achievement Awards | EcoVadis](#)

There is an established framework for what this involves, including our Supplier Code of Conduct. Our dedicated team of supply chain professionals provides tools and feedback to assist organizations in navigating the Supply Base Management Process.

Our risk-based procedure, the Supplier Sustainability Assessment, is designed 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.

Our Supply Chain Management has a dedicated multi-layered system to detect, identify, and audit health, safety, environmental, and human rights-related issues within its supply chain. 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.

Although we do not source raw minerals and ores directly from mines, smelters, or refiners, our Responsible Minerals Sourcing Program offers regular training and communications for suppliers and internal teams to support compliance with our [Responsible Minerals Sourcing policy](#).

5.8.1 Introduction on how we embed commitments in our supply 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

“We strengthen our sustainability journey by embedding responsible sourcing deeper into our operations, leveraging digital tools for transparency, and engaging suppliers to drive measurable impact in decarbonization, circularity, and human rights.”

Armin Ploetz
Head of Supply Chain Management
Hitachi Energy

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 our business units along with Indirect Purchasing (for goods and services) and Trade, Transport, and Logistics (TTL), which are operationally responsible for executing our supply chain management sustainability agenda.

5.8 Supply chain management (continued)

The Product and Material Compliance team in the Supply Chain function ensures that suppliers comply with regulatory requirements regarding hazardous substances.

Additionally, it ensures that suppliers take all necessary actions so that the products supplied to Hitachi Energy do not contain raw materials originating from conflict-affected and high-risk areas that contribute to human rights abuses, corruption, the financing of armed groups, or other adverse effects.

5.8.2 Supply quality, sustainability, and risk (GRI 2-23, 308-1, 414-1, 414-2)

We enhance our 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 ESG practices.

Completing the EcoVadis sustainability assessment or the Hitachi Energy internal sustainability questionnaire is a critical step toward developing collaborative dialogue on mitigating risk by resolving sustainability challenges and establishing good practices.

Over the year, we launched our Carbon-Neutrality Supplier Engagement Program to collaborate with our strategic suppliers in accelerating decarbonization efforts across our supply base.

The first round of the program, conducted during the last financial year, involved 10 strategic suppliers, with the intention to expand participation to 40 suppliers in the upcoming financial year.

Our supply chain management framework:

Health, Safety, Environment, and Sustainability Policy	Product and Material Compliance
Supplier Sustainability Assessment Process	Guidance to Hitachi Energy List of Prohibited and Restricted Substances
Supplier Sustainability Development Program (SSDP)	List of Prohibited and Restricted Substances
Hitachi Group Code of Ethics and Business Conduct	Hitachi Energy Responsible Minerals Sourcing Policy
Quality Management and Supplier Quality Assurance Agreement	Human Rights and Fair Labor Conditions
Human Rights and Fair Labor Conditions	Hitachi Energy General Terms and Conditions
Modern Slavery and Human Trafficking Transparency Statement	
Cybersecurity requirements	Cybersecurity Standards for Suppliers

Our requirements for supplier mandatory acknowledgement:

Supplier Code of Conduct
Cybersecurity Policy
HSE and Sustainability Policy
List of restricted and prohibited substances
Supplier privacy notice

We released our new [Supplier Sustainability Manual](#) reinforcing our commitment to sustainability, ethics, and responsible sourcing. The manual is designed to communicate clearly our sustainability expectations to suppliers, based on the Sustainable Procurement Guidelines and our own strategic commitments.

Hitachi Energy's Modern Slavery and Human Trafficking Transparency Statement covers our operations worldwide. 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.

5.8.2.1 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.

5.8.2.2 Supplier quality

The Supplier Company Qualification 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:

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

5.8 Supply chain management (continued)

5.8.2.3 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 acknowledgments of our Supplier Code of Conduct, which outlines 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

Building a responsible supplier ecosystem

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

100%

newly qualified suppliers assessed through environmental and social criteria (GRI 308-1 and 414-1)

767

suppliers completed qualifications

Topic	Status FY23	Status FY24
Newly qualified suppliers assessed through environmental and social criteria (GRI 308-1 and 414-1)	100%	100%
Suppliers completed qualification	766*	767*

* This figure includes the number of suppliers who have been newly qualified during the fiscal year, having met the requirements described in the internal procedure for the scope of suppliers eligible for qualification.

5.8.2.4 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 TÜV 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 from time to time. We encourage our tier-one suppliers to cascade the SCoC with tier two suppliers, ensuring that sustainable practices flow smoothly throughout the value chain.

The SSDP focuses on 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.

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 desourcing (GRI 308-2 and 414-2).



5.8 Supply chain management (continued)

SSDP Progress	Status FY23	Status FY24
Number of internal employees trained	<ul style="list-style-type: none"> 42 Supply Quality Engineer and Supply Chain Management (SQEs and SCM) colleagues trained globally in our three regions, covering all four business units 	<ul style="list-style-type: none"> 36 Supply Quality Engineer and Supply Chain Management (SQEs and SCM) colleagues trained globally in our three regions, covering all four business units 51 (SQEs and SCM) colleagues trained in China on the GHG module
Number of suppliers trained	<ul style="list-style-type: none"> 144 suppliers and their associates trained by third-party service providers 	<ul style="list-style-type: none"> 124 suppliers and their associates trained by third-party service providers
Number of assessments (on-site audits) completed	<ul style="list-style-type: none"> 103 supplier assessments completed which accounts for 89 percent of the globally planned assessments 	<ul style="list-style-type: none"> 101 supplier assessments completed which accounts for 81 percent of the globally planned assessments
Number of countries where SSDP is currently rolled out	21 covering high-risk areas of AMEA, Europe, and Americas	

This program aims to educate our suppliers about GHG emissions and their environmental impacts, 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.

In FY23, the first pilot assessment was conducted with a supplier nominated by the High Voltage business unit in Mumbai, and in FY24, 13 on-site audits were delivered. The reach of assessments will expand to various countries covered by our SSDP program.

5.8.2.5 Sustainability assessment via EcoVadis (GRI 308-1, 414-1)

Hitachi Energy's global supply chain presents unique and diverse sustainability profiles. We recognize the critical role suppliers play in our sustainability journey.

We acknowledge that their practices and performance may directly or indirectly impact our own performance and adversely affect the environment and worldwide communities.

Therefore, a robust supplier sustainability assessment process is essential to ensure our suppliers align with our sustainability objectives and relevant regulatory requirements. By selecting to work with suppliers who align with our values, we may reduce risks and enhance our reputation while contributing to a more sustainable supply chain global ecosystem.

The supplier sustainability risk analysis is a crucial phase in our sustainability assessment process. To determine the initial risk level of a supplier, we rely on two primary factors:

- Results obtained from the Supplier Qualification Questionnaire
- Risk level provided by the EcoVadis IQ+ module

Upon completing the initial risk analysis explained above, suppliers are categorized into three distinct levels of risks: high, medium, and low. Classifying suppliers into these three risk levels allows us to effectively allocate resources, prioritize engagement efforts, and drive improvements where they are most needed.

Suppliers categorized as 'high risk' are required to complete the EcoVadis Sustainability Assessment, while those categorized as 'medium risk' are strongly recommended by Hitachi Energy to complete the EcoVadis Sustainability Assessment.

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.

EcoVadis Suppliers Assessment

4-9

points higher: All EcoVadis-assessed suppliers typically score higher than the industry average in all the four core categories

51.1

our suppliers' overall score is higher than average: 51.1 compared to an average of 45.2

76%

medium to large enterprises

23%

newly assessed

71%

previously assessed

6%

reassessed

5.8 Supply chain management (continued)

Topic	Status FY23	Status FY24
Number of suppliers invited to take an EcoVadis assessment since Hitachi Energy's roll-out of the program	2,822	3,736
Percent of spend coverage from our suppliers	42%	58%
	(our commitment for FY23 was 35 percent)	(our commitment for FY24 was 50 percent)
Number of suppliers assessed in EcoVadis since our roll-out the program	1,558	1,992
New suppliers that were screened using social and environmental criteria (GRI 308-1 and 414-1)	100%	100%
Number of countries where our suppliers have been assessed by EcoVadis	53	53
Number of active internal users on the EcoVadis platform	193	268
Average ratings performance	54/100	55.6/100
	Average rating performance (versus 43.9 EcoVadis global average)	Average rating performance (versus 48.1 EcoVadis global average)
Supplier trainings FY24	550 suppliers completed at least one course in the EcoVadis Academy	

Hitachi Energy joined the 'EcoVadis Wind Energy Initiative' with five leading wind energy industry organizations at the end of 2023. In 2024, one more member joined the initiative. 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 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 whom are 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, the risk-based approach required to optimize resource allocation to the certification process, and certain exclusions for critical suppliers.

As a risk mitigation and corrective action, an additional due diligence requirement was implemented during FY23, warning 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 (desourcing) if the right conditions are not met. To enhance our suppliers' sustainability risk assessments, we implemented continuous monitoring through internal reporting systems to track their progress with Supplier Qualification and EcoVadis assessments.

This tracking helps us address gaps and improve compliance to avoid future risks with non-compliant suppliers.

5.8.2.6 Responsible minerals sourcing

Hitachi Energy is committed to sourcing minerals responsibly, as described in our [Responsible Minerals Sourcing policy](#).

This approach addresses social, environmental, and economic aspects. The functionality of a significant portion of our global product portfolio depends on direct materials, particularly electronic components, which include tin, tantalum, tungsten, or gold, which sometimes finance armed conflict or are mined using forced labour, therefore commonly known as 'conflict minerals'.

Hitachi Energy's Responsible Mineral Sourcing Due Diligence Program is designed based on the internationally recognized due diligence framework set forth in the [Organization for Economic Cooperation and Development \(OECD\) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition \(2016\) \(the OECD Framework\)](#) and related supplements and its five-step framework to ensure that any conflict minerals and cobalt contained in the products and materials supplied to Hitachi Energy originate from conflict-free sources.

5.8 Supply chain management (continued)

Responsible Minerals Sourcing Program

Suppliers have been identified in the Conflict Minerals and Cobalt survey, as part of a risk-based approach

84%

responses received in Conflict Minerals survey, with 82 percent of those accepted, according to the criteria

61%

of smelters and refiners (SORs) of conflict minerals have conformant status

60%

responses received in Cobalt survey, with 89 percent accepted according to the criteria

60%

of smelters and refiners (SORs) of Cobalt Mineral have conformant status

The program aims are to:

- Establish strong company management systems
- Identify and assess risk in the supply chain
- Design and implement a strategy to respond to identified risks
- Identify the opportunity to perform an independent third-party audit of supply chain due diligence
- Report annually on supply chain due diligence

We are committed to engaging with our customers regarding their reporting and disclosure requirements related to conflict minerals.

In FY24, we achieved a high response rate of 84 percent for the Conflict Minerals survey and accepted 82 percent of the templates received. For the Cobalt survey, we received 60 percent of the response and accepted 89 percent of the templates received. We are in dialogue with the remaining suppliers who provided us with an incomplete or inconsistent response.

We have a structured process to send and receive supplier surveys, follow up on non-responses, summarize survey results. For completed surveys, responses were evaluated against a predefined list of red flags to determine what corrective action, if any, would be required for the identified risk. A corrective action plan was implemented for the identified red flags, including insufficient responses. Our list of smelters/refiners identified to be processing or refining conflict minerals and cobalt in our products is based on the responses received from our suppliers.

Hitachi Energy is a downstream consumer of conflict minerals 3TG and cobalt, typically positioned several tiers removed from smelters and refiners within our supply chain. Therefore, we do not perform direct audits of the smelters/refiners.

However, we continue to support the initiatives of the RMI by providing a resource who will be involved in the RMI Smelter Engagement Team, seeking to bring legitimate non-certified smelters into the RMAP program and assess their compliance for certification as RMAP conformant smelters.

We also promote internal awareness through several communication channels to specific employee groups, including Supply Chain Management on responsible sourcing practices. We maintain a dedicated supply chain website for material compliance to show our commitment and to promote responsible sourcing and ethical practices within our supply chain.

Our annual supply chain due diligence on conflict minerals and cobalt for FY24, based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas, is published on our [website](#).

We work with our suppliers to facilitate conflict-free sourcing that contributes to economic growth. As a member of the Responsible Minerals Initiative (RMI), we designed our due diligence measures based on the internationally recognized framework [Organization for Economic Cooperation and Development \(OECD\) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Third Edition \(2016\) \(the OECD Framework\)](#) and related supplements and its five-step framework.

Topic	Status
Conflict minerals survey responses received	84 %
Of which accepted according to the criteria	82%
Conflict minerals smelters and refiners (SORs) with RMAP conformant status	61%
Cobalt survey responses received	60%
Of which accepted according to the criteria	89%
Cobalt smelters and refiners (SORs) with RMAP conformant status	60%

Minerals	Response received	Response accepted	RMAP Conformant
Conflict minerals	84%	82%	61%
Cobalt	60%	89%	60%

5.8 Supply chain management (continued)

We are committed to:

- Identifying the affected product and concentrate efforts accordingly
- Collaborating with customers, suppliers, and industry associations to help develop long-term solutions to enable responsible sourcing
- Encourage smelters and refiners in our supply chain to successfully complete the Responsible Minerals Assurance Process (RMAP)
- Not promoting the implementation of an embargo on conflict-affected and high-risk areas in the sourcing of these minerals but ensuring that our suppliers take reasonable efforts to avoid in their supplied products the use of these minerals which are not found to be conflict free, for example, by using RMI conformant smelters in their supply chain
- Contributing to conflict-free trade by requiring our suppliers to select legitimate sources of minerals
- Providing an annual report 2024 Responsible Minerals Sourcing Report on supply chain due diligence concerning the origins of conflict minerals and cobalt within our supply chain

Supporting documentation:

- [Responsible Minerals Sourcing Policy](#)
- [Responsible Minerals Sourcing Report](#)
- [Read more in Supplier Compliance | Hitachi Energy](#)

Critical raw materials

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.

Starting in FY25, we have enhanced and strengthened our program, by extending our commitment to responsible minerals sourcing to encompass additional minerals such as rare earth elements, and copper.



6.0

Appendix

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6.1 Our approach to reporting

6.1.1 Reporting period and frequency (GRI 2-3)

The present Sustainability Report covers FY24, from April 1, 2024, to March 31, 2025, of Hitachi Energy Ltd, a Hitachi Group company.

Hitachi Energy was formerly part of the ABB Group as Power Grids. On July 1, 2020, 80.1 percent of the majority of ABB Power Grids were acquired by Hitachi Group. 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 Group.

6.1.2 Scope and boundaries

The present sustainability report has been prepared by the GRI Standards – Core Option (GRI Content Index), 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 get in touch with 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 162 manufacturing sites and offices.

6.1.3 Reporting perimeter (GRI 2-2, 2-4)

The following general approach was followed in the preparation of this report:

- (i) Hitachi Energy reports sustainability data at the 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.

Our internal Environmental and Health and Safety Sustainability Reporting Standard defines sites in scope for our annual reporting and rules applied in case of site changes such as new sites, site splitting, or closing. Our environmental reporting is calculated to cover at least 95 percent of our energy use. The calculation is based on the area of our sites and information available for all our locations. We have estimated energy use, assuming that each m² uses 250 kWh per year. Sites larger than 1,000 m² with an estimated annual energy use of 250 MWh report company environmental data. For FY23, our environmental performance reporting baseline included 158 manufacturing sites and offices. In the current report, the following changes in our baseline have been integrated – sites re-moved/relocated: seven; sites added: four, leading to a total of 162 manufacturing sites and offices. In FY24, we recalculated our baseline integrating AR 6 factors, this update resulted below five percent increase in emissions in FY24.

- (ii) We recalculate and restate our reporting when a significant change is assumed to impact more than five percent of reported metrics. No change in methodology took place in FY24. For example, the emissions baseline is recalculated based on GHG emissions in CO₂e for cumulative changes above five percent.

- (iii) We generally aim to integrate new acquisitions in the reporting scope within two years, meaning that data is consolidated into Group reporting from the third year post-acquisition at the latest. However, timing for inclusion may differ between indicators, for example HiNext required a longer time lag for integration of HR data. For this year's report, the following two acquisitions performed by Hitachi Energy during the report-ing year are generally not included for FY24 unless stated otherwise. Reporting coverage is provided together with indicators' tables.

- COET is a leading designer and manufacturer of power equipment for electric mobility, rail, and industry based in the greater Milan area of Italy, eks Energy is a leading supplier of power electronics and energy management solutions for storage and renewables integration based in Seville, Spain
- eks Energy is a leading supplier of power electronics and energy management solution for storage and renewables integration, based in Seville, Spain

6.1.4 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. It made it possible to identify the key material sustainability topics for our reporting and the continuous evolution of our sustainability strategy.

→ Read more in [Section 2.6. Sustainability in our business strategy](#)

6.2 GRI indicators

GRI 2-7 Employees and GRI 405-1 Diversity of Governance Bodies and Employees

Base data report extracted from HiNext (Workday tool) as of March 31, 2025.

Definitions of employee categories follow the national laws of the countries where the employees are based to calculate country-level data. All country-level data is then added 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 FY24 as the numbers are immaterial, they are included in the temporary category). Employment categories include:

- **Permanent regular:** regular, trainee and secondee/expatriate
- **Temporary:** temporary, apprentice, apprentice permanent, apprentice fixed-term, intern, intern fixed-term, fixed-term contract and casual.

Where an employee’s gender data field in the report shows blank, it is mapped as “not disclosed”. 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).

Reported figures represent headcount (HC), where one employee equals one HC. Recent acquisitions are not included due to the processing time lag for integration into HiNext – see 6.1.3 Reporting Perimeter.

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.

FY24 Employees by gender		Female	%	Male	%	Not disclosed*	%	Total	%
		11,984	23%	39,237	77%	32	0%	51,253	100%
by category	permanent	11,478	23%	38,101	77%	29	0%	49,608	97%
	temporary	506	31%	1,136	69%	3	0%	1,645	3%
		11,984	23%	39,237	77%	32	0%	51,253	100%
by contract type	full-time	11,421	23%	38,483	77%	32	0%	49,936	97%
	part-time	563	43%	754	57%	0	0%	1,317	3%
		11,984	23%	39,237	77%	32	0%	51,253	100%
by function	white collar	10,001	27%	26,492	73%	30	0%	36,523	71%
	blue collar	1,983	13%	12,745	87%	2	0%	14,730	29%

FY24 Employees by age group		< 30 years	%	30-50 years	%	> 50 years	%	Total	%
		10,413	20%	30,295	59%	10,545	21%	51,253	100%
by category	permanent	9,295	19%	30,030	61%	10,283	21%	49,608	97%
	temporary	1,118	68%	265	16%	262	16%	1,645	3%
		10,413	20%	30,295	59%	10,545	21%	51,253	100%
by contract type	full-time	9,935	20%	29,819	60%	10,182	20%	49,936	97%
	part-time	478	36%	476	36%	363	28%	1,317	3%
		10,413	20%	30,295	59%	10,545	21%	51,253	100%
by function	white collar	6,900	19%	22,390	61%	7,233	20%	36,523	71%
	blue collar	3,513	24%	7,905	54%	3,312	22%	14,730	29%

* Split not provided to protect confidentiality
 Note: All percentages in the tables above are mathematically rounded.

6.2 GRI indicators continued)

GRI 2-7 Employees and GRI 405-1 Diversity of Governance Bodies and Employees (continued)

FY24 Employees by region		Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	Total		
		23,760	46%	5,127	10%	10,361	20%	1,713	3%	7,367	14%	2,925	6%	51,253	100%
by category	permanent	22,616	46%	5,028	10%	10,180	21%	1,703	3%	7,286	15%	2,795	6%	49,608	97%
	temporary	1,144	70%	99	6%	181	11%	10	1%	81	5%	130	8%	1,645	3%
		23,760	46%	5,127	10%	10,361	20%	1,713	3%	7,367	14%	2,925	6%	51,253	100%
by contract type	full-time	22,612	45%	5,119	10%	10,349	21%	1,712	3%	7,324	15%	2,820	6%	49,936	97%
	part-time	1,148	87%	8	1%	12	1%	1	0%	43	3%	105	8%	1,317	3%
		23,760	46%	5,127	10%	10,361	20%	1,713	3%	7,367	14%	2,925	6%	51,253	100%
by function	white collar	17,411	48%	2,938	8%	8,591	24%	1,485	4%	4,240	12%	1,858	5%	36,523	71%
	blue collar	6,349	43%	2,189	15%	1,770	12%	228	2%	3,127	21%	1,067	7%	14,730	29%

FY23 Employees by gender		Female	%	Male	%	Not disclosed*	%	Total	%
		10,381	23%	35,283	77%	16	0%	45,680	100%
by category	permanent	9,837		34,190		16			
	temporary	544		1,093					
		10,381	23%	35,283	77%	16	0%	45,680	100%
by contract type	full-time	9,851		34,600		16			
	part-time	530		683					
		10,381	23%	35,283	77%	16	0%	45,680	100%
by function	white collar	8,753		23,819		16			
	blue collar	1,628		11,464					

* Split not provided to protect confidentiality
 Note: All percentages in the tables above are mathematically rounded.

6.2 GRI indicators (continued)

GRI 2-7 Employees and GRI 405-1 Diversity of Governance Bodies and Employees (continued)

FY23 Employees by age group		< 30 years	%	30-50 years	%	> 50 years	%	Total	%
		8,715	19%	27,110	59%	9,855	22%	45,680	100%
by category	permanent	7,637	17%	26,827	61%	9,579	22%	44,043	96%
	temporary	1,078	66%	283	17%	276	17%	1,637	4%
		8,715	19%	27,110	59%	9,855	22%	45,680	100%
by contract type	full-time	8,312	19%	26,635	60%	9,520	21%	44,467	97%
	part-time	403	33%	475	39%	335	28%	1,213	3%
		8,715	19%	27,110	59%	9,855	22%	45,680	100%
by function	white collar	5,852	18%	19,951	61%	6,783	21%	32,586	71%
	blue collar	2,863	22%	7,159	55%	3,072	23%	13,094	29%

FY23 Employees by region		Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
		21,100	46%	4,410	10%	9,529	21%	1,573	3%	6,417	14%	2,651	6%	45,680	100%
by category	permanent	19,919	45%	4,318	10%	9,330	21%	1,567	4%	6,361	14%	2,548	6%	44,043	96%
	temporary	1,181	72%	92	6%	199	12%	6	0%	56	3%	103	6%	1,637	4%
		21,100	46%	4,410	10%	9,529	21%	1,573	3%	6,417	14%	2,651	6%	45,680	100%
by contract type	full-time	20,018	45%	4,407	10%	9,520	21%	1,570	4%	6,381	14%	2,571	6%	44,467	97%
	part-time	1,082	89%			15				36	3%	80	7%	1,213	3%
		21,100	46%	4,410	10%	9,529	21%	1,573	3%	6,417	14%	2,651	6%	45,680	100%
by function	white collar	15,313	47%	2,660	8%	7,858	24%	1,335	4%	3,711	11%	1,709	5%	32,586	71%
	blue collar	5,787	44%	1,750	13%	1,671	13%	238	2%	2,706	21%	942	7%	13,094	29%

Note: All percentages in the tables above are mathematically rounded.

6.2 GRI indicators (continued)

GRI 2-17 Collective knowledge of the highest governance body – Board of Directors

Name	Role	Finance/ business administration	Listed companies	Risk management	Information and telecommunication	Marketing and sales	Energy	Engineering	Human resources	ESG
Alistair Dormer¹	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				✓					
Shashank Samant	Director; Chairman of GlobalLogic Inc. Board		✓		✓					
Akihide Hirao	Director; Finance GEM	✓								
Lorena Dellagiovanna	Director; Senior Vice President and Executive Officer, Chief Sustainability Officer, CHRO, General Manager of Human Capital Group, CDEIO	✓	✓						✓	✓

¹ As of April 2025, Lorena Dellagiovanna, Executive Vice President and Executive Officer, Chief Sustainability Officer, Chief Human Resources Officer (CHRO) and Chief Diversity, Equity and Inclusion Officer (CDEIO) at Hitachi, Ltd., was appointed Chair of the Board of Directors of Hitachi Energy

6.2 GRI indicators (continued)

GRI 2-17 Collective knowledge of the highest governance body – Executive Team

Name	Role	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
Andreas Schierenbeck	Chief Executive Officer	✓	✓	✓	✓	✓				✓		
Ismo Haka	Chief Financial Officer	✓	✓			✓		✓	✓			✓
Gerhard Salge	Chief Technology Officer			✓	✓	✓					✓	✓
Achim Braun	Chief Human Resources Officer	✓				✓	✓		✓			
Andrew Law	Chief Legal and Integrity Officer					✓			✓	✓		
Urs Dogwiler	Chief Transformation Officer (CTrO) and Global Head of Supply Chain Management, Quality, Operations, HSE and Common Shared Services			✓	✓	✓		✓				✓
Massimo Danieli	Managing Director Grid Automation			✓	✓	✓						
Markus Heimbach	Managing Director High Voltage Products			✓	✓	✓						
Bruno Melles	Managing Director Transformers			✓	✓	✓						
Niklas Persson	Managing Director Grid Integration			✓	✓	✓						
Noaman Amjad	Chief Marketing and Sales Officer and Head of Middle East and Africa, Japan, South America and South Korea	✓		✓	✓	✓				✓		
N. Venu	Region Head South Asia			✓	✓	✓				✓		
James Zhao	Region Head Greater China	✓		✓	✓	✓				✓		
Maxine Ghavi	Region Head Europe	✓		✓	✓	✓				✓		
Anthony Allard	Region North America	✓		✓	✓	✓				✓		

6.2 GRI indicators (continued)

GRI 2-21 Annual total compensation ratio of highest paid individual

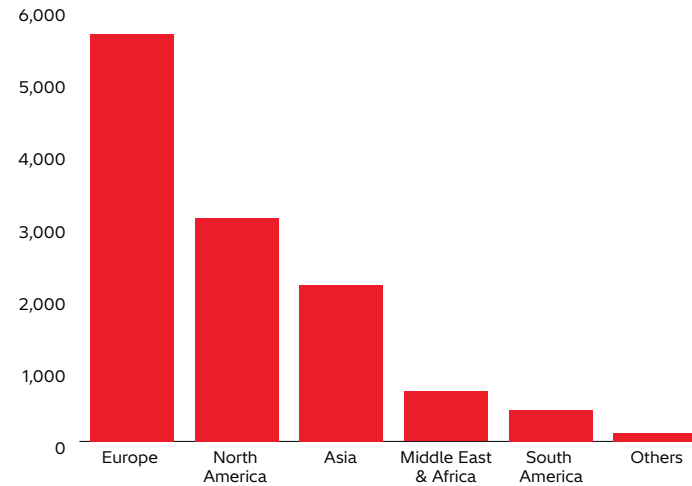
Our highest-paid individual is the Chief Executive Officer (CEO). Hitachi Group determines the compensation we provide our CEO. Our headcount has grown in production and service areas, impacting our workforce composition. Our analysis shows that the CEO's total direct compensation target is 80 times all employees' median total direct compensation target. The CEO's compensation did not change in FY24.

GRI 204-1 Proportion of spending on local suppliers

We buy locally and globally, with operations spanning our six regions worldwide.

Spend by category	mUSD
Electrical components and electronics	1,774
Services and IS	2,538
Raw materials and semi-finished products	1,303
Engineered parts and mechanical components	1,400
Sub-systems and equipment	1,109
Selling, general, and administration	763
Plant sub-systems and equipment	0
Others	2,173
Grand Total	11,061
Spend by region	mUSD
Europe	5,137
North America	2,819
Asia	1,973
Middle East & Africa	628
South America	396
Others	108
Grand Total	11,061

Invoice value USD budget (mUSD)



GRI 205-3 Confirmed incidents of corruption and actions taken

During FY24, 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 action for anti-competitive behavior, antitrust and monopoly practices

During FY24, there were no incidents in which Hitachi Energy was prosecuted or penalized by competition authorities for anti-competitive behavior, antitrust, or monopoly practices.

6.2 GRI indicators (continued)

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 FY24 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.

The calculations are based on estimations due to the current limitations in data granularity. Note that these values rely on industry averages and the SCM classification of materials and that the SCM team continues working on improving the granularity and quality of the purchased material data.

Material type	Supplier type	Renewable	% of total
Associated process materials	External supplier	No	0%
	Internal supplier	No	0%
Other materials	External supplier	No	0%
	Internal supplier	No	0%
Packaging materials	External supplier	No	0%
		Yes	3%
	Internal supplier	No	0%
Raw materials	External supplier	Yes	0%
		No	41%
	Internal supplier	No	7%
		Yes	2%
Semi-manufactured goods or parts	External supplier	No	2%
	Internal supplier	No	11%

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.

The calculations are based on estimations due to the current limitations in data granularity. Note that these values rely on industry averages and the SCM classification of materials and that the SCM team continues working on improving the granularity and quality of the purchased material data.

Throughout FY24, we have continued to establish a system for systematically collecting product-level data on recycled content. We also maintained active engagement with strategic suppliers to explore opportunities for increasing recycled material usage. However, accurately measuring recycled content remains a persistent challenge for our suppliers – one that we must continue to address collaboratively.

GRI 301-3 Reclaimed products and their packaging materials

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.

In addition to our asset lifecycle commitment, enabling longer lifetime of assets and increased use of resources, we have more than 10 sites practicing take back of products and/or packaging from our products. For packaging, this is in some cases done through industry collaboration, such as in the case of our Colombia organization participating in a container and packaging collection program with the National Association of Industrialists (ANDI).

It is also done through supplier collaboration, such as in the case of our Bad Honnef factory, reusing packaging for shipping products to customer site. When it comes to product take back, one example of this is with our Lilydale factory that takes back products to upgrade them with the latest components, reusing some parts and recycling what needs replacing.

Another example is our Smithfield location that takes back products containing sulphur hexafluoride (SF₆) gas to make sure this gas is contained and recycled, along with the equipment it is contained in, when it needs replacing.

6.2 GRI indicators (continued)

GRI 302-1 Energy consumption

GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19
302-1	Energy consumption within the organization	TJ	3,231.40	3,172.11	3,095.81	3,119.76	3,035.81	3,250.73
302-1	a. fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used	TJ	962.50	961.49	928.00	912.56	884.42	996.17
302-1	b. fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	TJ	150.45	170.85	178.00	173.00	145.00	184.90
302-1	c. Total	TJ	2,118.45	2,039.77	1,989.81	2,034.20	2,006.38	2,069.66
302-1	o/w electricity consumption	TJ	1,958.40	1,873.30	1,791.48	1,822.89	1,794.70	1,836.72
302-1	o/w heating consumption	TJ	160.06	166.41	198.34	209.17	211.68	232.94
302-1	o/w cooling consumption	TJ	0	0.05	0	0	0	0.00
302-1	o/w steam consumption	TJ	0		0	2.15	0	0.00
302-1	d. Electricity sold (solar)	MWh	656.95	530.73	98.48	50.00	45.50	201.40

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.

6.2 GRI indicators (continued)**GRI 303 Water and effluents (GRI 303-3, GRI 303-4, GRI 303-5)**

GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19	FY13
303-3	303-3a Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:	ML	5,697.51	5,255.91	5,073.17	4,898.45	4,713.61	4,772.61	5,244.87
	i. Surface water	ML	4,188.40	3,731.94	3,453.30	2,517.93	2,391.56	2,177.86	2,393.20
	ii. Groundwater	ML	172.38	152.54	230.47	1,035.34	989.67	1,201.68	1,320.50
	iii. Seawater	ML	0	0	-	0	0	0	0
	iv. Produced water	ML				Not applicable			
	v. Third-party water	ML	1,327.24	1,367.14	1,385.60	1,341.31	1,328.94	1,387.03	1,504.95
	Wastewater from external sources	ML	0	0.0001	0.16	0.24	0.13	2.80	0
	Collection of rainwater	ML	9.49	4.29	3.64	3.63	3.31	3.24	0
	303-3b Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable	ML	833.93	775.16	844.69	Information unavailable/incomplete			
	i. Surface water	ML	388.97	379.85	369.84	Information unavailable/incomplete			
	ii. Groundwater	ML	148.20	130.27	194.66	Information unavailable/incomplete			
	iii. Seawater	ML	0	-	-	Information unavailable/incomplete			
	iv. Produced water	ML	-	-	-	Information unavailable/incomplete			
	v. Third-party water	ML	295.38	264.61	279.62	Information unavailable/incomplete			
	Wastewater from external sources	ML	0	0	0.16				
	Collection of rainwater	ML	1.38	0.43	0.41				
	A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:								
	i. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	ML	5,688.02	5,251.63	5,069.37	4,894.58	4,713.48	4,766.57	5,218.65
	ii. Other water ($> 1,000$ mg/L Total Dissolved Solids)	ML	9.49	4.29	3.80	3.87	0.13	6.04	-
303-4	Water discharge								
	Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:	ML	5,175.63	4,772.56	4,558.40	3,923.48	4,365.83	5,136.81	
	i. Surface water	ML	3,795.93	3,338.14	3,230.11	2,888.41	Information unavailable/incomplete		
	ii. Groundwater	ML	101.51	91.41	98.61	40.87	Information unavailable/incomplete		

6.2 GRI indicators (continued)

GRI 303 Water and effluents (GRI 303-3, GRI 303-4, GRI 303-5) (continued)

GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19	FY13
	iii. Seawater	ML	0	0	-	Information unavailable/incomplete			
	iv. Produced water	ML	0	0.	-	Information unavailable/incomplete			
	v. Third-party water	ML	1,278.19	1,343.02	1,229.69	994.19	Information unavailable/incomplete		
	A breakdown of total water discharge to all areas in megaliters by the following categories	ML	5,175.63	4,772.56	4,558.40	3,923.48	Information unavailable/incomplete		
	i. Freshwater (≤1,000 mg/L total dissolved solids);	ML	4,464.28	4,019.64	3,830.65	3,055.51	Information unavailable/incomplete		
	ii. Other water (>1,000 mg/L total dissolved solids).	ML	711.35	752.92	727.75	867.96	Information unavailable/incomplete		
	Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories	ML	611.38	585.38	606.16	Information unavailable/incomplete			
	i. Freshwater (≤1,000 mg/L total dissolved solids)	ML	450.10	412.22	451.31	Information unavailable/incomplete			
	ii. Other water (>1,000 mg/L total dissolved solids)	ML	161.28	173.16	154.85	Information unavailable/incomplete			
303-5	Water consumption	ML							
	Total water consumption from all areas in megaliters.	ML	521.88	483.35	514.77	974.97			
	Total water consumption from all areas with water stress in megaliters.	ML	222.51	190.01	275.83	Information unavailable/incomplete			

GRI 304-2 Significant impacts of activities, products, and services on biodiversity

Indicators for pressure assessment on biodiversity

Atmosphere					Water			Soil		
GHG (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

6.2 GRI indicators (continued)

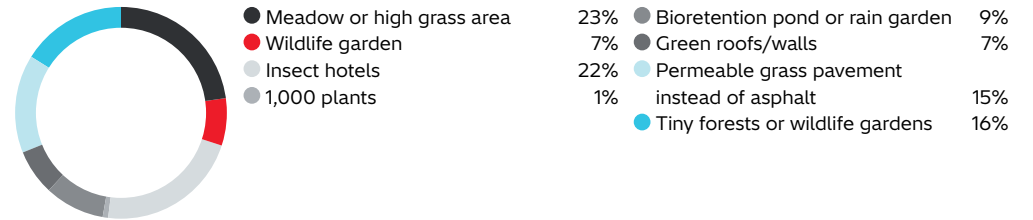
GRI 304-3 Habitats protected or restored

Initiative description	Numbers
1,000 plants	1
Bioretention pond or rain gardens	7
Green roofs and green walls	6
Insect hotels	18
Meadow or high grass area	19
Permeable grass pavement instead of asphalt	12
Tiny forests or wildlife gardens	13
Wildlife garden	6
Total	82

In FY24, no recorded partnership related activities are reported via Intalex reporting system.

→ [Read more in section 3.4 Biodiversity](#)

On site biodiversity initiatives



6.2 GRI indicators (continued)

GRI 305 Emissions

No.	GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19
1	305-1	305-1 Direct (Scope 1) GHG emissions							
2		Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent	tCO ₂ e	85,424.08	82,684.78	84,959.77	148,278.96	191,058.35	175,668.56
3		Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all				See Methodologies and assumptions			
		Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	tCO ₂ e	14,878.40	16,921.88	17,657.14	17,336.92	14,463.86	18,489.75
4		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				See Methodologies and assumptions			
5		Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source				See Methodologies and assumptions			
6		Consolidation approach for emissions; whether equity share, financial control, or operational control				See Methodologies and assumptions			
7		Standards, methodologies, assumptions, and/or calculation tools used				See Methodologies and assumptions			
8	305-2	305-2 Energy indirect (Scope 2) GHG emissions							
9		Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent	tCO ₂ e	186,589.30	181,572.94	170,059.77	186,466.56	188,991.81	193,039.22
10		Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all				See Methodologies and assumptions			
12		if applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent	tCO ₂ e	6,436.29	9,977.47	11,744.64	47,969.30	177,851.00	189,529.01
13		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"				See Methodologies and assumptions			
14		Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source				See Methodologies and assumptions			

6.2 GRI indicators (continued)

GRI 305 Emissions (continued)

No.	GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19
15		Consolidation approach for emissions; whether equity share, financial control, or operational control				See Methodologies and assumptions			
16		Standards, methodologies, assumptions, and/or calculation tools used				See Methodologies and assumptions			
17	305-3	305-3 Other indirect (Scope 3) GHG emissions							
18		Gross other indirect (Scope 3) GHG emissions in metric tons of CO ₂ equivalent	tCO ₂ e	158,613,634.7	155,907,351.5	167,921,348.5			158,340,629.5
19		Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	tCO ₂ e	120,539.9	106,977.8	97,764.2			88,538.6
		Gross other indirect (Scope 3) GHG emissions – upstream (categories 1, 4, & 6)	tCO ₂ e	6,723,099.7	5,919,384.7	5,265,999.5			4,495,091.9
		Gross other indirect (Scope 3) GHG emissions – downstream (categories 9 & 11)	tCO ₂ e	151,890,535.0	149,987,966.9	162,655,349.0			153,845,537.6
20	305-4	305-4 GHG emissions intensity							
21		GHG emissions intensity ratio for the organization	tCO ₂ e/MVA	443.8	451.9	494.3			653.3
22		Organization-specific metric (the denominator) chosen to calculate the ratio			Power sold externally, measured in megavolt-amperes (MVA)				
23		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			
24		Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all				All gases			
25	305-5	305-5 Reduction of GHG emissions							
26		GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO ₂ equivalent	tCO ₂ e	1,311.79	5,344.50				
27		Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all			All gases				
28		Base year or baseline, including the rationale for choosing it		CY19	See Methodologies and assumptions				
35		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			See Methodologies and assumptions		Information unavailable/incomplete		

6.2 GRI indicators (continued)

GRI 305 Emissions (continued)

No.	GRI Ind.	Indicator requirement	Unit	FY24	FY23	FY22	FY21	FY20	FY19
41	305-7	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions							
42		Significant air emissions, in kilograms or multiples, for each of the following:							
43		NOx	metric tons	90.63	95.50	93.09	95.36	87.69	99.70
44		SOx	metric tons	67.73	72.40	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
- 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
- Fuel emission factors taken from IPCC database
- All emission factors (for all fuels, electricity and district heating) consist of CO₂, CH₄, and N₂O and are expressed as CO₂e
- Emissions of all seven reportable greenhouse gases covered by the UNFCCC/Kyoto Protocol are included (CO₂, CH₄, N₂O, SF₆, NF₃, HFCs, PFCs)
- Global Warming Potential values are taken from IPCC report AR6, 2021/22
- All results have been updated to follow the latest GWP values in IPCC AR6
- For Scope 3, GRI 305-3 Other indirect (Scope 3) GHG emissions – current reported results were subject to a base year recalculation triggered by several improvements to data quality and a switch to using AR6 GWP factors. All intermediate years have also been updated according to the same changes, except for CY20 and FY21 due to constraints in obtaining the relevant data. These years will be updated in next year’s report
- Scope 3 emissions intensity is a physical intensity measure, calculated based on the amount of power capacity in the products that were sold in the reporting year, measured in megavolt-amperes (MVA)
- Sales data is used to calculate the total MVA sold in the reporting year, with the assumption that the vast majority of sales have a relatively short lead time (<1 year) and are delivered to the customer within the reporting year. The exception to this is sales from the Grid Integration business unit where lead time from sale to delivery can be up to five years. Therefore, for Grid Integration the product/project delivery date is used when calculating total power sold

6.2 GRI indicators (continued)

GRI 305 Emissions (continued)

Base year recalculations

Year	Scope	Reason	Previous value (tCO ₂ e)	New value (tCO ₂ e)	Change %
FY24	3 (Cat. 1)	Cost conversion factors improved, now using internal factors rather than global average	11,964,221	4,403,399.9	-62.46%
FY24	3 (Cat. 4)	Addition of estimated Heavy Lift emissions. Recalculation of split between upstream and downstream based on known ratios in FY23 and FY24	23,740	43,839	84.66%
FY24	3 (Cat. 6)	Recalculated based on the known spend data for 2019 and the transport mode profile of FY22 (earliest data not significantly affected by Covid travel restrictions)	48,359	47,853	-1.05%
FY24	3 (Cat. 9)	Addition of estimated Heavy Lift emissions. Recalculation of split between upstream and downstream based on known ratios in FY23 and FY24	53,973	35,497	-34.23%
FY24	3 (Cat. 11)	Switch to AR6. Update of HV Products' emissions; miscalculation of surge arresters was previously too high, addition of missing product lines	153,929,916	153,810,101	-0.08%

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

6.2 GRI indicators (continued)

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

For emissions in category 1 (purchased goods and services)

- Where possible, emissions are calculated based on supplier-specific or weight data. Otherwise, emissions are calculated based on spend data
- We aim to calculate at least 80 percent of the emissions based on primary data, with the remainder of the result extrapolated to provide a result that represents 100 percent of company activity in this category, based on spend
- Emission factors are taken directly from suppliers where possible. Otherwise, they are predominantly taken either from EXIOBASE 3 or from OpenIO v2.9, based on the factor that better corresponds to the purchase description

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

- Activity data available for ~70 percent of transportation. Extrapolated based on spending to cover 100 percent of emissions
- Emissions split between upstream and downstream categories based on spend
- Emission factors taken from Measuring and Managing CO₂ Emissions, McKinnon and Piecyk, 2011

For emissions in category 6 (business travel)

- Emission factors are taken from the UK Government Conversion Factors dataset
- 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 are 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 in 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 SF₆ 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

Hitachi Energy reports certain VOC information to Hitachi Group to support the company's target of reducing 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.

6.2 GRI indicators (continued)**GRI 306-2 Management of significant waste-related impacts**

GRI Ind.	Indicator requirement	Unit	2024	2023	2022	2021	2020	2019	2013
306-2	Management of significant waste-related impacts								
	Share of non-hazardous waste recycled or reused	%	81%	84%	79%	80%	77%	78%	n/a
	Share of non-hazardous waste recovered (including energy recovery)	%	95%	94%	89%	92%	90%	90%	n/a

GRI 306-3 Waste generated

306-3	Waste generated	Unit	2024	2023	2022	2021	2020	2019	2013
306-3	Total weight of waste generated	metric tons	81,036.80	77,732.19	83,577.86	70,859.88	66,919.57	69,445.70	75,886.00
306-3	Non-hazardous waste generated	metric tons	71,794.07	70,451.83	74,267.78	64,002.65	59,821.09	64,048.73	n/a
306-3	Hazardous waste generated	metric tons	9,242.73	7,280.36	9,310.08	6,857.23	7,098.48	5,396.97	n/a
306-3	Total waste breakdown by waste type	metric tons	81,036.80	77,732.19	83,577.86	70,859.88	66,919.57	69,445.70	75,886.00
	Cardboard	metric tons	5,242.29	3,687.46	3,193.65				Information unavailable/incomplete
	Batteries	metric tons	16.97	18.06	25.13				Information unavailable/incomplete
	Electronics	metric tons	198.43	222.78	632.97				Information unavailable/incomplete
	Glass and ceramics	metric tons	691.34	247.98	214.02				Information unavailable/incomplete
	Metal	metric tons	28,539.51	28,870.27	28,911.82				Information unavailable/incomplete
	Oil	metric tons	3,398.34	3,116.44	2,684.21				Information unavailable/incomplete
	Paper	metric tons	1,651.39	1,505.99	1,573.78				Information unavailable/incomplete
	Plastics	metric tons	1,093.60	1,199.65	1,128.28				Information unavailable/incomplete
	Rubber	metric tons	48.52	37.13	52.13				Information unavailable/incomplete
	Wood	metric tons	20,575.06	19,922.79	18,769.24				Information unavailable/incomplete
	Other non-hazardous waste	metric tons	13,952.36	14,980.56	20,424.86				Information unavailable/incomplete
	Other hazardous waste	metric tons	5,628.99	3,923.08	5,967.78				Information unavailable/incomplete

6.2 GRI indicators (continued)**GRI 306-4 Waste diverted from disposal**

306-4	Waste diverted from disposal	Unit	2024	2023	2022	2021	2020	2019
306-4	Total weight of non-hazardous waste diverted from disposal	metric tons	58,452.36	59,004.82	58,656.10	51,024.00	46,215.81	50,203.61
306-4	Preparation for reuse (offsite)	metric tons	5,344.55	6,319.57	4,844.59	n/a	n/a	n/a
306-4	Recycling (offsite)	metric tons	53,107.81	52,685.25	53,811.51	51,024.00	46,215.81	50,203.61
306-4	Total weight of hazardous waste diverted from disposal	metric tons	5,397.17	4,043.10	4,140.39	3,376.78	4,002.87	2,946.00
306-4	Preparation for reuse (offsite)	metric tons	413.79	306.63	184.93	n/a	n/a	n/a
306-4	Recycling (offsite)	metric tons	4,983.38	3,736.47	3,955.46	3,376.78	4,002.87	2,946.00

GRI 306-5 Waste directed to disposal

306-5	Waste directed to disposal	Unit	2024	2023	2022	2021	2020	2019
306-5	Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	13,341.71	11,447.01	15,611.68	12,978.65	13,605.28	13,845.12
306-5	Incineration (with energy recovery, offsite)	metric tons	9,996.92	7,381.55	7,476.16	7,830.68	7,429.85	7,152.86
306-5	Landfill or incineration (without energy recovery, offsite)	metric tons	3,344.80	4,065.47	8,135.52	5,147.97	6,175.43	6,692.26
306-5	Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following recovery operation	metric tons	3,845.56	3,237.26	5,169.69	3,376.78	4,002.87	2,946.00
306-5	Incineration (with energy recovery, offsite)	metric tons	2,043.09	1,016.54	571.68	n/a	n/a	n/a
306-5	Landfilling and incineration (without energy recovery, offsite)	metric tons	1,802.46	2,220.72	4,598.01	n/a	n/a	n/a

6.2 GRI indicators (continued)

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

All 767 or new suppliers were screened using environmental criteria.

This figure includes the number of suppliers who have been newly qualified during the fiscal year, having met the requirements described in the internal procedure for the scope of suppliers eligible for qualification.

→ [See Supply chain management](#)

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, Supplier Sustainability Assessment Process and the Supplier Sustainability Development Program.

For the FY24 one supplier from China was desourced due to a lack of environmental permit on the factory.

Hitachi Energy closely monitors regulatory developments worldwide on PFAS and applies highest priority to existing and upcoming obligations and compliance therewith. This includes collaboration with our supply chain partners to identify the bill of materials and the presence of any PFAS in their supplies to Hitachi Energy. Analyses are done where PFAS can be safely replaced from our products and manufacturing processes while maintaining required performance and quality of our deliveries.

GRI 401-1 New employee hires and employee turnover

FY24

Employee hires by gender and category (headcount)		Female	%	Male	%	Not disclosed	%	Total	%
Number of employees		2,777	23%	7,789	20%	6	19%	10,572	21%
o/w permanent		2,366	21%	7,022	18%	4	14%	9,392	19%
o/w temporary		411	81%	767	68%	2	67%	1,180	72%

Employee hires by age group and category (headcount)		< 30 years	%	30-50 years	%	> 50 years	%	Total	%
Number of employees		4,815	46%	4,991	16%	766	7%	10,572	21%
o/w permanent		3,862	42%	4,806	16%	724	7%	9,392	19%
o/w temporary		953	85%	185	70%	42	16%	1,180	72%

Employee hires by region and category (headcount)		Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees		4,389	18%	1,135	22%	2,380	23%	275	16%	1,759	24%	634	22%	10,572	21%
o/w permanent		3,709	16%	982	20%	2,205	22%	266	16%	1,691	23%	539	19%	9,392	19%
o/w temporary		680	59%	153	155%	175	97%	9	90%	68	84%	95	73%	1,180	72%

6.2 GRI indicators (continued)

GRI 401-1 New employee hires and employee turnover (continued)

FY24 (continued)

Employee terminations by gender and category (headcount)		Female	%	Male	%	Not disclosed	%	Total	%						
Number of employees		693	6%	1,886	5%	2	6%	2,581	5%						
o/w permanent		589	5%	1,734	5%	2	7%	2,325	5%						
o/w temporary		104	21%	152	13%		0%	256	16%						
Employee terminations by age group and category (headcount)		< 30 years	%	30-50 years	%	> 50 years	%	Total	%						
Number of employees		962	9%	1,338	4%	281	3%	2,581	5%						
o/w permanent		739	8%	1,314	4%	272	3%	2,325	5%						
o/w temporary		223	20%	24	9%	9	3%	256	16%						
Employee terminations by region and category (headcount)		Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees		858	4%	230	4%	787	8%	80	5%	495	7%	131	4%	2,581	5%
o/w permanent		748	3%	138	3%	749	7%	79	5%	485	7%	126	5%	2,325	5%
o/w temporary		110	10%	92	93%	38	21%	1	10%	10	12%	5	4%	256	16%

FY23

Employee hires by gender and category (headcount)		Female	%	Male	%	Not disclosed	%	Total	%
Number of employees		2,408	23%	6,672	19%	1	6%	9,081	20%
o/w permanent		2,032	21%	5,972	18%	1	6%	8,005	18%
o/w temporary		376	69%	700	64%	0		1,076	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		3,373	44%	4,041	15%	591	6%	8,005	18%
o/w temporary		809	75%	205	72%	62	23%	1,076	66%

6.2 GRI indicators (continued)**GRI 401-1 New employee hires and employee turnover (continued)****FY23 (continued)**

Employee hires by region and Category (headcount)	Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees	3,723	18%	631	14%	2459	26%	277	18%	1,313	21%	678	26%	9,081	20%
o/w permanent	3,037	15%	550	13%	2290	25%	272	17%	1,266	20%	590	23%	8,005	18%
o/w temporary	686	58%	81	88%	169	85%	5	83%	47	84%	88	85%	1,076	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	6%	0	0%	2,505	6%
o/w temporary							110	20%	142	13%	0	0%	252	15%
Employee terminations by age group 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	5%	2,757	6%
o/w permanent	920	5%	136	3%	774	8%	76	5%	483	8%	116	5%	2,505	6%
o/w temporary	133	11%	58	63%	43	22%	0	0%	13	23%	5	5%	252	15%

Note: Only voluntary terminations are disclosed

6.2 GRI indicators (continued)**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, medium, and low voltages)	0.5	4,198	2,099
Biodiversity	0.5	3,198	1,599
Circularity in Operations	0.5	2,818	1,409
Environmental Essentials	0.5	23,788	11,894
Ergonomics Awareness – Ergonomic Hazards	0.5	639	320
Fair Process	0.5	6,697	3,349
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 & Permit space entry authorized, Aerial Lift Safety)	0.5 / module	27,467	13,734
Health Resilience	2	62	124
HSE & Sustainability (Emergency Preparedness and Response, Incident Management, Our Assurance Program, Risk Assessment)	0.5	1,754	877
HSE Masterclass	8	611	4,888
HSE Operating System	0.5	5,963	2,982
International SOS – Malaria	0.5	450	225
International SOS – Travel Risk Awareness – Medical	0.3	1,170	351
International SOS – Travel Risk Awareness – Security	0.3	1,049	315
Introduction to Environmental Management in Hitachi Energy	2	14	28
Introduction to Human Rights	0.5	670	335
Life Saving Rules	1	1,121	12,121
Medium Incident Investigation	8	171	1,368
Minor Incident Investigation	0.5	3,502	1,751
Person In Charge of Electrical Works (PICW)	8	754	6,032
PICW Light	1	1,872	1,872
Risk Assessment & ABRA – Expert	4	88	352
Risk Assessment & ABRA training for Local Managers	2	123	246
SOT 2.0 – Learning Walks	0.5	7,431	3,716

6.2 GRI indicators (continued)

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. 145 sites covered by an ISO 14001, 45001, 50001 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 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 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

Year	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
FY24	60	37	26	0	1	0.002	5	129	6	0.012	129	0.255	101,121,249
FY23	69	37	20	0	0	0.000	2	128	2	0.004	128	0.282	90,842,896
FY22	58	41	17	0	0	0.000	6	122	6	0.015	122	0.295	82,631,171
FY21	69	32	21	0	0	0.000	1	123	1	0.003	123	0.318	77,386,317
FY20	57	39	20	0	0	0.000	1	117	1	0.003	117	0.312	75,053,760
FY19	60	47	25	2	1	0.003	2	137	3	0.009	137	0.397	69,094,126
Total	373	233	129	2	2	0.001	17	756	19	0.008	756	0.305	496,129,519

6.2 GRI indicators (continued)

GRI 403-9 Work-related injuries (continued)

Contractors

Year	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
FY24	30	15	8	0	0	0.000	1	54	1	0.008	54	0.427	25,290,807
FY23	16	10	5	0	1	0.010	0	32	1	0.010	32	0.305	21,014,004
FY22	29	10	6	0	0	0.000	2	47	2	0.018	47	0.431	21,818,568
FY21	28	14	4	0	0	0.000	0	46	0	0.000	46	0.417	22,068,210
FY20	25	11	6	0	0	0.000	0	42	0	0.000	42	0.386	21,783,817
FY19	35	17	3	0	0	0.000	3	58	3	0.023	58	0.451	25,703,816
Total	163	77	32	0	1	0.001	6	279	7	0.010	279	0.405	137,679,222

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 Intelix 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
- TRIFR: Includes fatal, serious injury, lost time, restricted workday case, medical treatment incidents and occupational illnesses which are workplace related only, excluding business travel and commuting. This rate excludes first aid incidents. Formula: Number of recordable incidents * 200,000 / Total amount of hours worked (employees and contractors' hours)

→ See section [4.3. Health and Safety](#) for more information, reference our [hazard identification, risk assessment, and incident investigation process \(GRI 403-2\)](#)

6.2 GRI indicators (continued)

GRI 403-10 Work-related ill health

Work-related ill health of employees and contractors

Year	Employees		Contractors		Total fatalities	Total recordable work-related ill health
	Fatalities	Recordable work-related ill health	Fatalities	Recordable work-related ill health		
FY24	1	6	0	0	1	6
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	FY24			FY23		
	Contractor	Employee	Total	Contractor	Employee	Total
Work-related temporary illness	0	6	6	0	6	6
Occupational disease	0	0	0	0	0	0
Total	0	6	6	0	6	6

The main types of recorded work-related ill health incidents relate to ergonomics.

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.

There are specific trainings on occupational health risks conducted at site level to make workers aware about the applicable risks as well as the controls in place.

6.2 GRI indicators (continued)

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

	FY24 eligible %	FY23 eligible %
Global Performance Management (GPM) reviews		
Female	26.79%	26.11%
Male	72.62%	73.84%
Not declared	0.01%	0.01%
(blank)	0.57%	0.04%
Grand total	100%	100%

	FY24 eligible %	FY23 eligible %
Global Performance Management (GPM) reviews		
Regular employee	98.57%	99.66%
Seconded/expatriate	0.79%	0.34%
Trainee (Trainee)	0.62%	0.00%
	0.02%	-
Grand total	100%	100%

For FY24, we recorded 96.66 percent of performance reviews completed for the Global Performance Management (GPM) eligible group. Eligibility is defined as:

- Eligible: regular employees and/or seconded who joined on or before December 31, 2023
- Non-eligible: all other workforce types and/or seconded employees joined after December 31, 2023

For FY23, we recorded 98.9 percent of performance reviews completed for the Global Performance Management (GPM) eligible group. Eligibility is defined as:

- Eligible: regular employees and/or seconded who joined on or before December 31, 2023
- Non-eligible: all other workforce types and/or seconded employees joined after December 31, 2023

Note: All percentages in the tables above are mathematically rounded.

GRI 405-1 Diversity of governance bodies and employees

	FY24		FY23		FY22	
	#	%	#	%	#	%
Total Board Members*	7		8		7	
Executive members	0	0%	0	0%	0	0%
Non-executive members	7	100%	8	100%	7	100%
o/w independent	0	0	0	0	0	0
Total Executive Team Members	15		15		15	
Gender group						
Women	1	7%	0	0%	0	0%
Male	14	93%	15	100%	15	100%
Age group						
Under 30 years old	0	0%	0	0%	0	0%
30-50 years old	1	7%	1	7%	1	7%
Above 50 years old	14	93%	14	93%	14	93%

* 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.

6.2 GRI indicators (continued)

GRI 405-1 Diversity of governance bodies and employees (continued)

	2024	%	2023	%	2022	%
Board of Directors – nationalities	7	100%	8	100%	7	100%
British	1	14%	2	25%	1	14%
Finland					1	14%
Irish	1	14%	1	13%	1	14%
Japanese	2	29%	2	25%	3	43%
Spain	1	14%	1	13%	1	14%
Switzerland			1	13%		
Italian	1	14%				
USA	1	14%	1	13%		
Executive Team – nationalities	15	100%	15	100%	15	100%
China	1	7%	1	7%	1	7%
Germany	4	27%	3	20%	3	20%
India	1	7%	1	7%	1	7%
Italy	2	13%	3	20%	3	20%
Finland	1	7%	1	7%	1	7%
Pakistan	1	7%	1	7%	1	7%
South Africa	1	7%	1	7%	1	7%
Sweden	1	7%	2	13%	2	13%
Switzerland	2	13%	1	7%	1	7%
USA	1	7%	1	7%	1	7%

Note: All percentages in the tables above are mathematically rounded.

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 98 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

In FY24, one substantiated case in Europe included confirmed discriminatory treatment by a manager toward their team. Appropriate disciplinary actions have been decided on by the CDC and implemented by HR.

	FY24	FY23	FY22
Incidents of discrimination	1	0	0

All substantiated cases reported within this indicator relate only to the sub-issue of 'Discrimination in the workplace', and harassment cases are not included in the above figures.

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.

Additionally, our Responsible Minerals Sourcing Policy details our commitment to responsible minerals sourcing and our measures to comply with international standards and regulations to prevent financing armed conflict and human rights abuses.

6.2 GRI indicators (continued)

GRI 411-1 Incidents of violations involving the rights of Indigenous people

During FY24, 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

A total of 767 suppliers, that represents the 100 percent, were screened using social criteria.

This figure includes the number of suppliers who have been newly qualified during the fiscal year, having met the requirements described in the internal procedure for the scope of suppliers eligible for qualification

→ See section [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 FY24, three suppliers were desourced due to critical findings and poor collaboration during the corrective action phase.

As part of Hitachi Energy’s Responsible Minerals Sourcing Program, we requested suppliers using high-risk smelters or refiners to: (1) confirm these are in their supply chain and used in products supplied to us, (2) encourage these smelters’ participation in the RMI’s Responsible Minerals Assurance Process (RMAP), and (3) if a smelter/refiner refuses RMAP participation, plan to remove them from the supply chain.

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

We have focused 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 2025 but closed in April 2025, this will fall into FY24 (April 2024 to March 2025).

a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by:

complaints received from outside parties and substantiated by the organization	0	
complaints from regulatory bodies	0	
b. Total number of identified leaks, thefts, or losses of customer data	5	None of these incidents related to previous years

6.3 GRI content index

Statement of use Hitachi Energy has reported in accordance with the GRI Standards for the period April 1, 2024 to March 31, 2025

GRI 1 used GRI 1: Foundation 2021

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	2. About us – 2.1 About Hitachi Energy – page 9			
	2-2 Entities included in the organization’s sustainability reporting	6. Appendix – 6.1 Our approach to reporting – 6.1.3 Reporting perimeter – page 116			
	2-3 Reporting period, frequency and contact point	6. Appendix – 6.1 Our approach to reporting – 6.1.1 Reporting period and frequency – page 116			
	2-4 Restatements of information	6. Appendix – 6.1 Our approach to reporting – 6.1.3 Reporting perimeter – page 116			
	2-5 External assurance	6. Appendix – 6.4 Independent assurance statement – page 167			
	2-6 Activities, value chain and other business relationships	2. About us – 2.1 About Hitachi Energy – page 9; 2.2 Inspire the next era of sustainable energy – page 11; 2.3 Our Purpose-driven expertise – page 14; 2.4 Partnerships to accelerate sustainability – page 20			
	2-7 Employees	4. Social – 4.2 Inclusion at Hitachi Energy – 4.2.1 Valuing diverse perspectives and inclusion (Diversity 360) – page 64; 6. Appendix – 6.2 GRI indicators – GRI 2-7 Employees and GRI 405-1 Diversity of Governance Bodies and Employees – page 117			
	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

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021 continued	2-9 Governance structure and composition	5. Governance – 5.1 Hitachi Energy leadership – page 81			
	2-10 Nomination and selection of the highest governance body	5. Governance – 5.1 Hitachi Energy leadership – page 81			
	2-11 Chair of the highest governance body	5. Governance – 5.1 Hitachi Energy leadership – page 81			
	2-12 Role of the highest governance body in overseeing the management of impacts	5. Governance – 5.1 Hitachi Energy leadership – page 81; 5.2 Governance approach to sustainability risks and opportunities – page 83			
	2-13 Delegation of responsibility for managing impacts	5. Governance – 5.2 Governance approach to sustainability risks and opportunities – page 83			
	2-14 Role of the highest governance body in sustainability reporting	2. About us – 2.6 Sustainability in our business strategy- 2.6.2 Identification of material topics –page 27; 2.6.3. Risks and opportunities of material topics – page 29; 5 Governance – 5.2 Governance approach to sustainability risks and opportunities – page 83			
	2-15 Conflicts of interest	5. Governance – 5.1 Hitachi Energy leadership – page 81; 5.4 Ethics and integrity – 5.4.1 Fostering a culture of integrity – page 88			
	2-16 Communication of critical concerns	5. Governance – 5.3 Stakeholder engagement – 5.3.5 Grievance system – page 87			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021 continued	2-17 Collective knowledge of the highest governance body	5. Governance – 5.1 Hitachi Energy leadership- page 81; 5.2 Governance approach to sustainability risks and opportunities – page 83; 6. Appendix – 6.2 GRI indicators – GRI 2.17 Collective knowledge of the highest governance body – page 120			
	2-18 Evaluation of the performance of the highest governance body	5. Governance – 5.1 Hitachi Energy leadership – page 81			
	2-19 Remuneration policies	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – 4.1.2.1 Remuneration of the highest governance body – page 60			
	2-20 Process to determine remuneration	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – 4.1.2.5 Remuneration governance – page 60			
	2-21 Annual total compensation ratio	4. Social – 4.1 Our people – 4.1.2 Remuneration & Compensation – 4.1.2.5 Remuneration governance – page 60; 6 Appendix – 6.2 GRI indicators – GRI 2.21 Annual total compensation ratio of highest paid individual – page 120			
	2-22 Statement on sustainable development strategy	1. Introduction – 1.1 CEO Letter – page 3; 4. Social – 4.1 Our people – page 60			
	2-23 Policy commitments	4. Social – 4.4 Supporting Human Rights – 4.4.1 Human rights at Hitachi Energy – page 74; 4.4.2 Our human rights journey – page 75; 5. Governance – 5.6 Business approach to compliance – page 97; 5.8 Supply chain management – 5.8.2 Supply quality, sustainability, and risk – page 109			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021 continued	2-24 Embedding policy commitments	5. Governance – 5.6 Business approach to compliance – page 97			
	2-25 Processes to remediate negative impacts	5. Governance – 5.3 Stakeholder engagement – 5.3.5 Grievance system – page 87			
	2-26 Mechanisms for seeking advice and raising concerns	5. Governance – 5.3 Stakeholder engagement – 5.3.5 Grievance system – page 87			
	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 85			
	2-29 Approach to stakeholder engagement	5. Governance – 5.3 Stakeholder engagement – page 85; 5.5 Quality and continuous improvement – 5.5.7 Employees Engagement – page 96			
	2-30 Collective bargaining agreements			Confidentiality constraints	Percentage is not reported due to GDPR constraints

Material topics

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 6. Appendix – 6.1 Our approach to reporting – 6.1.4 Reconciliation of the topics of the materiality analysis and GRI Standards – page 116			
	3-2 List of material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 6. Appendix – 6.1 Our approach to reporting – 6.1.4 Reconciliation of the topics of the materiality analysis and GRI Standards – page 116			
Climate Change					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 2.6.3 Risk and opportunities of material topics – page 29; 3. Environment – 3.1. Climate – 3.1.1 Our path towards net-zero by 2050 – page 38; 3.1.3 Governance and assessing climate risks, opportunities, and impacts – page 40; 3.1.5 Shaping our climate transition plan – page 42			
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

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.5 Research and innovation - 2.5.2 Sustainability and health, safety and environment (HSE) at the core of our research and development (R&D) processes- page 22; 2.5.3 Intellectual property- page 23; 2.5.4 Our capabilities in practical examples- page 24 - 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 2.6.3 Risk and opportunities of material topics – page 29; 3 Environment – 3.3 Circular economy-enabling the value cycle; 3.3.1 Eco-design – page 55			
	2-6 Activities, value chain and other business relationships	2. About us – 2.1. About Hitachi Energy – page 9; 2.2 Inspire the next era of sustainable energy – page 11; 2.3 Our Purpose-driven expertise – page 14; 2.4 Partnerships to accelerate sustainability – page 20			
Carbon Neutrality					
GRI 3: Material Topics 2021 continued	3-3 Management of material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 2.6.3 Risk and opportunities of material topics – page 29; 3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 38; 3.1.5 Carbon neutral operations – page 42; 3.1.8 Helping customers towards carbon neutrality – page 44			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	3. Environment – 3.1 Climate – 3.1.5 Carbon-neutral operations – page 42; 6 Appendix – 6.2 GRI indicators – GRI 302-1 Energy consumption – page 124			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	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 – 3.1.5 Carbon-neutral operations – page 42			
	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
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – pages 38; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-1 Direct (Scope 1) GHG Emissions – page 128			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 305: Emissions 2016 continued	305-2 Energy indirect (Scope 2) GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 38; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-2 Energy indirect (Scope 2) GHG Emissions – page 128			
	305-3 Other indirect (Scope 3) GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 38; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-3 Other indirect (Scope 3) GHG emissions – page 128			
	305-4 GHG emissions intensity	3. Environment – 3.1. Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 38; 3.1.3 Shaping our climate transition plan – pages 40; 6. Appendix – 6.2. GRI indicators – GRI 305 Emissions – 305-4 GHG emissions intensity – pages 128			
	305-5 Reduction of GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 38; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – 305-5 Reduction of GHG emissions – pages 128	d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/ or other indirect (Scope 3)	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
	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	6. Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions – page 128			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 2.6.3 Risk and opportunities of material topics – page 29; 4. Social – 4.3 Health and safety – pages 66			
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 (HSE-OS) – page 68, 4.3.5 Health and wellbeing – pages 70			
	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 67; 4.3.4 Proactive risk and incident management – page 68			
	403-3 Occupational health services	4. Social – 4.3 Health and safety – 4.3.4 Proactive risk and incident management – page 68; 4.3.5 Health and Wellbeing – page 70			
	403-4 Worker participation, consultation, and communication on occupational health and safety	4. Social – 4.3 Health and safety – 4.3.4 Proactive risk and incident management – page 68			
	403-5 Worker training on occupational health and safety	4. Social – 4.3 Health and safety – 4.3.4 Proactive risk and incident management – page 68; 4.3.5 Health and wellbeing – page 70; 6. Appendix – 6.2 GRI indicators – GRI 403-5 Worker training on occupational health and safety – page 138			
	403-6 Promotion of worker health	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 70			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018 continued	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 70			
	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 70; 6 Appendix – 6.2 GRI indicators – GRI 403-8 Workers covered by an occupational health and safety management system – page 139			
	403-9 Work-related injuries	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 70; 6 Appendix – 6.2 GRI indicators – GRI 403-9 Work-related injuries – page 139			
	403-10 Work-related ill health	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 70; 6 Appendix – 6.2 GRI indicators – GRI 403-10 Work-related ill health – page 141			
Human rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.6 Sustainability in our business strategy – 2.6.2 Identification of material topics – page 27; 2.6.3 Risk and opportunities of material topics – page 29; 4 Social – 4.4 Supporting human rights – pages 74			
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 – 5.4 Ethics and integrity – 5.4.2 Our business principles – 5.4.2.5 Collective bargaining agreements – page 92; 6. Appendix – 6.2 GRI indicators – GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk – page 143			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
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 – 4.4.2 Our human rights journey – page 75	<p>a. Operations and suppliers considered to have significant risk for incidents of: 1. child labor; 2. young workers exposed to hazardous work</p> <p>b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: 1. type of operation and supplier; 2. countries or geographic areas with operation and suppliers considered at risk</p>	Information unavailable/incomplete	We aim to publish a comprehensive report detailing our progress, methodologies, and key actions by the end of FY27, reflecting our commitment to transparency, continuous improvement, and stakeholder engagement. This statement reflects our current strategic direction and anticipated actions, which may evolve in response to future developments, stakeholder input, and regulatory changes. We remain committed to providing periodic updates and, where appropriate, substantiating our progress through relevant documentation and disclosures
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 – 4.4.2 Our human rights journey – page 75	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either of terms of: 1. type of operation and supplier; 2. countries or geographic areas with operations and suppliers considered at risk	Information unavailable/incomplete	We aim to publish a comprehensive report detailing our progress, methodologies, and key actions by the end of FY27, reflecting our commitment to transparency, continuous improvement, and stakeholder engagement. This statement reflects our current strategic direction and anticipated actions, which may evolve in response to future developments, stakeholder input, and regulatory changes. We remain committed to providing periodic updates and, where appropriate, substantiating our progress through relevant documentation and disclosures
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			Information unavailable/incomplete	We could not collect the underlying data in time to prepare reliable and accurate disclosures. We are working to develop a process to capture this indicator in detail over the coming reporting year
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	6. Appendix – 6.2 GRI indicators – GRI 411-1 Incidents of violations involving rights of indigenous people – page 144			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
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
GRI 413: Local Communities 2016 continued	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 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
GRI 201: Economic Performance 2016 continued	201-3 Defined benefit plan obligations and other retirement plans	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – 4.1.2.7 – Defined benefit and other retirement plans – page 61	c. Percentage of salary contributed by employee or employer.	Confidentiality constraints	Percentage of salary contributed by employee or employer is not reported due to confidentiality constraints
	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

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
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			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
	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	6. Appendix – 6.2 GRI indicators – GRI 204-1 Proportion of spending on local suppliers – page 122			
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 – 5.4.2.3 Anti-bribery and anti-corruption – page 91	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 globally to capture this indicator in detail over the coming reporting year

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	205-2 Communication and training about anti-corruption policies and procedures	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – 5.4.2.3 Anti-bribery and anti-corruption – page 91; 5.4.2.4 Training and communication – page 91	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. Break-down 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	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – 5.4.2.3 Anti-bribery and anti-corruption - page 91; 6. Appendix – 6.2. GRI indicators – GRI 205-3 Confirmed incidents of corruption and actions taken – page 122			
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 – 5.4.2.2 Anti-competitive behavior, antitrust, and monopoly practices – page 87; 6 Appendix – 6.2 GRI indicators – GRI 206-1 Legal action for anti-competitive behavior, anti-trust, and monopoly practices – page 122			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 207: Tax 2019	207-1 Approach to tax	5. Governance – 5.6 Business approach to compliance – 5.6.5 – Tax Compliance – page 102			
	207-2 Tax governance, control, and risk management	5. Governance – 5.6 Business approach to compliance – 5.6.5 – Tax Compliance – page 102			
	207-3 Stakeholder engagement and management of concerns related to tax	5. Governance – 5.6 Business approach to compliance – 5.6.5 – Tax Compliance – page 102			
	207-4 Country-by-country reporting			Not applicable	All country-by-country info is shared with Hitachi Ltd which reports it further to the Japanese tax authorities
GRI 301: Materials	301-1 Materials used by weights or volume	6. Appendix – 6.2 GRI Indicators– GRI 301-1 Materials used by weights or volume – page 123			
	301-2 Recycled input materials used	6. Appendix – 6.2 GRI Indicators – GRI 301-2 Recycled input materials used – page 123			
	301-3 Reclaimed products and their packaging materials	6. Appendix – 6.2 GRI Indicators – GRI 301-3 Reclaimed products and their packaging materials – page 123			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.4 Water as a shared resource – page 57			
	303-2 Management of water discharge-related impacts	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.4. Water as a shared resource – page 57			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 303: Water and Effluents 2018 continued	303-3 Water withdrawal	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.4 Water as a shared resource – page 57; 6 Appendix 6.2 GRI indicators – GRI 303 Water and effluents – page 125			
	303-4 Water discharge	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.4 Water as a shared resource – page 57; 6 Appendix – 6.2 GRI indicators – GRI 303 Water and effluents – pages 125	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	6. Appendix – 6.2 GRI indicators – GRI 303 Water and effluents – page 125			
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			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
	304-2 Significant impacts of activities, products and services on biodiversity	6. Appendix – 6.2 GRI indicators – GRI 304-2 Significant impact of activities, products, and services on biodiversity – page 126			
	304-3 Habitats protected or restored	6. Appendix – 6.2 GRI indicators – 304-3 Habitats protected or restored – page 127	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

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 304: Biodiversity 2016 continued	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations			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 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Waste – page 55			
	306-2 Management of significant waste-related impacts	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Waste – page 55; 6 Appendix – 6.2 GRI indicators – GRI 306-2 Management of significant waste-related impacts – page 133			
	306-3 Waste generated	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Waste – page 55 ; 6 Appendix – 6.2 GRI indicators – GRI 306-3 Waste generated – page 133			
	306-4 Waste diverted from disposal	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Waste – page 55; 6 Appendix – 6.2 GRI indicators – GRI 306-4 Waste diverted from disposal – page 134			
	306-5 Waste directed to disposal	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Waste – page 55; 6 Appendix – 6.2 GRI indicators – GRI 306-5 Waste directed to disposal – page 134			
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental 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 globally to capture this indicator in detail over the coming reporting year

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	1. Introduction – 1.2 FY24 Highlights – page 7; 5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – 5.8.2.3 Supply base management process; – page 110; 5.8.2.5 Sustainability assessment via EcoVadis – page 111; 6. Appendix – 6.2. GRI indicators – GRI 308-1 New suppliers that were screened using environmental criteria – page 135			
	308-2 Negative environmental impacts in the supply chain and actions taken	5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – 5.8.2.4 Supplier Sustainability Development Program – page 110; 6 Appendix – 6.2 GRI indicators – GRI 308-2 Negative environmental impacts in the supply chain and actions taken – page 135			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4. Social – 4.2 Inclusion at Hitachi Energy – page 64; 6 Appendix – 6.2 GRI indicators – GRI 401-1 New employee hires and employee turnover – page 135			
	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 – 4.1.2.6 Employee benefits – page 61	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

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
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
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee			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
	404-2 Programs for upgrading employee skills and transition assistance programs	4. Social – 4.1 Our people – 4.1.3 Lifelong learning process – page 63; 5. Governance- 5.5 Quality and continuous improvement – 5.5.3 Functional competency – page 94	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 do not 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 Our People- 4.1.2. Remuneration and compensation – 4.1.2.8 Global performance management process (GPM) – page 63; 5. Governance; 5.5 Quality and continuous improvement – 5.5.7 Employee engagement- page 96; 6. Appendix – 6.2 GRI indicators – GRI 404-3 Percentage of employees receiving regular performance and career development reviews – page 142			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6. Appendix – 6.2 GRI indicators – GRI 2-7 Employees and GRI 405-1 Diversity of governance bodies and employees – page 117; GRI 405-1 Diversity of governance bodies and employees – page 142	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) b. 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) c. 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
	405-2 Ratio of basic salary and remuneration of women to men	6. Appendix – 6.2. GRI indicators – GRI 405-2 Ratio of basic salary and remuneration of women to men – page 143			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5. Governance – 5.3 Stakeholder engagement – 5.3.5 Grievance system – page 87; 6 Appendix – 6.2 GRI indicators – GRI 406-1 Incidents of discrimination and corrective actions taken – page 143			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	1. Introduction – 1.2 FY24 Highlights – page 7; 5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 109; 5.8.2.3 Supply base management process – page 110; 5.8.2.5 Sustainability assessment via EcoVadis – page 111; 6. Appendix – 6.2 GRI indicators – GRI 414-1 New suppliers that were screened using social criteria – page 144			
	414-2 Negative social impacts in the supply chain and actions taken	1. Introduction – 1.2 FY24 Highlights – page 7; 5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability, and risk – page 109; 5.8.2.4 Supplier Sustainability Development Program – page 110; 6. Appendix – 6.2 GRI indicators – GRI 414-1 New suppliers that were screened using social criteria – page 144			
GRI 415: Public Policy 2016	415-1 Political contributions	5. Governance – 5.3 Stakeholder engagement – 5.3.2 Stakeholder engagement: Public policy – page 86; 5.3.3 Political influence and lobbying activities – page 86			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.1 Eco-design – page 55; 5. Governance – 5.5 Quality and continuous improvement – 5.5.1 Delivering quality – page 94; 5.5.2 Quality management system – page 94; 5.5.4 Quality assurance – page 95; 5.5.8 Continuous measurement of customer satisfaction – page 96 ; 5.6 Business approach to compliance – 5.6.1 Product compliance and quality – page 100	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.

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
	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
GRI 417: Marketing and Labeling 201 continued	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 – 5.7. Cybersecurity – 5.7.2 Holistic approach to cybersecurity – 5.7.2.7 Data privacy and protection – page 107; 6. Appendix – 6.2 GRI indicators – GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data – page 144			

6.4 Independent assurance statement



DNV-2025-ASR- C810535

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 2024 to 31st March 2025.

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 and a reasonable level of assurance for a selection of indicators only, 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.

DNV designed the reasonable assurance engagement to provide a level of assurance regarding the reliability of reporting and preparation of selected information, so as to reduce the assurance engagement risk to an acceptably low level. Such procedures were performed on a sample basis as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a positive conclusion.

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).

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. The selected performance data verified according to a reasonable assurance level are marked with “R” in the Appendix to this Statement.

The selected key claims and the selected performance data refer to the following disclosure areas:

- Economic contribution
- Ethics and integrity
- Environment
- Activities, products and services
- Health and safety
- Supply chain and human rights
- Workforce

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 limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities,

6.4 Independent assurance statement (continued)

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 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;
- In-presence audit on one site (Figeholm, Sweden) and remote audits to two sites (Brno, Czech Republic, and Jefferson City, USA), for interviews with local data owners and sample-based review of site-specific data during the audit;
- 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:
 - On 11 selected sample sites (Figeholm, Sweden; Brno, Czech Republic; Jefferson City, USA; Xiamen 6 and Beijing, China; Jefferson City, Bland and Mount Pleasant, USA; Dammam and Riyadh, Saudi Arabia; Mysore, India; Roigheim, Germany), review of documentation, data records and evidence of data submission related to: produced waste, fuels utilization, electrical energy purchased, health and safety incidents and work-related illnesses, and newly qualified suppliers. We chose the selected sites based on their contribution to total GHG Emissions and average number of employees in terms of headcount (based on 2023 and 2024 figures as provided by Hitachi Energy), as well as to ensure good coverage of all Hitachi Energy Business Units.
 - On selected sample countries (Sweden, USA, China, India, Saudi Arabia, Germany, Czech

Republic), review of processes to determine benefit and retirement plans, to ensure they are consistently disclosed in the Report;

- Examination of relevant environmental data related to GHG emissions, i.e. Scope 1, Scope 2 and Scope 3 emissions, through extractions from the tool used at the corporate level to aggregate and report on environmental metrics, examination of sample raw data and evidence and analysis of the calculations made according to GHG Protocol;
- On selected sample countries (Sweden, Poland, USA, China, Switzerland), review of privacy-safe data extractions from the Human Resources management system to verify consistency in figures and data collection processes for employees; analysis of calculations performed at the global level, using the original source data to verify the consistency between the aggregated data and the reported KPIs;
- Review of privacy-safe underlying evidence to test the reliability of information disclosed about diversity in Governance Bodies; this test was limited to the Executive Committee composition;
- 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 metrics, to verify the aggregation methods and the consistency with 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. 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.

In addition to what above, our reasonable assurance procedures, included, but were not limited to:

- additional data testing was performed on health & safety incidents (e.g. on corrective action plan related to the first major 10 incidents), as well as additional interactions were carried out with central functions to deepen the processes underlying H&S data collection; this included a deeper review of the central processes for collecting and validating health and safety data, with particular attention to how discrepancies are managed;

6.4 Independent assurance statement (continued)

- additional sample-based testing of the described process on newly qualified suppliers on selected sites, as well as on top suppliers in terms of total expenditure in the reporting period; additional discussions with central functions helped clarify the procedures for supplier qualification and responsible sourcing, including how supplier responses to due diligence questionnaires are evaluated and incorporated into reporting.

Our conclusions

Limited Level of Assurance

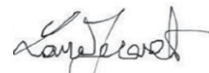
Based on the work we have undertaken, the procedures we have performed and the evidence we have obtained, nothing came to our attention to suggest that Hitachi Energy's Sustainability Report, for the reporting year ended 31st March 2025, has not been prepared in accordance with the criteria or properly 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.

Reasonable Level of Assurance

Based on our review and procedures followed for reasonable level of assurance, DNV is of the opinion that, in all material aspects, the selected performance data described in the Appendix to this Assurance Statement and marked with "R" are fairly presented in Hitachi Energy's Sustainability Report, for the reporting year ended 31st March 2025, in accordance with the criteria specified in this Statement.

For and on behalf of DNV Business Assurance Italy S.r.l.

Vimercate (MB), Italy
17th September 2025



Laura Ierardi
Lead Verifier



Alessia Segalini
Reviewer

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

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. Indicators flagged with "R" have been reviewed according to our reasonable assurance procedures.

Economic contribution

- GRI 201-3 Defined benefit plan obligations and other retirement plans

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

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 305-4 Emission intensity (Scope 3 emissions only)
- GRI 306-3 Waste generated

Health and safety

- GRI 403-9 Work-related injuries [Ⓡ]
- GRI 403-10 Work-related ill health

Supply chain and human rights

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

Workforce

- GRI 2-7 Employees
- GRI 401-1 New employee hires and employee turnover
- GRI 405-1 Diversity of Governance Bodies and Employees

6.5 List of abbreviations

Unit of measure:

CO ₂ e:	CO ₂ equivalent emissions
CY:	Calendar year
G:	Giga
GW:	Giga Watt
k:	Kilo
kV:	Kilovolt
kW:	Kilowatt
kWh:	Kilowatt-hours
M:	Mega
m ³ :	Cubic meter
MCM:	Million cubic meters
MMT:	Million metric tons
MW:	Mega Watt
MWh:	Mega Watt hour
T:	Tera
tCO ₂ e:	metric tons CO ₂ equivalent emissions
TJ:	Terajoule

Chemicals and substances:

3TG:	Tin, Tantalum, Tungsten and Gold (3TG)
C4-FN:	Fluoronitrile
CO ₂ :	Carbon dioxideLPG: Liquid petroleum gas
NO _x :	Nitrogen oxides
O ₂ :	Oxygen
PFAS:	Polyfluoroalkyl substances
SF ₆ :	Sulfur hexafluoride or sulfur hexafluoride
SO _x :	Sulphur oxides

International organizations:

BK2S:	BringKids2Schools
CDP:	Carbon Disclosure Project
COP:	UN Climate Change Conference of Parties (CCOP)
DEI:	Diversity, equity and inclusion
ECHA:	European Chemicals Agency
ERGs:	Employee Resource Groups
ESG:	Environmental, social, governance
EU:	European Union
EVP:	Employee Value Proposition
FSC:	Forest Stewardship Council
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
WHO:	World Health Organization

6.5 List of abbreviations

Abbreviations:

AIP:	Annual Incentives Program
Bod:	Board of Directors
BU:	Business unit
CAP:	Corrective Action Plan
CoC:	Code of Conduct
CEO:	Chief Executive Officer
CSR:	Corporate social responsibility
CSRD:	Corporate Sustainability Reporting Directive
DD:	Due diligence
EAC:	Energy Attribute Certificate
EPD:	Environmental Product Declaration
EPR:	Extended Producer Responsibility scheme
ERM:	Enterprise Risk Management
FACTS:	Flexible Alternating Current Transmission Systems
FY:	Fiscal year
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 Environment
HVDC:	High voltage direct current
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

Abbreviations:

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:	Supplier Code of Conduct
SOR:	Smelters or refiners
SOT:	Safety Observation Tour
SSDP:	Supplier Sustainability Development Program
STEM:	Science, technology, engineering and mathematics
SVHC:	Substance of Very High Concern
T&D:	Transmission & Distribution industry
TM:	Trademark
TSCA:	Toxic Substances Control Act
TT&L:	Trade, Transport & Logistics
VOC:	Volatile organic compound
WFD:	Waste Framework Directive

Disclaimer

This voluntary sustainability report for FY24 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 6.1.3 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 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, respect for human rights, and the fight against corruption and bribery.

Hitachi Energy

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