

The Hitachi logo is displayed in a bold, white, sans-serif font against a dark, diagonal background.

HITACHI

The title 'Powering the electricity era' is written in a large, white, sans-serif font on a dark, curved background.

Powering the electricity era

Hitachi Energy

Sustainability Report 2026

Fiscal Results 2025



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CEO letter

Perspectives on sustainable electrification in a rapidly evolving energy landscape.

→ Find out more on page 03



About us

Building on more than a century of heritage to support the energy systems of tomorrow.

→ Find out more on page 06



Environment

Delivering long-term value through responsible business practices.

→ Find out more on page 33



Social

Creating lasting value for people, communities, and society.

→ Find out more on page 59



Governance

The principles, oversight, and accountability that underpin our business.

→ Find out more on page 83

Introduction

Powering the electricity era – today, and for the next generation

We're building the grid and leading the evolution of the energy system for a fully electrified world – secure, affordable, and sustainable – making electricity abundant and more accessible, empowering today's societies to thrive and securing growth for the next generation.

CEO letter

“The transition will only succeed if sustainability, security, and affordability advance at the same time. A power system that is sustainable but unaffordable will not scale, and one that is affordable but unreliable will not earn society’s trust.”

Andreas Schierenbeck
Chief Executive Officer



We are entering a defining moment — the Era of Electricity.

Demand for electricity is accelerating at an unprecedented pace. Over the next 25 years, global electricity consumption is expected to double, reaching 55,000 terawatt-hours (TWh), driven by the electrification of key sectors such as heating, transport, and industry, alongside the rapid expansion of digital infrastructure, particularly AI-powered data centers.

Never before in human history has the transition from one primary energy source to another happened so quickly. The electricity era is accelerating, and power grids must expand at an unprecedented pace, putting supply chains under pressure. Without transmission, there is no transition.

At the same time, the need to reduce global greenhouse gas emissions (GHG) has never been greater. Climate impacts are becoming more visible and more severe, from record temperatures to increasingly frequent extreme weather events. In 2025, GHG emissions rose 0.5 percent to a record 60.63 billion metric tons of CO₂ equivalent. The ongoing large-scale electrification of our economies and societies will only help the decarbonization efforts.

The direction of travel is clear: the world needs more energy in the form of electricity, but it must be cleaner, more resilient, and more accessible. The International Energy Agency (IEA) projects that meeting energy demand and decarbonization goals could require adding or refurbishing over 80 million kilometers of grid infrastructure by 2040, equal to the entire existing global grid.

Central to this transformation is addressing the energy trilemma: sustainability, security, and affordability must be advanced simultaneously, not treated as competing priorities. A power system that is sustainable but unaffordable will not scale. One that is secure but carbon-intensive will not meet climate ambitions. And one that is affordable but unreliable will neither power economic growth nor earn society’s trust.

The transition will only succeed if all three dimensions advance at the same time. That balance across social, economic, and environmental priorities is at the heart of sustainability. At Hitachi Energy, we are focused on making that possible by advancing technologies, partnerships, and business models that support a more sustainable, flexible, and secure energy system. Our role is not only to help expand infrastructure, but to help shape the systems that will enable a more electrified world.

Over the past year, we have continued to make progress in embedding sustainability across our business. This includes reducing the environmental impact of our own operations, strengthening responsible supply chains, supporting customers in their decarbonization journeys, and investing in innovation that enables electricity systems to integrate more renewable energy, improve resilience, and serve society more effectively. That role has been visible in major projects where we are redefining how power is generated, transmitted, and used.

In North America, for example, the Champlain Hudson Power Express (CHPE) project is using our HVDC technology to connect 1,250-megawatt (MW) of clean hydropower directly to New York City. The project’s capacity is equivalent to what is needed to power one million homes, supplying almost 20 percent of the city’s electricity needs. It is expected to reduce carbon emissions by an estimated 3.9 million metric tons annually, equivalent to removing 44 percent of New York City’s cars from the road.

Another relevant example is in China, where our EconIQ® SF₆-free 550 kilovolt (kV) gas-insulated switchgear is demonstrating how critical grid infrastructure can reduce environmental impact while maintaining the reliability and performance required at the highest voltage levels. This pioneering achievement marks a significant step toward decarbonizing the power grid. Every kilogram of SF₆ emitted has the warming impact of approximately 24.3 metric tons of CO₂ and remains in the atmosphere for more than 1,000 years, one of the most persistent and damaging forms of GHG. These are just a few examples of how we are applying grid innovation and expertise to help our customers achieve environmental outcomes that are both impactful and measurable.

Our latest Sustainability Report reflects that progress and the actions we are taking to align our business with the needs of the energy transition. It shows how environmental, social, and governance (ESG) priorities are integrated into the way we operate, partner, and deliver value. Sustainability is deeply embedded within our DNA. It is fundamental to how we create long-term value for customers, employees, communities, and future generations.

What comes next will be decisive. The choices made today across infrastructure, investment, technology, skills, and collaboration will determine whether the Era of Electricity delivers on its promise. I am happy to see that we are making progress. Global energy investment reached 3.3 trillion USD in 2025, with roughly 2.3 trillion of that directed to clean energy projects.

But there is still more work ahead of us. Solving the energy trilemma at scale will take time. There will be challenges along the way that we must overcome to ensure long-term economic stability, competitiveness, and growth. I am immensely proud to be leading a company that is addressing the more urgent energy challenge of our time – driving the evolution of the world’s energy system to ensure abundant, secure, affordable, and sustainable power.

Today for us. Tomorrow for them.

Andreas Schierenbeck
Chief Executive Officer

Global Head of Sustainability letter

“Sustainability itself is evolving. It is no longer viewed strictly through the lens of environmental performance or decarbonization. It is becoming a more complete measure of how businesses create lasting value for society and the planet.”

Alicia Arguello
Head of Sustainability



We are living through a period of profound change. Geopolitical uncertainty, energy security concerns, shifting regulation, supply chain pressures, and growing expectations from society are reshaping how companies think about sustainability. At the same time, sustainability itself is evolving. It is no longer viewed strictly through the lens of environmental performance or decarbonization. It is becoming a more complete measure of how businesses create lasting value for society and the planet.

At a time when sustainability is increasingly debated, challenged, and, in some regions, politicized, our conviction remains unchanged. A resilient, affordable, secure, and decarbonized energy system is not only an environmental imperative – it is a business and economic necessity.

For Hitachi Energy, our role in the energy system places us at the center of one of the world's most important transformations. Electricity is the foundation of modern life and the pulse that powers human development. It underpins progress for every industry, community, and individual. Yet today, 655 million people globally still lack access to electricity. The question is no longer whether the world will electrify. The question is whether we can build the infrastructure fast enough.

By helping our customers build and strengthen the grid, and by leading the evolution of the energy system for a fully electrified world, we are making electricity more abundant, accessible, and reliable, empowering today's societies to thrive while securing growth for the next generation.

The scale of this responsibility is reflected in the reach of our portfolio. Hitachi Energy is the world's largest manufacturer of key electrification technologies, including transformers and HVDC products. Our installed base includes more than 2.4 million transformers and one in four high-voltage switchgears globally. In recent years, our HVDC technology has integrated 150 gigawatts (GW) of energy — enough to power two-thirds of all European households — while our digital portfolio supports 50 percent of the top 250 global utilities.

Our sustainability impact extends far beyond our own operations. The greatest contribution we make is enabling our customers to build and operate the power systems that make electrification possible. Every transformer, substation, HVDC link, and digital solution we deliver, helps expand grid capacity, connect renewable energy, strengthen resilience, support economic development, and bring electricity to the communities and industries that depend on it.

Our sustainability strategy provides the framework for how we deliver on that responsibility. Built around three strands of action – People, Planet and Principles – it guides our targets and commitments for 2030, as well as our overall transition to net-zero by 2050. It is also aligned with and contributes to Hitachi's sustainability strategy, PLEDGES, which provides a clear structure for action and a broader view of sustainable management.

PLEDGES challenges us to look across every part of our business, from the technologies we develop and the projects we deliver, to the way we work with suppliers, support our people, uphold human rights, and strengthen governance. It reinforces the idea that sustainability is not a standalone agenda, but core to how we operate. Our belief is that compliance must be seen as the baseline rather than the limit of our ambition. It also means rethinking how products are designed, manufactured, used, and recovered – advancing circularity alongside decarbonization to reduce resource intensity, create customer value, and strengthen long-term resilience.

Materiality is central to this work. It allows us to focus on the issues that matter most for our business, our stakeholders, and society. In practice, this means prioritizing where we can drive meaningful outcomes: accelerating the energy transition, supporting our customers, protecting people, strengthening human rights across our value chain, and ensuring the integrity and resilience of our operations. Sustainability is ultimately measured not by the volume of disclosures we produce, but by the outcomes we help create.

As we look ahead, Hitachi Energy remains resolutely focused on building the energy infrastructure that will serve as the foundations for tomorrow's world and delivering on the promise of the Era of Electricity. This will require more than technology. It will necessitate trust, collaboration, resilience, and a shared commitment to progress. No single company or country can solve the energy trilemma on its own. The enterprises that lead will be those that embrace change and are willing to adapt how they innovate, manage risk, and forge partnerships.

The next 25 years will define the future of energy. Meeting that challenge will require unprecedented investment, innovation, and collaboration across industries and borders. Electricity is the foundation of modern life, but the grid's ability to evolve and scale is the bottleneck to growth. At Hitachi Energy, we are bringing the scale, technology, and people to transform the energy system – powering the transition to clean energy. Today and for generations to come.

Alicia Arguello
Global Head of Sustainability

Highlights

Environmental

Carbon neutrality

101.47

ktCO₂e
Scope 1 and Scope 2
emissions

+10% year-on-year and
-72% vs base year

416.16

tCO₂e per megavolt-ampere
Scope 3
emissions

-6% year-on-year and
-36% vs base year

Energy

100%

fossil-free electricity
in our operations
wherever possible,
purchased or via
EACs

67%

of energy consumption is from
renewable sources

Circular economy

4%

landfill disposal rate
of non-hazardous
waste

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

More than 100 locations
have achieved zero-waste-
to-landfill status, including
47 of our 67 EAP27 in-scope
manufacturing sites

Social

Our people

57,577

employees globally

170

nationalities, 67 countries

40%

of FY25 hires are early-career
professionals

Health and safety

24%

decline in Total
Recordable Injury
Frequency Rate
(TRIFR) in FY25
compared to FY19

156

audits performed globally by
the specialist HSE audit team

2.19

severity rate compared
to 3.19 in FY24

Corporate citizenship

646

CSR global and
local corporate
citizenship activities
in 37 countries

74%

of overall countries with
operations with engagement/
development programs

92%

of manufacturing sites
countries have community
engagement programs

Governance

Ethics and integrity

ISO 37001

Anti-Bribery Management
System certification

98%

enrolled employees completed
integrity trainings

430

teams have participated in
Integrity on the Business
Agenda discussions

Cybersecurity

ISO 27001

and IEC 62443 global
certifications

30+

countries involved in Industrial
Cybersecurity Program

CyberVadis
Platinum rating

Supply chain management

100%

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

Expanded responsible
minerals due diligence
to include copper, lithium,
graphite, nickel, and
rare earth elements,
ensuring responsible sourcing

Enhanced the qualification
process with a newer
framework covering
sustainability questions

2.

About us

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About us

Hitachi Energy is advancing a low-carbon energy future through innovative technologies, digitalization, and deep domain expertise that support the transformation of the electricity value chain.

For more than a century, Hitachi Energy has helped shape the future of electricity. Today, we partner with customers around the world to plan, build, modernize, operate and maintain the critical infrastructure that powers communities, industries and economies, while preparing energy systems for the opportunities and challenges ahead.

Our installed base, global footprint and long-term partnerships enable us to support utilities, industry, transportation, data centers and infrastructure worldwide.

As demand for electricity continues to grow, we help customers strengthen energy security, enhance system resilience and expand capacity

while maximizing the value and performance of existing assets.

To support this growth, we are investing USD 9 billion globally through 2027 to expand capacity, strengthen regional capabilities and develop the talent needed to meet evolving customer needs and future opportunities.

Through a combination of engineering expertise, service capabilities and advanced solutions, we support the integration of renewable energy, improve operational efficiency and help create more flexible and reliable power systems. Together, these efforts contribute to sustainable value creation and support long-term progress for customers, communities and society.

2.1 About Hitachi Energy

We are a global technology leader in electrification

Hitachi Energy is powering the electricity era to meet the energy demands of today, and the next 25 years. As the energy arm of Hitachi Group, over three billion people depend on our pioneering technologies to power their daily lives. With over a century of innovation, we are addressing the most urgent energy challenge of our time: driving the evolution of the world's energy system to ensure abundant, secure, affordable, and sustainable power for today's generation and the next.

About us

100+

years of heritage

67

countries

57k+

employees

170

nationalities

2,800+

R&D experts

1,500+

service engineers

~20bn

USD business revenues

- Manufacturing sites approximate locations
- Countries of operations



Headquarters in Zurich, Switzerland

The boundaries shown on this map are for illustrative purposes only and do not imply official endorsement or acceptance by Hitachi Energy.

Customers



● Industry
● Utilities

● Transport and infrastructure
● Data centers

Offering



● Services
● Software and automation

● Systems
● Products

Geographies



● Americas
● Europe

● Asia, Middle East, Africa

2.2 Paving the way to a fully electrified world

2.2.1 Solving the evolving energy trilemma

The energy transition is reshaping the global electricity system at unprecedented speed. Electrification, digitalization, artificial intelligence, and the rapid deployment of renewable energy are driving a fundamental shift in how energy is generated, transmitted, distributed, and consumed. Ensuring energy is accessible around the world is vital for the future of the planet, its people and our global economy.

Hitachi Energy is playing a vital role in supporting the energy transition. Our technologies are strengthening and modernizing the grid, supporting its security and resilience, and enabling enhanced integration of sustainable solutions.

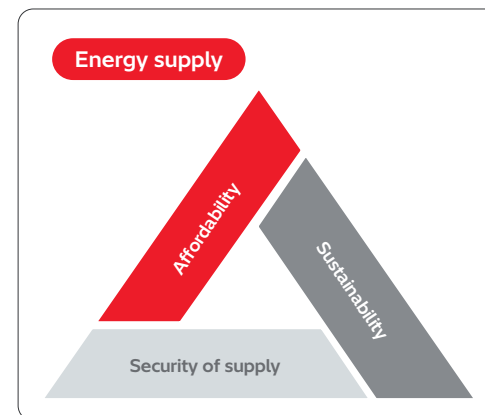
At the same time, geopolitical uncertainty, supply chain constraints, climate impacts, and changing demand patterns are increasing the complexity of energy systems. These forces are transforming the traditional energy trilemma.

Today, energy systems must simultaneously deliver affordable electricity, secure and resilient supply, and long-term sustainability. Progress in one area increasingly depends on progress in the other two. The result is a growing need for investment, innovation, and collaboration across the entire energy ecosystem.

Affordability – expanding and modernizing grids while managing the cost of the energy transition and ensuring electricity remains affordable.

Expanding and modernizing grids while managing the cost of the energy transition and ensuring electricity remains affordable.

One of the most significant challenges facing the energy transition is keeping pace with rapidly growing electricity demand. Electrification of transport, industry, buildings, and emerging AI infrastructure is accelerating demand growth, while increasing volumes of renewable energy require substantial investments in transmission, distribution, storage, and system flexibility. The International Energy Agency (IEA) forecasts that global electricity demand will grow by an average of 3.6 percent annually between 2026 and 2030 – a significant acceleration from the previous decade.



The opportunity is equally significant. Modernizing electricity networks can unlock greater efficiency, reduce system losses, integrate larger volumes of low-carbon generation, and enable new digital business models. However, achieving these benefits requires closing the global grid investment gap, accelerating permitting processes, expanding manufacturing capacity, and improving long-term planning. By some estimates, annual investment in electricity grids will need to increase by approximately 50 percent from the current level of around 400 billion USD by 2030. Ensuring that these investments are delivered cost-effectively will be essential to maintaining affordability for customers and supporting economic competitiveness.

A Security of supply – building resilient, flexible, and secure energy systems capable of supporting growing demand, while adapting to climate, physical, geopolitical and cyber risks.

As electricity becomes the backbone of modern economies, energy security is evolving beyond traditional concerns about fuel availability. Power systems must now withstand extreme weather events, cyber threats, geopolitical disruptions, supply chain volatility, and increasingly concentrated demand centers such as data centers and digital infrastructure.

Building resilience presents an opportunity to create stronger, more flexible, and more interconnected energy systems. Utilities and industry are increasingly investing in grid modernization, digital monitoring, advanced control systems, energy storage, distributed energy resources, and regional interconnections that can improve reliability and responsiveness.

At the same time, maintaining security of supply will require diversified supply chains, expanded manufacturing capacity for critical equipment, and greater circularity to reduce dependence on constrained materials and resources. **A**

Sustainability – converting decarbonization targets into practical infrastructure deployment and measurable emissions reductions at the speed required by the energy transition.

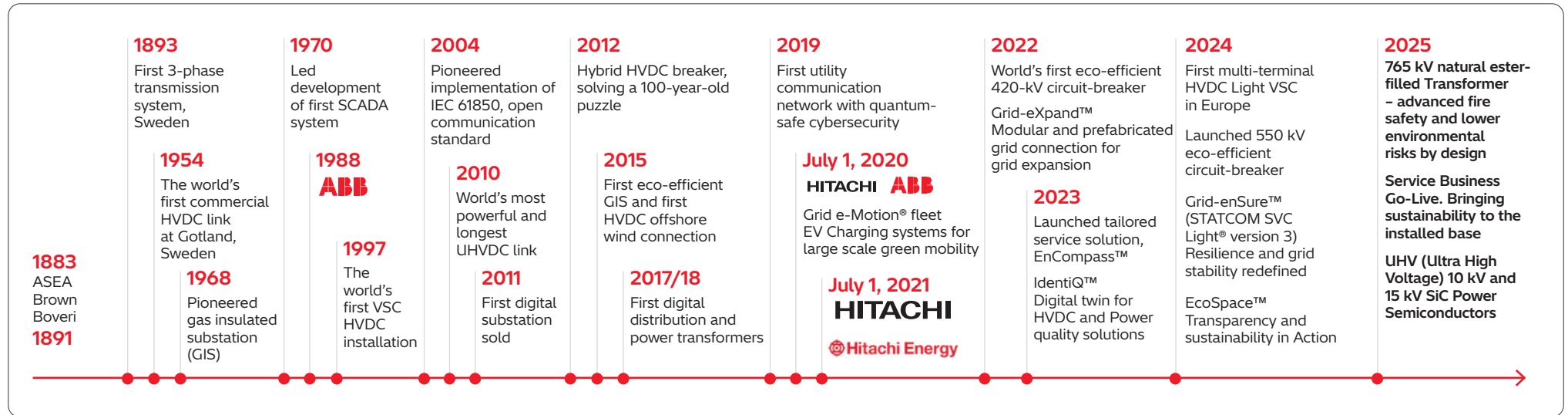
The rapid growth of renewable energy, electrification, and emerging low-carbon technologies demonstrates the scale of progress being made toward a more sustainable energy system. Yet the challenge is increasingly shifting from ambition to execution.

Renewable energy deployment alone is not sufficient to achieve climate objectives. Decarbonization depends on the ability to connect new generation resources, integrate variable energy sources, enhance system flexibility, deploy storage, and modernize grids at scale. The gap between climate commitments and implementation remains one of the defining challenges of the transition.

This implementation challenge also represents a significant opportunity. Organizations that can accelerate project delivery, deploy digital technologies, strengthen partnerships, and improve system integration will play a critical role in enabling a secure, affordable, and sustainable energy future. Translating climate commitments into operational reality requires coordinated action across utilities, governments, technology providers, investors, and industries.

2.2 Paving the way to a fully electrified world (continued)

2.2.2. Our ambitious pathway of record-breaking technologies



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

Our products bring energy to people. With our innovative technologies, we enable our customers to increase access to affordable, reliable, and sustainable energy vital for society to prosper and progress. Since electricity is the foundation of modern life and the pulse that powers human development, the needs of consumers evolve and place new demands on electricity grids – our technologies help customers to make the energy system more resilient, secure, and safe under increasing share of renewable electricity generation.

We believe that we can achieve more together. Thus, we co-create with customers and partners the technologies and solutions that accelerate the evolution and scaling of the grid enabling the energy transition.

Our mission-critical technologies support the integration of renewable energy, bolster energy security, and help manage increasingly complex grids as demand grows. They also drive electrification across transportation, industry, and digital infrastructure, supporting a world that is secure, affordable, and sustainable.

With a legacy of over a century of innovation and collaboration, 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.

In our research and development (R&D) functions, we employ more than 2,800 experts in more than 25 countries. We invest over 3.5 percent¹ of our revenue in research and development annually. 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.

Hitachi Energy Research represents our global network of five Research Centers in eight locations in Asia, Europe, and North America. Hitachi Energy Research 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.

Hitachi Energy Research works hand-in-hand with a worldwide network of Global Development Centers for R&D activities within our business units. Combined with our extensive global footprint and local networks, we are constantly adding to our ecosystem of knowledge, which includes the latest reference points and best practices required to anticipate and meet customer needs.

With innovation, we:

- Strengthen and evolve our core business
- Expand into emerging opportunities
- Incubate transformative future businesses
- Leverage diverse perspectives by combining global scale with local expertise
- Protect and maximize the value of our intellectual property

¹ Gross R&D spending before capitalization of intangible assets under IFRS requirements.

2.2 Paving the way to a fully electrified world (continued)

Eco-design (GRI 3-3)

Product sustainability is already defined in the design phase where the environmental footprint and circularity potential of a product are predetermined. Thus, we defined eco-design – the systematic approach to consider environmental aspects in design and development – as one of the three circular economy principles in our Circular Economy Policy.

While complying with regulations, we consider eco-design as a holistic approach to reduce adverse environmental impacts throughout the lifecycle of a product or a service, as defined in IEC 62430.

At Hitachi Energy, we take a lifecycle perspective and aim to optimize our products and services within technical, regulators, and economical boundaries. Given the nature of our products and the associated impacts, we focus on energy and material efficiency – both in manufacture and operation – and the consideration of recycled, recyclable, renewable, and low-carbon materials. Furthermore, we aim for repairability, upgradeability, and ease of recycling at end of life. To ensure consideration, we embedded eco-design into our R&D processes with the help of a checklist (see below), and we aim to increase the deployment of quantitative methods such as LCA (see box) or dedicated design tools to further advance eco-design.

→ [Read more in section 3.3 Circular Economy](#)

Sustainability at the core of our research and development (R&D) processes (GRI 3-3)

We believe meaningful innovation requires careful consideration of the health and safety of the public, our customers, and our employees, as well as environmental and broader sustainability aspects such as circularity. These considerations are at the very heart of Technology Development (TD) and Product Development (PD) at Hitachi Energy.

To ensure that these considerations are systematically addressed throughout PD and TD, we have embedded health, safety, environmental, and other sustainability requirements into our R&D processes through a structured framework of checklists, governing documents, guidelines, and tools. These considerations are incorporated into our R&D investment decision-making process following the Gate Model, where the consideration of health, safety, environmental, and sustainability (eco-design) aspects is mandatory for PD and TD projects.

Compliance with applicable laws and regulations constitutes a priority in product development projects. Accordingly, R&D teams are provided with relevant information, including lists of applicable legal requirements, lists of prohibited and restricted substances, and recommendations for material selection in order to support informed decision-making during the development phase. For this purpose, Product Material Compliance (PMC) requirements are considered, when applicable, within the R&D process through our gate model.

Life cycle assessment (LCA)

To increase transparency on the environmental impact of our products and strengthen eco-design in R&D, we use lifecycle assessments (LCAs) according to ISO 14040 and ISO 14044 for selected projects and products, for specific use cases, and in response to customer requests. In FY25, we began implementing a cross-company LCA solution (Makersite) that connects product and supply chain data to support more consistent, scalable assessments across the organization. This helps expand the use of LCA methodology in R&D and supports our sustainability value proposition by providing clearer, more robust product environmental information for customers and other stakeholders. We aim to further expand the coverage of our product portfolio with LCAs and EPDs

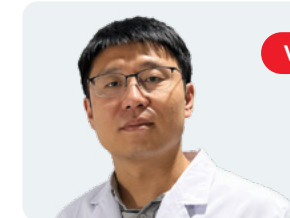
(environmental product declarations). According to ISO 14025, EPDs are third-party verified, standardized and published reports on products' environmental footprint based on LCA calculations.

Makersite is being integrated into our IT landscape to enable faster, more consistent modelling and reporting. By combining product, materials, and supply chain information, it supports efficient report generation and enhanced eco-design.

Makersite will also be used for Scope 3 GHG emissions accounting, allowing us to build greater links in future between our own company GHG accounting and product accounting, increasing the accuracy of both and the efficiency of data collection.

We are committed to providing our customers with solutions that most effectively meet their requirements. Through Marketing & Sales channels involving key account managers, as well as through a dedicated Customer Care Response Process (CCRP), we ensure that customer feedback and lessons learned from our installed base are duly reflected in the Market Requirement Specifications (MRS). The MRS serves as the basis for defining the objectives of research and development projects.

Voice from R&D



MaoShan Niu,
Lead Scientist,
Hitachi Energy
Research, China

“Sustainability is the core driver of material innovation. My efforts in R&D prioritize developing materials with end-of-life recyclability and chemical compliance for our eco-advanced products, reducing waste pollution and phasing out forever chemicals from production. By synergizing academic research with business insights, we aim to innovate sustainable material solutions that deliver reliable performance while creating shared value for customers, our company, and the broader society.”

2.2 Paving the way to a fully electrified world (continued)

Intellectual property (GRI 3-3)

By the end of FY25, Hitachi Energy's patent portfolio comprised around 2,600 patent families covering technologies vital to addressing the core challenges of solving the energy trilemma. Our extensive and growing 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.

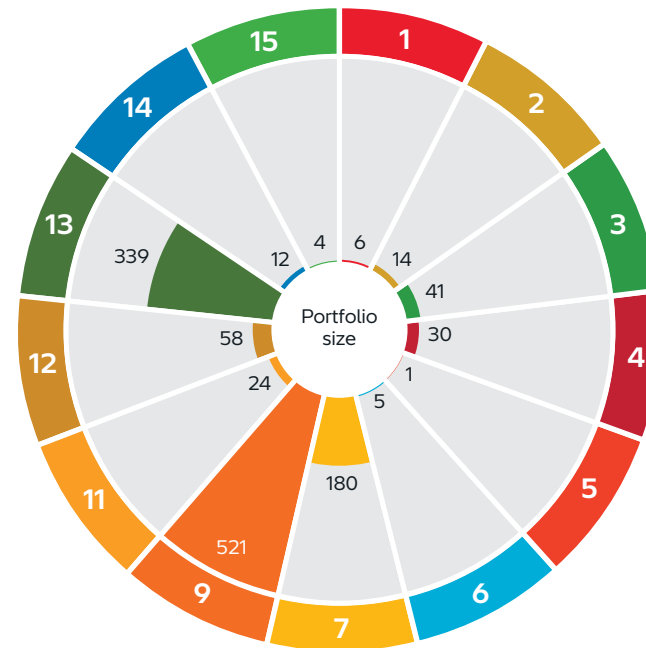
The LexisNexis® PatentSight® patent analytics platform illustrates how our patent portfolio aligns with the United Nation Sustainable Development Goals (SDGs). It shows that a significant number of our patent families align with:

- 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.

→ See PatentSight methodology and definitions of terms

Number of active patent families owned by Hitachi Energy aligned to UN SDGs per end of FY25



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

2.2 Paving the way to a fully electrified world (continued)

Our capabilities in practical examples (GRI 3-3)

Advancing circularity in transformers

Hitachi Energy Transformer Business achieved a key milestone by successfully testing a large power transformer filled with commercially available 100 percent re-refined mineral oil derived from end-of-life assets. This test validates a fully circular material loop, reducing carbon intensity of the transformer fluid by up to 90 percent compared to virgin transformer oil and lowering overall transformer footprint while maintaining performance and safety standards. By demonstrating industrial-scale feasibility without design changes, this achievement accelerates circularity in transformer value chains and expands sustainable fluid options, supporting customers in reducing environmental impact while ensuring long-term reliability.

World's first natural ester-filled 765 kV power transformer

We reached a milestone with the successful test of the world's first natural ester-filled 765 kV power transformer, introducing natural ester transformer fluids at this power and voltage level. The use of a biodegradable insulating fluid with improved fire-safety characteristics offers an alternative for high-voltage applications without compromising technical performance. Through continued development of alternative fluid technologies on its global TrafoStar platform, Hitachi Energy is expanding the range of safer and more sustainable grid solutions, helping customers meet rising electricity demand while strengthening resilience and reducing environmental impact.

HVDC valves end-of-life strategy

Understanding the full lifecycle of our products is essential to maximizing value and minimizing environmental impact. To support this, we recognized the need for clear guidance on product disassembly and disposal.

We have therefore developed an end-of-life manual template reflecting the information required for recycling companies to ensure proper end-of-life handling, as well as for customers to get information about the material value of the product at end of life. Manuals for our main products are currently in development, with full coverage for all valve products planned for next year.

Recycled aluminum in HVDC valves

Recycled content and circularity are essential for reducing the environmental impact of products and conserving natural resources. By using recycled materials, it is possible to lower energy consumption, reduce waste, and decrease GHG across the value chain, resulting in a lower CO₂ footprint compared to using virgin resources.

We have therefore analyzed the main CO₂ contributors in our products and identified aluminum as a key impact driver. As a result, we have replaced virgin aluminum in parts of the HVDC Light Valves with low-carbon aluminum that includes 45 percent post-consumer scrap and 33 percent pre-consumer scrap. Primary aluminum production is highly energy-intensive and is among the materials with the highest CO₂ footprint. By increasing the use of recycled aluminum, the overall CO₂ footprint can be significantly reduced.



Jan-Erik Frey
Head of
Technology,
Business Unit
Service

“Sustainability in Service R&D is not a distant ambition. It is embedded in every decision we make today. By extending lifetime, improving efficiency, and enhancing safety of the installed base, we unlock one of the most powerful levers to reduce environmental impact while strengthening the resilience of our energy systems.”

2.2 Paving the way to a fully electrified world (continued)

Hitachi President's Technology Award and Hitachi Intellectual Property Rights Award: Innovation recognized by Hitachi

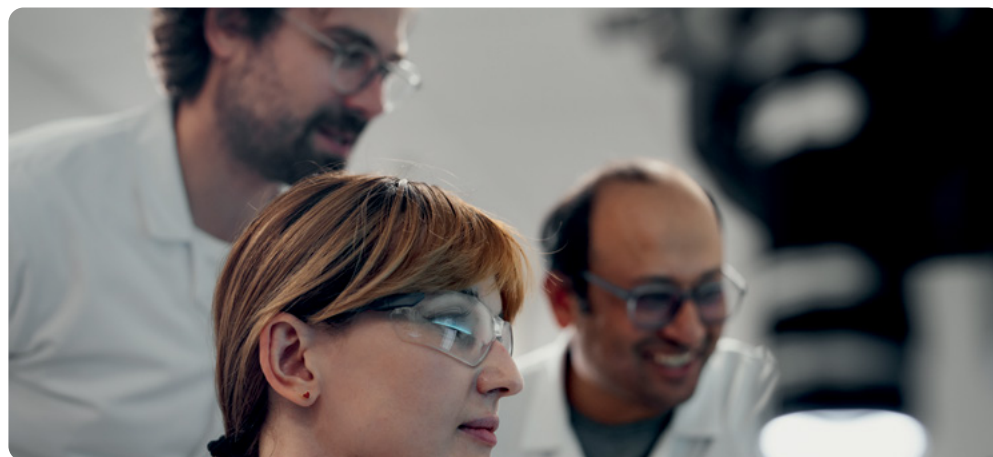
After receiving the FY24 Hitachi President's Technology Award for the EconiQ® 420 kV circuit breaker, dead tank circuit breaker, and gas-insulated switchgear, Hitachi Energy continued to earn recognition from Hitachi for its technology leadership. In FY25, Hitachi Energy was honored with the Hitachi President's Technology Award for HVDC Light® Generation 5, which combines significantly lower losses, higher power ratings, and a smaller footprint than previous generations.

Hitachi Energy also received the FY25 Hitachi Intellectual Property Rights Award for Enhanced STATCOM (Enhanced Static Synchronous Compensator). By adding an energy storage component, Enhanced STATCOM advances conventional STATCOM capabilities, helping to mitigate transient grid disturbances, improve the integration of renewable energy sources such as wind and solar, and reduce the risk of blackouts.

These awards recognize the strength of Hitachi Energy's research and innovation activities, which create value for customers and society while delivering clear sustainability benefits.

EconIQ

A new roadmap: Expanding to higher currents and voltages



EconIQ – our eco-efficient portfolio ^A

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.

2.3 Our expertise in action

Sustainability is at the heart of what we do in meeting the demand of a rapidly evolving era of electricity

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 innovate and co-create digital and energy technology platforms that manage increased

system complexity, capacity, security, and reliability, as well as cybersecurity risks inherent in modern energy systems.

Our expertise spans across the entire electricity value chain – from enabling renewable energy integration and strengthening transmission and distribution networks to advancing industrial electrification, sustainable mobility, and the growth of digital infrastructure.

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 throughout the following key drivers:

1) Accelerating renewable energy integration

We support the integration of growing volumes of renewable generation through HVDC, transformers, switchgear, power electronics, energy storage, power quality, and grid automation technologies. These solutions help transport clean electricity over long distances, manage variable and decentralized generation, and maintain the flexibility, stability, and resilience of increasingly complex power systems.

2) Advancing electrification across sectors

Electrification is transforming transportation, industry, buildings, data centers, and

essential public infrastructure. By providing reliable power technologies, digital systems, and engineering expertise, Hitachi Energy helps customers improve energy efficiency, accommodate new electrical loads, and support economic growth without compromising system reliability or affordability.

3) Supporting emerging low-carbon energy carriers

Emerging energy carriers such as green hydrogen can complement direct electrification in sectors where carbon emissions are difficult to eliminate. We provide the electrical infrastructure, grid connections, power conversion technologies, and control capabilities needed to integrate renewable power with hydrogen production and other low-carbon processes, supporting the development of more flexible and diversified energy systems.

4) Expanding and modernizing grid infrastructure

The transition to a fully electrified world depends on transmission and distribution networks expanding at the same pace as electricity demand and renewable generation. Hitachi Energy works with utilities and infrastructure operators to add capacity, modernize aging assets, improve regional connectivity, and strengthen resilience against extreme weather, cyber threats, supply disruptions, and changing patterns of generation and consumption.

5) Scaling digital and low-carbon innovation

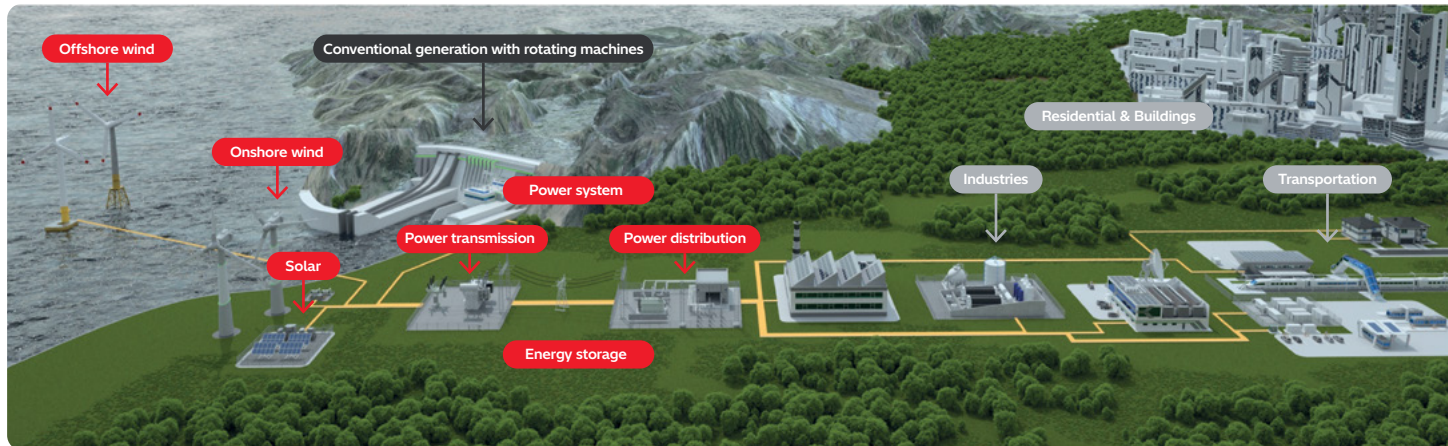
Digitalization and low-carbon technology are essential to improving the performance and sustainability of electricity systems. Through automation, predictive maintenance, digital twins, AI-enabled planning, eco-efficient equipment, and advanced control systems, we are helping customers optimize existing infrastructure, reduce environmental impacts, improve asset utilization, and make more informed lifecycle investment decisions.

Energy value chain

We serve customers across the energy value chain

Key

- Power generation
- Power transmission and distribution
- Market segments (demand)



Accelerating
renewable energy
integration

Advancing
electrification
across sectors

Supporting
emerging
low-carbon
energy carriers

Expanding and
modernizing grid
infrastructure

Scaling digital
and low-carbon
innovation

2.3 Our expertise in action (continued)



Grid Automation

Hitachi Energy's Grid Automation business unit plays a key role in accelerating the transition to a sustainable, low-carbon energy system by digitalizing and optimizing power grids. Operating in over 60 countries with more than 6,000 employees, this business unit integrates over 200 GW of renewable and distributed energy resources (DERs) into global electricity markets and supports 50 percent of the world's largest utilities.

Grid Automation portfolio connects primary electrical equipment with digitally enabled protection and control, real-time visibility, secure connectivity and enterprise applications to enable full situational awareness and end-to-end coordination across the grid – from field devices to enterprise operations:

- **Automation & Communication (AC):** Enables sustainable grid modernization by improving reliability, reducing losses, and facilitating the efficient integration of energy resources.
- **Enterprise Software Solutions (ESS):** Optimizes grid operations and energy markets through advanced digital tools that run the network, maintain the assets, and optimize energy investments to maximize utilization and improve efficiency.

- **Power Conversion Solutions (PCS):** Supports the deployment and performance of renewable generation and energy storage systems by providing efficient power conversion and grid stabilizing technologies that enable higher penetration of clean energy.

A Sustainability is central to Grid Automation's value proposition. The business helps integrate renewable energy, electrify end-use sectors, and reduce system losses and emissions. Its digital and power-electronics solutions improve grid flexibility and resilience, enabling utilities to increase renewable hosting capacity without major infrastructure expansion. Across its operations, sustainability is embedded through digital lifecycle services, IoT-enabled

monitoring, and predictive maintenance that extend asset life and reduce resource use. Asset performance management solutions also support circularity by cutting waste and improving overall system efficiency. **A**

Innovation is driven through a strong global R&D footprint focused on AI-enabled analytics, forecasting, grid edge technologies, and energy storage integration. Together, these advancements enable real-time optimization of renewable generation and demand.

Internally, the business unit integrates sustainability through product development and software platforms, including carbon accounting, renewable certificate management, and energy portfolio optimization tools. These solutions are critical for both customers and internal operations in tracking and reducing emissions across Scope 1, 2, and 3 while ensuring regulatory compliance.

In FY25, Grid Automation also made significant progress in transparency by publishing Environmental Product Declarations (EPDs) for key products, supporting standardized life cycle assessment, and enabling customers to make informed, sustainable procurement decisions. These documents are published and available on EPD Global's website, our EPD offering of our portfolio will continue to increase in this platform.

Through an integrated portfolio of products, systems, and digital solutions, Grid Automation enables a more resilient, efficient, and decarbonized energy system, supporting the global transition to clean energy and sustainable electrification.



2.3 Our expertise in action (continued)

Grid Automation expertise in action

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

Enabling higher renewable penetration in island grids with Madeira's Battery Energy Storage System (BESS)



End user segment – Renewables

Country of delivery – Portugal (Madeira)

Hitachi Energy delivered a 15 MW/15 MWh battery energy storage system integrated into Madeira's isolated grid, enabling higher penetration of renewable energy sources such as wind and solar. The system provides advanced grid-forming capabilities, frequency and voltage control, and black-start functionality, ensuring stable and reliable operation of the network. By smoothing variability and balancing supply and demand, it minimizes renewable curtailment and reduces reliance on fossil-based backup generation. This project demonstrates how energy storage can unlock renewable capacity in island systems, accelerating the transition to a cleaner, more sustainable energy mix.

Strengthening renewable integration and grid reliability with the Ulinda Park BESS through digital long-term service partnership



End user segment – Renewables

Country of delivery – Australia

Hitachi Energy supported the delivery and long-term operation of Akaysha Energy's Ulinda Park BESS (155 MW/298 MWh) in Queensland, Australia, combining advanced power conversion technology with a 20-year HMAX™ Energy service agreement. The solution enables reliable integration of renewable energy into the grid by providing fast frequency control, energy shifting, and system stability services within Australia's National Electricity Market. Digitally enabled services, including IoT connectivity, predictive monitoring, and preventive maintenance, ensure high availability, reduced operational risk, and optimized lifecycle performance. This project plays a critical role in strengthening grid resilience, supporting large-scale renewable adoption, and accelerating the transition to a low-carbon energy system.

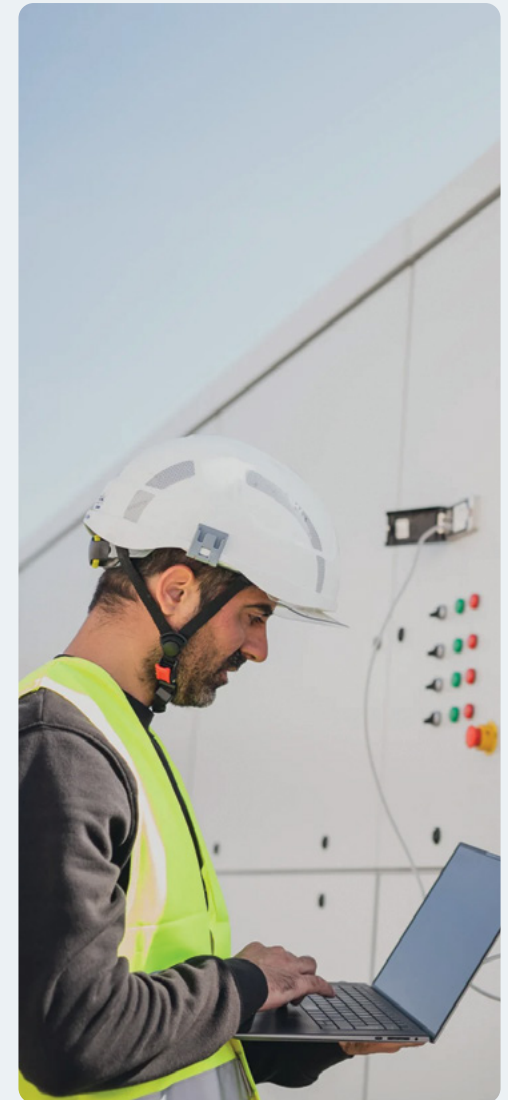
Hitachi Energy and Amazon Web Services (AWS) strategic collaboration accelerates innovation in the cloud



Partnership

Hitachi Energy and Amazon Web Services (AWS) are collaborating to help utilities, transportation providers, and energy-intensive industries modernize operations, accelerate cloud adoption, and support the energy transition. By combining Hitachi Energy's asset and work management expertise with AWS cloud capabilities, the partnership delivers more scalable, secure, and reliable digital solutions.

Together, Hitachi Energy and AWS are creating a repeatable model for delivering cloud-based solutions that help customers improve resilience, reduce deployment risk, and accelerate digital transformation.



2.3 Our expertise in action (continued)



Grid Integration

Grid Integration is a global leader in power electronics and system integration, enabling the transformation of energy systems toward a carbon-neutral future. Through technologies such as high-voltage direct current (HVDC), grid connections, power quality and energy storage solutions as well as semiconductors, we ensure reliable transmission, renewable integration and system stability at scale.

Electricity demand continues to grow, driven by electrification, industrial expansion and digitalization. The infrastructure we deliver supports energy access, urban development, sustainable transportation, digital economies and job creation, powering the foundations of modern society.

At the same time, market expectations of grid operators, DTCs and industrial players, regulators and financial institutions increasingly require verifiable sustainability performance, auditable data, responsible supply chains and compliance with environmental, social and governance standards.

Failure to address these requirements proactively may result in increased project costs, delays in permitting, and heightened execution and compliance risks. Embedding sustainability across the lifecycle of our projects is therefore critical to enabling the required pace of grid expansion while ensuring an affordable, sustainable and risk managed journey. By integrating sustainability from early-stage design through sourcing, execution and operations, we contribute to accelerating permitting and financing, strengthening supply chain and climate resilience, and potentially impacting the overall total cost of ownership.

Our approach focuses on enhancing positive

impact through electrification and renewable integration, minimizing environmental footprint across the lifecycle, and ensuring compliance, transparency and responsible business conduct.

Grid Integration plays a central role in delivering the electrical infrastructure capacity required for the energy transition by combining technological leadership with responsible delivery across the full lifecycle of its solutions. This approach translates into measurable outcomes across our portfolio, where sustainability is embedded into the performance, design and delivery of our solutions.

Across Grid Integration, sustainability is embedded in the value we deliver to customers from energy generation to end use. The examples below highlight just a few of the ways our portfolio combines technology leadership with measurable environmental performance, helping customers shape a more sustainable and resilient energy future.

In our core portfolio, **HVDC Light Generation 5** converter station sets a benchmark for efficient, low-carbon power transmission. It enables greater integration of renewable energy, strengthens cross-border interconnections, and reduces system CO₂ footprint by 67 percent compared to previous generation – thanks to lower converter valve losses and a more compact design that uses less material.

Combining proven STATCOM technology with supercapacitors and advanced Grid-Forming control systems, **Enhanced STATCOM**, part of Grid-enSure portfolio – comes as a solution to respond instantly to network fluctuations contributing with both active and reactive power. It is a game changer to accelerating the energy transition, enabling the shift from fossil-based power to renewables by contributing to the overall system inertia. It facilitates large integration of renewables to the grid ensuring high reliability and security of

supply. Its embedded MACH™ control system, ensures stable operation and robust control, making it an ideal solution to also improve power quality and enhance overall grid stability.

Grid-eXpand® brings environmental value-driven innovation to grid connection deployment. These pre-engineered, assembled, and factory-tested containerized grid connections can reduce emissions by 153 metric tons of CO₂ equivalent compared to a conventional AIS (air-insulated substation) solution*, thanks to its considerable reduction on construction materials, specifically of concrete, and HV equipment housing while helping customers deploy grid infrastructure faster.

At the edge of the energy value chain, we are electrifying the large energy demand of the industry while decarbonizing sectors like transportation. With **Grid-eMotion**, we deliver scalable grid-to-plug EV charging infrastructure that helps customers electrify transportation. Powering a fleet of 100 electric buses with Grid-eMotion can avoid approximately 15,000** metric tons of CO₂ emissions per year, turning electrification ambition into measurable impact.

Together, these examples show that measurable sustainability outcomes increasingly depend not only on technology performance, but also on access to transparent, credible environmental data. Through digital platforms such as **EcoSpace**, we help customers address evolving regulatory expectations while generating the data transparency needed to quantify, validate, and improve the sustainability performance of their projects. By providing a holistic view of environmental impacts across the full lifecycle – from materials to project execution – EcoSpace aims to enable the measurable outcomes highlighted above, turning environmental data into clear, actionable insight.

As the energy system continues to evolve, Grid Integration remains committed to enabling a future where electricity is abundant, clean, affordable, and accessible, supporting thriving communities, resilient economies, and a sustainable world.

* 145 kV substation

** Internal calculation and estimate HE



2.3 Our expertise in action (continued)

Grid Integration expertise in action

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

NECEC New England Clean Energy Connect – HVDC Light technology and SVC light STATCOM



End user segment – Utilities

Country of delivery – United States

Hitachi Energy contributed to the successful delivery of Avangrid's New England Clean Energy Connect (NECEC) project, now reliably transmitting 1,200 MW of renewable hydropower from Québec to New England. This cross border interconnection strengthens grid capacity and resilience, supplying electricity to approximately 1.2 million homes.

The project expands access to cleaner energy while supporting more stable and lower electricity costs. Achieving this milestone required close collaboration with partners and demonstrates Hitachi Energy's role in delivering large scale infrastructure that supports a more secure and sustainable energy system.

At the core of NECEC is Hitachi Energy's HVDC Light® technology, enabling efficient long distance transmission and integration of renewable power, supported by advanced grid stabilization solutions such as SVC Light® STATCOM. Together, these technologies ensure voltage stability, resilience, and rapid fault recovery, enabling reliable system performance even under challenging conditions. The project also delivers significant environmental and economic benefits, with estimated annual CO₂ emission reductions of 3.0–3.6 million metric tons, alongside job creation and regional economic growth. Long-term system reliability is further secured through a comprehensive service agreement, including lifecycle support and cybersecurity management, reinforcing NECEC as a critical, future-ready clean energy link.

Buxton Project – STATCOMs



End user segment – Utilities (T&D)

Country of delivery – United States

The NECEC project transmission line addition will require extra stabilization of the AC grid. Two static synchronous compensators (STATCOMs) with a combined capacity of 300 MVAR have also been installed at the Buxton grid connection in Maine to support voltage control and grid stability during periods of high demand.

The project is part of a development that will contribute hundreds of millions of dollars to community and programs in the region including environmental measures such as the protection of around 20,200 hectares to safeguard local ecosystems. Beyond environmental gains, the project has generated several jobs during permitting and construction.

The STATCOM Buxton project contributed to the stabilization of the NECEC transmission line, to the integration of clean and sustainable energy (ca 1,200 MW) into the grid.

By connecting hydropower to the ISO-New England Grid, the complete NECEC project is estimated to reduce 3.0–3.6 million metric tons of CO₂ emissions annually, significantly contributing to a more sustainable and healthier environment. Beyond environmental gains, the project has generated thousands of jobs during permitting and construction and will continue to deliver economic benefits through new local tax revenue, increased gross domestic product (GDP), and improved air quality.

TransnetBW – Grid-enSure®



End user segment – Utilities (T&D)

Country of delivery – Germany

In an initial installation at TransnetBW in Germany, which supplies power to 11 million people and numerous industries, Enhanced STATCOM will improve power quality in the transmission grid, by contributing to the grid inertia level by almost 2 GWs and decreasing CO₂ emissions by up to 40 percent over a 30-year lifetime compared to traditional alternatives*.

This solution provides the best performance in power loss reduction. It maintains grid voltage and frequency to ensure operational security and greater transmission capacity, enabling a smooth transition to clean power.

* LCA based on ISO 14044/040 with a comparison between the two technologies.

Champlain Hudson Power Express (CHPE) – HVDC Light



End user segment – Utilities

Country of delivery – Canada, United States

The Champlain Hudson Power Express (CHPE) project represents a major step forward in sustainable energy integration, enabling the reliable transmission of 1,250 MW of renewable hydropower from Québec, Canada into New York City, U.S. By supplying nearly 20 percent of the city's electricity demand and supplying power to approximately one million homes, the project significantly accelerates the transition away from fossil fuels.

CHPE contributes significantly to New York's climate targets while improving urban air quality. The project transformed a fossil fuel power plant to a clean power station reducing an estimated 3.9 million metric tons of CO₂ emissions annually.

Beyond its decarbonization impact, CHPE sets a new benchmark for environmentally responsible infrastructure. Leveraging HVDC Light technology, it enables highly efficient and low-loss power transmission, while minimizing land use and strengthens climate resilience thanks to its compact footprint and underground and underwater transmission cables. Together, these elements position CHPE as a scalable model for sustainable, cross-border energy integration in urban environments.

2.3 Our expertise in action (continued)

High Voltage Products

As electrification accelerates worldwide, the grid is under increasing pressure to evolve. It must not only be stronger and more resilient, but also fundamentally more sustainable. For Hitachi Energy's High Voltage Products business, this imperative is shaping a new generation of high-voltage innovation, particularly in eliminating sulfur hexafluoride (SF₆), one of the most potent greenhouse gases used in the industry.

For decades, SF₆ has been the standard for high-voltage equipment, valued for its superior insulation and switching performance. But

SF₆ has an extremely high global warming potential (GWP) of 24,300 times greater than that of CO₂ and an atmospheric lifetime >1,000 years, this is the highest GWP reported. Recognizing this early, Hitachi Energy embarked on more than two decades of focused research and development to create viable, scalable alternatives without compromising reliability or performance.

This long-term commitment has delivered tangible breakthroughs from the deployment of the world's first SF₆-free gas-insulated switchgear (GIS) in 2015, and then leading to the launch of EconiQ, the company's eco-efficient high-voltage portfolio that eliminates SF₆ with reliable and scalable solutions with the lowest carbon footprint.

Advanced eco-efficient gas mixtures without SF₆ are used across EconiQ live tank circuit breakers, gas-insulated switchgear, dead tank circuit breakers, and hybrid switchgear applications. The result is a portfolio that combines strong environmental performance with proven operational reliability.

Today, EconiQ technologies are deployed in more than 33 countries, with over 3,200 orders worldwide, backed by a decade of operational experience in eco-efficient solutions. The technology has already scaled to 800 kV, with a clear pathway toward ultra-high-voltage applications, signaling a broader shift across the industry toward sustainable grid infrastructure.

But sustainability extends far beyond product innovation. Hitachi Energy is embedding environmental responsibility across the entire lifecycle of its high-voltage solutions. Through comprehensive Life Cycle Assessments (LCA), the company evaluates impacts from manufacturing to end-of-life – covering carbon footprint, energy efficiency, circularity, and health and safety.

Material compliance is becoming a critical enabler in sustainable product design, moving beyond regulatory adherence to drive deeper transparency and recyclability across the value chain. By systematically tracking and declaring material composition, the company aims to strengthen traceability across both products and supply chains. This enhanced visibility enables the identification and reduction of undesirable substances, helping to mitigate environmental and health risks throughout the product lifecycle.

In the High Voltage Products business, material compliance initiatives are designed to provide visibility into the substances used in high-voltage solutions and components, from raw materials to finished equipment, ensuring alignment with global standards while supporting continuous improvement.

At the same time, the company is addressing the installed base of SF₆ switchgear. Through improved SF₆ management, including advanced recycling, leakage monitoring, enhanced sealing technologies, and proactive inventory control, we are minimizing emissions from existing equipment. These efforts, combined with Lean Six Sigma initiatives and transparent reporting, support our goal of reducing SF₆ losses for our SF₆ installed base.

Together, these efforts point to a clear future for high-voltage technology, one where performance, reliability, and environmental responsibility are fully integrated at scale. Through continuous innovation, Hitachi Energy is not only helping customers innovate with our SF₆-free EconiQ portfolio, but also laying the foundation for a more sustainable, resilient, and future-ready grid.



World's first SF₆-free 420 kV dead tank circuit breaker – Eversource



World's first SF₆-free 420 kV live tank circuit breaker – TenneT Germany



2.3 Our expertise in action (continued)

High Voltage expertise in action

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

Hitachi Energy and Hydro One advance SF₆-free transmission with EconiQ 550 kV DTB ● ○

End user segment –
Utilities (T&D)

Country of delivery –
North America

In North America, where the 550 kV voltage circuit-breaker is common, Hydro One was one of the first customers to place an order for the new EconiQ 550 kV DTB (world's highest-voltage SF₆-free switchgear launched back in FY24 by Hitachi Energy). Hitachi Energy's partnership with Hydro One showcases how advanced technology can drive sustainable grid transformation. The innovative SF₆-free solution replaces one of the most potent greenhouse gases while maintaining performance, safety, and reliability. Designed for high-voltage applications, the EconiQ DTB enables utilities to modernize infrastructure without increasing environmental impact.

Hitachi Energy and TenneT Germany energize the world's first SF₆ free 420 kV Live Tank Circuit Breaker (EconIQ LTA) ● ○

End user segment –
Utilities (T&D)

Country of delivery – Germany

Hitachi Energy delivered the world's first SF₆ free 420 kV Live Tank Circuit Breaker (EconIQ LTA) to TenneT Germany – marking a major milestone in the transition toward an SF₆ free power grid.

Installed at the Oberhaid substation, the breaker's successful energization marks a historic milestone for the energy industry worldwide and demonstrates that SF₆-free technology can reliably operate in a live transmission substation environment. The achievement represents a significant step toward enabling sustainable power transmission and advancing the decarbonization of the energy sector.

Hitachi Energy to deliver the world's first SF₆-free 550 kV gas-insulated switchgear to State Grid Corporation of China ● ○

End user segment –
Utilities (T&D)

Country of delivery – China

In partnership with the Central China Branch of State Grid Corporation of China (SGCC), Hitachi Energy is installing the world's first SF₆-free 550 kV gas-insulated switchgear. By replacing conventional SF₆ gas, the solution significantly lowers environmental impact and supports China's carbon neutrality ambitions. This collaboration highlights a shared commitment to cleaner energy infrastructure, combining cutting-edge engineering with long-term sustainability goals. Each new 550 kV GIS substation using EconiQ eliminates the carbon equivalent of 170 fully booked jumbo jets flying from Paris to New York. SGCC expects this partnership to contribute to its climate change mitigation initiatives to achieve net-zero ambitions.

Hitachi Energy introduces 800 kilovolt SF₆-free breaker at IEEE Conference in Chicago ● ○

End user segment –
Utilities (T&D)

Country of delivery – America

Hitachi Energy unveiled the world's first SF₆-free 800 kV dead tank circuit breaker (DTB) at the IEEE PES T&D Conference in Chicago in 2026 for ultra-high-voltage systems. The EconiQ portfolio maintains the same dielectric performance, reliability, and physical footprint as conventional SF₆ equipment, allowing for drop-in replacements. Engineered for the world's most demanding grids, this breakthrough solution combines uncompromising reliability with sustainability, marking a step toward resilient, future-ready transmission grids. The 800 kV switchgear is seeing a strong early adoption from utilities and grid operators. When installed, operators will not notice any difference to traditional equipment.

Hitachi Energy and SSEN adopt SF₆-free 420 kV breaker ● ○

End user segment –
Utilities (T&D)

Country of delivery –
United Kingdom

Hitachi Energy and SSEN Transmission visited the Ludvika facility for factory testing and handover the UK's first SF₆-free 420 kV LTA, and SSEN's first EconiQ 420 kV Live Tank Circuit Breaker. This milestone highlights industry progress toward sustainable grids. Built on decades of high-voltage expertise, the EconiQ breaker delivers reliable switching performance, E2-class capability, and stable inductive load handling with a significantly lower environmental footprint. The collaboration marks a major step forward for the UK's energy transition, demonstrating how innovation and partnership can accelerate cleaner, more resilient high-voltage systems.

2.3 Our expertise in action (continued)



Service

Electricity is the foundation of modern life and the pulse that keeps societies thriving. However, the energy system is facing an unprecedented transformation driven by surging demand, an aging grid and workforce shortages, converging with rising expectations around energy security, sustainability, and reliability. Data and AI are fundamentally redefining how infrastructure is operated and managed. The majority of grid infrastructure is already exceeding 20 years of age, and the sector faces a widening workforce gap, with 2.4 workers nearing retirement for every one entering the field. Against this backdrop, the transition to a sustainable energy system cannot rely on new infrastructure alone – how we modernize, extend, and responsibly manage existing infrastructure across its full lifecycle is equally critical.

This is where Hitachi Energy's service offering plays a defining role.

By fundamentally shifting from reactive maintenance to lifecycle-driven, outcome-based service solutions, we enable customers to modernize, decarbonize, and future-proof their critical infrastructure. Leveraging the world's largest installed base, deep domain expertise, and advanced digital and AI capabilities, we support customers across the full asset lifecycle – from planning to operation, modernization, and end-of-life management, including decommissioning, material recovery, and responsible handling of SF₆ and oil.

Digitalization is at the core of this transformation, with HMAX Energy – our AI-powered suite of services and solutions – as a key enabler. Through data-driven insights, asset intelligence, and predictive analytics, we enable near real-time monitoring and condition-based interventions. These capabilities improve efficiency and reliability while also supporting circular outcomes by extending asset lifetime and enabling informed decisions between refurbishment and replacement.

Circular economy principles are at the center of our approach: extending asset lifetimes, optimizing performance, and minimizing resource-intensive replacements. This is complemented by increasingly closed-loop material flows, including the reuse of components and the regeneration and reuse of SF₆ and oil where applicable. Together, these measures strengthen grid resilience while directly contributing to sustainability objectives through measurable emissions reductions.

A key concept is avoided emissions – emissions that would otherwise occur in a conventional scenario, such as full asset replacement or continued use of high-emission materials. These solutions also support customers in reducing their Scope 3 emissions, which is a critical component of their external reporting and decarbonization strategies.

For example, our EconIQ retrofit solution enables customers to replace SF₆ gas – one of the most potent greenhouse gases, with a global warming potential of 24,300 times higher than CO₂ (IPCC AR6) – without replacing the entire asset. Pilot projects show that this approach can avoid up to ~95 percent of emissions compared to conventional replacement scenarios, while also reducing downtime and cost.

Similarly, transformer refurbishment services can extend asset life by several years, avoiding the significant embodied emissions associated with manufacturing new equipment, while improving operational reliability and reducing waste.

Concrete implementations further demonstrate this impact. At National Grid's substation, EconIQ retrofit eliminated 755 kg of SF₆ emissions, resulting in a substantial reduction in CO₂-equivalent emissions.

Beyond individual solutions, these approaches contribute to a broader ambition: helping drive scalable climate impact across the installed base.

Ultimately, this marks a fundamental shift – from managing assets to delivering outcomes through long-term partnerships. Our service offering enables customers to accelerate the energy transition while ensuring reliability, affordability, and resilience.



2.3 Our expertise in action (continued)

Service expertise in action

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

Securing Norway's hydropower supply through transformer refurbishment



End user segment – Utilities (Hydro)

Country of delivery – Norway

Hitachi Energy modified and rehabilitated a contingency transformer to replace a failed unit at Norway's largest hydropower plant. This enabled rapid deployment despite major technical differences, ensuring continued power supply ahead of winter and safeguarding grid stability.

Maximizing availability through sustainable lifecycle service agreements



End user segment – Industry

Country of delivery – Saudi Arabia

A tailored service agreement ensures high availability through condition monitoring and predictive maintenance. By reducing unplanned outages and optimizing interventions, the solution lowers carbon footprint from maintenance activities, extends asset life, and supports the customer's decarbonization and efficiency goals.

Enhancing reliability and safety through targeted modernization



End user segment – Industry

Country of delivery – Italy

Targeted component replacement improved system reliability and reduced operational risks. By upgrading only critical elements instead of replacing entire systems, the solution supports efficient use of resources, reduces waste, and enables safer, longer-lasting asset operation.

Extending asset life to reduce environmental impact at hydropower plant



End user segment – Utilities (Hydro)

Country of delivery – Brazil

Modernization of existing substation infrastructure improved reliability and safety while avoiding full asset replacement. This approach significantly reduces material consumption, supports lifecycle extension, and limits emissions associated with manufacturing and installation of new equipment.

Maximizing asset lifetime through long-term service and maintenance



End user segment – Utilities (Hydro)

Country of delivery – United Kingdom

Long-term service enabled generator circuit breakers to operate reliably for over 40 years. Extending operational lifetime reduces the need for new equipment, supporting circular economy principles, lowering lifecycle emissions, and maximizing value from existing critical infrastructure.

Reducing transformer noise to enable sustainable urban infrastructure



End user segment – Utilities

Country of delivery – Qatar

An advanced acoustic solution significantly reduced transformer noise, enabling continued operation of existing assets in densely populated areas. By avoiding asset replacement and maintaining operational performance, the project supports resource efficiency, social sustainability, and long-term infrastructure integration.



2.3 Our expertise in action (continued)



Transformers

Transformers are critical elements of the power grid, and the significantly increasing demand for electrification globally has put them at center stage. Hitachi Energy offers advanced transformer solutions that deliver reliability, efficiency, and sustainability for global power grids.

Our transformer business is a leading partner to our stakeholders for offering sustainable solutions for enabling the energy transition and their sustainability transformation.

As part of our sustainability journey, we aim to embed responsible environmental and social principles across the value chain of our transformer business and lifecycle of our products based on the foundational tenets of:

Our foundational tenets

- 1 Integrity and regulatory compliance
- 2 People first – Safety and human rights
- 3 Innovation and partnerships for decarbonization, environment stewardship and circularity
- 4 Impact transparency

Developing technology and engineering for a sustainable portfolio

Our R&D initiatives are currently focused on hazardous materials elimination, new designs and materials development for enhanced efficiency and circularity and efficient end-of-life handling and incorporation of eco-design principles in our product design and engineering processes.

→ Read more in section 2.2.2 about Eco-design principles in R&D processes

Transformers are among the most material- and energy-intensive assets in transmission and distribution networks. As long-lived, mission-critical equipment, they are engineered to operate safely and reliably for several decades under demanding conditions. Consequently, the economic, technical, and environmental performance of a transformer over its entire lifecycle is largely shaped by the design, material, and engineering choices made at the specification and design stages.

We support customers with a comprehensive sustainability value proposition for transformers – helping them achieve the right balance between security of electricity supply, affordability, and environmental and social responsibility.

Strengthening sustainability in supply chains

In Supply Chains, our goal is to deliver long-term sustainable value by partnering with suppliers to adopt best-in-class practices that are environmentally responsible, socially equitable, and economically viable. Our main areas of work comprise Supplier organizational sustainability development, Material compliance and related regulations and Raw materials impacts – decarbonization and circularity.

We are increasing our due diligence to reduce any negative impacts of our suppliers on ecosystems, human rights and other sustainability topics. We are also increasing the level of transparency across our supply chain and its sub-tiers and collaborating with our suppliers for deployment of sustainable materials.

→ Read more in Section 3.2 Operational management of environmental impacts and 3.4 Biodiversity

Environmental impact management and product declarations



Transformers with reduced carbon footprint



Transformers with enhanced circularity and resiliency



Transformers with advanced people and local ecosystems protection

Building sustainable operations

In our own operations we target zero fatalities and life changing injuries as well as no major environmental incidents. Specific training programs and innovative systems are deployed to identify risks and detect possible incidents in a primary stage. These minimize impacts on the health and safety of our employees as well as protect the environment in which we are developing our processes and activities.

We have a strategic target to bring down our carbon emissions by 80 percent with the baseline of 2019 emissions, in terms of absolute value, even though we are growing

significantly. Almost all the electricity we purchase comes from certified renewable sources. We are also reducing the consumption of direct fossil fuels in our operations, like natural gas through alternatives like electricity and biofuels. Energy efficiency is a key focus, and measures include adoption of heat pumps for building heating applications, replacement of equipment with higher efficiency alternatives and aligning our activities with ISO 50001 (energy efficiency management and certification).

Other key strategic performance indicators include reduced use of water, zero landfill sites and zero single-use plastic.

Impact at a glance

Across the globe, our transformers enable renewable energy at scale – powering wind, solar, offshore, and storage applications with proven reliability and performance.



54 GW
offshore wind connections enabled



28,000
transformers in wind turbines generating more than 75 GW



12,000
distribution transformers installed in solar PV and battery storage assets generating more than 42 GW



1,600
WindSTAR™ transformers powering offshore wind turbines worldwide

2.3 Our expertise in action (continued)

Transformers expertise in action

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

Hitachi Energy HVDC technology reliably delivering hydropower from Canada to the US ●●

End user segment –
Utilities (T&D)

Country of delivery – Canada, United States

▲ Hitachi Energy enabled the transmission of 1,200 MW of clean hydropower from Québec to New England through the NECEC project, now operating reliably and supplying electricity to around 1.2 million homes.

The Hitachi Energy HVDC Light technology forms the backbone of the system, enabling efficient long-distance transmission and seamless integration of large-scale renewable energy. Hitachi Energy supplied specialized transformers for this project.

The cross border interconnection strengthens grid resilience, supports decarbonization, and provides up to ~20 percent of Massachusetts' electricity demand with stable and affordable clean power. ▲

Transformers for powering Baosteel's sustainable steelmaking in China ●●

End user segment – Industry

Country of delivery – China

Baosteel Zhanjiang (Baowu Group) is leading steel decarbonization in China with a hydrogen-based shaft furnace and a zero-carbon electric arc furnace (EAF) steel plant at its Zhanjiang site.

Hitachi Energy supplied a 200 MVA EAF transformer and a 40 MVA ladle furnace transformer, enabling reliable high-power steelmaking operations.

The 200 MVA unit is the largest EAF transformer ever delivered in China and for Baowu, the world's largest steel producer.

Rectifiers transformers for powering green hydrogen production in China ●●

End user segment – Hydrogen

Country of delivery – China

The rectifier transformers delivered to China Energy Engineering Corporation (CEEC) helps ensure a reliable power supply for electrolytic hydrogen production from renewable energy.

The hydrogen energy project developed by CEEC is China's largest green hydrogen-ammonia-methanol integrated project.

Rectifier transformers are critical for efficient hydrogen electrolysis, Hitachi Energy's compact, low-loss design offers high stability and strong resistance to harmonics and current impacts, enabling safe, reliable, and cost-effective hydrogen production.

Delivering the first transformer with lower-carbon copper to support TenneT Germany's supply-chain decarbonization objectives ●●

End user segment –
Utilities (T&D)

Country of delivery – Germany

Hitachi Energy delivered the first power transformer with low-carbon copper to TenneT Germany, supporting its supply-chain decarbonization program under a 2023 framework agreement.

The use of low-carbon copper reduces embedded emissions in transformer materials by ~18%, with an estimated total saving of around 9,500 metric tons of CO₂ across all units.

This collaboration helps advance TenneT's climate targets (~30% emissions by 2030) and demonstrates how low-carbon materials can drive Scope 3 decarbonization in grid infrastructure.



2.3 Our expertise in action (continued)

Transformers expertise in action

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

Delivering a large no. of HVDC transformer from Brazil for an innovative project in Saudi Arabia



End user segment – Utilities (T&D)

Country of delivery – Saudi Arabia

Hitachi Energy and SSEN Transmission Hitachi Energy in Brazil delivered its largest-ever transformer set (14 units) for a major HVDC interconnection project in Saudi Arabia, marking a milestone in its manufacturing history.

The transformers use advanced HVDC Light technology, enabling compact, efficient, and more sustainable long-distance power transmission with a total system capacity of up to 9 GW.

This complex project highlights global engineering excellence and logistics capability, supporting large-scale energy infrastructure and efficient transmission of energy.

Dry-type transformers powering China's offshore wind energy expansion



End user segment – Renewables

Country of delivery – Shandong, China

The offshore wind power project in the waters off the north coast of the Shandong Peninsula and is currently China's deepest offshore wind farm with an installed capacity of 504 megawatts (MW), with plans to install 42 units of 12-MW wind turbines.

Hitachi Energy is selected to provide HiDry offshore wind dry-type transformers for Envision Energy Co., Ltd., the wind turbine supplier of the project.

The 69 kV HiDry offshore dry-type transformer provides a safe, innovative alternative to liquid-filled designs, supporting the growing demand of 66 kV offshore wind farms in China. The offshore wind farms that operate at the 66 kV voltage level allow the use of larger turbines, more efficient power collection, and greater cost savings.

Hitachi Energy successfully tests groundbreaking 765 kV transformer to enhance safety and environmental protection in electrical grids



Partnerships

765 kV transformers are part of utilities' strategic transmission expansion plans to meet growing energy needs, thanks to their ability to transmit large amounts of electricity over long distances, improving grid efficiency, stability, and reliability. A typical three-phase 765 kV transformer may supply equivalent power to serve a city of 250,000 people.

Hitachi Energy successfully tested the world's first 765 kV natural ester-filled transformer at this voltage and power level, setting a new benchmark for ultra-high-voltage AC transmission.

The use of biodegradable natural ester fluid enhances safety (higher flash point, self-extinguishing) and reduces environmental impact compared to conventional mineral oil.

This innovation supports efficient long-distance power transmission while improving grid reliability, safety, and sustainability for modern energy systems.



2.4 Sustainability in our business strategy

2.4.1 Our sustainability strategy ^A

Sustainability is integral to Hitachi Energy's business strategy and purpose, shaping how we create long-term value for our customers, employees, shareholders, and society. As a global technology leader in electrification, we recognize that the transition to a more sustainable, secure, and affordable energy system presents both significant opportunities and responsibilities, requiring innovation, collaboration, and responsible business practices across our value chain.

Our sustainability strategy provides the framework for how we respond to these challenges and opportunities. Aligned with our business strategy, material topics, and Hitachi's sustainability ambitions, it guides our actions, commitments, and targets while embedding sustainability into decision-making, operations, portfolio development, and stakeholder partnerships.

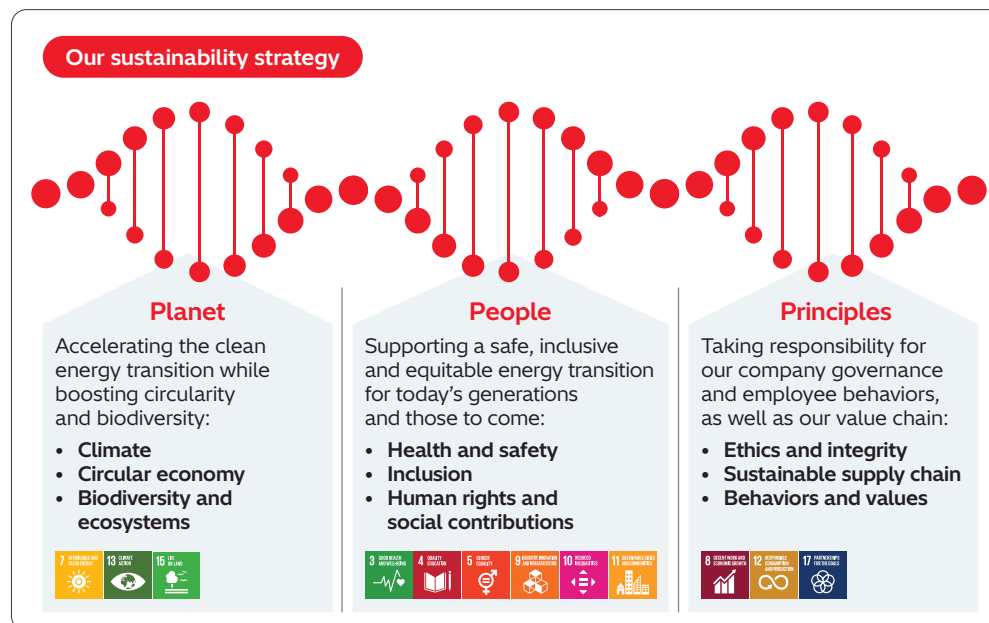
Our strategy guides our execution toward 2030 targets and commitments as well as our overall transition to net-zero by 2050 and is designed in alignment with key material topics identified through internal assessments and external engagement with our stakeholders, topics formalized in our [Material Impact Assessment \(MIA\)](#).

Built around three interconnected strands—People, Planet, and Principles—our strategy reflects our belief that sustainability is not a standalone agenda, but a core driver of resilience, innovation, growth, and long-term business success. Each strand is aligned with our most material topics and contributes to the United Nations Sustainable Development Goals (SDGs):

- Through our Planet commitments, we contribute to the energy transition by advancing affordable and clean energy (SDG7), climate action (SDG 13) and life on land (SDG 15), circularity, biodiversity, and the development of resilient infrastructure through our technologies, people, and partnerships.
- Through our People commitments, we strive to support a safe, inclusive, equitable, and just transition by prioritizing health and safety (SDG 3), human rights, diversity and inclusion and community impact (SDGs 4, 5, 9, 10, 11).
- Through our Principles commitments, we strengthen ethical business conduct, responsible governance, sustainable supply chains, and a culture of integrity that builds trust and long-term value (SDGs 8, 12, 17).

As a global technology leader in electrification, we believe our greatest impact extends beyond our own operations. By working closely with customers, suppliers, partners, governments, and communities, we seek to maximize the positive contribution of our people, our portfolio, and our value chain, helping accelerate the transition toward more sustainable, secure, and affordable energy systems worldwide.

In FY25, as part of the One Hitachi journey, we further strengthened the alignment between our company's sustainability strategy and Hitachi's broader vision. Reflecting Hitachi's founding values of **Harmony**, **Sincerity**, and **Pioneering Spirit**, our sustainability approach now directly contributes to the implementation of Hitachi's sustainability framework, **PLEDGES**, and its management plan, **Inspire 2027**. Together, these frameworks reinforce our shared ambition to help build a society where environmental stewardship, human wellbeing, and economic growth advance in balance for current and future generations.



2.4.2 Sustainability Performance

Management ^A

During FY25, Hitachi Energy took a significant step forward in strengthening the management of sustainability performance by designing and establishing the foundation of a company-wide Sustainability Performance Framework.

As the company continues to integrate sustainability into business strategy and decision-making, a structured approach to performance measurement is essential to ensure that sustainability ambitions are translated into measurable outcomes, clear accountability, and long-term value creation. The Sustainability Performance Framework has therefore been developed to provide a consistent approach to measuring, monitoring, and governing progress against Hitachi Energy's sustainability commitments, targets, and underpinned key performance indicators (KPIs). It supports the

implementation of the sustainability strategy and contributes to the operationalization of Hitachi Group's PLEDGES ambitions by creating a clear connection between strategic objectives and measurable performance.

A major focus during FY25 was the development of calculation methodologies for sustainability commitments, top targets, and supporting KPIs. These methodologies establish standardized definitions, scope of reach, calculation rules, ownership structures, data sources, and reporting processes, providing a robust foundation for consistent performance measurement, increased transparency, and improved audit readiness.

To support performance visibility and management, Hitachi Energy also developed its Sustainability Performance Dashboard. The dashboard consolidates sustainability performance information and provides

2.4 Sustainability in our business strategy (continued)

Sustainability Performance Dashboard



¹ Accelerating the energy transition by enabling electrification, integrating renewables and unlocking grid capacity through technology
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
³ Calculation methodology being developed. The name has been updated to better represent the investment-focused scope of the metric, in line with EU Taxonomy principles, enhancing clarity and transparency of disclosures

→ For more detailed performance information and related disclosures see Appendix 6.4 Sustainability performance management

our management with a single source of truth for monitoring progress via timely insights into performance trends, risks, gaps, and opportunities, supporting more informed decision-making and enabling a stronger link between sustainability strategy and business execution.

Beginning of FY26, the governance model supporting sustainability performance management has also been established. Roles, responsibilities, accountability mechanisms, and specific internal controls were defined across the full sustainability data and performance management lifecycle, including KPI ownership, data provision, validation, and approval processes. This governance model builds upon the existing sustainability reporting

framework while introducing greater focus on performance ownership and strategic steering.

While the Sustainability Performance Framework, governance structure, and supporting tools started to be designed during FY25, their formal implementation will commence in FY2026. As part of this next phase, Hitachi Energy will also launch the Sustainability Performance Review Committee, a dedicated governance forum responsible for overseeing sustainability performance at company level. The committee will review progress against commitments and targets, monitor performance risks and deviations, strengthen accountability, support corrective actions, and ensure sustainability performance is increasingly embedded into business decision-making processes.

Together, these initiatives represent an important step in strengthening the company's sustainability management capabilities and establishing the foundations for a more systematic and performance-driven approach to delivering its sustainability commitments and long-term ambitions.

FY25 Sustainability Performance Executive Summary

During FY25, Hitachi Energy continued to translate its sustainability ambitions into measurable outcomes, combining technology leadership with strong environmental, social, and governance performance. Through its technologies, services, and solutions enabling electrification, renewable energy integration, and grid modernization, the company contributed 329 MtCO₂e of avoided emissions, while maintaining a 72 percent reduction in Scope 1 and 2 emissions and a 36 percent reduction in Scope 3 emissions intensity compared to the 2019 baseline.

The company also strengthened responsible business practices across its value chain, expanding ESG supplier assessments to cover 66 percent of procurement spend and delivering strong performance against its ethics and integrity commitments. This progress was further recognized externally by CDP, which included Hitachi Energy on its Climate A List for the first time in FY25 and maintained its inclusion in the Supplier Engagement A-List, reinforcing the company's commitment to creating sustainable value for customers, society, and energy transition.

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

Understanding and managing our most significant sustainability impacts is fundamental to how we create long-term value.

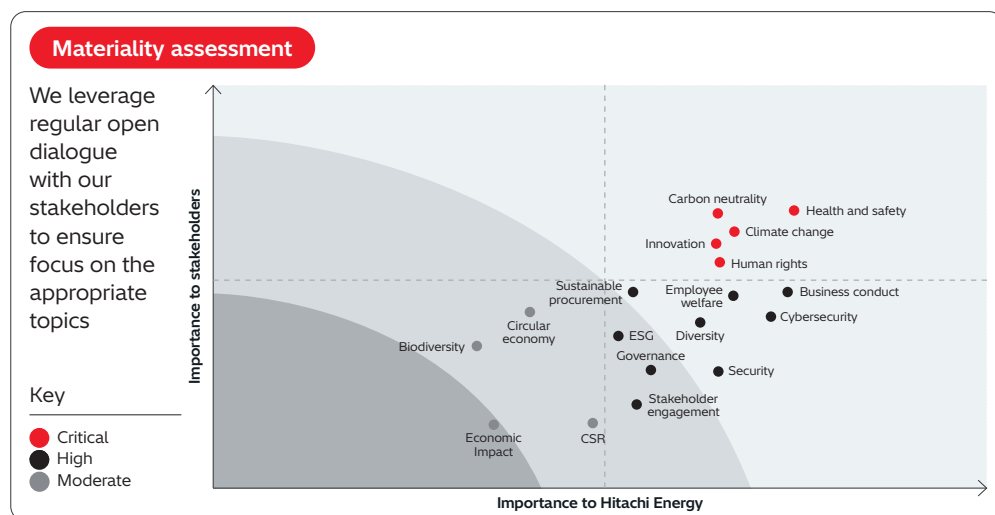
Our Material Impact Assessment (MIA), conducted between September and December 2023, was the first materiality exercise undertaken by Hitachi Energy as a standalone company and established the foundation for integrating sustainability into our strategy, governance, risk management, and business decision-making processes.

→ Read more in our Material Impact Assessment Report (MIAR) on our Hitachi Energy website

The assessment was designed to identify the sustainability impacts most relevant to Hitachi Energy, our stakeholders, and the broader society across the value chain. More than 270 stakeholders participated in the process, including customers, suppliers, investors, employees, industry representatives, communities, and other external and internal stakeholders. Approximately 73 percent of participants were external stakeholders, and 27 percent were internal stakeholders, including members of senior management. The results provide a global view of the topics that have the greatest influence on our business and the areas where Hitachi Energy can have the most significant positive and negative impacts.

The findings of the Material Impact Assessment directly informed the refinement of our sustainability strategy in FY24 and continue to guide the development of our commitments, targets, and key performance indicators (KPIs). The identified impacts are embedded throughout our business model, sustainability governance, and enterprise risk management framework, where they are assessed across short-, medium-, and long-term time horizons to support strategic planning, resilience, and responsible growth.

2.4 Sustainability in our business strategy (continued)



The assessment identified five topics as being of highest strategic significance to Hitachi Energy and our stakeholders:

- **Carbon neutrality:** including emissions reduction across our operations and value chain, energy efficiency, and our pathway to net-zero.
- **Climate change:** including climate transition planning, scenario analysis, and climate-related risks and opportunities.
- **Health and safety:** including the safety, wellbeing, and resilience of employees, contractors, products, and projects.
- **Human rights:** including labor conditions, modern slavery, non-discrimination, child labor, stakeholder rights, and impacts across the value chain.
- **Innovation:** including sustainable products, services and solutions, eco-design, digitalization, lifecycle assessments, avoided emissions, and the development of technologies that support the energy transition.

These topics represent the areas where Hitachi Energy has the greatest opportunity to contribute

to a more sustainable, secure, and affordable energy system while managing potential adverse impacts. These are assessed across short-, medium-, and long-term time horizons to support strategic planning, resilience, and responsible growth. Together, they form the foundation of our sustainability strategy and underpin the commitments, actions, and performance objectives described throughout this report.

As sustainability reporting requirements continue to mature globally, Hitachi Energy is taking a proactive and prudent approach to strengthening its sustainability governance and disclosures. Building on the foundation established through our Material Impact Assessment (MIA), we have conducted a Double Materiality Assessment (DMA) to prepare for evolving standards and regulatory expectations, including ESRS, while enhancing our understanding of the sustainability topics, impacts, risks, and opportunities that are most relevant to our business and stakeholders. The insights generated through this process will increasingly guide our strategy, target-setting, performance management, and future sustainability reporting.

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

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	Supports
Climate change Climate transition plan and scenario planning, financing risks and opportunities from climate impact.	Climate change	Contributes directly to	Supports
Health and safety Employees' and contractors' occupational health and safety, wellbeing, mental health/resilience, product and project safety.	Health and safety	Contributes directly to	Supports
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	Supports
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	Supports

2.4 Sustainability in our business strategy (continued)

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

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 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

2.4 Sustainability in our business strategy (continued)

2.4.4 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 enablers of electrification and thus essential for the transition toward a sustainable energy infrastructure to take 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 2.2 Paving the way to a fully electrified world

2.4 Sustainability in our business strategy (continued)

2.4.4 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 collateral 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 our 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

2.4 Sustainability in our business strategy (continued)

2.4.5 Sustainability ratings and external recognitions

CDP

We achieved our first-ever CDP Climate 'A' rating, improving from two consecutive years of 'A-' ratings.

The 'A' rating is CDP's highest recognition and places us on the CDP A List, acknowledging organizations that demonstrate leadership in climate transparency, emissions management, and the management of climate-related risks and opportunities across their value chains.

This recognition reflects continued progress in our climate strategy and reporting maturity, including enhanced value chain engagement, strengthened emissions reduction disclosures, improved climate-related financial information, and updated climate risk and opportunity assessments.

We were also recognized in CDP's Supplier Engagement Assessment (SEA), reflecting our collaboration with suppliers to drive climate action and strengthen sustainability performance across the value chain.



SBTi

Our targets to drastically reduce GHG emissions and achieve net-zero by 2050 were approved in February 2024 by the Science Based Targets initiative (SBTi).

As our business experiences significant growth and external requirements continue to evolve, we are currently reviewing our climate pathways towards our net-zero ambition. Revalidation will take place 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](#)



SEAL

We received two 2026 SEAL Business Sustainability Awards, recognizing solutions that advance the transition to a more sustainable energy system.

Our HyFlex™ hydrogen-powered generator was recognized with the Sustainable Product Award, while our Applied Sustainability in Power Transformers initiative received the Sustainable Service Award.

These awards highlight our commitment to developing innovative technologies and services that help customers reduce emissions, increase resource efficiency and accelerate the clean energy transition.



Europe's Climate Leaders 2026

Hitachi Energy has been ranked in the top 25 percent of companies in the Financial Times Europe's Climate Leaders 2026. This achievement reflects the consistent efforts across our organization to reduce emissions, strengthen our targets, and embed sustainability into everything we do. It is also a testament to the collaboration we have with our customers and partners as we work together to accelerate the energy transition.



EcoVadis

We were awarded a Gold Medal by EcoVadis, achieving an overall score of 84/100 and maintaining our position among the top 5 percent of companies assessed globally.

While our medal changed from Platinum to Gold, our overall score remained the same as last year. The change reflects EcoVadis' updated percentile-based thresholds and more rigorous assessment criteria for larger companies, rather than a decline in performance.

Our strongest result was achieved in Environment (95/100), with further improvements in Sustainable Procurement (81/100), demonstrating our continued commitment to sustainability excellence.

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



3.



Environment

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Environment

We enable scalable solutions that accelerate decarbonization, enhance system efficiency, and reduce environmental impact across the energy value chain.

The transition to a sustainable energy future requires a holistic approach to managing the environmental impacts, dependencies, risks, and opportunities associated with our operations, products, and value chain. Driven by increasing customer and investor expectations, evolving regulatory requirements, and the critical role of the energy sector in enabling a low-carbon economy, we integrate environmental sustainability into our strategy, governance, and business decision-making.

Our approach extends beyond climate action to encompass pollution prevention, responsible resource use, circularity, water stewardship, and the protection and restoration of biodiversity and ecosystems.

Through our commitment to net-zero by 2050, innovation, and collaboration across the value chain, we work to reduce GHG emissions, improve resource efficiency, minimize waste, safeguard natural resources, and strengthen resilience. By embedding environmental considerations across our portfolio, operations, and supply chain, we seek to mitigate adverse impacts, create sustainable value for customers and stakeholders, and contribute to a more sustainable, resilient, and resource-efficient energy system.

3. Environment

Highlights

Scope 1 and Scope 2 emissions

101.47 ktCO₂e

+10% year-on-year and -72% vs base year

Scope 3 emissions

416.16 tCO₂e per megavolt-ampere

-6% year-on-year and -36% base year

67%

Energy consumption from renewable sources

Fossil-free electricity
in own operations

100%

wherever possible, purchased or
via Energy Attribute Certificates (EACs)

Landfill disposal rate

4%

non-hazardous waste

Eco-design principles and
lifecycle assessments (LCAs)

embedded along the value chain of
our products wherever possible

3.1 Climate

The World Meteorological Organization (WMO)'s State of the Global Climate 2025 report highlights that the period from 2015 to 2025 represents the 11 warmest years ever recorded. It also notes that 2025 ranked as either the second or third hottest year on record, with global temperatures approximately 1.43°C above pre-industrial levels (1850–1900 baseline).

Across the globe, extreme weather events including severe heatwaves, intense rainfall, and powerful tropical cyclones have caused widespread disruption and damage, underscoring the growing vulnerability of our highly interconnected economies and societies.

In response to evolving scientific and economic assessments of climate change, global institutions continue to highlight the urgency of accelerated mitigation and adaptation. [The Sixth Assessment Report \(AR6\)](#) from the Intergovernmental Panel on Climate Change (IPCC) emphasized the need for rapid and transformative emissions reductions and strengthened adaptation.

At the same time, [the World Economic Forum \(WEF\)](#) continues to identify climate change as one of the most significant global risks, highlighting the increasing likelihood of irreversible tipping points in natural systems. These include large-scale ecosystem disruptions which are critical for biodiversity, coastal protection, and economic resilience.

Recent international climate negotiations have also underscored both progress and remaining challenges. COP30 advanced discussions in areas such as carbon markets, methane-related financing, forest conservation, and information integrity. However, limited progress on securing firm commitments related to fossil fuel phase-out, deforestation, and adaptation finance reflects an ongoing gap between global climate ambition and implementation.

Looking ahead, maintaining the credibility of the Paris Agreement will depend on translating collective commitments into measurable and equitable action, grounded in scientific evidence and aligned with the urgency of climate change.

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

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

We recognize climate change as a material risk and are committed to mitigating its impacts across our operations and value chain, aligning our actions with the Paris Agreement and contributing to the United Nations Sustainable Development Goal 7 on affordable and clean energy.

Our climate strategy is aligned with the goal of limiting global warming to 1.5°C above pre-industrial levels. This alignment guides both our operational decarbonization efforts and that of our product portfolio, ensuring that we contribute meaningfully to the global energy transition.



Bruno Melles
Executive Vice
President and
Managing
Director Business
Unit Transformers

“Our Transformers portfolio plays a central role in enabling reliable and future-ready renewable energy integration grid solutions. Our portfolio of OceaniQ™ transformers for offshore applications including floating, and our tailor-made designs for skid solutions in solar PV and Battery Storage installations, are great examples.

Through optimization of energy and material efficiency, innovative and circular design solutions, and supporting our customers’ decarbonization pathways, we are turning sustainability into a driver of innovation and long-term competitiveness. Our ambition is clear: to deliver technologies that not only power today’s grids but also build resilience and sustainability for future generations.”

Our net-zero commitment

Our GHG emission targets validated by SBTi
All targets versus base year of 2019

Scope 1 and 2
(own operations)

80%

reduction in absolute emissions
(metric tons CO₂e)

90%

reduction in absolute emissions
(metric tons CO₂e)

Near-term
(by 2030)

Long-term
(by 2050)

Net-zero
(by 2050)

Scope 3
(upstream,
downstream,
value chain)

55%

reduction in emission intensity
(per unit of power capacity sold in our
products, metric tons CO₂e per
megavolt-ampere)

97%

reduction in emission intensity
(per unit of power capacity sold in
our products, metric tons CO₂e per
megavolt-ampere)

3.1 Climate (continued)

Hitachi Energy's sustainability strategy is anchored in our commitment to achieve net-zero GHG emissions, with targets validated by the Science Based Targets initiative (SBTi) in February 2024. These targets guide our actions across operations and the value chain and are fully aligned with Hitachi Group's long-term environmental vision, PLEDGES, and the Environmental Action Plan 2027 (EAP27).

The targets themselves are regularly checked against several influencing factors to ensure they remain impactful and continue to support the energy transition.

Recently, we have begun a review of our targets based on developments from the SBTi, specifically the release of the Corporate Net-Zero Standard Version 2 and the development of more sector-specific pathways, as well as our own continued business growth.

We actively collaborate with customers, suppliers, and partners to decarbonize the full value chain, recognizing that the majority of emissions occur beyond our direct operations.

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

Building on this foundation, we contribute to accelerating the transition toward a resilient and decarbonized energy system. We recognize that a robust and flexible grid infrastructure is essential to withstand climate-related risks while ensuring secure and reliable energy supply.

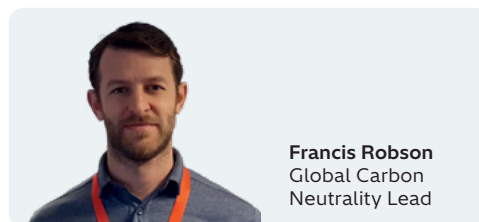
Our approach focuses on advancing grid resilience and digital transformation through:

- the development of innovative grid technologies that enable the integration of variable renewable energy sources
- enhancing system reliability through digital solutions and predictive maintenance
- collaborating with customers, partners, and stakeholders to co-create climate-resilient energy systems

Through these efforts, we support both climate mitigation and adaptation by strengthening the capacity of communities and industries to anticipate, respond to, and recover from climate-related disruptions.

These actions also directly contribute to our avoided emissions high-impact commitment which is aligned with the Hitachi Group ambition of enabling 100 million metric tons of avoided emissions per year under the Environmental Action Plan 2027 (FY25-FY27), supporting our customers in reducing their Scope 1, 2, and 3 emissions.

We ensure transparency on our climate performance through external disclosures, including CDP, and continuously drive innovation, collaboration, and operational improvement to remain aligned with our net-zero trajectory and Group-level commitments.



Francis Robson
Global Carbon
Neutrality Lead

“The impacts of man-made climate change are being seen by all of us, and will likely get worse before they get better. We are committed to reducing our impact for the long term, building the climate into our decision making processes, and setting an example for others to follow.”

3.1.2 Advancing our climate transition and adaptation plan (GRI 305-4)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

In FY25, we conducted a comprehensive gap assessment on shaping our climate transition plan and building our adaptation plan to identify areas requiring further development. Therefore, we initiated multiple cross-Business Unit (BU) and functional workstreams to support our actions in achieving our net-zero 2050 targets as well as responding to risks, impacts and opportunities related to climate adaptation.

The actions linked to the gaps identified include operational decarbonization, value chain engagement, and portfolio transformation, addressing GHG emissions across all scopes. From an adaptation perspective, enhancing climate risk assessment, developing climate adaptation guidelines for operations, and developing trainings.

In FY26, we will focus on addressing remaining gaps by strengthening and formalizing our climate transition plan for mitigation, while also advancing the development of a structured climate change adaptation plan. The following chapters outline our approach.

We recognize the urgency of the transition to a low-carbon economy, which 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.

Climate resilience and adaptation

The Adaptation Gap Report 2025 by United Nations Environment Programme (UNEP), details that global progress on climate action remains insufficient in the face of accelerating climate impacts. While evidence of increasing climate-related risks continues to strengthen, the pace and scale of adaptation measures remain inadequate.

At the same time, shifting geopolitical priorities and growing fiscal constraints are limiting the mobilization of resources required to advance mitigation, adaptation, and resilience efforts, including addressing loss and damage.

The UN publication therefore stresses the growing importance of climate resilience and adaptation for both society and businesses. They reinforce the urgent need to accelerate the transition to a low-carbon economy while strengthening the ability to anticipate, withstand, and adapt to climate-related hazards.

These priorities are firmly embedded in Hitachi Energy's sustainability strategy, which integrates climate mitigation and climate adaptation as core themes. By advancing low-carbon technologies and systematically assessing and managing climate risks across operations and value chains, Hitachi Energy aims to support a more resilient energy system while safeguarding its assets, employees, and customers.

3.1 Climate (continued)

3.1.3 Climate risk assessment

At Hitachi Energy we recognize that events such as climate-related hazards and natural disasters can pose a risk to our business operations and supply chain. In response we have established a structured process for identifying and managing such risks across our value chain.

In FY25, we strengthened our approach to climate risk assessment and scenario modelling by conducting comprehensive climate risk assessments covering Hitachi Energy's own operations following established guidelines published by the Task Force on Climate-related Financial Disclosures (TCFD).

In addition to assessing climate-related physical risks at our operational sites we also included an evaluation of climate-related transition risks that may arise as global markets and regulatory environments shift toward a low-carbon future. We also extended our focus upstream, implementing processes that enable the assessment of risks associated with extreme weather events and natural disasters for our key suppliers.

We aim to actively integrate insights generated through these assessments into our ERM framework. Climate-related physical and transition risks are discussed in the regular risk round tables, ensuring that they remain visible and actionable at the corporate level. Updates and findings are also shared with other key stakeholders to support informed decision-making and reinforce our ambition to increase resilience.

Climate-related physical risks ^A

In FY24, we performed an assessment of physical climate-related risks. In this assessment we engaged with Swiss RE utilizing their Risk Data & Services (RDS) Platform to analyze the exposure of 100 of our key operational sites (including manufacturing locations, warehouses and business offices)

to hazard events. Exposure for each site was evaluated for present and future climate conditions using climate scenario analysis.

The scenarios used for the assessment are based on the Shared Socioeconomic Pathways (SSPs) developed by the Intergovernmental Panel on Climate Change Assessment Report (IPCC). Hitachi Energy selected three scenarios used in the Sixth Assessment Report of the IPCC (AR6) for the climate risk assessment covering a wide range of possible GHG emission pathways (low, medium and high emissions scenarios) thus ensuring a more robust risk assessment. The output data for each scenario generated through a suite of scientific models are subject to inherent modeling limitations, assumptions, uncertainties, and data constraints.

Exposure was assessed for a broad range of chronic and acute climate hazards (see table), as well as non-climate-related hazards and natural disasters such as earthquakes and volcanic eruptions. Swiss Re RDS provides insights supporting Hitachi Energy's quantification of

risk scores for the present day based on historic data ranging between years 1990-2020 to measure climate hazard exposure. In addition, Swiss Re utilizes internally developed flood zone maps. Where suitable scenario data is available, future risk scores are also calculated by Hitachi Energy using Swiss Re RDS insights for the three IPCC climate scenarios at five-year intervals for the years 2030-2085. We interpret higher risk scores as indicating a greater likelihood of exposure to a given climate hazard, while lower scores reflect reduced exposure.

The historical vulnerability of each key operational site was assessed via a questionnaire sent to each site in scope of environmental reporting annually. Each site provides answers to questions asking, for example, whether sites have experienced climate hazards in the past and implemented climate adaptation measures in response to past hazard events. It also collects information

on the costs associated with implemented measures. All answers are self-reported and are currently not validated in a separate process.

The combined results of climate hazard exposure and vulnerability provide insights into where physical climate risks may be material for Hitachi Energy in the short, -medium, -and-long term. Using this information, risk profiles of each site can be generated which help identify locations and assets where climate resilience and adaptation strategies should be prioritized within our operations. Those sites where physical risks are identified to be material will undergo a more stringent evaluation in the years following the assessment.

In FY26, we will expand our physical climate risk assessment to additional operational sites and enhance our analysis by quantifying the potential financial

Climate hazards considered in Hitachi Energy's climate risk assessment

	Exposure type	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	Present exposure only	–	–	Saline intrusion, Water stress	Coastal erosion, Soil degradation, Soil erosion, Solifluction
	Present and future exposure	Changing air temperature, Heat stress, Permafrost thawing, Temperature variability	Changing wind patterns	Changing precipitation patterns and types, Precipitation or hydrological variability, Ocean acidification, Sea level rise	
Acute	Present exposure only	–	Tornado	Glacial lake outburst	Landslide, Subsidence
	Present and future exposure	Cold wave, Heat wave, Wildfire	Tropical Storms, Extra-tropical storms, Storm surge	Drought, Flood (coastal, fluvial, pluvial), Heavy precipitation	–

Note: The climate hazards match those listed in Annex 1 of the EU Taxonomy (Delegated Act 2021/2139)

3.1 Climate (continued)

impacts of identified risks (GRI 201-2).

This will strengthen our understanding of risk exposure and support informed decision-making on climate resilience measures.

Climate-related risks extend beyond our own operations and include the suppliers on which our business depends. To address these upstream exposures, a dedicated team of risk and resilience specialists within our Global Supply Chain Management (SCM) function actively oversees these risks.

For that purpose, the Supply Chain Resilience and Risk Management team introduced a third-party tool last year designed to assess the exposure of key suppliers and their assets to extreme weather events such as storms and floods, as well as natural disasters, including earthquakes and volcanic eruptions. This tool supports real-time monitoring of whether our top 3,000+ internal and external suppliers, representing the majority of our external spend, are affected by hazard events.

Beyond the assessment of immediate exposure and impact mitigation, the tool also enables a broader assessment of supplier resilience. Regularly deployed surveys provide insights into suppliers' risk management practices and overall ability to respond to and recover from disruptive events.

The survey, for instance, asks targeted questions on documented business continuity plans or emergency plans, implementation of formal risk assessment processes, and even requests information on past disruptive events including climate hazards. Together, all the collected information supports us building a climate-resilient supply chain.

Climate-related transition risks

Climate-related transition risks and opportunities were evaluated on the corporate level during the last fiscal year. The aim of this assessment was to better understand how these risks will evolve in the future. For this purpose, we performed a scenario-analysis using data published by the Network for Greening the Financial System (NGFS). Three globally comprehensive scenarios were selected from the available NGFS scenarios based on their similarity with the SSPs used in the physical climate risk assessment:

- **Below 2°C:** Below 2°C gradually increases the stringency of climate policies, giving a 67 percent chance of limiting global warming to below 2°C. This scenario assumes that climate policies are introduced immediately and become gradually more stringent. Net-zero CO₂ emissions are achieved after 2070.
- **Fragmented world:** This scenario expects a delayed mitigation response and divergent climate policy ambition levels globally. Countries with net-zero targets achieve them only partially (80 percent of the target), while the other countries follow current policies.
- **Current policies:** This scenario assumes that only currently implemented policies are preserved. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks.

Each scenario is defined by various assumptions, uncertainties, and limitations, often directly linked to the underlying model narratives developed by the NGFS. For each NGFS scenario, a range of economic and environmental indicators are available for the period from 2030 to 2100 which can be used to estimate potential development of transition risks, based on their projected trends and trajectories derived from the selected scenarios.

This can be done by assigning each transition risk to a specific proxy indicator based on clearly defined assumptions on how the risk and the indicator are linked. Where suitable proxy indicators were not available within the NGFS scenario database, alternative

scenario data sources were used, including the AR6 Scenario Explorer developed by the International Institute for Applied Systems Analysis (IIASA), which provides integrated assessment model data underpinning the IPCC Sixth Assessment Report (AR6).

Key transitions risks assessed using scenario data and mitigation actions

Transition risk type	Description	Examples of initiatives addressing risks
Policy	Hitachi Energy observes evolving regulatory landscape and has identified developments indicating that more stringent policies and regulations will impose higher sustainability requirements on product design or material use.	Hitachi Energy is working toward embedding processes which ensure that materials used in its products do not contribute to environmental degradation. The use of prohibited and restricted substances is controlled at an early stage of product development and design through the Product Material Compliance management system (Read more in 2.2.2: Sustainability at the core of our research and development (R&D) processes). We aim to accelerate the application of eco-design principles across its products and solutions, improving their environmental footprint and ensuring compliance with ESPR (Read more in 2.2.2: Eco-design).
Market	The market in which we operate is experiencing significant changes due to the decarbonization of the energy sector. Increased value is placed on sustainability by customers, making carbon neutrality a point of competitive difference and a potential driver for an increase in market share. We see this as an opportunity to develop a leading portfolio of climate-friendly products which helps customers achieve sustainability targets.	Hitachi Energy is adapting its product portfolio to meet the growing demand for low-carbon products by transitioning to EconIQ solutions (Read more in 2.2.2. Our ambitious pathway of record-breaking technologies: EconIQ – our eco-efficient portfolio).
Technological	As the low-carbon economy accelerates, competition among peers to design and deliver sustainable and climate-friendly products is intensifying. At the same time, there is increasing pressure to develop innovative business models that ensure competitiveness beyond the current industry supercycle.	We are expanding R&D efforts and accelerating innovation related to low-carbon products and solutions while building on our experience in developing a more sustainable product portfolio, for example, EconIQ. These efforts are complemented by research into new critical materials, improved material efficiency, climate resilience, and the development of circular solutions to support long-term differentiation and success.
Reputational	We see rising stakeholder expectations regarding sustainability posing a reputational risk. We have also set decarbonization goals to reduce our GHG emissions (Read more in section 3.1.6 Other decarbonization initiatives) and not achieving them may reduce competitiveness and loss of reputation.	We are pursuing a comprehensive sustainability strategy and designed a Sustainability Performance Framework which provides a consistent approach for measuring and monitoring our sustainability performance indicators, including our ambitious net-zero targets (Read more in section 2.4 Sustainability in our business strategy). We also ensure transparent communication of our progress.

3.1 Climate (continued)

Based on preliminary results from our Double Materiality Assessment, key transition risks and opportunities which could potentially impact Hitachi Energy in the foreseeable future, were categorized into four groups covering policy changes, market developments, technological innovation, and reputational challenges.

The scenario-based analysis of transition risk and opportunities provides Hitachi Energy with valuable insights into how they may change and evolve over the medium and long term. This improved understanding enables us to better anticipate future developments, to strengthen our risk management, and to proactively identify and harness emerging opportunities.

Promoting climate adaptation and resilience

To facilitate organizational awareness of climate-related physical risks, key stakeholders including Business Units (BUs), global HSE, Real Estate and Enterprise Risk Management are regularly informed about results and updates of the climate risk assessment. To make sure that results are interpreted and used correctly, training courses are being developed to increase awareness and understanding of climate risk assessments and climate adaptation.

To support the implementation of climate adaptation measures at our operational sites, a general climate adaptation guideline was developed following ISO 14090:2019. This guideline provides detailed information on roles and responsibilities as well as the key steps required for identifying and implementing site-specific climate adaptation measures which can range from infrastructure maintenance and investments to updates to business continuity or contingency plans. The responsibility for designing and implementing site-level climate adaptation measures lies with business unit and site management in close collaboration with the HSE and Real Estate functions.

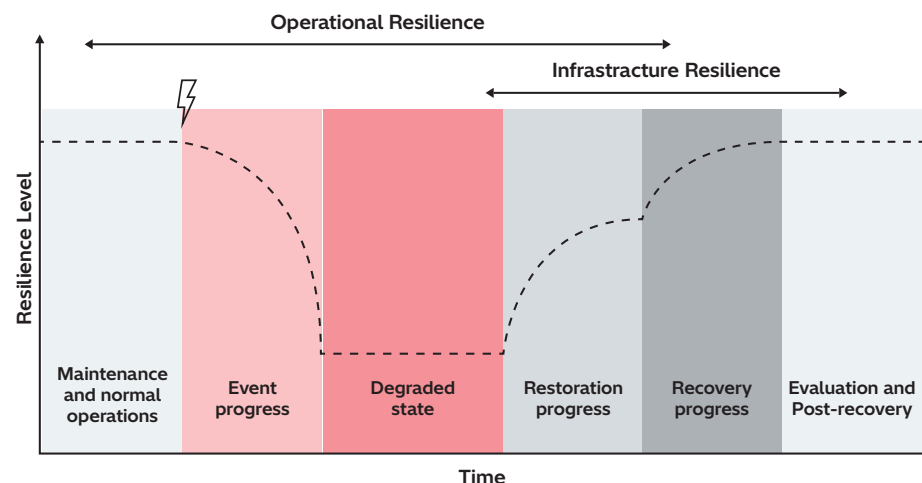
Strengthening customer resilience in a changing climate

Hitachi Energy recognizes climate resilience as a growing customers' priority. For example, assets of Transmission System Operators (TSO), Distribution System Operators (DSO) or utilities are facing growing exposure to extreme weather events and climate-related hazards, with associated risks expected to increase as climate change progresses.

In response, we have developed a framework to define the characteristics of resilient products, solutions, and services that support our customers' climate adaptation efforts while delivering long-term value. The framework is based on the concept of the 'resilience curve' which illustrates how a disturbance such as a storm or a flood impacts power systems from initial disruption through to recovery. Each phase of this disruption requires targeted interventions, and our

portfolio is designed to address these needs across the full timeline: enhancing system preparedness prior to an event, strengthening operational performance during a disturbance, and enabling rapid recovery and restoration afterward.

In this context, our circular economy approach plays a pivotal role in setting standards for the fast and easy repair or replacement of damaged assets. In parallel, our Service Business Unit can provide specialized recovery and restoration services following disruption events or upgrade and maintenance services before an event. As an enabler of resilience and adaption, the Service Business Unit is providing lifecycle services, including predictive maintenance and specialized recovery. Through this integrated approach, we support customers in building more secure and climate-resilient power systems.



Heikki Karvanen
Head of
Real Estate

“At Hitachi Energy, Real Estate works side by side with the business to create safe, efficient, and sustainable workplaces and manufacturing facilities. Through practical solutions and continuous improvement, we reduce our environmental footprint while supporting growth, productivity, and the communities where we operate.”

3.1.4 Carbon accounting and environmental reporting

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 FY25, 167 sites provided data relating to our environmental performance using a dedicated internal environmental reporting system. There are more than 400 Hitachi Energy sites across the world, and the sites required to report are selected based on three key characteristics: 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 GHG 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.

3.1 Climate (continued)

Environmental reporting is performed by the sites either quarterly or annually, depending on the size and potential impact of the site. The reporting process is supported by regular training, workshops, meetings, and calls across the organization.

FY25 emissions table (absolute):

Scope	FY25
Scope 1 (ktCO ₂ e)	94.01
Scope 2 (market-based) (ktCO ₂ e)	7.46
Scope 3 (ktCO ₂ e)	165,794

For Scope 3, we have assessed that there are five key categories that are relevant and significant, contributing over 99.8 percent of our total company emissions. They are:

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

We continue to calculate and report on all other Scope 3 categories, but 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.

As such, reduction targets are only set against the five relevant categories listed above. The GHG Protocol (GHGP) is currently undergoing a thorough review of its published guidance documents on GHG emissions accounting, launching several public consultations, with plans to launch more soon, and setting up a joint working group with ISO to develop a new product-level accounting standard. In parallel, the SBTi has also run consultations on the latest version of its own Net-Zero Standard.

We are closely monitoring any developments in accounting and target setting methodologies, and have been active in contributing and responding to the consultations launched by both the GHGP and SBTi.

We intend to ensure that our company targets and reported emissions results maintain the utmost integrity, aligning with the best practices of these organizations and working closely with them to ensure any changes support the transition to clean energy.

3.1.5 Carbon-neutral operations (GRI 302-1, 302-4, 305-1, 305-2, 305-5)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

Scope 1 and 2 emissions

In FY25, our combined Scope 1 and 2 emissions totaled 101.47 ktCO₂e. Approximately 90 percent of our Scope 1 and 2 emissions fall under Scope 1. Nearly 80 percent of Scope 1 emissions result from natural gas combustion and SF₆ losses, approximately 40 percent each.

Another significant contributor to Scope 1 emissions is the use of heavy oil, particularly from our manufacturing facility in Figeholm, Sweden, accounting for approximately 10 percent of total Scope 1 emissions. District heating accounts for most of our Scope 2 emissions. Energy consumption from renewable sources reached 67 percent.

Within our operations, we prioritize emissions abatement measures over offsetting. To support our ambition to achieve carbon neutrality with limited reliance on carbon offsets, our Scope 1 and 2 emissions reduction strategy encompasses several key initiatives:

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

- Fleet electrification

Following this reduction strategy, in FY25 we achieved a 72 percent reduction compared to our CY19 base year. The reductions have been primarily driven by our Fossil-Free Electricity program and SF₆ loss reductions.

Despite significant efforts to reduce our Scope 1 and 2 footprint, these emissions increased by 10 percent year over year compared to FY24. While our emissions from energy consumption and other GHGs have remained almost the same (0.1 percent increase), our SF₆ emissions have increased by 36 percent compared to the previous year, constituting most of the 10 percent Scope 1 and 2 emissions increase.

Enhancing SF₆ management is one of our key priorities, and we are continuously strengthening our SF₆ practices, including increased monitoring and more comprehensive reporting of incidents and leakages at our own sites and customer locations under our operational control.

Even though absolute SF₆ emissions have increased, our SF₆ leakage rate (SF₆ leakage amount divided by total amount handled) remains below 0.5 percent. We continue to improve our SF₆ accounting and loss prevention approaches, critical to further minimizing losses to the lowest amount possible. SF₆ is an extremely potent greenhouse gas – minor losses have a large climate impact and the potential to negate other significant, hard-won decarbonization efforts.

Achieving meaningful emissions reductions will also require stronger collaboration with our customers to accelerate the adoption of our lower-carbon, SF₆-free solutions, such as those offered through our EconIQ portfolio. Supporting this transition involves a fundamental transformation of key manufacturing processes. Ultimately, a complete shift away from SF₆ to potentially less polluting

processes and products will depend on the continued adoption of these new technologies.

→ Read more about EconIQ in section 2.2

In FY25, the total number of reporting sites in our portfolio increased to 167. Annual adjustments based on our reporting criteria included the addition of 12 reporting sites, the relocation of one site, and the removal of six sites from the reporting boundary. Of those removed, three sites no longer met our reporting criteria and the other three ceased operations.

New reporting sites introduced in FY25 accounted for a combined increase of 0.29 ktCO₂e. Meanwhile, the sites removed lessened our emissions by 0.27 ktCO₂e, reflecting a small impact in emissions due to portfolio changes.

→ Read more in section 3.2 Operational management of environmental impacts

GHG Emissions (ktCO₂e) by category



● Gases	40%
● SF ₆	35%
● Oils	12%
● District heating	7%
● Transport fuels	6%
● Biomass (CH ₄ and N ₂ O only)	0%
● Purchased electricity (market-based)	0%
● Other GHGs	0%

3.1 Climate (continued)

Case study

Tackling unnecessary consumption

At our Jefferson City manufacturing facility in Missouri, USA, a Variable Frequency Drive (VFD) had been installed on the cooling tower condenser pump in January 2025. By adjusting pump speed to match actual cooling demand, the system achieved an annual energy reduction of approximately 15 percent (40 MWh/year).

Operating at reduced load also extends equipment lifetime. This improvement avoids approximately 30 metric tons of CO₂e emissions annually, directly contributing to our decarbonization targets. In addition, enhanced flow control improves water efficiency by reducing unnecessary circulation and evaporation losses, thereby lowering overall water withdrawal.

The project, with a modest capital investment of \$7,000 USD, results in a payback period of less than five years. With its strong return on investment and low implementation risk, this solution is highly replicable across facilities with similar processes, demonstrating how integrated measures can deliver simultaneous benefits in energy, carbon, water, and cost efficiency.

Decarbonization pathway (Scope 1 and 2 emissions)

Our decarbonization pathway for Scope 1 and 2 emissions is anchored in targeted investments and strategic initiatives that deliver both GHG reductions and improved operational efficiency. We partner with our Real Estate function on brownfield and greenfield projects to decouple company growth from emissions growth.

Since FY24, our Scope 1 and 2 targets have been supported by business site environmental targets, part of our integration of the EAP27 into operations. In FY25, we expanded the scope of this target to include all reporting sites. Each site has defined its own year-on-year targets to monitor Scope 1 and 2 performance to the end of FY30.

These site-level targets are consolidated to shape our Scope 1 and 2 decarbonization pathway. They are established based on production and operational forecasts and provide an understanding of areas or sites where we may need to explore deeper reductions.

→ [Read more about EAP27 targets in section 3.2](#)

In FY25, we assessed carbon-neutrality action plans through FY30 for our 60 highest-emitting sites, improving our understanding of the investments required to meet our decarbonization targets.

Following this assessment and considering the expected growth of the company, the immediate implementation of these action plans is necessary to meet our targets – many of which require significant capital investment. Various tools, such as Marginal Abatement Cost Curves (MACC), are being developed and applied internally to assess both the potential emissions reduction and the associated cost or savings per investment.

These insights support informed decision-making and help establish clear priorities for emissions reduction initiatives. Our business units operate diverse manufacturing processes, each with distinct temperature requirements and varying end-of-life timelines for existing equipment. Balancing the phase-out of obsolete assets, the phase-out of fossil fuels and electrification, and the delivery of a positive return on investment remains a key focus area for the organization.

Site action plans advance a comprehensive portfolio of solutions, including energy efficiency measures, improved management of SF₆ and refrigerants, the deployment of on-site renewable energy, the use of biofuels, and process electrification through the transition away from fossil fuels.

We are also progressively implementing energy management systems across our manufacturing sites and larger offices, aligned with ISO 50001:2018, including the FY24 amendment. In FY25, completed projects delivered estimated annual energy savings of more than 5,000 MWh. Energy efficiency measures significantly enhance manufacturing efficiency and contribute to broader environmental performance improvements.

In parallel, we are electrifying our vehicle fleet and supporting the broader decarbonization of the electricity grid through the procurement of fossil-free electricity. Together, these actions form a structured and forward-looking approach to achieving our emissions reduction targets while maintaining operational excellence, ultimately rounding out our 2030 Carbon-Neutral Pathway for Scope 1 and 2.

3.1.6 Other decarbonization initiatives

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

Company car electrification

Our fleet electrification program continued during FY25, 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 policy roll-out covers 30 countries and 69 percent of the active fleet. Currently, 10 percent of our fleet has a full electric motor (EV and BEV), 27 percent a hybrid engine (PHEV and HEV), and 64 percent remain as internal combustion engines (ICE, including mild-hybrids). The adoption rate of the policy is expected to increase in the coming years.

Fossil-free electricity

Hitachi Energy continues to source 100 percent of its purchased electricity from fossil-free sources, wherever it is possible to do so.

The electricity we purchase comes from sources that produce zero emissions at the point of generation – renewables and nuclear. While this is possible in most locations, 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.

To ensure we source our electricity in the most credible and effective way possible, we adhere to the Scope 2 quality criteria and follow the best practice guidance of the RE100. We have set out a hierarchy of sourcing options that we are continually looking to move up through, ideally generating our own electricity or sourcing it through Power

3.1 Climate (continued)

Purchase Agreements (PPAs), and purchasing unbundled EACs only where necessary.

In FY25, we increased the amount of electricity sourced through renewable PPAs by 50 percent compared to the previous year (up to 4.8 percent of total), and increased the amount of electricity generated from on-site renewables by almost 2 GWh.

3.1.7 Decarbonizing our value chain

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

Reducing our emissions intensity

Hitachi Energy is predominantly a manufacturer of large electrical equipment for the energy and utilities sector. The products we make require a large amount of materials, and their task is to transmit and distribute large amounts of electrical power. As such, the majority of emissions in our value chain emanate from the embodied emissions of the materials we purchase, and the energy losses from our products once in operation.

We are also in a period of significant growth for the company, with countries expanding their electricity grids at unprecedented rates, electrifying societies in the pursuit of providing reliable, clean power to a growing global population facing the threat of climate change.

With this increased demand for our products and services, we inevitably see an increase in the amount of GHG emissions generated in our value chain. While this is an unfortunate, and even inevitable, consequence of expanding electricity grids and the long-term transition toward renewable power, we have committed to supporting this transition in a sustainable way.

We have therefore set reduction targets for the 'emissions intensity' of our value chain (Scope 3), committing to reduce the emissions we generate per unit of

activity of our company, allowing for that necessary market and company growth but ensuring we grow responsibly.

As mentioned above, the primary activity of our products is to transmit and distribute large quantities of electricity, and so our activity metric is the power-carrying capacity of our products, measured in Megavolt-Amperes (MVA). The emissions intensity of our value chain is therefore the amount of GHG emissions generated per unit of power capacity sold in our products (metric tons CO₂e per MVA).

Our Scope 3 emissions intensity targets are aligned with the Paris Agreement goal of keeping global warming below 1.5°C, are validated by the SBTi, and are how we measure our progress in decarbonizing our value chain.

In FY25, emissions intensity has decreased by 6.3 percent vs FY24 and now stands 36.3 percent below our 2019 base year result, meaning we remain on track to meet our 2030 SBTi target of reducing Scope 3 emissions intensity by 55 percent.

This reduction is in spite of a slow-down in renewable energy installation around the world, with energy security and affordability becoming a greater priority for many governments and customers in recent years.

This year also marked the creation of the Service business unit, enabling a stronger focus on the services we deliver to customers. It allows us to better understand both their emissions footprint and the opportunities to drive avoided emissions – an area that will continue to grow as retrofit and refurbishment solutions evolve. We have begun an extensive exercise to build a Net-Zero Pathway covering all three scopes of emissions, which will cover not only our products and services but also our business strategies, to enable us to better focus on how we reduce emissions intensity in future.

Use of sold products

The energy losses from the use of our sold products continue to generate the vast majority of our company total emissions. This year our products generated 95 percent of all scope 1, 2 and 3 emissions, with approximately 89 percent of all emissions coming from our transformer products.

Although transformers are highly energy-efficient products, achieving more than 99 percent operational efficiency across the portfolio of units sold in FY25, their contribution to GHG emissions from the use phase remains significant.

This is because transformers are designed to operate continuously over several decades, and a large number of units are required across the electricity transmission and distribution network, from generation to end use. As a result, even small energy losses accumulate over long lifetimes. When combined with the carbon intensity of the electricity used to energize these assets, these losses translate into a substantial cumulative impact, which is only likely to increase as electricity grids around the world are expanded and the market for these products grows.

We continue to increase the amount of products and services sold each year, with the power capacity of those sold products increasing by 11 percent since FY24 and by 63 percent since our base year. In fact, since 2019 our absolute emissions have increased by just 2.3 percent, due to redevelopment of certain products, improved tracking of our work in the renewables sector, and a steady decarbonization of global electricity grids.

In FY25, we saw a further decrease in the emission factors of the grids that we sell our products to, with an average decrease of eight percent in the grams of CO₂ per



Markus Heimbach
Executive Vice
President and CEO
Business Unit
High Voltage
Products

“Sustainability is central to Hitachi Energy’s portfolio strategy, and in the High Voltage Products Business Unit, we bring this to life by enabling a sustainable transition to a low-carbon grid. This is why we developed switchgear technology that is as reliable, as compact, as scalable – and most importantly – free of SF₆. With this approach, we strengthen the resilience of our grid and contribute directly to a more eco-efficient energy future.”

kWh generated by the energy losses of our products. This shows a continuing positive trend that electricity grids are, on average, continuing to decarbonize, supported by Hitachi Energy’s products and services and the projects we are delivering each year.

This steady decarbonization of electricity grids, as well as a reduction in the power sold by Transformers to the less efficient traction (rail) industry, has resulted in an overall decrease of 6.3% in the emissions intensity of our products since last year.

However, we did see small increases in parts of our product portfolio. In power transformers, the proportion of power sold to zero-emission generation dropped to 10.9 percent from 13.1 percent the year before, while power sold to fossil fuel generation increased from 4.2 percent to 5.8 percent.

3.1 Climate (continued)

This swing can partly be attributed to geopolitical factors, with several regions beginning to prioritize the affordability and security sides of the energy trilemma. Despite this, our objectives remain the same and we continue to work on finding solutions to reduce our emissions intensity in the long term, particularly in areas such as improving the energy efficiency of our products and reducing the use of SF₆ with our state-of-the-art EconiQ SF₆-free switchgear.

Our Grid Integration business unit delivered electrical infrastructure projects across multiple geographies with diverse energy mixes. On the one hand, there was significant exposure to fossil-fuel intensive grids – where electrification is critical for the energy transition and security of supply – which contributed to an increase in emissions intensity compared to FY24. This effect is primarily driven by external factors, particularly the national energy mix of the countries where projects are executed.

In parallel, through HVDC projects we have integrated renewable energy such as offshore wind to the grid, and interconnector projects have allowed regions supplying clean electricity to connect to locations with higher grid emission factors. Overall, our activities support access and reliability of electricity supply, while structurally contributing to the decarbonization of energy systems.

The integration of EKS into our Grid Automation portfolio, now part of the Power Conversion Solutions offering, further strengthens our support for low-carbon energy infrastructure through converters widely used in photovoltaic (PV) and battery energy storage systems (BESS). Looking ahead, we are defining a clear decarbonization pathway for Use of Sold Product emissions and expect continued revenue growth, combined with deployment in progressively cleaner grids, to drive a sustained decline in emissions intensity.

Purchased goods and services

The raw materials that we purchase, and ultimately are used to manufacture our products, continue to have a significant impact on our GHG emissions inventory, with category 1 emissions making up ~4 percent of total Scope 3 emissions in FY25.

The majority of these emissions come from the metals used in our products, such as steel, copper, and aluminum.

However, while we have increased the amount of power sold since last year by 11 percent, the increase in emissions from our purchased goods only rose by 7.4 percent, meaning a reduction in emissions intensity of 3.0 percent.

This improvement has been achieved through various activities led by the supply chain management function, including:

- Green Together program, supporting 40 suppliers to understand and reduce their own emissions
- Low-carbon and recycled materials used for selected tenders
- Set up of a low-carbon and circular materials taskforce
- Supplier GHG assessment program implemented in 21 countries

Our individual business units also continue to build their own plans and make progress. The Grid Automation Business Unit has assessed 74 percent of spend as per EcoVadis criteria, despite starting the year with just 48 percent completion, and the addition of the PCS product group causing a drop to 45 percent with only six months left in the financial year.

Achieving close to a 30 percent improvement within one fiscal year required disciplined data management, extensive collaboration with suppliers, and a unified commitment to defining 'responsible sourcing' in

actionable terms. This resulted in significantly greater insight into the ESG performance of GA partners, enabling them to reduce risk and foster substantial progress.

These programs and initiatives will continue to be expanded and deliver further emissions reductions in the future, with a keen focus on supporting our supply chain to follow best practices, build knowledge, and ultimately reduce the embodied emissions of the products that they sell to us.

Transportation

This category covers the emissions from the movement of both the goods we purchase and the products we sell. While it remains a relatively small part of our overall company footprint, approximately 0.1 percent, it still represents an amount of emissions greater than our Scope 1 and Scope 2 emissions. It is also an activity that we closely monitor and, with advances in vehicle and fuel technology, is an area with potential to make significant reductions in future.

Absolute emissions have risen by 52.1 percent since our 2019 base year, largely in line with the increase in our company size and activity. However, the emissions intensity has dropped by 6.8 percent in this time due to the steeper increase in power sold, thus demonstrating that our transportation operation is growing efficiently. Since last year, absolute emissions have dropped significantly (-26 percent). While we have seen air transport emissions rise by 25kt CO₂e, this has been offset by a drop in road transport emissions of over 78kt CO₂e and also a drop in overall weight being shipped.

The Transportation, Trade and Logistics department has also made large improvement to the way logistics data is collected and managed. A growing proportion of our shipments are now managed through a centralized system, providing us with

better, more reliable data, allowing us to better calculate the impact of our shipments and rely less on assumptions.

Business travel

As in previous years, the emissions from our business travel remain less than 0.1 percent of total Scope 3 emissions. However, for the past two years the absolute amount of emissions from this category has been higher than our company's total Scope 1 and Scope 2 emissions, and therefore is an area we closely monitor. In FY25, absolute emissions from business travel rose by 8.2 percent vs FY24, but emissions intensity actually reduced by 2.3 percent. This is also a modest rise in emissions when compared to the increase in revenue (+26.4 percent), headcount (+12.3 percent), and the company's measure of activity; power sold (+10.3 percent). This all indicates that business travel continues to be managed in an efficient and sustainable manner.

3.1.8 Helping customers toward carbon neutrality ^A

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 toward 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 ^A

In FY25, we were once again able to make a significant contribution to avoided emissions, increasing the total we have contributed to by 329 million metric tons of CO₂e, and to a total of 781 million metric tons since we began our monitoring in 2022.

Of these, the vast majority of the avoided emissions were generated by our Transformers business unit and the use of their OceaniQ™ transformer products in renewable energy projects. Approximately 64 percent of the avoided emissions were generated by offshore wind projects in China.

Our HVDC projects also contributed approximately 20 million metric tons toward the result, which is a reduction on previous years, but we expect this to increase in future years with more renewables projects already in the pipeline.

All of this means that we have already achieved 78 percent of our target to contribute to generating 1 billion metric tons of avoided emissions by 2030.

	FY23	FY24	FY25	Total
Avoided emissions (Mt CO ₂ e)	186.54	212.81	329.41	781.37

We are also making steady progress identifying other products and projects that are eligible to contribute to our avoided emissions goals, with several opportunities being identified and assessed in our Service, Grid Automation, and High Voltage Products business units. As such, we expect the scope of eligible projects to increase in future years, expanding into areas such as grid efficiency improvements and SF₆ reductions/replacements, in addition to the renewable energy projects already being accounted for. ^A



3.2 Operational management of environmental impacts



Solen Karavelioglu
Global Head of HSE

“A world-class environmental operations function delivers exceptional performance today, anticipates and mitigates future environmental risks, integrates environmental thinking into every business decision, enables an efficient tomorrow and earns trust from employees, communities, regulators, and customers through transparency, innovation, and leadership.”

A Our approach to environmental performance in our operational activities embodies our long-term HSE commitments, which reaffirm our approach to protecting the environment by minimizing our impact, as part of our aim to achieve world-class health, safety, and environmental performance.

We manage environmental impacts through a structured process embedded in our operations. Across our sites, we identify environmental aspects, assess their significance, and prioritize actions based on risk, regulatory requirements, and potential impact. This ensures we focus on what matters most – including emissions, waste, water, resource use, legal compliance, incident prevention and other site-specific risks – while maintaining consistency across our global operations.

Our approach reflects how work is carried out in practice. We design controls and processes that are workable in real operating conditions and recognize the role of people, systems, and environment in shaping outcomes.

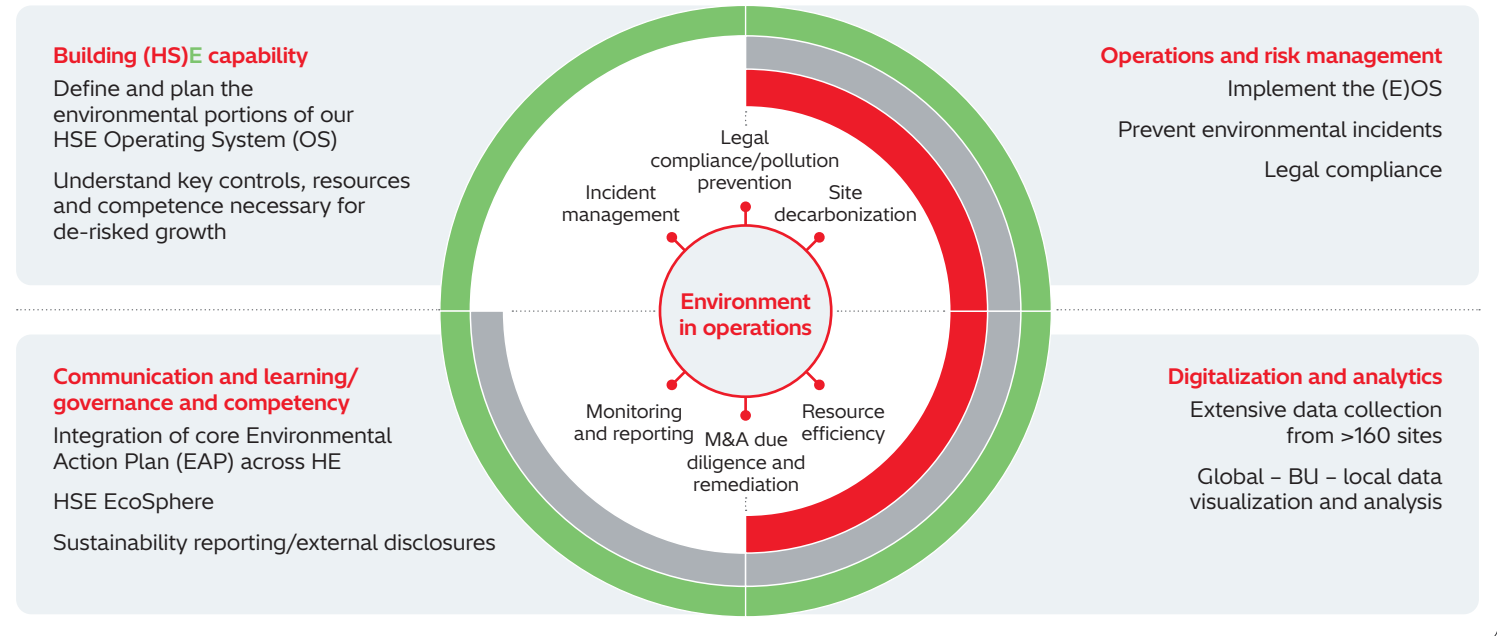
→ Read more in Section 4.3. Health and safety

Environment in operations

Working toward highest standards of (HS)E performance

Key

- – Minimal impact
- – Proactive protection
- – Risk mitigation



Business site environmental targets

Our sustainability strategy is supported by a range of underpinning KPIs covering specific aspects of our operations.

In FY24, we set site-level environmental KPIs for our operations following an extensive exercise across Hitachi Energy, where sites within the scope of each KPI defined targets that were consolidated to shape the company's targets.

This established the foundation for how Hitachi Energy measures environmental performance across our operations; and drives accountability for minimizing our impacts through every reporting location across the company. Furthermore, this approach allows us to align with environmental performance evaluations at a Hitachi Ltd. Group level.

Our performance in FY25 against these targets is shown in the **Environmental Performance Improvement Cycle (EPIC) table** (see the next page).

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 FY30 (see section 4.3. Health and safety).

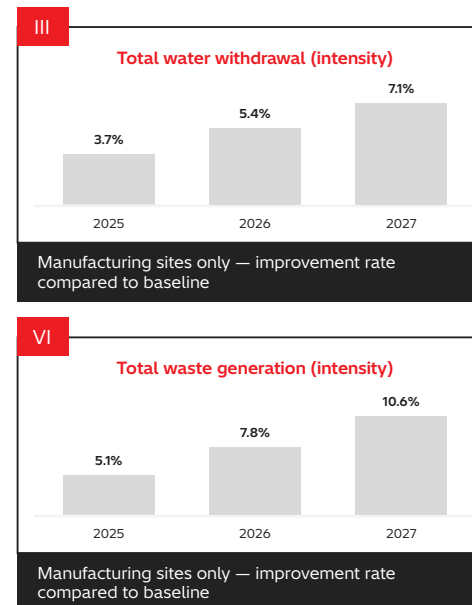
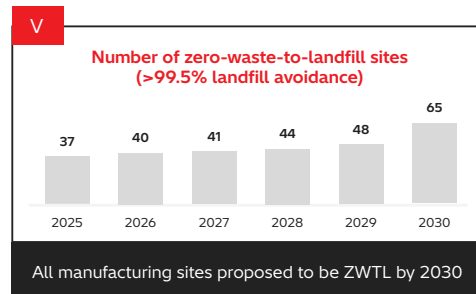
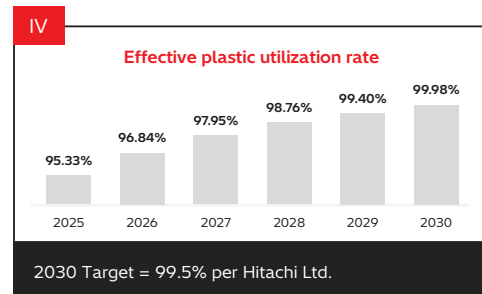
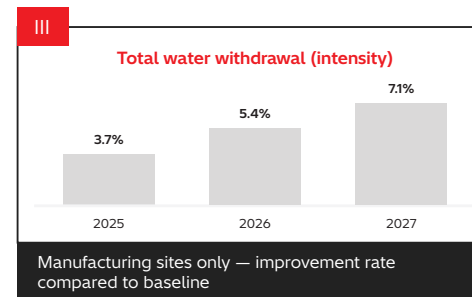
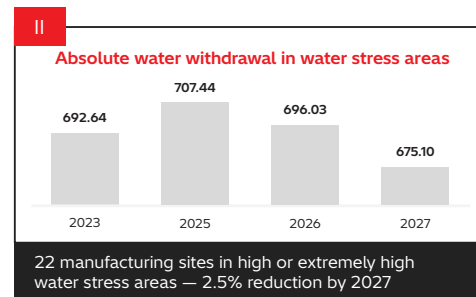
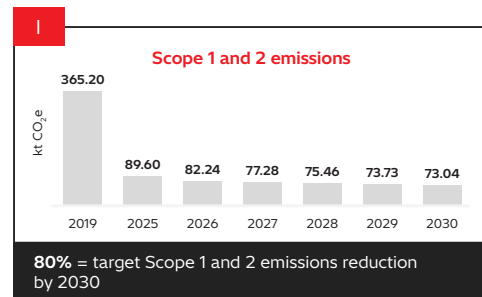
3.2 Operational management of environmental impacts (continued)

Environmental performance improvement (EAP27)

KPI	KPI target FY25	KPI FY25 result
Scope 1 and 2 GHG emissions	89.6 kt CO ₂ e	89.6 kt CO ₂ e*
Freshwater withdrawal in water-stressed areas	707k m ³	760k m ³
Freshwater withdrawal improvement rate	3.70%	22.75%
Effective utilization of plastic	95.30%	98.50%
Number of zero-waste-to-landfill (ZWTL) sites/WTL rate	37/3.8%	47/2.13%
Total waste generation improvement rate	5.10%	4%

* Totals are based on sites in scope of business site targets and not reflective of all reporting sites at end of FY25. Newly added sites do not set site-level targets until the following fiscal year, which may cause a difference between total Scope 1 and 2 GHG emissions reported and results against business site target totals for that year.

Environmental Action Plan 2027 (EAP27) environment in operations KPIs



Key environmental initiatives in the FY25 HSE AOP were:

1. Comprehensive, core environmental training review
2. Environmental risk assessment methodology enhancement
3. Scope 1 and 2 decarbonization roadmap maturation
4. Enhance environmental operations controls for business growth

Through these initiatives, we established an Environmental Foundations learning path, consisting of courses focused on our main environmental aspects.

→ Read more about Scope 1 and 2 decarbonization roadmap in section 3.1.6

We also began building our internal EcoForward Building Design Guideline to promote sustainable practices in our execution of greenfield and

brownfield projects, aimed to decouple business growth from environmental impacts.

Our risk assessment methodology improvements are discussed in the following sections.

Environmental Standards in our HSE-OS

Environmental Standards within our HSE Operating System (HSE-OS) underwent a comprehensive review in FY25. They now link target KPIs to four defined levels of maturity – basic, standard, advanced, and leading – each supported by five specific requirements. The revised standards were formally approved and in force beginning in FY26. All sites are expected to meet at least the standard level.

This framework replaces the former “11 Green Steps” program and serves as a practical guideline to improve performance across each underpinning KPI, as well as other environmental aspects, providing sites with a structured approach and a toolbox of measures, working toward world-class HSE performance.

Review of environmental incident performance and trends

In FY25, we undertook a detailed review of environmental Significant and Major incident performance and trends across the company. The review highlighted that to eliminate such incidents, we would need to change how we assess risks and prevent consequences – that is, to enhance our environmental risk capability.

In exploring this further, we recognized that success lies in our ability to anticipate risk and control outcomes across the spectrum of our activities, including research and development, delivery of new projects and changes, operation of processes and systems, and the many activities that our people undertake every day. This informed our FY26 environmental operational risk improvement strategy. ^A

3.2 Operational management of environmental impacts (continued)

Environmental risk management

Our FY26 Annual Operating Plan builds on what we learned in FY25, shaping a continued initiative aimed at enhancing the organization's ability to identify environmental risks and ensure that we have full control to prevent incidents.

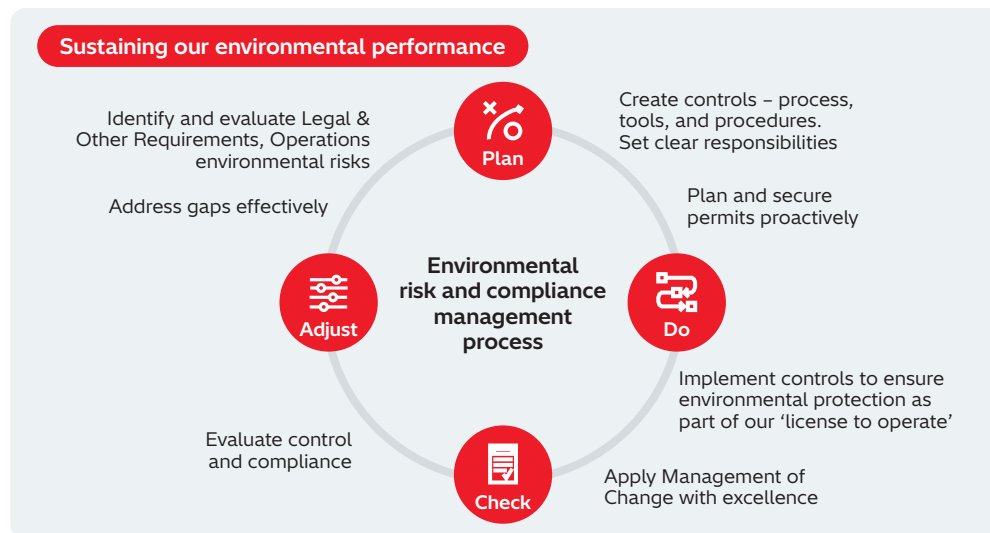
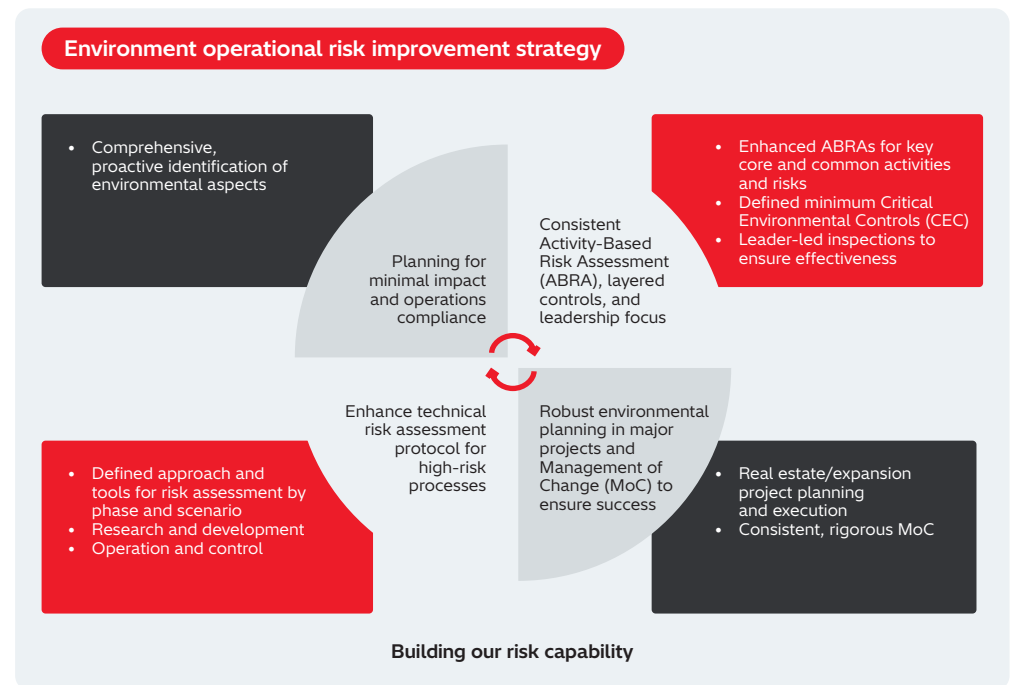
Consequently, we are developing and deploying renewed tools and practices to reinforce our organization's risk assessment and control effectiveness. Some important examples include:

- **Growth and change:** Development of tools to facilitate better planning and informed decision-making through major projects and consistent Management of Change (MoC) processes.
- **Activities:** Development of Activity-Based Risk Assessment (ABRA) reference templates covering key environmental risks and specifying minimum, layered controls for core and common activities.
- **Processes and systems:** Better defining our approach to assessing environmental risks tied to systems and processes, including how

to consider environmental risks during research and design, and in our operations. We are improving technical risk assessments of gas and oil storage and distribution systems, where some of our highest-severity incident risks exist.

- **Ensuring control:** Deployment of detailed First Line of Defense (1LoD) inspections to support our operations leaders in their effort to confirm control of high-risk environmental activities. This led to the launch in the first quarter of FY26 of Critical Environmental Control (CEC) inspections, rigorous leader-led inspections for activities involving insulating fluids (for example, transformer oil), and insulating gases (for example, SF₆).

Development and deployment of the environmental risk improvement strategy is underway and will progress through FY26.



3.2.1 Business unit and site operational activities

Grid Automation

Over the course of FY25, we have captured, tracked, shared and consolidated a wide range of environmental best practices across our global locations. This reflects a strong and collective commitment to sustainability, continuous improvement and operational excellence.

Local Environmental Improvement Plans have been implemented in each location which have been assigned with Environmental Action Plan (EAP) targets set for 2027. These support our EAP27 targets, to drive overall environmental footprint reduction, increase operational efficiency, reduce CO₂e

emissions from operations, and reduce water use and production of waste. These initiatives span multiple domains, including the following described best practices:

- Energy efficiency and emissions reductions – including LED lighting upgrades, sensor-based systems, optimized HVAC usage, and comprehensive energy mapping to identify high-consumption areas for targeted action. Fuels for more sustainable transport, such as biodiesel use and support for cycling infrastructure (Seville location).
- Waste management and circularity – expanded waste segregation, adoption of reusable materials, and innovative recycling approaches including conversion of wood waste into new products and reduction of single-use plastics.

3.2 Operational management of environmental impacts (continued)

- Water conservation – installation of sensor-activated fixtures and water reuse systems.
- Many sites (Jakarta, Indonesia; Bangalore – Bhoruka Tech Park, India; Milan, Italy; Krakow, Poland), have also strengthened their environmental performance through certifications and assessments (for example, LEED and Green Mark). In Buenos Aires, Argentina and Krakow, Poland, sites have developed advanced biodiversity and community engagement initiatives, including nature conservation activities and employee-driven environmental programs.
- Following the ‘Biodiversity = Life’ campaign that started in FY24, a high-level assessment was conducted to better understand potential impacts on biodiversity at selected sites located in proximity to protected areas. These insights have supported the strengthening of biodiversity protection and conservation initiatives.
- In Buenos Aires, an employee volunteer day was organized to support riverbank clean-up activities, contributing to local ecosystem preservation. Now in its second year, this initiative continues to strengthen environmental stewardship among employees while generating tangible benefits for the local community.
- Our R&D Center in Krakow initiated their first forests planting project, aimed at supporting the development of a natural habitat that provides a conducive environment for protected species, including the black stork and the white-tailed eagle.
- The active engagement of employees and the local community through corporate social responsibility initiatives such as support for a flooded school in Bardo, Poland, reinforced the company’s commitment to environmental sustainability, biodiversity conservation, and meaningful community involvement.

Together, these best practices highlight a collective effort to integrate sustainability

into daily operations, drive continuous improvement, and contribute meaningfully to our broader environmental objectives.

Grid Integration

Within the Grid Integration Business Unit, FY25 marked continued progress in strengthening environmental performance across project execution and operational activities. Building on previous initiatives, efforts focused on integrating environmental considerations into project delivery and manufacturing operations, through continuous improvement, data transparency and risk-based management.

The approach aligns with Grid Integration’s sustainability framework, structured around

1. Enhancing positive impact,
2. Minimizing environmental footprint,
3. Ensuring compliance, transparency and responsible conduct.

1. Enhancing positive impact – digitalization and data transparency further strengthened as key enablers of environmental performance. EcoSpace™ was externally launched in October 2025, expanding access to structured sustainability data for customers and stakeholders, while an internal relaunch supported broader adoption across projects. The tool enables carbon footprint tracking, scenario analysis and quantification of environmental improvements, supporting more consistent baselining, reporting and continuous improvement across the project lifecycle.

2. Minimizing environmental footprint –

a) low-emission solutions in project execution progressed with HyFlex™, the hydrogen-powered fuel cell generator solution, which was further tested across selected project sites, can reduce reliance on fossil fuel-based temporary power and support cleaner construction practices. Its contribution has

been externally recognized through multiple industry awards in FY25 (SEAL Award, Swedish Energy Prize Jury’s Choice at Elfack, Ports and Harbor Innovation of the Year at the Electric and Hybrid Marine Awards).

b) project sites – environmental risk management and best practices:

- Circular use of materials, including recycling of metals and cables, partnering with resource efficiency organizations and reuse of timber packaging, through resale or donation.
- Improving resource efficiency in construction operations, through recycling surplus concrete as secondary aggregate and recirculating construction equipment and site facilities across projects or offering them for external auctioning.
- Reduction of water consumption and water-related carbon emissions through on-site abstraction and on-site treatment.
- Deployment of solar-powered site equipment, reducing reliance on diesel-based energy and reducing emissions up to ~40 tCO₂ emissions per site/year.
- Biodiversity measures, including habitat restoration and use of native species, following construction.

c) examples of project site-specific decarbonization and efficiency measures implemented based on local conditions and project needs.

At the Rugeley (UK) site the use of a battery Energy Storage System (BESS) combined with HVO generators achieved a 45 percent reduction in fuel consumption, avoiding approximately 61.9 tCO₂e, and enabling over 5,600 hours of silent operation. Additional initiatives included renewable fuels, energy-efficient lighting and EV charging infrastructure, supporting lower environmental impact as well as improved local air quality and site conditions.

d) fixed facilities – resource efficiency and environmental performance was improved through targeted initiatives which supported continuous improvement, contributing to longer-term decarbonization objectives.

Lenzburg semiconductor site: A comprehensive waste segregation initiative was implemented in FY25 to improve separation at source and increase recovery of recyclable materials, resulting in an increase in the recycling rate of about six percent, and decrease of combustibles by 21 percent despite increased production activity.

Chennai valve facility: Focus on best practice implementation, awareness initiatives and infrastructure upgrades have resulted in stronger waste segregation and improvement in water efficiency. An improved metering system, combined with employee training and awareness program enabled the site to achieve the internal target of 55.8 liters of water consumption per person per year.

3. Ensuring compliance, transparency and responsible conduct – risk management and standardization.

In FY25, a dedicated HVDC Environmental Lessons Learned booklet was published to strengthen environmental risk management across converter station projects and support project teams in identifying and mitigating key environmental risks throughout the project lifecycle.

High Voltage Products

Across its global operations, the High Voltage Products Business Unit continued to advance multiple sustainability initiatives aimed at improving energy efficiency, reducing GHG emissions, and strengthening circularity practices.

As the business continues to expand, sustainability considerations are being

3.2 Operational management of environmental impacts (continued)

systematically integrated into both new developments and upgrades of existing facilities. These include the adoption of renewable energy solutions such as solar photovoltaic (PV) systems where feasible, banning fossil fuel-based energy sources, energy-efficient lighting, water conservation measures using low-flow water fixtures, digital metering and reuse of treated wastewater for sanitation and irrigation, and use of motion-controlled infrastructure to optimize consumption.

The EconiQ product portfolio becomes increasingly integrated into operations. In FY25, about 10 percent of the switchgear produced was SF₆-free. While the EconiQ portfolio widely reduces the GHG emission risk, the focus on building up more advanced SF₆ handling system continues. Continuous improvements are being implemented in upgradation of gas handling infrastructure and leak detection systems, supported by multiple layers of protection. Lessons learned from recent incidents have highlighted the need to reinforce training efforts. In response, a comprehensive gas handling training program is being developed as a cross-functional initiative within the business unit.

Energy efficiency remains a focus area, with facilities implementing measures such as the transition to LED lighting, installation of motion sensor-controlled systems, facade upgrades to reduce cooling needs, and optimization of auxiliary operations to eliminate energy consumption during idle periods.

An example of renewable energy generation is the rooftop solar PV system at the Zurich GIS facility which has been operational since FY25. The installation has the capability to generate approximately 1.2 GWh of electricity annually, thereby significantly enhancing energy self-sufficiency.

This capability is expected to be further strengthened with the planned addition of a BESS in FY26. The Zurich facility has also implemented a 20-kiloliter rainwater harvesting system, aimed at reducing reliance on municipal water supply and supporting non-potable uses such as sanitation and solar panel cleaning.

Circularity initiatives include facilities exploring projects such as transition from single-use wooden pallets/packaging to reusable plastic pallets and metal frames, replacement of disposable cleanroom shoe covers with reusable safety footwear, and substitution of single-use or disposable containers and covers with more durable ones. Waste management systems are also being strengthened, with concept overhauls and new vendor partnerships explored in regions such as the Americas and Dammam, Kingdom of Saudi Arabia, to enhance recycling performance.

Another priority was addressing landfill waste. Manufacturing facilities in China undertook voluntary external evaluations of their zero waste-to-landfill status. By the end of FY25, all High Voltage Products' manufacturing facilities in China had successfully completed these external evaluations and received performance level ratings ranging from 'Advanced' to 'Excellent+' under the Bureau Veritas Certification Standard – "Zero Waste to Landfill Management."

A further example is the Dammam factory which, over FY25, was able to successfully segregate and divert a significant portion of its waste to recycling rather than sending it to the landfill. Landfill diversion initiatives were also implemented across facilities in India and Thailand.

These initiatives are further complemented by external recognition from industry bodies for some of our locations (e.g. CII National EHS Excellence Bronze Award 2025 for the

Doddaballapura factory, "Green Business of the Year" at the Nordic Business Awards 2025 for Hitachi Energy Vietnam), underscoring the business unit's continued commitment to sustainability and operational excellence.

Transformers

Our Transformers Business Unit continues to represent the largest share of our manufacturing footprint and associated environmental impacts, and therefore remains at the core of our sustainability transformation agenda. Building on the progress achieved in previous years, FY25 has been marked by the consolidation of our decarbonization pathway, the standardization of environmental practices, and the acceleration of circularity and resource efficiency initiatives across our global operations.

A key focus area has been the advancement of our decarbonization roadmap, supported by targeted actions to improve energy efficiency and reduce indirect emissions. We continue extending energy efficiency certifications to more facilities, and a great example is the ISO 50001 certification of our five factories in China, as well as the calculation of their carbon footprint by a third party, as part of the Green Factory Program certification promoted by the government in China.

Significant progress has also been achieved in advancing circularity. Particularly notable is our Jefferson City facility where the site has implemented innovative solutions to improve material recovery and recycling (see page 40 for more detail). These efforts contribute directly to our ambition of minimizing waste generation and maximizing resource efficiency as well as continuing our efforts to achieve our zero-waste-to-landfill target across the business unit.

Other relevant examples relating to this target have occurred at our sites in Halol and Mysore in India. These have reached Platinum level in

zero-waste-to-landfill, demonstrating excellence in waste segregation, recycling, and valorization.

In the area of environmental risk management, we have successfully completed oil risk assessments across most of our manufacturing sites, strengthening preventive measures related to oil handling, storage, and spill response. This represents an important milestone in reducing potential significant environmental incidents as well as reducing the environmental impacts associated with transformer production.

Water stewardship has also been a key priority. Following a third-party evaluation, our Halol facility recently achieved 'Water Positive' certification, reflecting best-in-class practices in water efficiency, reuse, and replenishment. This achievement reinforces our commitment to sustainable water management, particularly in water-stressed regions. Halol is the first in Hitachi Energy to achieve this certification.

Overall, these achievements demonstrate our continued commitment to embedding sustainability into our core operations, while advancing toward our long-term targets on carbon neutrality, circularity, and environmental stewardship.

Service

Modernizing the existing installed base is just as essential as building new infrastructure and to address the evolving needs, Hitachi Energy strategically strengthened its service capabilities and portfolio by establishing a new Service Business Unit from the start of FY25.

While a common environmental framework is applied across Hitachi Energy, a key focus area for our Service employees lies in differences in legacy processes and the local, field-based nature of service activities. This therefore requires strong coordination for reliable performance monitoring and consistent implementation of environmental standards.

3.2 Operational management of environmental impacts (continued)

To meet this challenge, the Service Business Unit has implemented global processes and local initiatives aimed at strengthening environmental awareness and engagement across its workforce. A key example is the Environmental Newsletter, developed and issued monthly by the Service team in Canada and shared across the organization, providing a structured and scalable communication platform.

The newsletter helps in raising awareness by delivering practical and operationally relevant content, including best practices and lessons learned from site activities. It also reinforces Hitachi Energy's HSE and Sustainability policies, standards, and requirements, supporting a common understanding and more consistent application across teams.

In addition, an Environmental Pocket Guide has been developed to support local HSE teams during project execution and site visits. The guide provides a compact reference to key environmental requirements and field measures, supporting aligned implementation and informed decision-making at site level.

These efforts are reflected in tangible operational improvements, such as a targeted energy efficiency initiative implemented at the Halle (Saale) Service Center in Germany. By upgrading the insulation of the vapor-phase oven, the service center reduced the energy consumption of the oven's operation by 27.6 percent. This initiative demonstrates how increased awareness, clear guidance, and local ownership can translate into measurable environmental performance improvements and highlights the potential for implementing similar actions across Service operations.

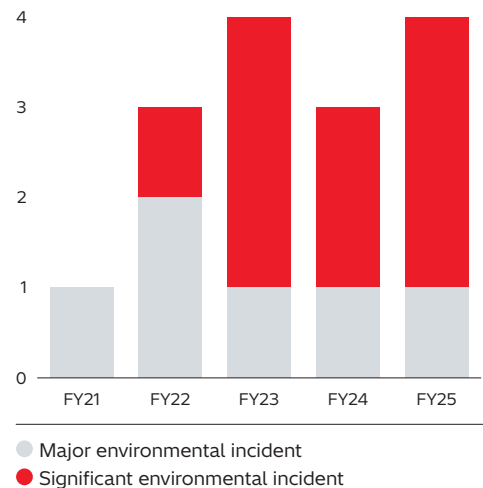
3.2.2 Major and Significant environmental incidents

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

In FY25, we experienced three Major and one Significant Environmental Incidents as defined by the classification criteria in our HSE Operating System. Three of the four incidents were SF₆ releases, and the fourth incident was a result of findings during a regulatory inspection.

Major level investigations were conducted for all these incidents, with root causes identified, corrective action plans defined, and learnings shared across the organization. We believe that our FY26 AOP risk-focused environmental strategy will enable us to reduce the number and overall significance of environmental incidents in the long-term.

Major and Significant environmental incidents



3.3 Circular economy – enabling the value cycle

A The success of the grid scale up and energy transition depend on the efficient management of vast resources. It is therefore crucial to act as responsible stewards, optimizing the utilization of existing assets and establishing models to maintain and return resources in the economy to keep up with demand.

According to ISO 59000, a circular economy is a systemic approach to maintain a circular flow of resources by recovering, retaining or adding to their value while contributing to sustainable development.

The model emphasizes design, production, and use of goods and services in ways that enable resource efficiency, keep products and materials in use for as long as possible, and minimize waste by prioritizing reuse, repair, refurbishment, re-manufacturing, and recycling – while reducing environmental impact throughout the entire value cycle.

By embedding circular economy principles into all operations, we aim to minimize pollution, waste, and resource consumption throughout the entire product lifecycle – spanning raw material extraction, transportation, production, customer use, and end-of-life processes. These efforts not only contribute to environmental protection but also empower individuals and demonstrate that sustainability is integral to long-term profitability.

We are redefining the traditional value chain, adopting a comprehensive value cycle approach.

This value cycle approach is embedded into our circular economy framework that circles around our 5Rs as well. The 5Rs are derived from the waste hierarchy on ways to avoid waste and focuses on different levels of circularity, avoiding waste and pollution, circulating products and materials and regenerating nature. The visual of the 5Rs in

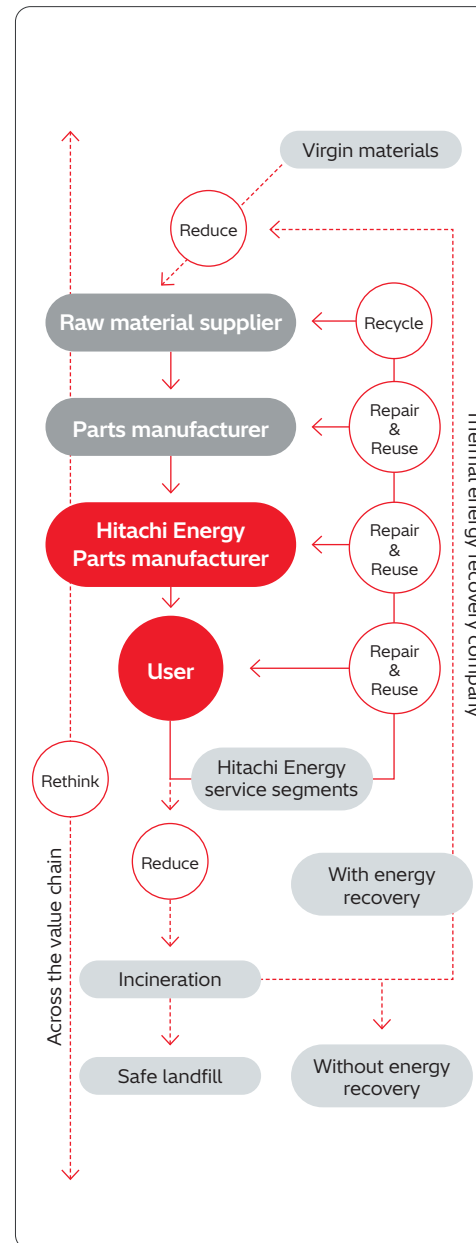
action is based on the Ellen MacArthur circular butterfly for the technosphere, and that's how we at Hitachi Energy see it as well.

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

To formalize our commitment to action in the circular economy, we have a Hitachi Energy Circular Economy Policy that applies to all our entities and collaboration partners. This policy is built on three key principles:

1. Eco-design (read more under section 2.2.2)
2. Resource efficiency
3. Lifecycle perspective



Across our interfaces, these principles are translated into the following priorities



3.3.1 Eco-design as an enabler for circular economy

Through eco-design, we ensure that our products comply with the requirements of a circular economy. Hitachi Energy's key products are designed to be durable, repairable, and recyclable. Durability leads to long operational lifetime of our key products, which is enhanced by reparability.

Long operational lifetimes reduce the environmental impact per useful life of an asset. At the end of life, our products are largely recyclable, closing the loop in the spirit of circular economy and saving resources for future generations. The impact of these design considerations aligns with Hitachi Energy's growing Service business, leveraging the circular potential designed into our products.

Durability, reparability, and recyclability

For Hitachi Energy, design lifetimes define a lower limit of durability, which can be significantly elongated by means of service, maintenance, and repair.

Design lifetimes of Hitachi Energy's physical key products span from 12 years for grid automation and power conversion products up to 40 years for switchgear, circuit breakers, and certain transformers. Many of Hitachi Energy's assets, however, are in operation even decades after the end of their design lifetimes, showcasing the high quality and robust designs of our products.

3.3 Circular economy – enabling the value cycle (continued)

Many of our products are designed to be repairable, and repair is a well-established practice in our industry. However, depending on the product and the type of failure, replacement cannot always be avoided.

The recyclability potential of our products is high, since the key materials used in Hitachi Energy's products – metals and oil – are recyclable. With the roll-out of advanced LCA (Lifecycle Assessment) methodologies throughout the company, Hitachi Energy aims to quantify recyclability of key products with higher granularity in future.

Key products	Design lifetime/ years
Power conversion products	15
Grid automation products	12 to 15
HVDC	30
Grids and Power Quality Solutions	20 to 30
Semiconductors	30
Gas insulated switchgear	40
High voltage breakers and modules	30
Generator circuit breakers	40
Surge arresters	40
Instrument transformers	40
Disconnectors	30
Distribution transformers	30
Traction transformers	40
Power transformers	35
Industrial and specialty power transformers	25
Dry transformers	30
Bushings	20
Tap changers	25 to 30

For the time being, a spend-based analysis of our material and component inflow unveiled that 60 percent of the materials procured by Hitachi Energy in FY25 are metals or oils, which can be recycled. (The estimated percentage is based on FY25 spend on aluminum, steel, copper, and insulating oil – materials generally considered recyclable – relative to total FY25 spend on physical goods (excluding software and services). As the estimate excludes other recyclable materials and recyclable content within purchased components, it may underestimate actual recyclability. Conversely, it does not assess the recoverability of materials from finished products, which may result in an overestimation.)

Low-carbon and circular materials

1. A key enabler of this transition is Hitachi Energy's work on low-carbon and circular materials. Through a dedicated initiative, the company is developing a structured framework to define, classify, and scale materials that reduce environmental impact and improve product circularity.

2. This includes:

Low-carbon materials, defined based on reduced carbon footprint thresholds (CO₂/kg) compared to global averages.

Circular materials, including recycled, renewable, and recyclable materials that support improved resource efficiency and end-of-life recovery.

3. By establishing clear definitions and criteria aligned with recognized standards, Hitachi Energy enables more consistent material selection, supports decarbonization pathways, and strengthens alignment with both customer requirements and emerging regulations. This work also lays the foundation for integrating circular and carbon considerations directly into product

design and sourcing decisions. As we are building up the primary data on secondary and renewable materials from our supplier base, we can today estimate these data points, 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.

Recycled content in our purchased materials: 23 percent

Renewable content in our purchased materials: 3.3 percent

Transitioning to renewable and recyclable packaging

Not only is eco-design relevant for the products themselves, but also the product packaging. Packaging waste is a significant waste stream across the value chain, and Hitachi Energy continues to expand its commitment to

sustainable packaging by finding solutions to transition away from traditional plastic-based solutions toward fully paper and cardboard-based casings. This approach replaces mixed and non-recyclable materials with single-material, renewable packaging that is lighter, modular, and free from plastics, glue, or metal components. As a result, the packaging can be easily reused multiple times or directly recycled at end of life, while reducing weight, volume, and associated transport emissions. This initiative is in progress with many of our automation and communication product offerings and reflects a broader effort to minimize environmental impact across the entire lifecycle, from production to disposal. All while maintaining product protection and improving overall efficiency.

Resource efficiency

As part of our commitment to circular economy, we are prioritizing resource efficiency and reducing waste generation. 

Optimizing operational resource efficiency

As part of our commitment to circular economy, we're prioritizing resource efficiency and creating the most value from the resources we use, which means reducing the waste generated in our operations.

Upstream activities by suppliers affect downstream waste generation

The waste that is generated in our operations

Our design and actions affect waste generation down the value chain

Upstream

In-house

Downstream

Production + Office

3.3 Circular economy – enabling the value cycle (continued)

Dealing with waste



	Metric tons
● Recycled waste	63,568.55
● Waste to energy	15,771.14
● Reused waste	6,527.65
● Disposed sent to landfill	3,277.86
● Disposed – other	2,597.37

Our waste per type	Metric tons
Total	91,318
Cardboard	6,321
Batteries	24
Electronics	507
Glass and ceramics	663
Metal	32,051
Oil	3,422
Paper	1,570
Plastics	1,432
Rubber	54
Wood	25,768
Other non-hazardous waste	14,343
Other hazardous waste	5,162

3.3.2 Waste (GRI 306-1, 306-2, 306-3, 306-4, 306-5)

Responsible waste management in our operations is a key circularity consideration in our value chain. We focus on early identification of waste streams within our facilities to reduce waste generation and properly store and handle each stream.

We openly and transparently report waste quantities, treatment methods, and diversion efforts to demonstrate progress toward minimizing environmental impact and advancing circular resource use. We are dedicated to reducing and “designing out” pollution and waste across the lifecycle of our offerings through a circular economy mindset.

Tackling waste is a joint effort across our value chain. Steel, copper, aluminum, plastics, and insulating oil are the main materials of our products and are mostly recoverable at end-of-life.

However, materials with limited end-of-life recycling or recovery technologies, for example certain packaging and thermoset plastics, such as epoxy resins still represent a challenge as we strive to keep materials in use as long as possible.

One example from FY25 involves our site at Jefferson City in the USA. Growth at this Transformers business unit site meant finding an additional supplier for magnet wire.

However, no recycling approach existed for the mixed polymer plastic spools on which the wire was supplied by the new vendor.

This threatened to derail its zero-waste-to-landfill commitment and raised safety concerns.

So, the project team worked with their local recycling partner and Missouri’s Waste District H Environmental Improvement and Energy Resource Authority to find a buyer

for the plastic waste and create a new circular recycling solution for the region.

The Authority also part-funded a high-capacity grinder which produces 3/8 inch feedstock accepted by a downstream refinery for PVC manufacturing. The solution has enabled recycling of nearly 20 metric tons of plastic each quarter from the site.

Other benefits include: better on-site logistics flows for the spools; enhanced supply chain diversity; plus improvements that have been identified for other waste streams and for environmental reporting.

Total waste and waste management (year-on-year)

Continuing the momentum of previous years, we prioritize keeping materials in use for as long as possible through reuse, recycling, and energy recovery. Due to a significant increase in business output, our total waste generated rose by approximately 10,000 metric tons in FY25 compared to FY24, however, we maintained a high recovery rate of 94 percent.

Our efforts focused on maintaining and expanding best-in-class waste management practices, irrespective of increased waste totals. We worked to eliminate unnecessary resource use, further reduce landfill rates, and identify alternative, more sustainable waste management solutions.

Waste performance as a core requirement of daily operations ^A

With increasing operational volumes, maintaining a strong focus on resource efficiency remains a priority. We have established site-level targets for waste intensity, tailored to the specific characteristics of each business unit and the products manufactured at each facility.

Through these targets, we aim to reduce continuously overall waste generation intensity

while supporting efficient and responsible use of resources (see the performance against targets in EAP target section).

Across our global footprint, we have more than 100 locations that have achieved zero-waste-to-landfill status (non-hazardous waste, >99.5 percent landfill avoidance rate), with our non-hazardous waste landfill disposal rate at 4 percent. Within our key manufacturing facilities that are in scope of our EAP27 target, 47 of 67 sites have achieved zero-waste-to-landfill status (non-hazardous waste, >99.5 percent landfill avoidance rate).

Our zero-waste-to-landfill sites continue to help reduce environmental impacts by minimizing GHG emissions, conserving resources, and promoting sustainable waste management. Our efforts, guided by our 5R approach, have been intensified by our zero-waste-to-landfill target for all manufacturing sites by the end of FY30.

In FY25, our Halol and Mysore locations in India received Platinum Level certifications for their zero-waste-to-landfill status, verified by external assessor SGS India Pvt. Ltd.

We also have a specific target for effective plastic utilization which contributes to the efforts in reaching our zero-waste-to-landfill target. We measure plastic utilization rates in our manufacturing facilities, as plastic waste reused, recycled, or sent as waste-to-energy.

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

According to the recent flagship report by the UN Institute for Water, Environment and Health (see the [UN’s Global Water Bankruptcy Report](#)) 2.2 billion people still lack access to safely managed drinking water and about 4 billion people experience severe water scarcity for at least one month a year. These findings underscore the urgent need to address water

3.3 Circular economy – enabling the value cycle (continued)

Water stress	# of sites	Total water consumption	% of total	Total water withdrawal	% of total
High or extremely high	59	264,751	38%	871,972	16%
Medium or lower	108	433,093	62%	4,495,200	84%
Total	167	697,844	100%	5,367,172	100%

scarcity and targeted investments to address the water concerns of communities and nations. We place a strong focus on responsible water management across our operations.

Our main water usage occurs in manufacturing processes and cooling systems, and it is our aim to consistently implement energy and water-efficient practices, thereby minimizing impacts on water resources.

Wherever feasible, we therefore deploy energy and water-efficient cooling systems to enable surface water to be used and returned with negligible thermal impact. We also actively pursue initiatives to recycle or reuse water, saving significant volumes while reducing the risks of negative environmental impacts.

[Read more in Appendix Section 6.2 – GRI 303](#)

To safeguard local water resources, we apply stricter management of sensitive processes. This includes conducting testing, monitoring, and implementing appropriate water treatment measures for process discharges, while also taking relevant events into consideration. Our discharge control limits are always aligned with local legislation or are more stringent, considering any potential pollution events that could occur.

These efforts are guided by our Water Management Standard, which promotes the conservation, reuse, and recycling of process water while adhering to the main principles of the ISO 46001:2019 Water Efficiency Management Standard.

Central to our management approach is our recognition that water is a shared and finite resource. Accordingly, we developed a framework which prioritizes the avoidance of the potential impacts of water consumption following a clearly defined hierarchy:

1. Pollution of water resources: We continuously work to keep materials and chemicals separated in their respective material flows.
2. 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.
3. 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.

We believe in taking ownership of water resource management and have now set intensity targets for freshwater withdrawal for all manufacturing sites, and absolute reduction targets for sites in regions with elevated water risk. These are complemented with localized action plans to mitigate water risks in operations. To establish water-related targets, we analyzed freshwater withdrawal, total water consumption, and site-level water stress to assess operational risks and address

local water concerns. Freshwater withdrawal includes groundwater, surface water, and water purchased from utilities. Total water consumption is the difference between freshwater withdrawn and the volume of water returned to its original or another water source or discharged to local treatment facilities. Additionally, we collected information on rainwater collection on-site, and seawater and wastewater data from external sources.

Water stress data was collected from the WRI Aqueduct Water Risk Atlas (version 4.0). A site is designated as water-stressed if it is in an area classified as having “high” or “extremely-high” water stress. The table summarizes the aggregated results for selected sites. These data provide the basis for developing site-specific action plans to mitigate water-related risks, maintain water quality for operations and local communities, protect the surrounding environment, and support long-term business continuity.

In FY25, we have successfully advanced our efforts to reduce water withdrawal, achieving savings of approximately 35,000 m³ through targeted conservation initiatives. Our freshwater withdrawal was also 5.8 percent lower compared to FY24.

[Read more in Appendix Section 6.2 – GRI 303](#)

Key actions to achieve the reduction of water withdrawal included optimizing process water use – particularly in painting operations – by carefully calibrating water input during wash phases to minimize overflow. Additional measures focused on improving efficiency in domestic and sanitary water use, as well as expanding the use of treated water for gardening, supported by the implementation of automatic irrigation systems.

Our EcoSpace and EcoSmart Offering

We are expanding our portfolio coverage of Lifecycle Assessments (LCAs), and are continuously developing our framework for faster delivery, scale up, and instant insights from LCAs.

Currently, we have our 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.

This means that we can help assess the carbon footprint of projects and services, specifically equipment related data.

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.

[→ Read more about in section 2.2.2. Our ambitious pathway of record-breaking technologies: Eco-design](#)

At the same time, increased water reuse and recycling within our facilities has contributed to a rise in reported water consumption. This trend is largely attributable to current classification methods, where discharged water accounts only for volumes sent to third-party systems and excludes water used for irrigation.

Looking ahead, we will prioritize gaining greater clarity on consumption patterns, with a focus on further optimizing water use and

3.3 Circular economy – enabling the value cycle (continued)

enhancing the accuracy and transparency of our measurement approaches. A sample of projects conducted or started in FY25 include optimization of domestic/sanitary water use, rainwater harvesting, and use of treated water for gardening. In these projects 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 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.

One highlight from FY25 was at our Halol factory in India, which received a third party verified status of achieving a Positive Water Balance Index. The rainwater harvesting project at this site 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.

Operational boundary	Halol, India
Water extraction (m ³)	8,997
Water consumption (m ³)	3,853
Water discharge (m ³)	209,166
Water harvesting (m ³)	6,847
Water Balance Index (m ³)	Positive

3.3.4 Lifecycle and circular economy perspective

The lifecycle perspective within our circular economy policy emphasizes considering the environmental impacts and resource efficiency of our products and solutions across all stages – from sourcing materials and manufacturing, through use, to end-of-life management. By applying this approach, we ensure that circular principles guide decisions throughout the value chain, enabling us to design for longevity, facilitate maintenance and refurbishment, and maximize recovery and recycling opportunities. This holistic view supports both sustainability and business continuity, reinforcing our commitment to reducing waste and optimizing resource utilization at every step.

We recognize the need for collaboration and digitalization to create a circular ecosystem and unlock the circular value potential across our value chain.

We prioritize long-term use of our products and solutions. Some of the assets we've commissioned are over 70 years old and still going strong through successive upgrades and enhancements – which is testament to enduring performance and continuous innovation. Our commitment to circular economy extends beyond materials and design to how assets are managed throughout their lifecycle. As a lifetime partner, the company monitors and assesses the condition of its installed base and works closely with customers to determine whether assets should be replaced, modernized, or safely operated beyond their originally designed lifetime. One example of a Generator Circuit Breaker was installed all the way back in 1947 and is still going strong.

Extending the useful life of critical assets is a powerful circular economy strategy. By maintaining and upgrading existing equipment, Hitachi Energy helps preserve

the significant materials, energy, and engineering already embedded in complex systems. This reduces the need for premature replacement, lowering material consumption, emissions, and capital expenditure while continuing to ensure safety and reliability.

For industrial customers where continuity is critical, Hitachi Energy has supported the continued operation of assets that have reached their nominal design lifetime. Through detailed condition assessments and targeted maintenance strategies, assets can be safely operated beyond their original design horizon. This approach helps avoid costly reinvestments and minimizes disruption while also preventing cascading system impacts that can occur when replacing individual components in complex systems. This is testament to the importance of a system view when assessing impact of investment decisions, expanding the scope of, for example, LCAs from products to systems.

Circular economy strategies



3.3 Circular economy – enabling the value cycle (continued)

By enabling assets to remain in productive use for longer, Hitachi Energy delivers both operational value and tangible circular benefits. This also leads us to delve deeper into enabling circular business models by engaging with customers, suppliers, regulators, trade organizations, standard organizations, and other stakeholders. These models are not one-size-fits-all, the diagram on this page is our visualization of these models along the value chain, including what and where those would occur. Some of these models are already in place while others are being evaluated with key partners.

Through our service and digital offerings, we are convinced that more trusted lifecycle partnerships will optimize asset performance while driving increased asset sustainability. Increasing our focus on Service and Digital, we have achieved a 74.5 percent increase in our service lifecycle value creation index, measuring our service business growth, compared to the 2020 baseline, demonstrating true progress toward our ambition for sustainable asset lifecycle management.

We help drive progress in this area through standard initiatives, such as EN 4555X/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.

Circular economy action plan and roadmap

Hitachi Energy is embedding circular economy principles into its business through a structured, company-wide action plan. This plan translates ambition into coordinated action across governance, product development, operations, supply chain, and digital systems – ensuring circularity is integrated into how solutions are designed, sourced, delivered, and maintained.

The approach is built on a clear progression: establishing a strong foundation, scaling implementation across the organization, and ultimately embedding circularity into core business strategy. This phased roadmap allows the company to continuously improve its performance while responding to evolving customer needs, regulatory expectations, and technological developments.

- Short-term: Focus on building the foundation – defining governance, policies, key methodologies, and strengthening the data and system landscape.
- Medium-term: Scaling and operationalizing circular practices across products, services, and operations, supported by innovation and improved performance tracking.
- Long-term: Full integration of circular economy principles into business strategy, enabling long-term value creation, resilience, and industry leadership.

Turning circular value potential into business value

Circular economy is theoretically a more value preserving model than a linear economy, and that value needs to be illuminated to create the right models and offers to enable it. We see our role as part of a larger ecosystem, where we strive for collaboration and partnerships to increase shared value creation. At Hitachi Energy, we enable grid operators and asset owners to manage resource-related risks, maximize asset value, meet evolving circularity regulations, and scale power grids with confidence. We take responsibility for our customers' assets throughout their entire lifecycle. As a lifecycle partner, we monitor and assess the condition of our installed base and work closely with customers to decide whether assets should be replaced, modernized, or safely operated beyond their originally designed lifetime. This long term approach supports operational resilience while reducing environmental impact.



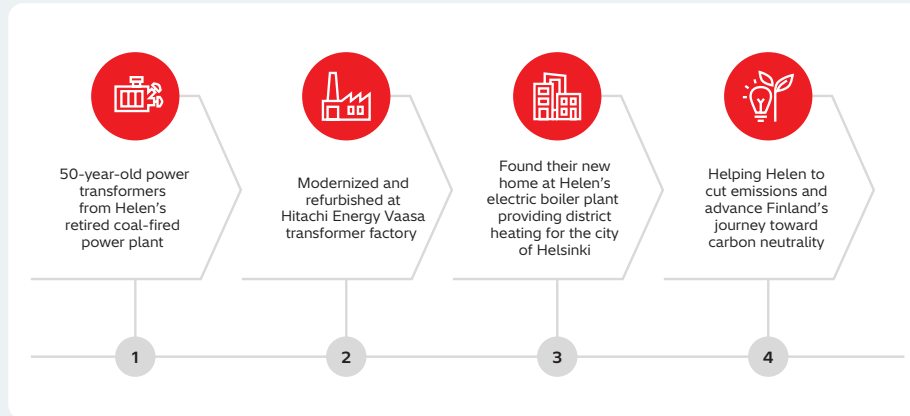
Our circular solutions: Examples reflecting 5Rs

Rethink	Reduce	Reuse	Repair	Recycle
EcoSpace™ A user-friendly digital platform to understand, visualize, and analyze power grids and environmental footprint.	Grid-eXpand™ Range of modular grid connection solutions that are faster, simpler, and easier to deliver projects.	Service Focus on installed base and remaining asset lifecycle, increasing service efficiency and flexibility with digitally-enabled services: 1. Capacity increase and efficiencies 2. Extend lifecycle 3. Service business enabled by digital technologies		Examples Stena Recycling: Hitachi Energy and Stena Recycling have signed a long-term cooperation agreement on recycling of transformers. Hitachi Energy and E.ON successfully piloted a circular value chain in distribution transformers in Sweden, using recycled insulation fluid.
EcoSmart™ Our lifecycle assessment calculator for transformers, components, and services, enabling design comparison based on ISO 14040/44 and applicable EPD PCRs.	EconIQ® Eco-efficient portfolio for sustainability across the energy value chain to deliver exceptional environmental performance.			

3.3 Circular economy – enabling the value cycle (continued)

Transformers lifecycle partner

Adapting transformers to an evolving market



Case study

Product repurposing

We can even support in cases where an asset might be decommissioned, but there can be a scenario where it is repurposed and reused, such as the case below. Here we took an old asset and redeployed it in a new setting, contributing to renewable energy heating homes.

Extending the useful life of critical assets is a powerful circular economy strategy. By maintaining and upgrading existing equipment, we help preserve the significant materials, energy, and engineering already embedded in complex systems. Lifetime extension reduces the need for premature replacement, lowering material consumption, emissions, and capital expenditure, while supporting safe and reliable operation.



Matti Vattovaara
Country Managing
Director, Finland

"This project demonstrates how we can extend the life of critical grid assets through close collaboration and co-innovation with our customers. By refurbishing and repurposing transformers, we not only deliver reliable performance but also create tangible circular value – supporting Finland's energy transition with lower emissions and smarter resource use."

Grid Automation: Digital substations

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



Replace: thousands of copper wires with a few fiber-optic communication buses



Reduce: physical footprint of site and require less space in the relay house



Substitute: bulky, heavy current and voltage transformers with small, integrated sensors



Improve: asset reliability and availability is improved and lifecycle can be managed proactively



Enable: faster implementation of future technologies and compatibility between generations

Case study

Product digitalization

Along with collaboration, digitalization is crucial for supporting increased circularity, both through data collection and transparency across the value chain, but also in digitalization of the assets themselves, potentially reducing the need for materials in solutions. This is the case of substation digitalization, significantly reducing reliance on strategic raw materials, reducing footprint, and providing a foundation for closely monitoring and optimizing availability of the asset.



3.3 Circular economy – enabling the value cycle (continued)

Building the foundation for Circularity Performance Management

The Global Circularity Protocol for Business (GCP) is a voluntary, science-based framework developed by the World Business Council for Sustainable Development (WBCSD) in collaboration with the One Planet Network, hosted by United Nations Environment Programme (UNEP), to help organizations measure, manage, and communicate circularity in a consistent and credible way. It gives companies a structured approach to define scope, map value chains, assess material flows, measure performance, and translate results into decision-making and reporting.

The GCP is also designed for interoperability. It aligns with and complements leading standards and frameworks, including GRI, the GHG Protocol, ESRS and relevant ISO circularity

standards such as ISO 59020 and ISO 59004, helping organizations integrate circularity into existing sustainability management and disclosure processes rather than creating a separate reporting track. In this way, the GCP strengthens consistency between circularity, climate, and broader ESG reporting, while improving readiness for evolving regulatory and stakeholder expectations.

Hitachi Energy is part of the Front Runner Coalition supporting the development and early application of the GCP, and we have also presented a use case at the WBCSD annual meeting.

In our case, the GCP has been applied as a first step toward structured and credible circular performance tracking by creating a clearer picture of material inflows and circularity performance at aggregate level.

A key outcome from this work was our aggregated material circularity score, landing at roughly 38 percent, which helped reveal strengths, weaknesses, and priority areas for improvement across our material base.

It gave us a more transparent starting point for understanding where circular value is already being captured and where better data, methods, or sourcing strategies are needed to improve performance over time.

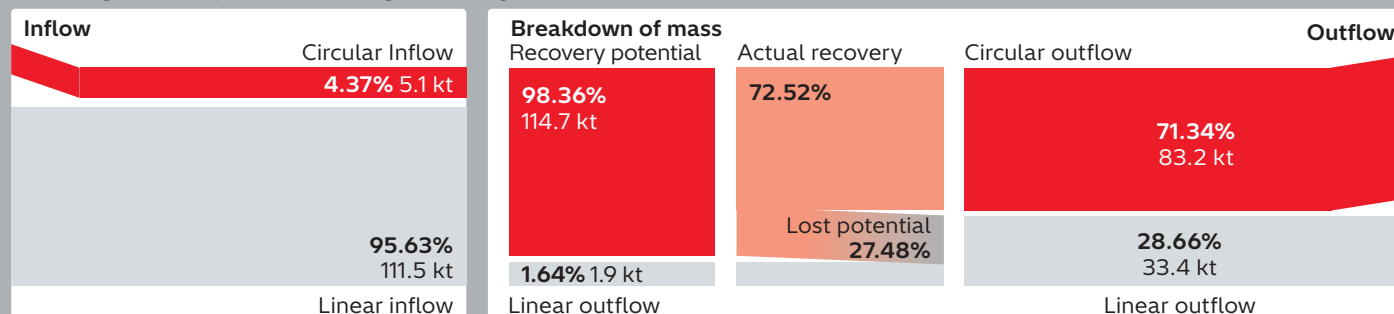
The assessment also showed that our inflow circularity score was initially low, largely because we applied a conservative methodology: primary data was not yet accessible at sufficient scale and no secondary dataset was applied in the initial calculation. This means the first result should be understood as a cautious baseline rather than a fully optimized representation of

circular inflows. When a relevant secondary dataset was later applied, the total material circularity score increased to 51 percent, illustrating both the importance of data maturity and the value of continuing to strengthen traceability and methodology. This makes the use case especially valuable – not because it provides a final answer, but because it demonstrates how a standardized framework can generate credible insights, identify data gaps, and support a more robust circularity performance system over time.

Circular performance of heavy grid equipment

% Material circularity 37.85%

Percentage circularity refers to the weighted average of % circular inflow and % circular outflow of the business level selected for this assessment.



3.4 Biodiversity

Biodiversity is a vital component for human livelihood and well-being but is threatened by rapid ecosystem degradation and species loss. To halt this development, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) highlights in their report from 2024 that biodiversity decline cannot be addressed through isolated actions alone. Instead, fundamental changes are necessary across economic, social, and governance structures, including reducing harmful subsidies and promoting inclusive, nature-positive development models.

These findings reinforce the direction set by the Kunming Montreal Global Biodiversity Framework (GBF) and continued to guide international biodiversity actions after its adoption by over 200 countries in 2022 and beyond. GBF provides a clear global roadmap to halt and reverse biodiversity loss by 2030, with four long-term goals for 2050 and 23 action-oriented targets for this decade.

In line with the GBF, our sustainability strategy includes biodiversity as a key environmental aspect and defines clear targets, measurable KPIs and robust governance to advance and support biodiversity conservation (GRI 101-1). Hitachi Energy is also aligning its internal processes and policies with the GBF and its mission to halt and reverse biodiversity loss. In parallel, we apply the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) on how best to integrate nature into our corporate disclosures by leveraging science-based data and methodologies.

In FY25, we began to renew the assessment of biodiversity impacts for our own operations in alignment with TNFD guidelines (GRI 101-4). As a first step, we performed a high-level screening and a site-prioritization exercise to identify operational sites, which might have a negative impact on biodiversity. Using the same

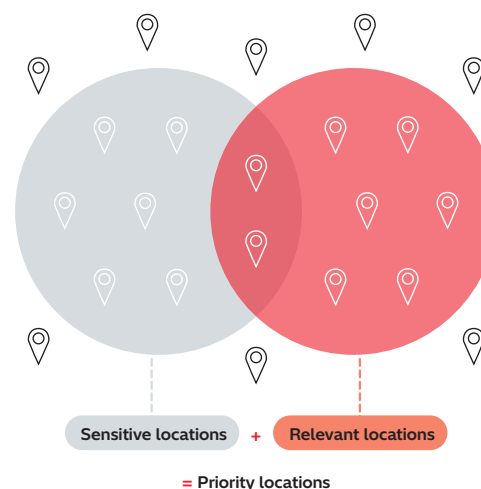
sites (n = 100) selected for the climate risk assessment (see section 3.1.3) we evaluated the relevance for biodiversity based on their local environmental performance as well as the sensitivity of nature surrounding these key sites.

Relevance for biodiversity was determined by evaluating the potential impacts each site might have on biodiversity, including species, habitats or ecosystems. This was done by quantifying impact metrics for selected impact drivers (environmental pressures) land use, pollution (soil, water, and air), waste generation, resource use (water) and disturbances (noise, light).

GHG emissions were not assessed within this biodiversity screening because climate-related impacts from emissions are addressed in Section 3.1, 3.2. To generate the impact metrics, we used site-level operational data collected as part of our standard environmental reporting. The data included information on environmental incidents, such as oil and chemical spills, local water use and consumption, the treatment of wastewater, or the amounts of waste disposed of in landfills. Information on land occupancy was collected from the Real Estate function.

Nature sensitivity was assessed by evaluating a composite of ecosystem integrity, biodiversity importance and ecosystem service importance. For the purposes of this assessment, these concepts were assessed using selected indicators and datasets described below. In addition, information on water availability and water quality was also analyzed providing further insights into local nature sensitivity.

Data for the calculations was collected either from the Swiss Re RDS platform which provides a suite of global remote-sensing products relevant for nature assessments, complemented by data from the Integrated Biodiversity Assessment Tool (IBAT), or from the WWF Biodiversity and Water Risk Filter.



IBAT data specifically was used to assess how close operational sites are located near protected areas and Key Biodiversity Areas (KBAs), as well as any threatened and endangered species listed on the International Union for Conservation of Nature (IUCN) Global Red list (GRI 101-5). According to this analysis, 59 percent of the evaluated sites were located within a 5-km distance to a protected area of which:

- 5.1 percent are either IUCN category Ia, Ib, or III
- 34 percent are category IV protected areas
- 14.3 percent are category V or VI areas

For 46.6 percent of the protected areas IUCN categories are not applicable, not assigned, or not reported. Only 20 percent of the sites are located within 5 km of KBAs.

The results of this assessment enable the identification of priority locations where a more detailed evaluation of local activities and practices will be necessary to fully understand our actual impacts on species and ecosystems. The results will also be used to focus our effort on promoting biodiversity conservation initiatives at those sites which are located near biodiversity sensitive areas (see examples in section 3.2.1).

To support local biodiversity conservation (GRI 101-2), we introduced a company-wide Biodiversity and Ecosystem Protection Standard and Guideline within our HSE-OS.

This Standard serves as a practical manual for sites, outlining how to plan and implement biodiversity-related activities. The requirements cover a wide range of actions, from creating biodiversity-friendly habitats on site and reducing pollution that can affect biodiversity to engaging with local nature conservation initiatives beyond site boundaries. It follows the same maturity framework as other HSE-OS environmental standards, which assign activities to different levels, allowing sites to assess and track their progress based on the extent of their investment in biodiversity and ecosystem protection.

At the basic level, sites should meet local and national regulatory requirements and report their biodiversity initiatives. This level also includes the request to classify actions according to the mitigation hierarchy, establish a biodiversity promotion team, and manage site-level changes, such as site expansions or construction to avoid negative impacts on biodiversity.

The leading level represents the highest level of ambition and performance. Sites that reach this level go beyond standard practice by, for example, establishing their own species monitoring systems, actively participating in local nature conservation projects, and appointing a dedicated biodiversity management representative within the local management team.

In FY26, we plan to continue with the biodiversity impact assessment for our own operations and further improve our understanding of the supply chain-related impacts on biodiversity. This will involve the development of methodologies to assess the biodiversity footprints of our products.

4.



Social

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Social

Our social responsibility efforts 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.

Through our health, safety, and environment (HSE) approach we protect people, communities, and the planet. To achieve this, we focus on three priorities for HSE: instill operating discipline, build capabilities, 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 within the vicinity of our sites.

4.0 Social

Highlights

57,577

employees representing 170 nationalities across 67 countries

40%

of FY25 hires are early-career professionals, strengthening critical capabilities for future growth

0

fatalities, 6 life-changing incidents in spite of continuous efforts to prevent and manage safety risks

24%

Total Recordable Injury Frequency Rate (TRIFR) reduced by 24% since FY19 to 0.30

Strengthened human rights

due diligence with updated policies, digital risk tools and cross-functional oversight

646

corporate citizenship activities delivered across 37 countries

5.4 million

people reached through electricity and energy awareness activities

4.1 Our people

As the energy transition accelerates and demand for our products and services continues to increase, we are experiencing a sustained period of growth. The scale of this growth requires us to strengthen our capacity across both our operations and our workforce, investing in facilities as well as in the number and capabilities of our people.

In FY25, 40 percent of our hires were early-career professionals, bringing digital expertise into the organization, while internal mobility continued to provide growth opportunities for existing employees in more senior roles.

Between 2024 and 2027, the company plans to invest \$6 billion USD across manufacturing, engineering, digital capabilities, research and development, and strategic partnerships.

Complementing these investments, Hitachi Energy expects to add around 15,000 employees globally, enabling continued growth required to advance the energy transition and meet increasing customer demand.

4.1.1 Attracting and growing people

At Hitachi Energy, we're transforming the evolution of the energy system toward a fully electrified world. Developing and growing the next generation of talent is essential to delivering on this ambition.

Our approach goes beyond traditional recruitment and career pathing.

It is part of a longer-term HR strategy centered on building a future-ready workforce through integrated workforce planning, talent acquisition, capability development, and leadership succession. Through capability and workforce planning, we forecast future workforce needs, proactively address talent shortages, and build sustainable talent pipelines. We invest in early-career hiring, strategic sourcing, internal mobility, and continuous upskilling to ensure critical capabilities remain available

as the business grows. Leadership continuity is strengthened through structured talent reviews, succession planning, and leadership development programs that create diverse successor pipelines for key positions.

Our employee value proposition (EVP) forms the basis of our talent attraction strategy, outlining the scale and impact of our work, and the opportunities we provide for employees to develop and grow in a global, collaborative environment.

We collaborate closely with academic institutions to offer experiential learning opportunities such as internships, apprenticeships, thesis projects, and full-time rotational programs across the globe. We participate in STEM outreach initiatives in our local communities, and have invested in Hitachigymnasiet schools in Sweden that specialize in providing technology-focused education. Through these initiatives we help inspire future talent and strengthen the connection between education and the evolving needs of the energy sector.

Developing our people is just as critical as attracting new talent. We foster a culture of continuous learning, grounded in a growth mindset and supported by a broad ecosystem of tools and resources accessible at all career stages. This includes digital learning platforms, such as LinkedIn Learning, coaching and leadership development programs, and targeted initiatives for key capabilities.

We are also evolving our onboarding experience to ensure new joiners feel connected, supported, and empowered from day one, recognizing the critical role early experience plays in long-term engagement and retention.

At the same time, we are strengthening internal mobility through quarterly meetings with all Hitachi companies and career frameworks that empower employees to actively shape their

careers. Through the Jobs Hub in HiNext, our employee experience platform, employees can discover career opportunities, connect with mentors, and plan their development journey in one integrated platform.

We remain committed to ensuring fair, merit-based, and transparent opportunities across the employee lifecycle, attracting, developing, and promoting talent based on skills, experience, and potential, in alignment with our values and applicable regulatory frameworks.

Through this integrated and forward-looking approach, we are building a resilient, future-ready workforce capable of supporting our growth ambitions and delivering on our purpose.

4.1.2 Remuneration and compensation

Our compensation framework is designed to support sustainable performance, reinforce accountability by aligning rewards with individual contributions and company outcomes.

We offer a comprehensive total reward package consisting of base salary, short-term incentives, long-term incentives for senior roles, and locally relevant allowances and benefits. These elements are designed to recognize performance, provide competitive and meaningful rewards, and support employee wellbeing and financial security.

Performance is central to our reward approach. Annual salary review decisions are based on a combination of factors, including individual performance, ensuring a strong link between contribution and reward. Our incentive plans are closely linked to Hitachi Energy's business performance, reinforcing accountability, and delivery against business priorities.

In addition, we provide a range of statutory and market-based allowances and benefits tailored to local requirement, supporting employee wellbeing and financial security.

4.1 Our people (continued)

Together, these elements create a fair, performance-driven, and sustainable remuneration framework that enables us to attract, and retain talent required to deliver long-term business success.

Pay transparency

We are progressively strengthening transparency in our remuneration practices as part of our commitment to fair, consistent and responsible pay. This includes aligning our approach with evolving pay transparency regulations across key markets, including the European Pay Transparency Directive.

Our approach is designed to strengthen understanding of how remuneration is determined, reinforcing trust between candidates, employees and the company. We are improving access to relevant information on compensation, including base salary, benefits and other reward elements, in line with local legal requirements and implementation timelines.

As we progress, our objective is to demonstrate that our remuneration practices are applied consistently and without discrimination, supporting our commitment to equal pay for work of equal value.

Remuneration governance (GRI 2-20)

At Hitachi Energy, remuneration decisions are governed through structured processes and oversight mechanisms designed to promote fairness, consistency, transparency and alignment with business objectives.

Across the organization, we apply a standardized job grading methodology based on the global Hitachi framework. This provides a consistent and objective basis for evaluating roles and supports fair and equitable remuneration outcomes. Salary ranges are reviewed annually to ensure alignment with market

benchmarks and competitiveness. In countries experiencing higher inflation, salary range adjustments may take place more frequently.

As part of our annual remuneration review process, individual employee salaries are assessed with consideration given to market developments, internal equity, and overall affordability. Collective bargaining agreements, applicable local regulations, and the specific context of different employee groups are integrated into the decision-making process to reflect the diverse environment in which we operate.

To strengthen consistency and scalability, we introduced a global annual salary review process within our HR system in FY23. By FY25, 73 percent of eligible employees had their remuneration reviewed through this platform, enabling managers to conduct consistent, transparent, and equitable comparisons of total base pay.

For senior executives, we place additional emphasis on robust governance and forward-looking decision-making. We work with an external consultant to support the development of balanced and sustainable compensation approaches. Our Remuneration Advisory Board (RAB) meets four to six times per year to review key topics, such as proposed salary adjustments, benchmarking insights, peer group composition, internal equity, the robustness of market data, performance criteria, and broader business and market dynamics.

The Board of Directors (Board) retains ultimate oversight of executive remuneration and approves all compensation policies and proposals related to our senior executives. This ensures alignment with our strategic objectives and supports high standards of governance.

Remuneration of the highest governance body and senior executives (GRI 2-19)

Our senior executive remuneration philosophy is designed to support sustainable value creation, aligning leadership incentives with the long-term strategic objectives and performance of the company. Fixed remuneration reflects the scope and responsibilities of each senior executive within our organization. A significant portion of executive remuneration is performance based, with short-term incentives linked to the achievement of both financial and non-financial objectives. In FY25, performance against non-financial objectives reached 90 percent, including areas such as health and safety, quality, integrity, environmental, and people aspects.

From FY26, we will introduce the Hitachi Group Restricted Stock Unit (RSU) long-term incentive plan, replacing the previous long term incentive program. This new plan is intended to further strengthen alignment between the reward framework for our most senior leaders and the long-term strategic objectives of the Hitachi Group.

Senior executives participate in the standard pension plans applicable in their country of employment, aligned with their grade. No additional or supplementary pension arrangements are provided beyond these standard offerings.

In certain circumstances, we may offer recruitment-related compensation to newly appointed senior executives to compensate for incentives forfeited upon leaving their previous employer, supporting a smooth transition while maintaining alignment with our overall remuneration framework.

Termination-related payments are provided in accordance with contractual obligations, applicable global company policies, and relevant legal and regulatory requirements.

Members of our Board of Directors are employees of Hitachi, Ltd. For further information, please refer to the Sustainability reporting center: Hitachi.

Employee benefits (GRI 401-2)

We are committed to supporting the well-being and financial security of our employees through a comprehensive benefits framework. We believe that people perform at their best when they feel supported and fairly rewarded, and we strive to provide benefits that create value for employees while contributing to engagement, performance, and sustainable business success. In designing our benefits programs, we consider not only our philosophy and values, but also external factors, such as the level of benefits provided through state welfare systems and prevailing local market practice.

Benefits are generally provided either to all employees or differentiated based on objective criteria, such as job grade or employee group (for example, exempt and non-exempt employees).

Employee benefits that can be allocated proportionately are typically provided in line with an employee's working ratio, such as vacation entitlements and pension contributions. Where proportional allocation is not feasible, such as for certain health and wellbeing benefits, we seek to provide comparable access irrespective of working ratio, helping to ensure equitable support for both part-time and full-time employees. This approach supports equitable access to benefits, contributes to employee wellbeing, and enables us to maintain competitive and responsible benefit practices across our global workforce.

4.1 Our people (continued)

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 (DBPPs), which 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. In addition to providing retirement benefits, some plans also include disability and survivor coverage. The level of benefits is generally determined by factors such as earnings, years of service, and other criteria defined in the respective plan rules.
- Termination indemnity plans (TIPs), which provide a predefined amount when the employee leaves employment, commonly referred to as end-of-service gratuity.

We secure and fund our defined benefit pension plans through dedicated plan assets held by trusts or pension funds ensuring these assets are separated from company resources. As of March 31, 2026, these plans are funded with a current overall global funding ratio higher than 100 percent. Termination indemnity plans, which form a part of our defined benefit plans, are funded through non-separated general company assets and paid through operational income.

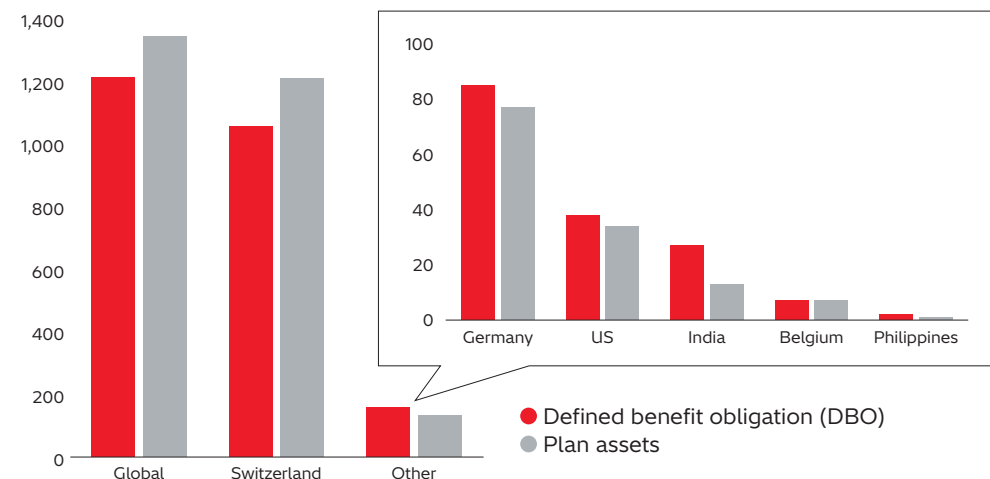
The graphs show the total nominal amount of global defined benefit pension plan obligations compared with plan assets, as well as their funding ratio as of March 31, 2026. In addition to the consolidated global numbers, the graphs represent the country-level information covering all countries with defined benefit pension plans.

The defined benefit obligations and associated defined benefit costs of each plan are assessed annually at the end of the financial year by locally appointed, qualified actuaries. These actuarial valuations are performed independently, without influence or attempted influence by the company, and are subsequently consolidated at group level. Apart from defined benefit plans, we widely offer defined contribution plans to support our employees to accrue 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 way of deferred compensation mechanisms or jointly by both parties.

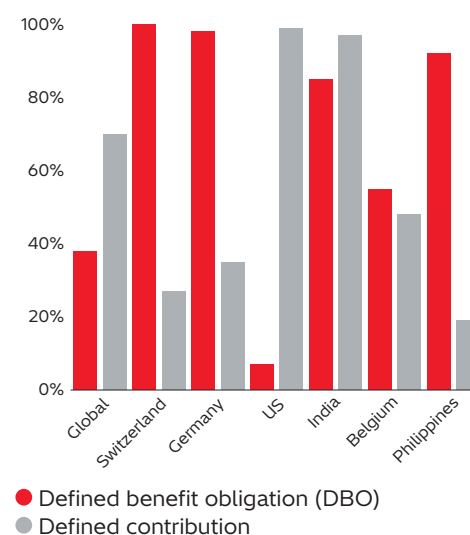
In some countries, employees may be eligible to participate in both defined benefit and defined contribution pension plans. As a result, the percentages presented in the graph may, in aggregate, exceed 100 percent.



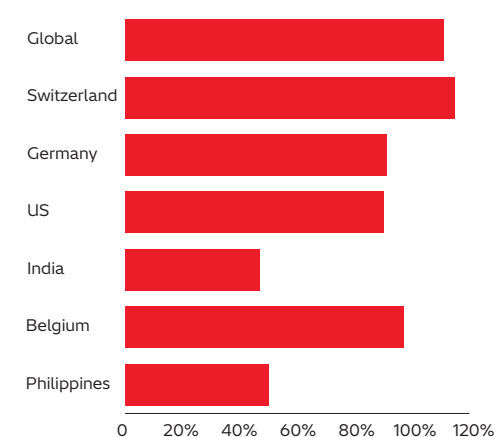
Defined benefit obligation compared to plan assets in MUSD



Active employees covered by defined benefit vs. defined contribution plans



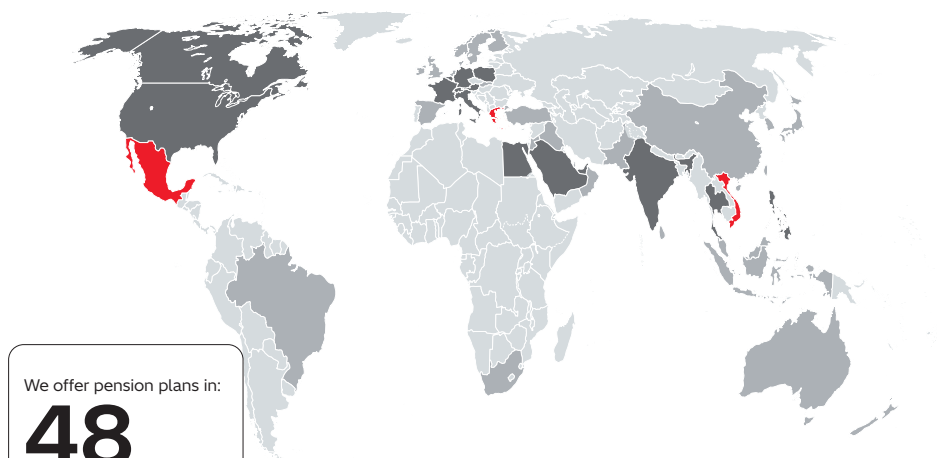
Defined benefit plans funding ratio



4.1 Our people (continued)

Our Pension Plans around the world

Overall, we offer pension plans in 48 countries worldwide. The map illustrates their geographic distribution, distinguishing between countries with defined benefit plans offering, defined contribution plans, or a combination of both.



Defined benefit countries

Greece
Mexico
Vietnam

Defined contribution countries

Australia	Jordan	Slovakia
Bahrain	Kuwait	South Africa
Brazil	Malaysia	South Korea
China	Netherlands	Spain
Denmark	New Zealand	Sri Lanka
Finland	Norway	Sweden
Hong Kong	Oman	Taiwan
Iraq	Pakistan	UK
Ireland	Qatar	
Japan	Singapore	

Defined benefit and defined contribution countries

Austria	Saudi Arabia
Belgium	Switzerland
Canada	Thailand
Egypt	UAE
France	USA
Germany	
India	
Italy	
Philippines	
Poland	

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

We apply Hitachi's global performance management (GPM) process as a key enabler of performance, development, and continuous improvement across the organization. The process supports both business outcomes and individual growth by aligning goals, behaviors, and development priorities.

For FY25, we recorded 97.5 percent of performance reviews completed for the Global Performance Management (GPM) eligible group. Employees eligible for the FY25 GPM review include all indirect employees, trainees and secondees who joined the organization on or before December 31, 2025. "Indirect employees" relates to those 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 framework integrates individual goals aligned to the Hitachi Energy organizational priorities, together with expected behaviors based on Hitachi's core competencies. Managers are expected to provide ongoing feedback and coaching, while incorporating employee input to support meaningful performance conversations.

The process also enables the identification of development actions to support performance, career progression, and skills growth. Through this approach, we aim to strengthen both individual capability and organizational effectiveness.

Our processes encourage and promote career mobility, with our core global HR system enabling employees to explore and apply for opportunities across Hitachi Energy and the wider Hitachi Group.

4.1.3 Lifelong learning (GRI 404-2)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

As our markets continue to grow, AI reshapes how work is done, and we pursue ambitious hiring plans to achieve our 2030 goals, upskilling and reskilling are critical to ensuring that our workforce can meet evolving business needs at speed and scale. For Hitachi Energy, this is not only about preparing people for new roles, technologies, and ways of working, but also about strengthening our ability to innovate, execute, and grow sustainably in a highly dynamic environment. Building capabilities across leadership, technical, and functional areas helps us accelerate onboarding, support internal mobility, close emerging skill gaps, and ensure that our people are equipped to deliver on both today's priorities and tomorrow's opportunities. We believe that every individual has the potential to grow when supported with the right tools, opportunities, and environment.

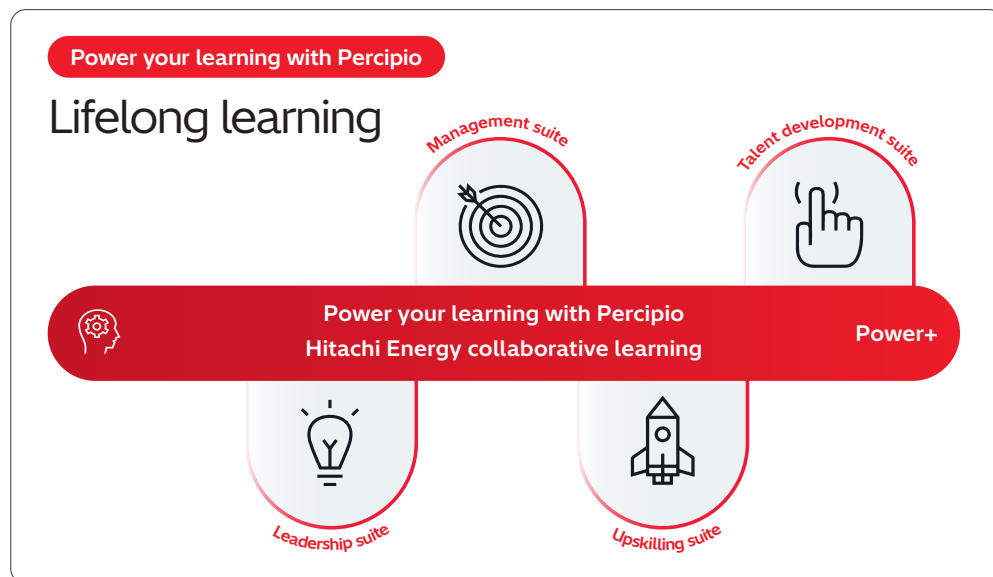
At Hitachi Energy, we foster a culture of continuous learning that enables our people to build skills, expand their capabilities, and grow throughout their careers.

We value differences as a driver of innovation and collaboration and provide access to learning opportunities that support both personal and business 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.

4.1 Our people (continued)



Our approach to learning and development is aligned with Hitachi Inspire 2027 strategy and focuses on strengthening capability, agility, and future readiness across the organization. We provide access to learning experiences that are relevant, practical, and closely connected to both business priorities and individual development goals.

To ensure development is meaningful and effective, learning and development opportunities are tailored to different leadership levels and career stages. We provide targeted learning pathways for individual contributors, line managers, middle managers, and senior leaders, recognizing that leadership responsibilities and development needs evolve over time. This includes structured induction and onboarding journeys for new joiners, as well as ad hoc and role specific training for newly promoted line managers, equipping them with essential people management, leadership, and business skills to support a successful transition into their roles.

While Hitachi Energy does not operate a single global transition assistance program, some local initiatives are in place to support employees in managing career transitions and maintaining employability. These include programs such as retirement preparation seminars offered in specific countries. For example, in Switzerland, employees have access to structured support such as the “My New Horizon” retirement seminar, a multi-day program focusing on life planning, financial readiness, and health, designed to help employees successfully transition into retirement and prepare for the next stage of their lives.

Learning ecosystems and digital platforms

To support scalable and inclusive learning, Hitachi Energy provides access to a comprehensive digital learning ecosystem. Percipio was our primary global learning experience platform in FY25, offering curated learning journeys, self-paced digital content, and access to internal and external learning resources.

The platform enabled employees to access a broad portfolio of learning content covering different skill domains and career needs, structured across several key categories, such as:

- **Leadership and management development:** structured learning paths focused on people management, coaching skills, strategic thinking, and decision-making. These programs enable employees transitioning into or growing within leadership roles to build the capabilities required to lead teams and drive performance. Some examples of the most completed training are about “Leading the Team,” “Leading by Developing People,” “Solve Problems Using Systems Thinking in the Workplace”
- **Business and professional skills:** training in areas such as project management, financial acumen, communication, and stakeholder engagement. These programs enhance employees’ ability to contribute effectively to organizational goals and cross-functional collaboration
- **Personal development and wellbeing:** content focused on productivity, resilience, wellbeing, and work-life balance, contributing to overall employee effectiveness. Some examples of the most completed training are about “Developing Emotional Intelligence,” “Developing a Mindset of Growth and Learning,” “The Power of Insight: How Self-Awareness Helps Us Succeed at Work and in Life”

Across these categories, Percipio offers different types of learning formats, including short courses, structured learning paths, certifications, videos, and practical exercises. These flexible, modular formats allow employees to learn at their own pace and tailor development to individual needs and career stages.

By providing access to targeted learning content aligned with both business priorities and individual development goals, the platform supports continuous skills upgrading, strengthens organizational capability, and enables employees to remain adaptable in a rapidly changing work environment.

Mentoring and coaching

We promote mentoring and coaching as key components of our learning culture. Employees are encouraged to participate as mentors or mentees across functions, roles, and career stages, supporting knowledge sharing and development.

We offer a range of mentoring formats, including leadership, career, reverse, and onboarding mentoring, enabling collaboration across disciplines and generations. In addition, our digital coaching offering provides access to external professional coaches through an accessible platform, supporting leadership development, personal effectiveness, and wellbeing.



“At Hitachi Energy, our focus is centered on enabling our colleagues to develop the skills required – for now and the future – to drive innovation, business growth, and advance the sustainable energy transition. By investing in continuous learning, we empower our people to thrive in a changing world, and create lasting value for our customers, communities, and society.”

4.1 Our people (continued)

Contribution to quality education and society

Hitachi Energy is committed to the United Nations Sustainable Development Goal of Quality Education. Internally, we promote equal access to learning through global platforms and development programs.

Externally, we collaborate with educational institutions and partners to promote science, technology, engineering, and mathematics (STEM), helping to inspire future talent and strengthen the talent pipeline for the energy sector.

We also partner with non-governmental organizations, such as BringKids2Schools to support access to education in underserved communities, contributing to the development of future skills and opportunities.

4.1.4 Employee Engagement Survey

The Engagement Survey FY25 delivered strong results across all key metrics, with participation increasing to 87 percent (+6 pts), engagement reaching 84.8 percent (+1.4 pts), and the Growth Mindset Index improving to 77.2 percent (+2.7 pts). Health, Safety & Wellbeing remains our strongest area at 90.8 percent favorability. The results reflect stronger employee pride and belonging, enhanced senior leadership engagement, greater psychological safety, and a continued culture of learning, innovation, and continuous improvement.

Hitachi Energy - Overview of survey results FY25

COMPLETION RATE



ENGAGEMENT



GROWTH MINDSET



4.1.5 Global Power+ Graduate Development Program ^A

The Global Power+ Graduate Development Program reflects our commitment to developing early career talent and strengthening future capabilities across the organization, with a focus on access, opportunity, and participation in STEM disciplines. The program aims to attract high-potential graduates, provide an engaging and supportive work environment, and prepare them to contribute as future leaders and innovators.

The program follows a rotational “explorer” approach, enabling participants to gain experience across business units and functions, while encouraging international exposure, where relevant. This structure supports the development of broad skillsets,

cross-functional collaboration, and a strong foundation for long-term career progression.

In FY25 we had 54 placed within their permanent roles.

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

Since the program’s inception in 2021, we have hired >320 graduates, with 111 currently active in the program and 190 placed within their permanent roles.

Through this program, we aim to build a strong, merit-based pipeline of future talent, supporting long-term capability building and preparing our people to contribute to advancing the energy transition toward a more sustainable and electrified future.

Power+ graduate program

Power+ is committed to fostering excellence in early career development, with key metrics demonstrating the program’s measurable impact, effectiveness, and long-term value:

- 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

99%

retention in the program (only for active trainees – target: 90 percent), 96% retention one-year post-program (target: 90 percent)

8.3

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

Since

2021

inclusive merit-based talent pool

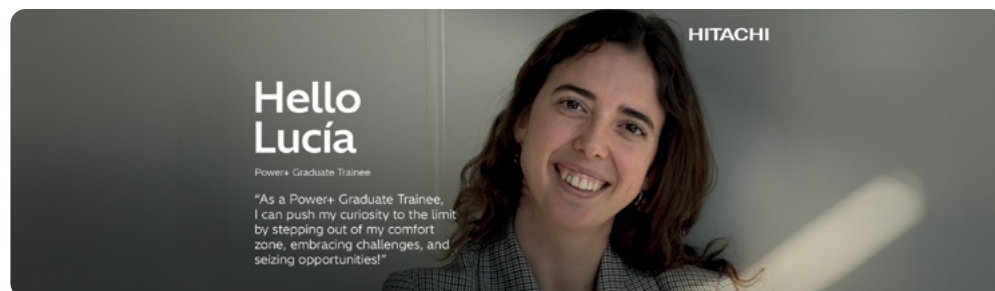
~35 nationalities

80 graduates hired per year

Across

13

key markets (Brazil, Canada, China, India, Italy, Japan, Kingdom of Saudi Arabia, Poland, Sweden, Switzerland, United Kingdom, United States, and Vietnam)



4.2 Inclusion at Hitachi Energy

At Hitachi Energy, inclusion is a strategic enabler of performance, innovation, and long-term sustainable value creation. In FY25, our approximately 57,577 employees represented 170 nationalities across 67 countries, reflecting the global breadth of backgrounds, experiences, and perspectives that strengthen our business. This diversity of thought and culture is essential to delivering our strategy and responding to the complex challenges of the global energy transition.

We believe an inclusive environment enables our people to contribute, collaborate, and innovate, strengthening our resilience and ability to create lasting value for customers, support the energy transition, and contribute positively to society.

Delivering on the energy transition requires talent and capabilities to drive innovation and growth. Since the launch of Diversity 360, Hitachi Energy's global inclusion and belonging framework, in 2019, we have continued to foster an inclusive culture that supports attracting, developing, engaging, and retaining talent. This helps employees contribute and grow, while strengthening organizational effectiveness and our ability to meet evolving customer and business needs.

Our guiding principles for inclusion –

- We seek to maintain global consistency in fostering inclusion and belonging across our globally connected workforce
- We comply with local laws and regulations, addressing the unique needs for local markets
- Our talent practices and employee experience are consistently merit-based, inclusive, and fair.

4.2.1 Inclusive culture

At Hitachi Energy we foster an inclusive culture across the employee lifecycle. Through leadership frameworks, capability building, community outreach, employee engagement, accountability mechanisms, and external benchmarking, we seek to embed inclusion consistently across our global workforce. This approach supports talent outcomes, strengthens organizational effectiveness, and contributes to the resilience, innovation, and long-term value creation needed to build the era of electricity.

Our approach to Inclusion is grounded in:

Our Leadership Pillars

A common leadership framework across Hitachi Energy, centered on connecting people to purpose, people, potential, and performance. The framework is designed to strengthen alignment to our company priorities and a “One Hitachi” mindset, support collaboration, and innovation, and reinforce a fair, inclusive, merit-based culture where diverse perspectives contribute to stronger decision-making and sustainable business outcomes. By defining expected behaviors and practical tools for managers, the model helps leaders create the enabling culture needed to support employee engagement and so performance and long-term growth.

To bring these leadership principles to life, Hitachi Energy has established a structured leadership development journey comprising learning interventions: Activate and Develop.

Activate is a foundational learning designed to build awareness and understanding of our leadership principles and inclusive culture. Develop helps leaders strengthen inclusive leadership skills and apply our leadership principles in practice. By defining clear leadership expectations and providing practical tools and development opportunities, these

programs help leaders create the culture to support growth. Since 2021, more than 8,800 employees have participated in the Activate intervention and more than 5,800 employees in Develop, delivered through a blended learning model that includes e-learning, webinars, virtual and face-to-face instructor-led sessions. New people managers continue to be enrolled annually. Through these interventions, Hitachi Energy strengthens leadership capability, establishes clear expectations and behaviors, and reinforces leader accountability for role-modeling leadership supporting culture, execution, and competitive differentiation.

Building capability

This is an important part of how Hitachi Energy strengthens inclusive behaviors, leadership capability, and ways of working across the organization. These efforts support employee engagement, psychological safety, collaboration, and more consistent inclusion practices, helping create the conditions for stronger performance and innovation.

- **Beyond Awareness: Anchoring Inclusive Behavior** – This learning program reached more than 462 employees in FY25, helping strengthen recognition and demonstration of inclusive behaviors in everyday work. The program supported greater awareness of diverse thinking preferences and reinforced belonging across teams, contributing to more consistent inclusion practices in day-to-day collaboration.
- **Inclusive Leadership Workshop** – Launched in Q4 FY25, the Inclusive Leadership Workshop saw 147 managers strengthen inclusive leadership capabilities through greater self-awareness, inclusive team practices, and practical actions that support innovation, performance, and a culture that values different perspectives.

- **Standing for Allyship** – This workshop reached more than 2,500 employees and was reinforced by tip-sheets that provided practical guidance on allyship and inclusive behaviors in everyday work. Together, these efforts supported greater awareness, respect, belonging, and more consistent inclusive practices across teams.
- **Percipio** – Accessible to all employees, this platform supports continuous learning and capability development through curated content, skill-focused modules, leader-led experiences, and a digital library of more than 26,000 books and audiobooks. It helps employees strengthen inclusive ways of working, promote psychological safety, and ongoing skills development across the organization.

Fostering an inclusive culture

We are committed to living our culture of inclusion and driving business success while delivering an outstanding employee experience, anchored in Hitachi's core values of Harmony, Sincerity and Pioneering Spirit. We strive to cultivate a culture where our extraordinary people are supported with the right environment, equal opportunities, accessibility and the confidence to thrive. Year on year we continue to 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 a sense of belonging for all people to thrive
- Co-creating an agile and connected environment
- Taking all forms of discrimination seriously and addressing concerns promptly and appropriately

4.2 Inclusion at Hitachi Energy (continued)

We have advanced this through global platforms such as –

- Diversity 360 Week – This has served as an annual platform since 2021 celebrating people, culture, contributions and our journey of powering inclusion. Since inception, it has reached 10,796+ live participants annually. In FY25, Diversity 360 Week was integrated into Hitachi Inclusion Month in October, further reinforcing the One Hitachi mindset.
- Inclusion Months – Initiated in 2023, these provide a recurring global framework to build awareness, encourage allyship, and exchange knowledge from lived experiences, curated activities, leadership engagement, and employee-led dialogue. Since launch, we have had close to 7,500 live participants globally, combining shared global themes with local relevance to foster a more connected, inclusive, and consistent employee experience through a “Think Global, Act Local” approach.

Besides these platforms, here’s some ongoing practices:

- Working across generations – With four generations at work, we support cross-generational inclusion through age-responsive people practices, mentoring and reverse mentoring, flexible work, continuous learning, and structured career transitions, helping employees across age groups contribute, grow, and succeed together.
- A best practice – Hitachi Energy Czech Republic’s Grid Automation manufacturing unit in Trutnov was awarded first place in the 2025 regional “Company Friendly to Employing Gen Xers” competition for its dedication to generational inclusion. With Gen Xers making up 15 percent of its workforce, the site exemplifies best practices by advancing age-responsive HR, flexible work, ongoing learning, and structured retirement support, fostering cross-generational collaboration.

Note – Gen Xers (Born between 1965 and 1979)

- Furthering our efforts to strengthen an inclusive culture, we continue to use digital learning platforms, such as Culture Wizard to build cultural awareness, strengthen cross-cultural collaboration, and help employees recognize differences as a source of strength and innovation.

Promoting growth mindset

We learn with and from each other by fostering curiosity, psychological safety, and speak-up behaviors. We provide accessible learning and development opportunities that help our people sharpen technical skills, broaden perspectives, and strengthen collaboration in support of customer excellence, innovation, and sustainable growth.

Community outreach

We continuously evolve our outreach strategy that strengthens our impact for social innovation, fostering long-term sustainability. Our community outreach efforts focus on creating long-term social value through employee involvement, community partnerships, and initiatives that support education, skills development, and inclusion.

Employee Resource Groups (ERG) – In FY25, Hitachi Energy strengthened its global ERG network, which are employee-led groups that invite and embrace all people to raise awareness around uniqueness and differences of people and culture. We have 20 ERG chapters across multiple dimensions like gender, disability and neurodiversity, generations, rainbow and allies, ethnicity, mental health and wellness, parents and caregivers, and veterans, with participation open to all employees. ERG Membership increased by 25 percent in FY25, supported by strengthened governance, executive support, and capability-building. ERGs are a critical feedback loop into the organization and are a connected community that looks to accelerate the inclusion journey.

– 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.

Hitachi Energy strengthens community impact by actively supporting STEM graduates across multiple countries, helping build future talent pipelines for the energy sector. Through scholarship programs and sponsorship opportunities, the company supports access to education and fosters innovation among emerging professionals, striving to make an impact on people’s lives and communities. Please note: Gender and early-career programs are not applicable to US.

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 meaningfully, think big, live with an 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 alumni. Shape Tomorrow Today.

Driving accountability and impact

We regularly report on our people demographics across representation, succession building, learning opportunities and culture climate. This helps build transparency, trust and supports informed decision-making and continuous improvement across the organization.

Awards and recognition (due diligence is relevant to FY25 talent practices)

As One Hitachi, we received the 2026 Catalyst Award for Building Inclusive Organizations, an external recognition of our ongoing efforts to strengthen inclusive people practices across Hitachi Energy and the broader Hitachi Group.



4.3 Health and safety

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

We recognize that our people perform at their best when they are safe, healthy, and well. Protecting our people and the environment is fundamental to our license to operate.

During FY25, we have strengthened our focus on Life-changing Injury and Fatality Elimination (LIFE) with our greatest efforts on our higher-risk activities, and on developing the health, safety, and environment (HSE) culture we need across Hitachi Energy to achieve our highest performance standards.

At the heart of this is:

- building the capability of senior management and our frontline operational management
- rolling out fully our Three Lines of Defense (3LoD) approach which fosters a more proactive identification and tackling of potential causes of harm
- initiating our “integrated platform HSE” program to simplify and transform a range of our processes
- extending our Mind Matters initiative with training to develop individual and team resilience

This combination of efforts to improve culture, processes, and systems will both enable and drive relentless risk management and the robust operating discipline vital to preventing harm to people and planet.

The long-term HSE commitments established in 2023 continue to guide us:

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

These commitments align with our company’s HSE Policy, the keystone of our HSE approach, as it is endorsed by our Executive Team members.

We are striving toward the highest health, safety, and environmental performance standards across Hitachi Energy. Our actions sit within a framework of five focus areas for improvement activities:

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

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

We employ approximately 600 HSE 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 FY25, our HSE charter was launched, which outlines our approach to HSE, as well as the roles and responsibilities of the HSE Function. The latter is underpinned by a comprehensive RACI (responsible, accountable, consulted, informed) matrix.

Preventing harm comes from the combined impact of a multi-layered approach – from our HSE Policy to HSE Standards, and from work processes to training programs the intent is to manage risk.

Those layers of safeguards and protection are mirrored in our internal audit and assurance activities, which are encapsulated in our ‘Three Lines of Defense’ approach (see graphic on the right). This approach was extensively

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

The Three Lines of Defense framework provides a clear and structured approach to risk ownership, oversight, and assurance – ensuring accountability at every level of the organization. It strengthens trust and transparency by defining how risks are identified, managed, and independently verified, enabling informed decision-making and continuous improvement.

Through this model, we ensure that health, safety, and environmental risks are effectively controlled, performance is objectively assessed, and our commitment to protecting people and the environment is consistently upheld.



4.3 Health and safety (continued)

reviewed and refined during FY25, with a focus on key actions within each line of defense.

The Global Head of HSE is a member of the Global Management Team and reports to the Chief Transformation Officer, who sits on the Executive Team, ensuring direct alignment between the HSE strategy and Hitachi Energy priorities.

Each of the five business units is supported by a dedicated HSE team, led by a Business Unit HSE Manager responsible for addressing specific operational risks and requirements. Together with senior members of the global HSE Function, these managers form the HSE Leadership Team, complemented by key business partners from HR and Communications.

The Global HSE Leadership Team defines and steers the company's HSE strategy which is set out in a roadmap through to the end of FY30. Our Annual Operating Plans (AOPs) outline a focused portfolio of core actions applicable across Hitachi Energy alongside common actions spanning multiple business units and functions to ensure consistency, alignment, and scalable impact.

Working collaboratively, the HSE Leadership Team develops and guides this global strategy in alignment with the HSE-OS, and our core, common and distinct HSE programs. The team remains accountable for monitoring performance, driving continuous improvement, and ensuring the consistent application of HSE Standards across the organization.

The Global HSE Function provides governance and technical expertise across core HSE domains, including the development of Standards, management of company-wide programs and systems, audit and assurance

activities, and capability building across the HSE community. In parallel, Business Unit HSE Managers lead the deployment of tailored HSE programs within their operations, reinforcing operating discipline and enabling sustained risk management to improve performance.

Effective governance is also supported through our Accountability Frameworks which collectively cover all areas of our business.

Legal entities are established at the country level. For effective governance, each has an HSE board which comprises all relevant business unit representatives and serves as the decision-making body for HSE fiduciary matters. The HSE Function within the legal entity monitors compliance with applicable laws and regulations and coordinates related action plans.

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 internal audit program monitors the accuracy of our risk analysis, the program's efficiency, and the identification of opportunities.

We assess the health, safety and environmental risks, opportunities, aspects and impacts of each of our operating units according to the ISO 14001:2015, ISO 45001:2018, and ISO 50001:2018 Standards. This information is available in a company-wide web-based tool and is used to identify and manage hazards and find improvement opportunities.

Additional controls prevent environmental harm and protect the safety and health of all employees and contractors.

→ Read more in section 5.8 Supply chain management

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

Our full-time regional lead auditors operate as an independent third line of defense, providing objective assurance over the effectiveness of our HSE management systems, controls, and risk management processes. By using standardized assurance strategies, tools, and methodologies, they support transparency, accountability, and continuous learning, across all operations, as well as identifying improvement opportunities.

4.3.3 Our Standards documentation and HSE Operating System (HSE-OS) (GRI 403-1)

Our HSE Operating System (HSE-OS) defines the minimum health, safety, and environmental Standards and requirements to be applied across Hitachi Energy. It provides the foundation for our HSE and environmental sustainability approach, guiding how we manage risk, ensure compliance, and drive continuous improvement across the organization.

It aligns with ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety, and ISO 50001 Energy Management Standards. A significant proportion of our operating sites are ISO 14001 and 45001 certified, ensuring all HSE risks are consistently identified and managed.

The HSE-OS is supported by a structured framework of regulations, policies, procedures, guidance, and training, which together translate these requirements into consistent, day-to-day HSE practices across all operations.

It also reinforces a strong safety culture, where everyone is empowered and expected to speak up, identify and manage risks, and actively contributes to improving our performance.

The HSE-OS applies to every part of Hitachi Energy, including joint ventures, consortia, and partnerships where Hitachi Energy has management control. It covers all employees, contractors, and consultants working at Hitachi Energy-controlled sites, as well as customer locations where our people are present. Everyone working for us must comply with the requirements set out in the HSE-OS.

The HSE-OS mandates full compliance with all applicable laws and regulations. Where there is a difference between the HSE-OS and local regulatory requirements, the most stringent requirement always applies.

Within mergers and acquisitions, Hitachi Energy undertakes HSE due diligence to assess risk exposure, compliance, and the effectiveness of existing safety management processes. Post-acquisition, HSE partners with the new entity so it can implement a structured integration plan, and capture valuable learnings to enhance overall performance, and so it can align with the HSE-OS.

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

- Company HSE Policy which is 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.

4.3 Health and safety (continued)

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

A proactive approach is fundamental as we work to minimize the risk of harm and eliminate fatalities, life-changing injuries, and major environmental incidents. This includes implementing robust controls, aligned with industry standards, to protect against chemical, physical, and biological exposures that may lead to ill health, including occupational disease.

Safety is led by our managers and owned by everyone. Strong collaboration – across our workforce and with customers, suppliers, and contractors – is essential to achieving our HSE objectives and fostering a shared culture of responsibility.

Central to this is trust and transparency. We actively promote an open and supportive reporting culture where all hazards, near misses, and incidents are reported without hesitation using the Intellex platform which is accessible to all with online access, via an app, or through communal computers at sites. This enables us to learn, improve, and prevent recurrence. Managers are expected to lead by example, engaging directly with frontline teams through Safety Observation Tours to listen, learn, and strengthen risk awareness.

As a learning organization, we place a strong emphasis on timely, accurate, and transparent reporting. All individuals working for us are expected to report hazards and incidents to their line managers, with details captured in Intellex to ensure visibility, accountability, and continuous improvement. Through this openness, we reinforce that health, safety, and environment always come first in our decisions.

Contractor management

Contractors are widely used across Hitachi Energy and we take a structured approach to contractor management.

Contractor prequalification is owned by Supply Chain Management (SCM), with support from HSE, and is mandatory before inclusion on the approved contractor list. The process is based on comprehensive desk-based assessments of all contractors and, where appropriate, site audits conducted by HSE professionals using a risk-based approach, for example, on those performing high-risk activities.

The outcomes of the contractor prequalification process inform both the tendering and execution phases, including supervision levels and contractual provisions necessary to manage identified risks.

Contractor HSE performance is regularly assessed by Hitachi Energy site management and HSE professionals. This includes interventions to address immediate issues at the point of work and structured engagement with contractor leadership teams, with the latter also emphasizing continual improvement.

Incident investigation

Managers are trained and supported on incident investigation as a core responsibility of the First Line of Defense. Incidents are classified based on both actual and potential impact, reinforcing transparency and trust in our reporting processes while enabling effective learning, accountability, and continuous improvement.

The classification then defines the applicable level of investigation:

- 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 incident investigations. Lead investigator responsibilities:

- Obtain legal guidance, in consultation with Legal Counsel, where required prior to and during the investigation process.
- Establish the facts by gathering and organizing evidence and determining the root causes of the incident.
- Complete the investigation within the defined timeframe or formally request an extension where needed.
- Recommend corrective actions and align implementation plans with assigned supervisors and relevant managers.
- Document the investigation and ensure it is accurately recorded in Intellex.
- Communicate findings and outcomes to the accountable manager and relevant stakeholders across the organization.

A fair and just culture underpins all investigations. Individuals are protected from reprisals, and errors are treated as opportunities for learning. Through our Fair Process approach, the focus is on understanding causes and preventing recurrence, rather than assigning blame.

Participation and speaking up

Strong worker participation at the local level is essential for early hazard identification and effective risk management. By actively involving those closest to the work being done, we can detect issues early and develop practical solutions to prevent incidents that could result in injury, environmental harm, or asset damage.

We believe that when individuals feel genuine ownership of safety, they are proactive partners empowered to make decisions that prevent harm and loss.

This approach is enabled through practical tools and clear expectations. Our 'Stop! Take 5' process encourages individuals to pause, reflect, and assess risks before starting work, reinforcing disciplined decision-making at the point of execution.

Similarly, our Time Out for Safety (TOFS) empowers employees, contractors, and visitors to speak up and intervene whenever they identify an unsafe condition, behavior, or hazard. Work must be paused until risks are assessed and controlled to a safe level.

Central to this is a strong culture of trust and transparency. Everyone – regardless of role or position – has both the right and the obligation to speak up without fear of retribution. The ability to stop work is not only a right but a critical responsibility, ensuring that risks are actively managed and that no task proceeds unless it can be performed safely.



Sheldon Hawkins
Global Head
of Safety

“Protecting everyone who work for us remains fundamental to sustainable business performance. Safe operations depend on the commitment of everyone and we reinforce this operational ownership through our Three Lines of Defense approach. By maintaining a relentless focus on high-risk activities and critical controls, we strengthen our ability to prevent life-changing injuries and fatalities while building a culture of accountability, resilience, and learning to drive continuous improvement.”

4.3 Health and safety (continued)

Total Recordable Injury Frequency Rate (TRIFR)

We are committed to minimizing harm through a sustained focus on critical risk management and Life-changing Injury and Fatality Elimination (LIFE). This remains our highest priority, anchoring how we design, operate, and continuously improve our safety controls.

While Total Recordable Injury Frequency Rate (TRIFR) provides an important measure of overall safety performance across employees and contractors, it is not our sole indicator of success.

Our focus is on strengthening the management of high-consequence risks with the potential to cause the most serious harm, including a continued emphasis on our LIFE focus areas and the effective implementation of critical

control management. Since FY19, TRIFR has reduced to 0.30 in FY25; however, the year-on-year TRIFR increase reinforces the need to maintain discipline and focus across all aspects of risk management.

Central to this is the timely identification and closure of corrective actions, ensuring that risks are addressed at the source and recurrence is prevented. By maintaining strong execution in our action management processes and reinforcing a culture of accountability, transparency, and learning, we continue to drive improvement in both our leading and lagging indicators.

Despite recording no work-related fatalities during FY25, we remain vigilant and do not allow this outcome to create a false sense of security. Our continued focus

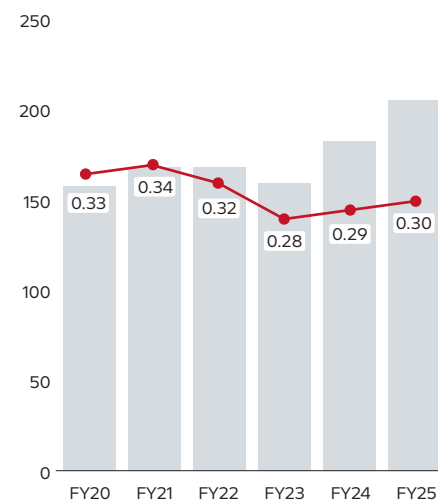
on strengthening capability, enhancing training, and embedding a robust health, safety, and environment culture reflects our commitment to preventing serious harm.

We recognize that managing risk is an ongoing priority, particularly in preventing life-changing injuries and fatalities.

We are progressing and stabilizing our core health and safety controls. The fundamentals are strengthening culture, leadership, controls, assurance but as we have not yet achieved our target of eliminating serious injuries this leading indicator tells us our work must continue with urgency.

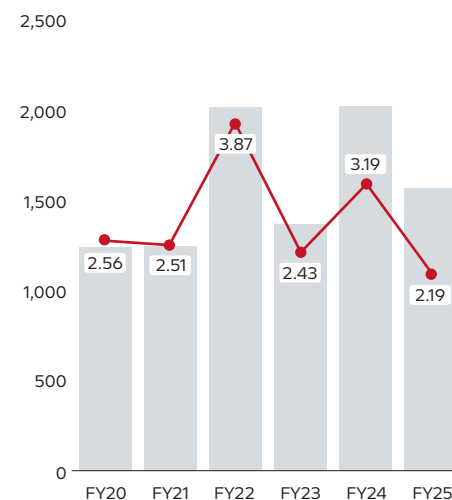
	FY23	FY24	FY25
Fatalities	1	1	0
Life-changing injuries	2	6	6

Total Recordable Injury Frequency Rate (TRIFR) including contractors



● Recordable incidents ● TRIFR

Days lost and severity rates for employees and contractors



● Days lost ● Severity rate

Each event was thoroughly investigated using our Human and Organizational Performance (HOP) approach, ensuring a clear understanding of underlying causes.

The insights gained were used to drive corrective actions and shared learning across the organization to strengthen our systems and prevent recurrence (see 3.6.1 Incident investigation).

As ever for an organization of our size, complexity, and risk profile, an ongoing concern is the potential for serious injuries or fatalities. Elsewhere in this report we detail actions to improve organizational capability to better manage risk.

Removing hazards and continual improvement requires learning and this is an area where we are strengthening our approach:

- Our Life-changing Injury and Fatality Elimination (LIFE) strategy was developed to improve the identification and classification of high-potential incidents. The strategy



leverages the ASTM (American Society for Testing and Materials) methodology as a guiding framework and incorporates artificial intelligence to enhance case identification, support further investigation, and strengthen organizational learning

- A High Value Learning Program was also introduced, using data analytics to identify recurring patterns and trends, enabling the implementation of additional barriers and controls for high-risk activities

As a result of these initiatives, the number of reported High Potential Events increased. Consistent with the SIF Prevention Strategy and Human and Organizational Performance (HOP) principles, management views this increase positively, recognizing it as evidence of improved identification and reporting of learning opportunities. The enhanced visibility of high-potential events has enabled greater rigor in incident analysis, the implementation of preventive measures, and the continuous strengthening of risk management practices.

4.3 Health and safety (continued)

4.3.5 Health and wellbeing (GRI 403-1, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

We seek to take an informed and well-founded approach to health and well-being. This includes implementing key international principles from the World Health Organization (WHO) as well as international conventions and standards such as those governed by the International Labour Organization (ILO).

Our employee health and well-being Policies and Standards, which form part of the HSE Operating System, outline how the company will fulfill its obligations and support people. Our physical and mental health activities also address non-occupational issues.

Globally, we have 200 professionals focusing on occupational health and industrial hygiene. Their efforts in supporting positive health and well-being work environments is represented by the three elements of our Health Wheel (see illustration on the left) which illustrates the holistic nature of our approach.

Our multi-disciplinary occupational health and safety team designs, implements, and evaluates comprehensive health and safety programs that maintain and enhance health, improve safety, and increase productivity.

Our health promotion services and programs include:

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

- Ergonomically-designed workplaces
- Healthy eating options at our office catering
- Lifestyle disorder awareness campaigns

As part of our continual improvement intention, we keep under review our 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 Well-Being for All.

Our Standards cover:

- Physical and mental wellbeing
- Occupational health
- Ergonomics
- Chemical safety
- Asbestos management
- Emergency medical readiness
- Working in extreme weather conditions

During our HSE Week in November 2025, our campaigns included:

- Managing psychosocial risks at workplaces
- Importance of physical fitness
- Ergonomics as occupational health risk

Our Health Saving Actions (HSAs)

Our Health Saving Actions provide us with a structured approach to addressing the diverse range of health topics we face. This allows us to run campaigns, global or local, under eight “umbrella” topics within which we can promote actions that protect and improve health at the workplace and beyond:

- Encourage open conversations on health and wellbeing – fostering a supportive workplace
- Promote mental health – supporting mental wellbeing through healthy workloads, managing stress, and equitable work-life balances

- Promote physical health – promoting participation in regular physical activity, and other actions that prevent or help manage lifestyle-driven disorders
- Promote addiction prevention – helping tackle the risks of unhealthy dependencies
- Ensure effective ergonomics – 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 – protecting people from exposure to chemicals, asbestos, and dust
- Apply infection prevention minimizing the risk of transmission

During FY25, our focused campaigns centered on:

- 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

Our health-related trends

Aligned to our Health Wheel approach (see illustration 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 a frequent traveler medical questionnaire as part of medical preparedness
- Malaria infection prevention training

Mental health:

- Ongoing 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 73, up one point since FY24, and six points above the average industry score
- Other key outcomes for FY25 include:
 - All employees across the globe have access to the initiative
 - More than 5,000 employees working on their mental health using the app
 - 11,000 hours spent on proactive wellbeing and self-care, more than double than the previous year
- More than 150 Resilience Champions were trained across the globe to deliver Resilience training for employees, with a focus on the concepts of psychological safety and techniques to help with stress management
- Resilient Leadership workshops were conducted, training more than 250 leaders
- A Global 24/7 Psychological Crisis Intervention hotline was launched adhering to WHO guidelines to support the organization in acute psychological crisis
- Increasing mental wellbeing awareness through promoting and supporting resources on selected world days with mental health significance, and through dedicated sessions with leaders/experts reaching more than 23,000 employees

4.3 Health and safety (continued)

Occupational health:

- Continue ergonomics campaigns, including training in ergonomics and office ergonomics
- Proactive monitoring of health hazards
- Increased attention to rehabilitation following injury
- Campaigns for 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: errors are normal. Deviations are rarely malicious. In most cases, they are well-meaning behaviors intended to get the job done. We must assume good intent
2. Blame fixes nothing: Positive reinforcement builds trust whereas 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, for example, Safety Observation Tours, incident investigations, Fair Process, our assurance model, and our functional learning and competency approach.

The principles are highlighted in our HSE Masterclass and Leadership Development Program training, and are a feature of our holistic approach to HSE internal audit and assurance, learning and competency, and human factors.

In FY25 our HOP team continued to oversee our internal HSE audits and fulfilled the stewardship role on the HSE Operating System, learning and functional capability development, and HSE leadership and cultural development.

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

Conducting high-quality investigations is critical to preventing future incidents. In line with our Human and Organizational Performance (HOP) principles, learning remains our central focus.

Lessons Learned Briefings (LLBs), developed from investigation insights, provide a structured mechanism to share learnings across the organization. These are closely aligned with our High Value Learning (HVL) program, ensuring that key insights are translated into practical, targeted learning interventions that strengthen our controls and build capability where it matters most.

We recognize that failures can occur, and our approach is to design systems that allow us to fail safely. This includes identifying and reinforcing multiple layers of protection when risks are present.

Our investigation process is focused on learning, not on blame. We look beyond immediate causes, which can often be misleading, to identify underlying and systemic factors. This enables us to drive meaningful organizational improvements and prevent recurrence.

To ensure a consistent and proportionate approach, our investigation process is structured across three tiers:

- **Minor Incidents** – 5 Whys (near miss, first aid, and minor environmental)
- **Medium Incidents** – Tripod Lite (medical treatment, restricted work, lost-time, medium environmental)

- **Major Incidents** – Tripod Beta (high potential, serious injury, fatality, major and significant environmental)

Our Major-Level Investigators operate as a globally coordinated pool of trained and certified professionals, strategically deployed to ensure independence, consistency, and depth in the investigation of major incidents. This model enables comprehensive analysis, free from local bias, and ensures that systemic insights are identified and applied across the organization to prevent recurrence.

HSE learning program ^A

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.

Life Saving Rules (LSRs) online training program

Our 10 LSRs cover our most critical risk activities and are vital in our efforts to eradicate fatalities and life-changing injuries. These must always be followed. If they cannot be followed, a “Time Out For Safety” is triggered and work cannot proceed until compliance with the rules is possible.

LSR training/refreshers on these rules is mandatory for employees and contractors. For many, this one-hour training is delivered online in one of 15 language options via MyLearning, the company's learning management system. Learning gained from

the Life Saving Rules training also helps raise general awareness on how to stay safe.

The program comprises 10 mini modules that cover the practical applications and requirements of each LSR. Regular knowledge checks and a final questionnaire help embed the training.

Launched in April 2022, 98 percent of our employees have completed it and, 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 delivered 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 playing, 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/very good.”

To ensure consistency and excellence the training is provided by only 30 certified facilitators.

4.3 Health and safety (continued)

HSE Leadership Development Program (LDP) for frontline supervision

The HSE LDP is a certifying training program launched globally 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.

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

As with the HSE Masterclass, the program is based on the HOP principles and is also structured around case studies, experience sharing, role plays, and team discussions.

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

It can be delivered in 25 languages by a cohort of nearly 200 certified facilitators from our local operating units.

Our other online training

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 and it provides a platform for sharing knowledge that supports continual improvement.

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 FY25 competition's four categories, more than 130 entries were received.

4.3.7 Our commitment for continual improvement and strengthening our HSE culture

We recognize that achieving world-class performance can only be realized through a learning-based culture, where continual improvement is driven by continual learning and the consistent application of human and organizational performance (HOP) principles.

We face the challenge of improving performance in a busy and rapidly growing company with a stream of new employees spread internationally and fulfilling a diverse range of roles.

The actions we are taking to deliver our HSE strategy will directly address these pressures. Our efforts are designed to drive systemic change that builds organizational capability in delivering improved health, safety, and environmental outcomes, with a strong emphasis on enabling and supporting leaders and managers.

Beyond the important provision of a strong induction and the mandatory training on our 10 Life Saving Rules, the following will be critical to our success:

- Our program of cultural assessments
- Our Three Lines of Defense approach
- Our HSE Masterclass and Leadership Development Program
- Our mental well-being and resilience programs
- Our three-year integrated platform HSE (ipHSE) program

Each of these contributes to the comprehensive and integrated approach set out in our strategy for achieving our aim of world-class performance. As we progress, our greatest focus will remain on preventing fatalities, life-changing injuries, and major environmental incidents.



4.4 Supporting human rights

Hitachi Energy's human rights approach is anchored in internationally recognized standards and builds on our journey from framework design to operational implementation. It is being increasingly integrated through a continuous, risk-based due diligence system across our operations, supply chain, and projects. Guided by initial DMA outcomes and ongoing risk analysis, we aim to implement a process that prioritizes salient issues by severity and likelihood, applying proportionate prevention, monitoring, and remediation aligned with our involvement and leverage. We are progressively strengthening this approach through supplier standards, project screening, grievance channels, and continuous improvement based on ongoing implementation and internal learning.

4.4.1. Commitments and policy architecture

Hitachi Energy's approach to human rights is progressively being developed and strengthened toward a structured, risk-based, and globally aligned approach, with increasing integration into its governance frameworks, operations, and value chain.

Our [Sustainability Statement of Commitment](#) publicly affirms our responsibility to respect internationally recognized human rights, as reflected in the International Bill of Human Rights, and confirms our commitment to implement human rights due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGPs, 2011) and the OECD Guidelines for Multinational Enterprises (OECD MNE, 2023). This commitment is reinforced through the [Code of Ethics and Business Conduct](#), the [Hitachi Group Human Rights Policy](#), and relevant corporate policies.

[Human Rights Statements of Commitment](#) identifies the key rights most relevant to our activities, including those affecting employees, suppliers, contractors,

communities, and broader value chain stakeholders, based on risk exposure and operating context. These documents are publicly available and integrated into external reporting and internal communication.

The Hitachi Energy Human Rights Policy outlines how human rights considerations are increasingly integrated within the company's governance framework and operational practices across management systems and in risk, procurement, and operational processes, informing policies, strategic decisions, partnerships, and day-to-day practices.

4.4.2 Governance, roles, and accountability

Day-to-day responsibility is structured through a defined accountability model, with oversight established at Hitachi Group level and cascaded across business units. The Hitachi Group Chief Sustainability Officer (CSO) oversees human rights, supporting Executive Officers' visibility and Board reporting.

Within Hitachi Energy, the Board of Directors (BoD) oversees sustainability performance, including human rights. The Executive Team is responsible for business implementation and related risk management, including sustainability topics such as human rights. Legal Regulatory and Sustainability functions coordinate cross-functional human rights due diligence processes, develop standards, and provide guidance across the organization. This structure is intended to support proximity to risk, accountability, and effective leverage for mitigation and remediation where needed. Senior management and the Board regularly review salient human rights risks and impacts, to inform prioritization, resource allocation, and oversight of mitigation and remediation actions.

A company-wide responsibility to respect human rights is supported by clear expectations for all employees. Training, induction programs, and

role-specific guidance progressively embed human rights considerations into decision-making and day-to-day activities, reinforced through leadership engagement and local initiatives.

In our business relationships, we continue to embed human rights expectations through the [Supplier Code of Conduct](#) and our [Supplier Sustainability Manual](#), supported by a combination of qualification processes, risk screening, contractual requirements, and, where applicable, corrective action plans, and supplier capacity-building programs.

4.4.3 Due diligence overview

A Our human rights approach continues to evolve, supported by transparency, accountability, and stakeholder engagement.

We operate our commitments through a risk based human rights due diligence cycle that is progressively being improved. Due diligence is increasingly covering own operations and, where relevant and feasible, the activities of business partners across our value chain, proportionate to risk, context, business involvement and leverage, across several stages: 1) identifying and assessing actual and potential

impacts; 2) preventing and mitigating risks; 3) tracking effectiveness and outcomes; 4) communicating how impacts are addressed; and 5) providing or cooperating in remediation where we cause or contribute to harm. **A**

Due diligence on child and forced labor (GRI 408-1, 409-1)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

Our material impact assessment, initial DMA results, and ongoing human rights risk analysis identified child labor and forced labor among the most critical potential adverse impacts, particularly in higher risk geographies, labor-intensive activities, and complex value chain segments. These issues are prioritized based on severity (scale, scope, irremediability) and likelihood.

To address these risks, Hitachi Energy applies a group-wide, risk-based human rights due diligence framework across relevant operations, workers in the value chain, and downstream projects. Actions are calibrated according to risk exposure, business involvement, and available leverage.

Key human rights corporate policies documentation

Hitachi Energy human rights framework includes but is not limited to the following corporate policies:

- [Sustainability Commitment](#)
- [Statement of commitment to Human Rights](#)
- [Hitachi Group Code of Ethics and Business Conduct](#)
- [Hitachi Group Human Rights Policy](#)
- [Hitachi Energy Supplier Code of Conduct \(SCoC\)](#)
- [Supplier Sustainability Manual](#)
- [General Terms and Conditions of Purchase \(GTC\)](#)
- [Responsible Minerals Sourcing Policy](#)
- [Modern Slavery and Human-trafficking Transparency Statement](#)

4.4 Supporting human rights (continued)

During the reporting period, we continued developing and piloting global human rights risk maps to identify geographic areas and categories of operations and considered to have elevated risk for child labor, forced or compulsory labor, as well as other potential adverse human rights impacts. These tools support risk prioritization by geography, sector, and business relationship and are progressively being integrated into operational processes, including supply chain due diligence. The resulting assessments informed targeted actions, including enhanced supplier assessments, corrective action plans, strengthened contractual safeguards, and, where necessary, responsible disengagement processes.

Key steps of our due diligence approach

1) Group-wide commitment

- Zero tolerance approach supported by preventive measures for child labor and forced labor in all forms, in line with applicable laws and ILO Conventions (including 138, 182, 190, and related guidance such as Recommendation 146).
- Protecting young workers, ensuring safe conditions, no hazardous work, and no interference with education or development.
- Fair working conditions: transparent contracts, fair wages, compliant working hours, and proper rest and leave, no recruitment fees, no retention of identity documents, and full freedom of movement and employment.
- Respect for labor rights: dignity at work, non-discrimination, and freedom of association and collective bargaining
- We apply due diligence and continuous improvement through risk-based screening, monitoring and remediation, and extend these standards across the value chain through our Supplier Code of Conduct and Supplier Sustainability Manual.

2) Risk identification and prioritization

- Material impact assessment, DMA initial assessment, and ongoing human rights risk analysis
- External intelligence sources and structured internal risk reviews
- Country, sector, and activity-based risk mapping
- Supplier screening and project risk evaluation tools
- AI-powered risk identification and prioritization tools under development and validation, including specialized human rights risk maps and digital solutions used to identify high-risk geographies, business relationships, and potential adverse human rights impacts
- Progressive validation and deployment of AI-enabled capabilities from early 2026, with further refinement of risk levels within specific processes such as supply chain due diligence

Risks are prioritized based on severity and likelihood, with a focus on high-risk geographies, complex value chains, and vulnerable worker groups (e.g., migrant workers). This prioritization informs the level of due diligence applied (standard vs. enhanced), the allocation of resources, and the escalation pathways for decision-making and oversight.

3) Prevention and mitigation

We seek to prevent and mitigate risks through:

- Policies and standards (Code of Conduct, Supplier Code of Conduct, Human Rights commitments)
- Contractual requirements with business partners and suppliers
- Qualification and onboarding processes proportionate to risk
- Responsible controls
- Training, capacity building, and stakeholder engagement

For projects, identified risks are embedded into partner selection, contracting, project design, and execution planning, with proportionate oversight measures and documented mitigation actions where required.

4) Monitoring and assessing the effectiveness of controls through:

- Risk-based audits and assessments (including third-party and on-site where relevant)
- KPIs, dashboards, corrective action plans, and follow-up verification
- Worker engagement and grievance mechanisms
- Continuous tracking and escalation of significant concerns

5) Remediation and escalation where adverse impacts are identified:

- Where appropriate and feasible, immediate actions are taken to prevent further harm and protect affected individuals
- Remediation actions are implemented by relevant functions and/or business partners
- Cases are escalated through governance channels (including cross-functional taskforces for complex situations where needed)
- Corrective action effectiveness is tracked and validated over time

6) Continuous improvement

We continuously strengthen our system through:

- Stakeholder engagement and expert input
- Integration of DMA insights into prioritization, governance, and resource allocation
- Capacity building across functions and suppliers (including role specific training)
- Ongoing alignment with evolving regulatory and international standards (including validation and refinement of digital risk tools and evidence requirements)

Where appropriate, and complementary to risk prevention and remediation, we also seek to integrate social value considerations into customer engagement and project delivery—supporting community resilience and inclusive outcomes in areas linked to our operations and value chain.

4.4.4 Identifying and assessing actual or potential adverse human rights impacts

Our analysis is based on continuous monitoring of external and internal sources, including reports from UN agencies, governments, NGOs, civil society, think tanks, media, and expert databases. We complement this with specialized external assessments and digital risk tools, including supplier screening platforms and including GenAI enabled features under development and validation, to support timely identification of emerging risks and evidence-based prioritization and decision-making.

We assess actual and potential adverse human rights impacts through a risk-based methodology applied across relevant areas of our operations and value chain, prioritizing impacts based on severity and likelihood. The outcomes of this assessment inform and will further strengthen prioritization, the level of due diligence applied (standard vs. enhanced), and escalation pathways for mitigation and remediation actions.

We assess risks across:

- organizational context (structure and governance)
- business activities (technologies, projects, services)
- geographies (regulatory environment, governance conditions, environmental factors)
- business relationships (suppliers, contractors, customers, and communities)

Our focus is on risks to stakeholders, particularly where we may cause, contribute to, or be directly linked to adverse impacts through our activities

4.4 Supporting human rights (continued)

or business relationships. Salient human rights issues are defined as those with the highest potential for severe or widespread harm, based on severity (scale, scope, and irremediability) and likelihood, in line with international standards.

Geographic prioritization considers factors such as governance quality, protection of labor and civil rights, presence of vulnerable groups, integrity levels, and environmental context. Specific consideration is given to land rights and Indigenous Peoples where relevant to project activities. These insights are considered where relevant in operational planning and site-level processes to determine the level of due diligence required.

Beyond identified salient risks, we monitor actual occurrences across operations and business relationships. When issues arise, they are assessed for causality and addressed through structured escalation and remediation processes. Lessons learned are incorporated into ongoing risk assessments, policy development, and due diligence improvements.

This approach supports a dynamic, continuously updated understanding of human rights risks, enabling proactive management and alignment with our Sustainability Strategy.

→ [Learn how we manage our impact in the communities where we live and work](#)

4.4.5 Our ongoing human rights journey

Considering the evolving regulatory environment and stakeholder expectations, Hitachi Energy continues to strengthen its human rights governance and due diligence approach. The milestones below summarize the evolution of our program from foundational risk identification to broader implementation across business processes.

FY20–22: Foundations and salient issue identification

Beginning in 2019, a two-year internal and external consultation process was conducted to identify our salient human rights issues. Workshops held in 2021 with the Human Rights Champions network – a cross-functional group supporting risk identification – contributed to the assessment, which was reviewed by external experts and approved through internal governance channels.

In 2021, a gap analysis was completed for each salient issue, accompanied by mapping of relevant processes and tools to determine existing capacities and areas requiring remediation. Internal functions, including Legal and Integrity, Human Resources, Supply Chain, and Risk Management, were involved in reviewing and strengthening risk management measures.

Outcome: salient risks were defined and capability gaps mapped, enabling structured due diligence development.

FY23: Impact materiality integration and governance strengthening

Between late 2022 and 2023, governance responsibilities were strengthened, Sustainability was established as an independent function, and a dedicated role was created to support human rights due diligence implementation.

Potential impacts were assessed and existing processes reviewed against international frameworks and industry expectations. The 2023 Material Impact Assessment informed sustainability priorities, commitments, KPIs, and integration into enterprise risk management and relevant country and site-level processes.

Outcome: human rights risk considerations were increasingly integrated into governance and ERM, improving prioritization and consistency across geographies.

Own operations	Indirect ops – Supply chain (upstream)	Commercial and customer projects (downstream)
Occupational health, safety, and wellbeing		
Decent work and fair working conditions		
Freedom of association, collective bargaining, and worker voice		
Non-discrimination, equality, and inclusivity		
Elimination of child, forced, and exploitative labor		
Community and Indigenous Peoples' rights (contextual, Biodiversity)		

FY24: Updated human rights framework, double materiality, and implementation readiness

During FY24, Hitachi Energy advanced its human rights program through updates to its framework, governance, and due diligence processes. The company began developing an updated sustainability and human rights framework to support clearer alignment with evolving requirements and to reflect risks and opportunities associated with the energy transition. This process was carried out through internal governance mechanisms involving review by the Executive Team, oversight from the Board of Directors, input from operational units, and external experts.

The initial DMA confirmed human rights as a priority impact area and strengthened the evidence base for risk prioritization and resource allocation. An updated allocation framework was developed to clarify where salient issues are most relevant across the value chain and to support monitoring and accountability.

Implementation was structured across three due diligence scopes: own operations, supply chain, and downstream projects, providing the basis for proportionate implementation according to risk exposure, business involvement, and available leverage.

Outcome: Human rights priorities were validated through the initial DMA, governance arrangements were strengthened, and a clearer operational structure was established to support implementation across key areas of the value chain.

FY25: Scaling implementation

During FY25, Hitachi Energy focused on expanding implementation of its human rights due diligence approach through governance mechanisms, policy updates, operational tools, training, and stakeholder engagement. A cross-functional mechanism was established to coordinate the review and escalation of complex human rights cases and to facilitate alignment across relevant functions.

Key human rights commitments, policies, and supplier requirements were also updated through established governance processes to improve consistency across procurement, risk management, and project-related activities.

The company continued testing digital risk identification capabilities and piloting elements of its due diligence methodology in selected supplier and project reviews. Lessons learned informed further refinement of the framework and related implementation tools.

To support implementation, a Human Rights Training module was introduced to clarify minimum requirements and operational

4.4 Supporting human rights (continued)

responsibilities. Security activities were further aligned with recognized international standards, while site-level engagement and data collection processes were strengthened to support reporting and continuous improvement.

Stakeholder engagement remained an important component of implementation. During FY25, Hitachi Energy participated in industry and multi-stakeholder initiatives, including engagement with BSR, Shift, the Business & Human Rights Resource Center, the UN Forum on Business and Human Rights, and CSR Europe peer exchanges, helping inform ongoing development of the program.

Outcome: Implementation expanded through broader use of governance processes, training, operational tools, and stakeholder engagement, strengthening consistency, traceability, and organizational readiness.

Case study

Context: Middle East and Africa, anonymized

The following examples illustrate instances of how our risk-based human rights due diligence was applied in both supplier decision making and project execution, and how it was integrated into business processes to address identified labor rights risks, including escalation and, where necessary, disengagement.

Drawing on external insights, including recent BHRRC reporting on risks affecting migrant workers in the energy transition, these cases reflect higher risk contexts with labor and regulatory challenges. The following examples illustrate how identified risks are assessed, escalated, mitigated, and monitored in practice, including how leverage is exercised and how decisions are taken where adequate assurance cannot be achieved.

Supplier onboarding decision following identified labor rights risk indicators

This case illustrates how our risk-based human rights due diligence supported escalation, corrective action, and responsible disengagement where adequate assurance cannot be achieved.

Trigger	Enhanced due diligence identified potential forced labor risks for a prospective supplier in a higher risk context, including gaps in documentation and limited evidence of labor controls, indicators of unethical recruitment practices, and concerns from public sources (e.g., NGO reporting). These factors elevated the risk profile and triggered escalation under internal due diligence governance.
Action	The case was escalated for cross-functional review, assessing risk severity, credibility, the supplier's capacity to remediate, and available leverage. Corrective actions were requested, including measures addressing recruitment practices, employment conditions, worker rights, and freedom of movement.
Outcome	As sufficient assurance could not be achieved within required timelines, the supplier relationship was not pursued. The decision was documented to ensure traceability and auditability.
Learning	Insights from the case informed updates to screening criteria, escalation triggers, and evidence requirements, strengthening early risk detection and consistency in high-risk contexts.



Project lifecycle integration of identified labor rights risks

This case illustrates how identified labor rights risk indicators are increasingly integrated into project decision-making and management across the lifecycle.

Trigger	Initial screening identified elevated labor rights risks in a higher risk context, including country-level governance challenges, delivery model risks (e.g., use of contractors and limited visibility over labor practices). These factors triggered enhanced due diligence and targeted mitigation planning, with risks carried forward into project design.
Action	Due diligence findings informed project design, contractual requirements, mitigation planning, resource allocation, and monitoring activities throughout the project lifecycle. This ensured that identified risks were addressed through both contractual leverage and practical project measures.
Outcome	Integration of due diligence across project phases enabled clearer accountability, allocation of resources, and strengthened oversight of labor rights risks.
Learning	Early identification and integration of risks improve effectiveness and support a continuous, risk-based approach, reducing reliance on late stage remediation.

4.5 Corporate citizenship



4.5.1 Global presence, local approach

Supporting sustainable development is integral to our business strategy, strengthening resilient communities, future talent pipelines, and trust in the energy systems we support. This approach is embedded within the People pillar of our Sustainability Strategy, where human rights and social contribution guide our engagement with communities.

Grounded in responsible business conduct, our corporate citizenship activities focus on community engagement and collaboration with local partners.

We seek to build long-term, meaningful relationships with communities, recognizing that social stability and inclusive development are essential enablers of a just and sustainable energy transition. Our approach reflects the Hitachi Group's core values – Harmony, Pioneering Spirit, and Social Innovation – which guide collaboration with communities, partners, and stakeholders, and the development of forward-looking solutions. These principles underpin our commitment to shared value creation by aligning business success with societal contribution.

Corporate citizenship contributes to the People pillar of our Sustainability Strategy by supporting community resilience, education, skills development, and long-term social value creation in areas connected to our operations and value chain.

Our activities are structured across four priority areas – community, education, environment, and health and sports – enabling us to respond to local needs while contributing to broader societal progress. In higher risk contexts, we approach our community engagement and impact management proportionate to risk and aligned with our due diligence commitments.

All activities are governed by our Sponsorships and Donations Policy, ensure alignment with the Hitachi Code of Ethics and Business Conduct, and are supported by controls for integrity, transparency, and appropriate oversight.

People at the center of impact

We actively empower our employees to play a central role in driving social impact. Their engagement is critical to strengthening our social license to operate and advancing our sustainability strategy. We also seek to strengthen the quality of community engagement by connecting employee initiatives with community-identified needs and, where relevant, site-based engagement processes. By connecting people to our values, employees bring them to life – designing and participating in initiatives that respond to local priorities and support long-term community development. This helps translate our culture into observable outcomes and stronger relationships with communities and stakeholders.

Our approach 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

– leading donation drives, selecting causes, and volunteering their time, skills, and expertise to support community outcomes.

- **Community integration:** We seek to design and deliver initiatives in collaboration with local communities and partners, drawing on local priorities and available community input. By combining employee passion and technical expertise with local insight, our approach responds to identified needs while strengthening consistency in engagement and activity design. Linking actions to clearly identified priorities and observable outputs support more meaningful contributions where it matters most.
- **Collaborative partnerships:** In line with SDG 17, we build purpose-driven partnerships with NGOs, civil society organizations, educational institutions, and global partners to enhance reach and effectiveness. Partnerships strengthen implementation quality, accountability and continuity, particularly where needs are systemic or long-term, enabling more coordinated responses to complex community challenges.
- **Social innovation:** We apply our energy expertise to co-create solutions that address local challenges and align with our business, supporting the energy transition while contributing to community development. This approach aims to create opportunities for communities to adapt and grow, fostering inclusive environments that support participation and development.

Where communities may be affected by our operations along the value chain, this approach is complemented by appropriate community feedback, grievance and escalation mechanisms, in line with our human rights due diligence framework. This ensures concerns can be raised and addressed and – where appropriate – linked to escalation and remediation pathways.

Through our Social Innovation approach, we also seek to prevent and mitigate potential impacts, address local challenges, and mobilize our employees, contributing as responsible corporate citizens to the resilience, long-term development, and inclusive growth of our communities connected to our operations.



4.5 Corporate citizenship (continued)

Strengthening focus and impact

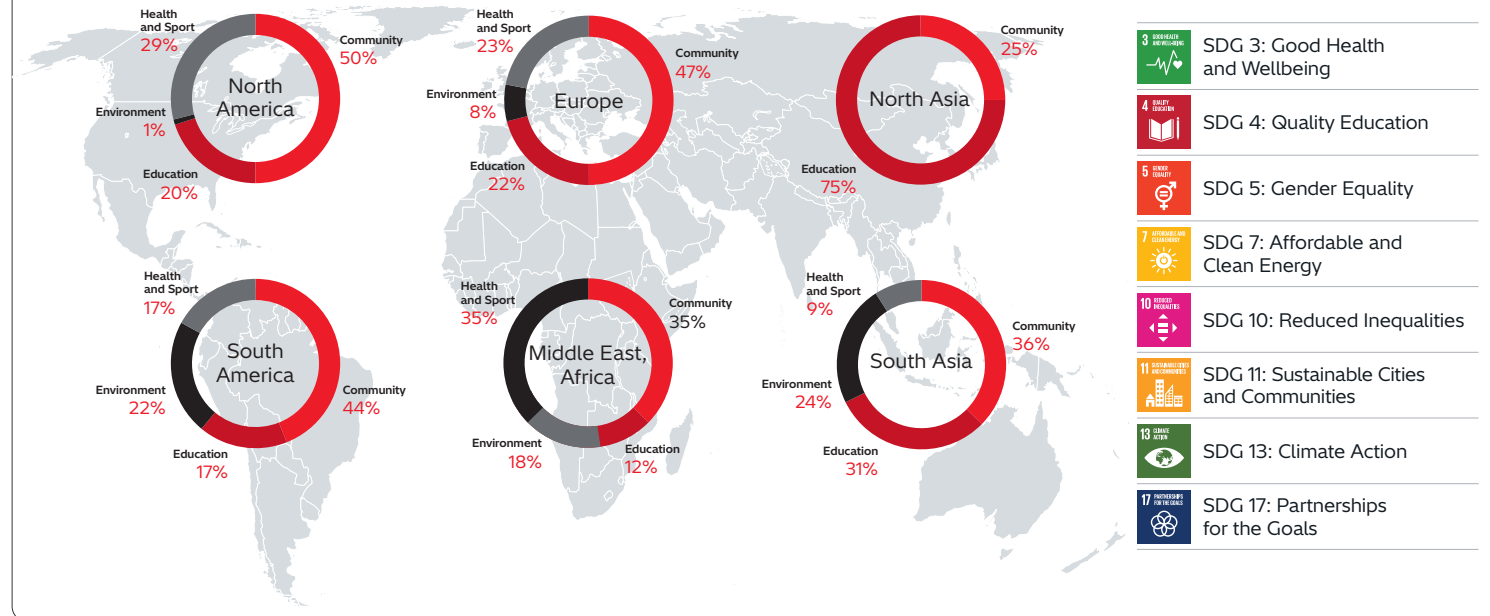
During FY25, we have continued to strengthen our CSR management system by improving data collection, enhancing internal controls, and increasing reporting transparency. We are progressively refining our methodologies to improve the consistency, comparability, and traceability of reported information, aligning with our materiality assessment (including initial double materiality results) and evolving regulatory requirements. This supports our ability to monitor impacts, risks, and activities and manage social performance in line with our Sustainability Strategy and due diligence approach to identify, prevent, and mitigate potential adverse impacts.

As part of this, we are enhancing how we evidence and report operations with community engagement, impact assessment, and development programs, as well as operations with significant actual or potential impacts on communities, alongside the effectiveness of channels through which concerns are raised and addressed. These improvements support more consistent and transparent reporting, including tracking of actions and associated outputs, and strengthen our ability to manage social performance.

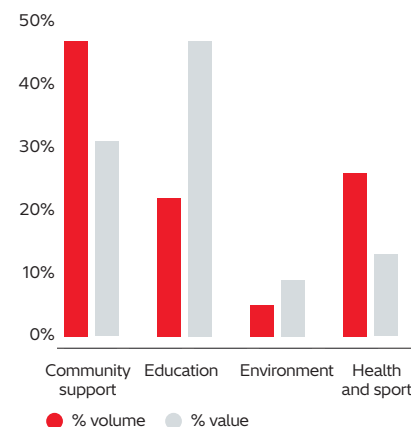
As part of this evolution, Energizing Education and Energy and electricity awareness have been confirmed as cornerstone initiatives – reflecting both societal needs and our strategic capabilities. These focus areas provide a clearer direction for scaling activities and strengthening alignment with our Social Innovation approach forming the foundation of a more targeted and scalable social innovation approach.

In FY25, Hitachi Energy companies delivered: 646 global and local initiatives Across 37 countries Including employee volunteering, financial contributions, and in kind support.

Corporate citizenship activities by region



Global contributions by volume and value



These activities collectively illustrate the breadth of our engagement and the scale of our CSR activities across priority areas.

Looking ahead, we will continue to scale our Energizing Education and Energy Awareness initiatives, with a stronger focus on measurable outputs and outcomes, regional prioritization, and long-term program development.

By further embedding Social Innovation into our business approach, we aim to deepen our contribution to resilient communities and support a more inclusive and sustainable energy transition.

We will also continue strengthening community-related measurement and disclosure – where material – through clearer linkage between community engagement, grievance mechanisms, remediation pathways, and reported outcomes. This will improve comparability, audit readiness, and transparency in how we manage community-related impacts across our operations and value chain.

4.5 Corporate citizenship (continued)

Case study – Africa

Bringing kids 2 schools in sub-Saharan Africa

Limited access to education – linked to infrastructure gaps, long travel distances, and gender inequalities – continues to affect learning opportunities in underserved communities.

BringKids2Schools (BK2S), delivered in partnership with buildOn, supports access to quality education through a community-based model.

Since 2020, the program has supported the construction and delivery of 13 schools in Malawi and Senegal. More than 3,000 students enjoy improved learning environments.

The initiative combines educational infrastructure development, community ownership, and partnerships with NGOs and local authorities, while incorporating gender-inclusive facilities and governance structures.

Employee participation supports delivery through initiatives such as the BK2S Challenge, contributing resources for school construction and strengthening community engagement.

1,912 participants

4 new schools for 600 children in FY25

Case study – India

Driving inclusion through girls' STEM education

Through the Women in Technology (WIT) program, delivered with the Shikshana Foundation, we support girls and women from underserved backgrounds to pursue education and careers in technology and engineering. The program provides scholarships, learning resources, mentoring, and career guidance, and engagement with energy sector professionals.

Since 2020, more than 1,100 students across eight states and 20 institutions have participated, alongside a broader STEM initiative supporting over 500 girls. Internships and practical learning opportunities further support career readiness.

Employee engagement supports delivery through mentoring, training, and over 1,100 volunteer hours in FY25, reinforcing collaboration and knowledge exchange.

330 scholars

Women in Technology (WIT) 80 graduated | 250 studying

Case study – Japan

Building future energy talent through collaboration case study

Japan Power Academy (JPA), launched in 2008, is a nationwide industry-academia partnership supporting electrical engineering education and research. The program provides talent networks, research grants, education support, and outreach activities, connecting academic learning with industry practice. Experts contribute through mentoring, lectures, and knowledge-sharing initiatives.

JPA addresses declining interest in electrical engineering, reduced educational capacity, and a shrinking talent pipeline through four complementary areas:

- talent networks connecting students, researchers, and industry professionals,
- research collaboration supporting faculty and doctoral students,
- education support through learning initiatives and career exposure, and
- public outreach to increase awareness of the field.

Since 2008: 13 sessions with approx. 130–195 students cumulatively, 310 exploratory projects selected.

18

advanced projects selected (since 2008)

Case study – Brazil

From learning to livelihoods – empowering youth case study

Instituto Amanhecer in Brazil provides a safe after-school learning environment (contraturno) that supports social inclusion, education, and employability skills. The program aims to help young people re-engage with education, build confidence, and develop life skills that support participation in society and future work opportunities.

Children and adolescents in socially vulnerable contexts often face barriers to continuous education, and access to structured development pathways.

The initiative is delivered through two complementary programs:

- early development support (ages 7–13) focusing on learning, inclusion, and personal development,
- employability preparation (ages 14–15) aligned with Brazil's apprenticeship framework.

This is complemented by partnerships with training institutions and support for apprenticeship pathways, facilitating transitions into the world of work.

32

young apprentices placed

4.5 Corporate citizenship (continued)

Case study – Sweden

Developing the next generation of technology professionals

Hitachigymnasiet is a technology-focused upper secondary school in Västerås and Ludvika developed in collaboration with industry and academia, connecting education with real-world applications.

Our long-term partnership contributes to future skills development and addresses the challenge of declining interest in technology education.

Key areas of focus include:

- practical exposure through internships, summer jobs, and project work,
- industry-connected teaching through real assignments and collaboration with experts,
- development of future-oriented skills through hands-on learning and partnerships.

Employee and expert engagement supports delivery, with professionals contributing through mentoring, lectures, and collaboration, strengthening knowledge exchange and helping students understand career pathways.

83

students summer job program FY25

Case study – Vietnam

Creating safe learning environments in remote areas

Education is often constrained by limited infrastructure, difficult access, and overcrowded facilities, particularly affecting ethnic minority students.

Vietnam's "Classrooms for Children" supports improved learning conditions in remote communities, strengthening access to safe and structured learning environments.

Delivered through partnership with local authorities and communities, the format includes structured governance, phased project delivery, and on-site coordination to manage implementation in complex environments.

Employee participation supports funding and implementation, helping mobilize resources and strengthen engagement across the initiative.

6

new classrooms with equipment for 1,300 students

4.5.2 Electricity and energy awareness: fostering a people-powered transition

A just and inclusive energy transition relies on technology, however ultimately depends on people, both as its drivers and its ultimate purpose.

Alongside building the infrastructure for a low-carbon future, we support energy citizenship – helping individuals and communities understand how electricity systems work and how everyday choices affect safety, resilience, and sustainability. Through energy literacy, climate and safety awareness, and responsible consumption, we aim to equip everyone – especially young people and communities – with the knowledge and confidence to participate in the transition and benefit from it.

As power systems shift from centralized fossil fuels to renewable, interconnected networks, collaboration across industry, governments, academia, and civil society becomes essential. Growing electrification and smarter grids must evolve in step with people's awareness, skills, habits, and aspirations. By sharing expertise, supporting learning pathways, and promoting informed dialogue, we help strengthen the social foundations needed for a transition that is not only cleaner, but also fairer and more inclusive.

Aligned with SDG 7 (Affordable and Clean Energy), our approach goes beyond infrastructure: energy is a public enabler of human development, opportunity, and the enjoyment of rights. Through social innovation and education partnerships, we work to build a resilient energy future where more people have a voice and a role – together powering the next era of sustainable energy.

Electron: empowering youth through energy literacy

To help close the energy-literacy gap, Hitachi Energy – together with UK broadcaster BBC – developed Electron, a dynamic animated series

aimed at teenagers (14–17). Electron brings electricity concepts to life through relatable scenarios, designed to spark curiosity and build understanding of how energy systems power modern life and the transition to sustainability.

Knowledge in action

The rapid low-carbon transformation required to meet the Paris Agreement goals is both technological and educational. Beyond promoting products and solutions, we actively share knowledge with peers, partners and stakeholders to help close information gaps and enable informed decision-making. In the reporting period, our knowledge sharing included: 7 videos, 39 blogs, 7 whitepapers, 12 e-books, and 4 events.

Together, these efforts help nurture a broader community of energy citizens – individuals and institutions better equipped to engage, collaborate and innovate toward a more sustainable, inclusive future.

→ See more in our Stakeholder Engagement section



Gerhard Salge
Chief
Technology
Officer,
Hitachi Energy

“When young people understand energy, they can shape our common future. Closing the energy-literacy gap helps communities participate in the energy transition. By energizing education and linking it to electricity and energy awareness, we empower the next generation to accelerate a sustainable energy future.”

5.



Governance

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Governance

At Hitachi Energy, strong governance is fundamental in delivering sustainable growth, operational excellence, and long-term value for our stakeholders.

Guided by our commitment to transparency, accountability, integrity, and responsible business conduct, we embed governance considerations into strategic decision-making, risk management, business operations, and stakeholder engagement across the value chain.

Our governance framework supports sustainable value creation, safeguards stakeholder trust, and helps ensure resilience in a rapidly evolving business, regulatory, and sustainability landscape.

Governance oversight is embedded throughout the organization, from the Board of Directors and Executive Team to dedicated functions responsible for sustainability, integrity, compliance, quality, cybersecurity, risk management, and supply chain stewardship.

Integrity, safety, and quality remain at the core of our license to operate.

We promote a culture where ethical behavior, respect for human rights, responsible business practices, and compliance with applicable laws and regulations are embedded into everyday decision-making.

Through the Hitachi Group Code of Ethics and Business Conduct, comprehensive training programs, grievance mechanisms, due diligence processes, and active leadership engagement, we empower employees, business partners, and suppliers to act responsibly and uphold our values wherever we operate.

5. Governance

Highlights

98%

completion of annual Integrity training

430

teams have participated in Integrity on the Business Agenda discussions

ISO 37001

Anti-Bribery certification expanded to 14 countries and 178 sites

Global ISO/IEC 27001 certification across 340+ sites in 70+ countries

Awarded Platinum CyberVadis rating in FY25

Expanded responsible minerals due diligence

to include copper, lithium, graphite, nickel, and rare earth elements, ensuring responsible sourcing

Enhanced the qualification process with a newer framework covering sustainability questions

Launched the Supplier Greenhouse Gas Assessment Program across 23 high-risk countries

→ GRI 2-9, 2-10, 2-11, 2-12, 2-15, 2-17, 2-18

5.1 Sustainability governance at Hitachi Energy

5.1.1 Governance and Leadership

Effective governance is fundamental to delivering on Hitachi Energy's Purpose and long-term strategy. Our governance framework is designed to provide robust oversight, ethical leadership, accountability, and effective stewardship of the business while supporting sustainable value creation.

Hitachi Energy is a wholly owned subsidiary of Hitachi, Ltd., which owns 100 percent of the company's share capital. The Board of Directors (BoD) is appointed by the general meeting of shareholders and is responsible for fulfilling its duties in accordance with Swiss law. Members are selected based on their skills, experience, and ability to contribute to the company's strategic priorities (GRI 2-17).

The nomination and selection of BoD members follow a structured process overseen by Hitachi, Ltd. and are guided by principles of transparency, diversity, and alignment with the company's strategic direction. Key considerations include competencies relevant to the energy sector, sustainability, innovation, and global business leadership, as well as diversity of gender, nationality, professional background, and experience. Sustainability considerations are integrated into the assessment of BoD capabilities to support effective oversight of the company's strategic priorities. As Hitachi Energy is not a listed company, director independence, while recognized as a governance consideration, is not a determining factor in BoD appointments.

In April 2025, Lorena Dellagiovanna, Senior Vice President and Executive Officer, Chief Human Resources Officer (CHRO), General Manager of Human Capital Group, and Chief Sustainability Officer (CSuO) of Hitachi, Ltd., was appointed Chair of the Board of Directors (BoD) of Hitachi Energy, having served as a BoD member since June 2024.

Leadership grounded in governance and purpose

Effective governance is essential to fulfilling Hitachi Energy's Purpose and ensuring responsible stewardship of the business.

The Board of Directors provides strategic oversight, while the Executive Team is accountable for overall business performance and strategic direction.

Sustainability is embedded into regular executive and governance discussions, supporting responsible decision-making and long-term value creation.

Accountability

Clear oversight and decision rights

Strategic execution

Leadership alignment with priorities

Sustainable value

Social, environmental, and economic impact

Alignment model



Hitachi Group values

Harmony | Sincerity | Pioneering Spirit



Hitachi Energy Guiding Principles

Bring energy | Achieve more together | Inspire progress | Impact is real



Leadership Pillars

People to people | potential | performance | purpose



Governance outcome

Accountable leadership supporting sustainable value creation

What this means in practice

We bring energy

Invest in people, footprint, and technologies.

We achieve more together

Collaborate and co-create across the value chain.

We inspire progress

Apply pioneering technologies to the energy transition.

Our impact is real

Deliver solutions that support society and industry.

People to purpose

Energy/shared direction

People to people

Harmony/collaboration

People to potential

Pioneering spirit/innovation

People to performance

Sincerity/quality and impact

5.1 Sustainability governance at Hitachi Energy (continued)

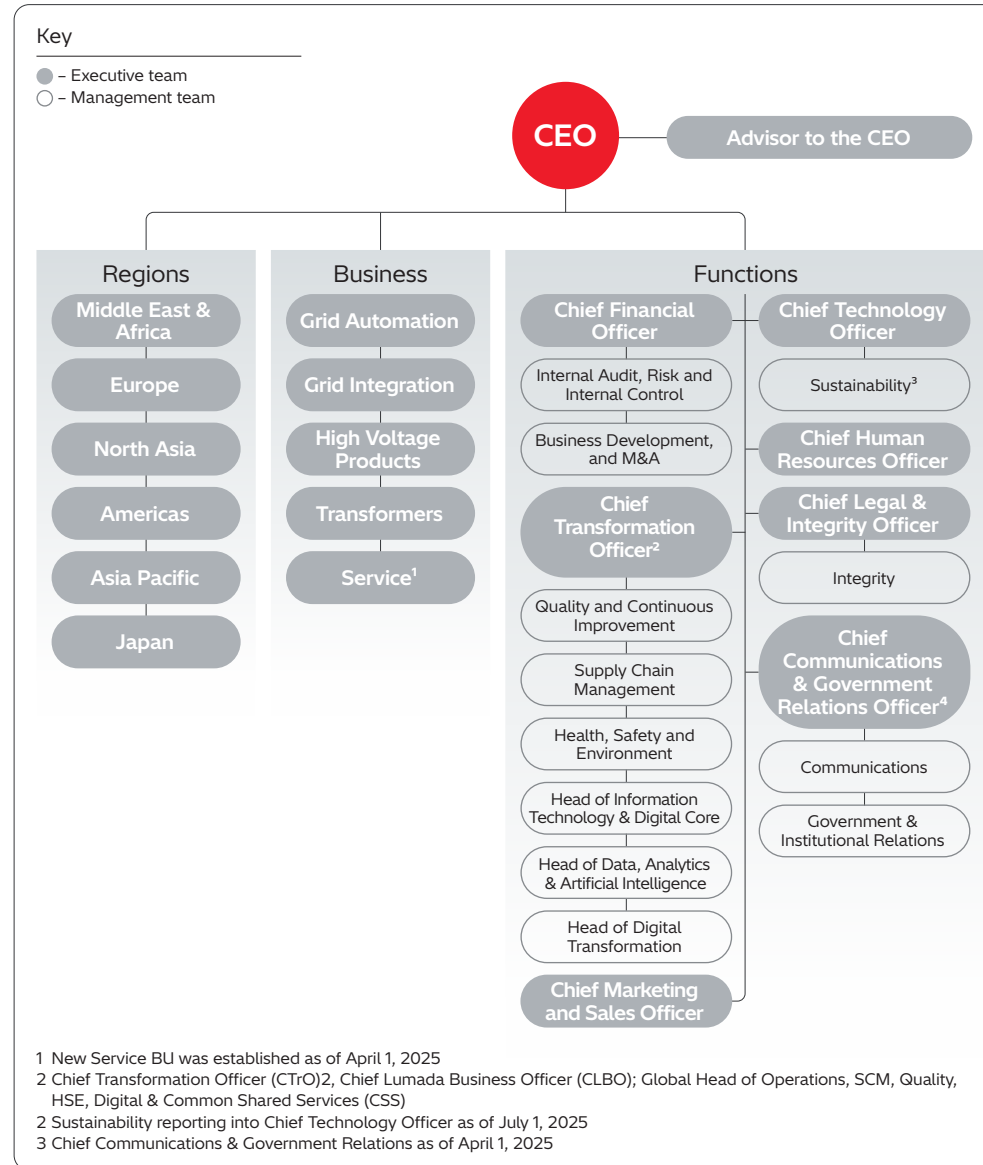
The Chair is a non-executive member of the BoD and an employee of Hitachi, Ltd. All BoD members are employees or advisors of Hitachi, Ltd. Additional information regarding BoD composition and performance evaluation (GRI 2-18) is available in the [Sustainability reporting center](#): Hitachi and respective Hitachi disclosures (including link for [Executive Compensation System](#)).

5.1.2 Board of Directors (BoD) Oversight and Governance Structure

The Board of Directors (BoD) provides strategic oversight of the company and supports management in delivering the business strategy and achieving long-term objectives. Its agenda includes regular discussions on safety, integrity, quality, sustainability, and enterprise risk management (ERM).

To support its governance responsibilities, the BoD is assisted by two advisory bodies. The Audit Advisory Board (AAB) supports the oversight of risk management, governance, internal controls, and audit-related matters, while the Remuneration Advisory Board (RAB) provides recommendations regarding executive compensation. During the fiscal year ended March 31, 2026, one member of the BoD also served on the AAB. The organizational regulations governing the BoD, AAB, and RAB are developed by the Chief Legal and Integrity Officer and Secretary to the BoD and approved by the BoD.

The BoD receives regular updates on enterprise risks and opportunities and approves annual strategies and key performance indicators (KPIs) to support transparent performance monitoring. KPI outcomes are considered in the annual budgeting process to help ensure appropriate resource allocation and alignment with remediation and improvement activities.



5.1.3 Executive Leadership and Management of Sustainability

The Executive Team is the company's highest management body and is responsible and accountable for overall business performance, strategic direction, and decision-making related to the operational management of the company. Acting under the BoD's organizational regulations, Executive Team members jointly manage the company and direct the business in line with established strategy and policies.

The Executive Team typically meets monthly to review financial performance, major development projects, competence development, succession planning, and other strategic priorities, including sustainability, people-related topics, and supply chain management.

Sustainability considerations are embedded within business planning and risk management processes. The Executive Team regularly reviews sustainability-related risks and opportunities, assessing and prioritizing issues according to their relevance to the company's strategy, objectives, and stakeholders. These insights inform Hitachi Energy's impact assessment, strategic priorities, and Enterprise Risk Management program.

→ Read more in section 2.4 Sustainability in our business strategy

Our governance framework reinforces an impact-driven culture by embedding ethical values, responsible business practices, and risk awareness into decision-making processes. Through clear roles, accountability mechanisms, and active oversight, both the BoD and Executive Team support the integration of sustainability into business strategy and long-term value creation.

5.2 Management of sustainability-related impacts, risks, and opportunities

5.2.1 Governance and accountability

The management of sustainability-related impacts, risks, and opportunities is embedded within Hitachi Energy's governance framework and enterprise risk management (ERM) processes.

Overall accountability rests with the Chief Executive Officer (CEO), who serves as the ultimate risk owner and oversees the management of impacts and risks across the organization. This responsibility is cascaded throughout the Executive Team, whose members are accountable for managing sustainability-related impacts and risks within their respective areas through the implementation of appropriate controls, capabilities, and management practices.

Sustainability oversight is integrated into the company's highest governance bodies. The Executive Team meets monthly to review strategic business priorities, including sustainability-related topics, while the Board of Directors (BoD) receives regular updates and discusses sustainability matters as part of its quarterly meetings.

Since February 2023, Global Sustainability has operated as a standalone function, separate from Health, Safety and Environment (HSE), reflecting its strategic importance to the business. The Global Head of Sustainability reports to the Chief Technology Officer (CTO), is a member of the Management Team and regularly participates in Executive Team and BoD discussions, ensuring that sustainability considerations are embedded in strategic decision-making and business planning.

The Chief Financial Officer (CFO) holds delegated responsibility for the Enterprise Risk Management framework, while the Chief Technology Officer (CTO) oversees the development and implementation of the sustainability strategy.

Together, they review and approve sustainability-related disclosures, including material topics and associated reporting, supported by the Global Head of Sustainability.

5.2.2 Sustainability Governance Structure

The Global Head of Sustainability is supported by the Sustainability Leadership Team, comprising sustainability representatives from business units and key functions across the company. The team is responsible for coordinating the implementation of sustainability priorities, monitoring progress against objectives, and facilitating collaboration across the organization.

The Sustainability Leadership Team meets monthly to review emerging developments, monitor performance, and address challenges related to sustainability execution. To further promote awareness, knowledge-sharing, and alignment with business priorities, a broader Sustainability Network convenes regularly, providing employees with updates on sustainability developments and initiatives across the company.

5.2.3 Integration with Enterprise Risk Management (ERM)

Hitachi Energy integrates sustainability considerations into its enterprise risk management framework, strategic planning processes, and business operations. Sustainability-related impacts, risks, and opportunities are identified, assessed, prioritized, and managed through a structured process designed to support informed decision-making and long-term value creation.

Material sustainability topics, identified through the company's impact assessment process, are incorporated into strategic and operational planning as well as the ERM framework. The resulting priorities are reflected in business objectives, key performance indicators (KPIs), and risk management activities. Performance

against these priorities is monitored regularly and informs annual planning, budgeting, and resource allocation processes.

The company's integrated approach aligns Sustainability, ERM, Supply Chain Management, and other relevant functions to ensure a consistent understanding of key priorities across the value chain. External assessments, certifications, and reporting frameworks – including EcoVadis assessments, ISO-certified management systems, and sustainability reporting processes – support performance monitoring, benchmarking, and continuous improvement.

5.2.4 Identification, assessment, and management of impacts and risks

All organizational units contribute to identifying actual and potential sustainability impacts within their areas of responsibility. These assessments help determine priority topics and are used to evaluate their

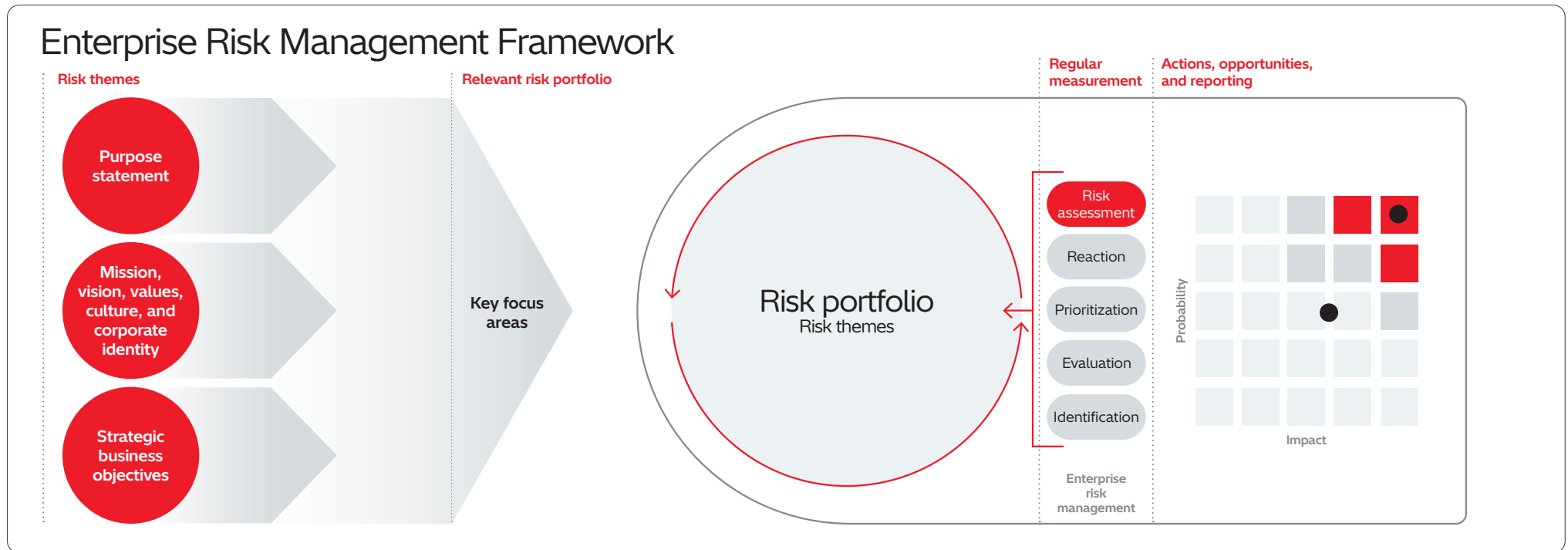
significance to the business and stakeholders.

Material sustainability topics and associated risks are integrated into the ERM portfolio and assigned to designated Global Risk Owners, who are responsible for implementing appropriate response plans and mitigation measures. Regular reassessments ensure that risks remain current, controls remain effective, and emerging issues are identified in a timely manner.

The company maintains processes, governance mechanisms, and trained personnel to support the management of sustainability-related impacts and risks, while strengthening business continuity, organizational resilience, and adaptive decision-making in response to evolving market conditions, stakeholder expectations, and regulatory requirements.



5.2 Management of sustainability-related impacts, risks, and opportunities (continued)



5.2.5 Monitoring, Remediation, and Stakeholder Concerns

Continuous monitoring and regular reporting support the effective management of sustainability-related risks and opportunities. Management reviews enable the identification of trends, assessment of mitigation measures, monitoring of corrective actions, and evaluation of overall effectiveness.

Hitachi Energy maintains grievance and reporting mechanisms that enable employees, suppliers, customers, and other stakeholders to raise concerns or report potential issues. Reported concerns are

managed through established procedures that include investigation, mitigation, remediation, monitoring, and defined response timelines. Outcomes and significant developments are escalated through appropriate governance channels, including executive management where relevant.

Where common or cross-functional risks are identified, relevant functions collaborate to develop coordinated response plans and improvement initiatives. Proposed actions are prioritized, resourced, and implemented through structured governance and project management processes to ensure effective execution and accountability.

5.2.6 Continuous Improvement

Hitachi Energy continually enhances its risk management capabilities to address a rapidly evolving sustainability landscape. As part of this commitment, the company is strengthening the integration of sustainability, risk management, compliance, and operational processes to improve information flow, support decision-making, and enable more effective prioritization of sustainability-related impacts, risks, and opportunities.

Through this integrated approach, Hitachi Energy seeks to build long-term resilience, strengthen stakeholder trust, and support the delivery of its sustainability strategy and business objectives.



5.3 Stakeholder engagement

We strive to build or strengthen each stakeholder's trust in us through the integrity of our words and actions.

5.3.1 Approach to stakeholder engagement

Key stakeholders are the groups that significantly influence, are influenced by, or have a direct interest in Hitachi Energy's strategy, and sustainability performance. These include governments and regulators, international organizations, investors and shareholders, industry platforms and affiliates, customers and partners, employees, suppliers, and communities. We manage stakeholder relationships through a regular approach tailored to each group, with the objective of maintaining transparent dialogue, understanding expectations, incorporating feedback, supporting compliance, and building long-term partnerships. This engagement helps us address relevant business, societal, and energy transition related topics while strengthening trust and collaboration across our value chain.

Stakeholder engagement takes place on an ongoing, quarterly, annual, or event-based basis, depending on the stakeholder group and topic. Engagement occurs through a broad range of channels, including official visits, bilateral meetings, institution-led roundtables and events, quarterly and annual reporting, financial results briefings, communication sessions, discussion panels, training activities, working groups, conferences, exhibitions, campaigns, social contributions, and volunteering programs. These interactions take place in multiple contexts, such as policy and regulatory dialogue, industry collaboration, customer relationship management, employee communication and development, supplier assessments, and community outreach. Together, these activities enable the company to stay responsive to

stakeholder expectations, support informed decision-making, and foster shared progress on strategic and sustainability priorities.

Together with our customers, partners, and other key stakeholders, we are committed to accelerating the energy transition toward sustainability, affordability, and security of supply.

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

The ongoing energy 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 emphasizes that engaging and partnering with stakeholders is key to our business's success and endurance.

→ [Read more about our sustainability strategy in section Sustainability in our business strategy](#)

We participate in global institutions, as well as national and regional associations and cultivate long-term partnerships that contribute to sustainable development in the regions and countries where we live and work.

As a global company committed to empowering businesses and societies to thrive by ensuring abundant, secure, affordable, and sustainable electricity for all, we engage and partner with various stakeholders at multiple levels in the regions and countries where we operate (GRI 2-29).

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 transition globally.

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.

We take a holistic approach to driving social, economic, and environmental value. Therefore, we engage with stakeholders across the whole energy value chain, maintaining a mutual positive dialogue with policymakers, regulators, international organizations, investors and analysts, industry platforms, customers and partners, suppliers, the media, academia, and local communities.

Hitachi Energy aims to be a valued strategic and technical collaborator with policymakers, regulators, and other key stakeholders who are helping shape and accelerate the energy transition. We offer our knowledge and skills to help deploy critical grid technologies and facilitate new business models to support secure, affordable, and sustainable energy systems. 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.

The Communications and Government Relations team at Hitachi Energy oversees government and institutional stakeholder engagement. Our engagement can be through major platforms and events, such as COP or Climate Week and we also work with leading global, regional and local institutions and trade associations to deliver collaborative inputs and feedback to policy and regulatory proposals impacting the energy sector.

5.3.2 Key stakeholder groups and engagement formats

Stakeholder consultations

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

We provide technical inputs and practical insights to help guide policies, laws, and regulations that may impact the climate, including environmental policy and regulation. Taking the EU as an example, during FY25 Hitachi Energy contributed to consultation requests linked to the European Grids Package and other consultations.

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.

International organizations

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 (COP30) in Belem, Brazil in November 2025.

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.

5.3 Stakeholder engagement (continued)

COP30 marked the 10-year anniversary of the Paris Agreement, placing negotiators under renewed pressure to turn high-level commitments into tangible action. A key outcome was an announcement by UNEZA, one of our partner international platforms, whose members committed to investing USD 1 trillion over five years to accelerate grid development and energy storage, supporting the goal – agreed at COP29 – of tripling renewable energy capacity and doubling the global average annual rate of energy efficiency improvements by 2030.

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.

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 agile and resilient supply chains.

We value transparent engagement across stakeholder groups on topics that can contribute to the acceleration of the global energy transition. We also appreciate the opportunity to learn from thought leadership from institutions. For example, the World Economic Forum releases an Annual Risk Report, which highlighted in 2026 that environmental risks

are being deprioritized in the short term, as attention shifts toward economic, political, and social threats such as inequality, polarization, and misinformation. However, over the longer term they remain the most severe global risks, with extreme weather and other environmental challenges still dominating the 10-year outlook.

Engagement with local communities

We recognize local communities as important stakeholders and seek to build long-term relationships through community programs, employee volunteering, partnerships, and ongoing dialogue. These activities help us understand local priorities and foster constructive engagement. In locations where we operate, we maintain communication channels that enable stakeholders to raise questions, share feedback, and participate in dialogue, supporting positive relationships and shared value creation.

[Read more in chapter 4.5 Corporate citizenship](#)

We engage with local communities by recognizing them as key stakeholders with inherent rights and key stakeholders within our human rights due diligence framework. We engage through ongoing dialogue, on the ground assessments, and accessible grievance channels to identify and address potential impacts. This risk-based engagement ensures that community perspectives are integrated into our decision-making processes and that we manage impacts responsibly, in line with international human rights standards.

[Read more in chapter 4.4 Supporting human rights](#)

Engagement with working groups ^A

Hitachi Energy actively engages in industry standardization bodies, including the International Electrotechnical Commission

(IEC), the Institute of Electrical and Electronics Engineers (IEEE), and the International Council on Large Electric Systems (CIGRE), as part of its commitment to advancing the energy transition and sustainable development.

We subscribe to externally developed charters and principles for sustainability management and contribute to working groups, committees, and conferences that shape industry standards and best practices.

Collective bargaining agreements (GRI 407-1)

Establishing mutually beneficial relationships with governments and industry peers and employee representatives 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 and for structured social dialogue between management and employees.

They have a significant 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 typically apply to specific union members, but may also be applied to all employees in the company regardless of union



5.3 Stakeholder engagement (continued)

status, depending on applicable local legislation.

Hitachi Energy is not able to disclose the percentage of employees covered by CBAs due to confidentiality constraints.

Working conditions and terms of employment for the employees in each country are determined based on each country's labor legislation and existing CBAs. In addition to complying 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 Labour 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.

5.3.3 Public policy (GRI 415-1)

The case and urgency for accelerating the energy transition are clear, driven by escalating climate impacts, growing energy security risks, and the need to ensure affordable energy for households and industry. According to the IEA's World Energy Outlook 2025, current policy settings put the world on a trajectory of approximately 2.5 – 3°C of warming by 2100.

At the same time, energy-related emissions have reached record highs and climate impacts are intensifying, underscoring that the window to secure a 1.5°C pathway is rapidly narrowing and requires, among other imperatives, immediate, large-scale deployment of clean energy technologies.

The IEA also underscores that accelerating the energy transition is economically and strategically advantageous, strengthening energy security and supporting industrial competitiveness. As electricity demand rises – driven by electrification, increased cooling demand, as well as new loads such as AI data centers – and systems enter the Electricity Era, accelerated investment in grid expansion, modernization, and interconnectors will be critical to ensure a sustainable, secure, and affordable energy system.

In this context, action is needed now to expand and modernize the grid infrastructure required to deliver clean, secure and affordable power across regions. Key priorities include:

- Expanding, refurbishing, and modernizing transmission and distribution networks
- Accelerating the integration of renewable energy at scale
- Strengthening interregional transmission and interconnectors to improve system reliability and flexibility
- Deploying mature, cost-effective clean energy and grid technologies rapidly and at scale

Political influence and lobbying activities (GRI 415-1)

Hitachi Energy does not make contributions to political parties, political organizations, candidates for public office, or their representatives (GRI 415-1). We prohibit the use of company funds, assets, or resources – whether directly or indirectly – to support political campaigns, parties, candidates, or any individuals or entities associated with them. This prohibition applies to all employees, suppliers, contractors, and other third parties acting on behalf of Hitachi Energy.

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

5.3.4 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.

A 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 \(SCoC\)](#).

These include ethics and compliance issues, discrimination, retaliation, health and safety, human rights, and environmental breaches.

We enforce a 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 employees 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 channels, which include a web-based reporting system run by a third party, the "Hitachi Global Compliance Hotline" ([EthicsPoint – Hitachi Global](#)). This hotline provides an Ethics Web Portal 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.

Hitachi Energy provides multiple channels for raising concerns. In addition to the Hitachi Global Compliance Hotline, a Report Concern Form enables direct management and relevant functions, including Integrity, Legal, and Human Resources, to document and submit concerns on behalf of individuals who choose not to use the 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.

5.3 Stakeholder engagement (continued)

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. ^A

In addition to the global hotline to report any integrity concerns, local (grievance) mechanisms are in place designed to comply with all applicable 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 FY25, 716 integrity concerns were reported via these channels (compared to 598 in FY24). The increase in FY25 is due to recurring awareness campaigns such as the Hitachi Global Code of Ethics and Business Conduct refresher training in October 2025. In parallel, the Integrity team implemented additional country/regional specific communication and training on the Hitachi Global Compliance Hotline. In addition, the number of Hitachi Energy employees has significantly increased by 12.5 percent.

On a monthly basis, the Integrity Supervisory Committee (ISC) oversees Hitachi Energy's integrity and compliance framework, including significant integrity matters. ISC is being informed about the top critical cases in the company in terms of allegations received, investigations updates and the outcome of these investigations.

The body is also informed about cases, specifically on potential bribery and corruption, potential facilitation payments, and potential violations of financial records.

On a quarterly basis, the highest governance body receives the most important statistics on all cases reported via different channels in place.

Our investigation process

Reports are reviewed through defined intake and triage processes and, where appropriate, investigated by qualified functions. Substantiated matters are escalated to the relevant governance forum for appropriate corrective, disciplinary, or remedial action, while respecting confidentiality, privacy, and applicable legal requirements.

The OSI team includes dedicated senior investigators conducting investigations and overseeing 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 Group Code of Ethics and Business Conduct, underlying local law, or internal regulations.

OSI then refers 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. OSI includes deficiencies in the control environment in our Group Risk and Control Management tool and

business representatives implement lessons learned to mitigate the deficiencies.

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 FY25, there were seven cases (opened and/or closed) in different regions, where there was confirmed discriminatory treatment and/or exclusion based on their nationality or gender.

Some remarks – either directly or indirectly – were perceived as discriminatory in their nature. In some of these cases, the issues were part of organizational/managerial problems and were addressed accordingly through mitigative actions. All relevant cases are included in the table (as referenced in the appendix).

The cases were addressed by providing feedback to the individuals (coaching), or through Disciplinary Committees deciding on disciplinary actions up to and including termination. The actions were implemented by the HR function.

Targets and KPIs

The OSI team has a variety of metrics and KPIs to manage the investigation of cases, among others the average days of conducting investigations, from creation date to the completion date of the Investigation Report. The OSI team aims to complete the majority of cases within 95 days. The OSI team also monitors the timeframe in which the Disciplinary Committee process takes place, which should not exceed 30 days (target).



5.4 Ethics and integrity



Juliana Zanon
Global Head
of Integrity

“We believe that Integrity thrives where it is lived and visible. Our commitment is to transform these shared ethical values into the tangible heartbeat of our business, recognizing that Integrity gains its power when it is brought to light.”

Ethics and integrity are fundamental to the way Hitachi Energy conducts business. We encourage leaders to set clear expectations and lead by example, fostering a culture where honesty, fairness, accountability, and responsible decision-making are valued. Through the actions and commitment of our employees, we strive to build trust with stakeholders and support sustainable long-term business success. Every employee is responsible for upholding these standards in their daily work, helping build long-term trust with our stakeholders and our success.

5.4.1 Governance structures promoting responsible business conduct

Hitachi Energy's integrity governance framework establishes clear responsibilities, oversight mechanisms, and reporting structures to support ethical business conduct and effective integrity management across the organization.

Our Board of Directors and Executive Team receive quarterly updates on integrity metrics, initiatives, and developments within Hitachi Energy globally from our Head of Integrity. Our senior management thus ensures active oversight over integrity topics and leads by example.

Our Head of Integrity is a member of the management team and a regular participant in the Board and Executive Team meetings, in which Integrity is allocated a regular Agenda slot.

With different legislation and cultures across the markets in which we operate globally, we have six regional Heads of Integrity who live in the regions they support, thus ensuring enhanced knowledge and compliance with local guidelines.

The Regional Heads of Integrity report to the Head of Integrity and are supported in their endeavors by Country Heads of Integrity and Integrity Officers. 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-learning or dedicated communication.

The Integrity Disciplinary Committees at our headquarters, regions, and countries investigate non-compliance to the Hitachi Group Code of Ethics and Business Conduct, require enforcement through disciplinary actions, implement decisions based on investigative results and additional controls to decrease risk exposure.

Business unit managing directors and business unit controllers regularly review and report on integrity and compliance developments as part of performance evaluation.

Integrity champions act as advocates for ethical behavior and support employees on integrity and compliance matters, helping foster a culture of integrity across the organization.

While all our global functions collaborate with the integrity function, there are stronger links with Internal Audit, Human Resources, and Sustainability.

5.4.2 Our business principles (GRI 2-15, 2-23)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

The Hitachi Group Code of Ethics and Business Conduct serves as the foundation for our policy commitments, defining the key principles and standards that are translated into specific policies, procedures, and controls across the organization. It is available on our website and as a free mobile application.

→ [Read more about the Hitachi Group Code of Ethics and Business Conduct](#)

In line with the Hitachi Group Code of Ethics and Business Conduct, 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

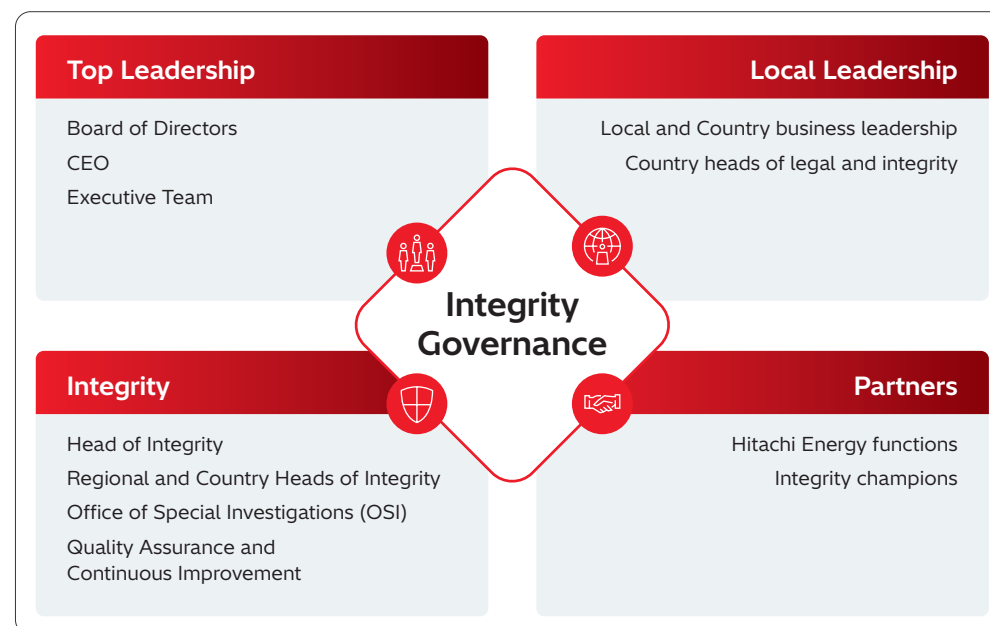
policies and guidelines and the rule of law.

It represents a fundamental part of our supplier qualification, development, and evaluation requirements.

Corporate policy framework

Our corporate regulations provide specific guidelines for the practical application of the Hitachi Group Code of Ethics and Business Conduct in day-to-day activities, covering topics, as shown in the table on page 93.

The framework reflects a strong commitment to ethical behavior, transparency, and responsible business practices across all operations. These policies establish clear expectations for employees, business partners, and third parties, ensuring that all activities are carried out in compliance with applicable laws, regulations, and international standards.



5.4 Ethics and integrity (continued)

While our policies address a wide range of responsible business conduct topics, this section highlights conflicts of interest, intellectual property, anti-competitive behavior, antitrust, and monopoly practices, and anti-bribery and anti-corruption as key areas of focus due to their relevance to ethical business practices and compliance risks.

Conflict of interest (GRI 2-15)

Employees are regularly informed about conflict of interest requirements through mandatory training, awareness campaigns, targeted communications, and guidance materials.

CEOs, Function Heads, Business Unit Heads, and Country Managing Directors are responsible for implementation, communication, and monitoring of the Conflict of Interest regulation.

Conflict of interest disclosures must be made through a questionnaire on the Conflict of Interest disclosure Management Tool, which is to be completed and submitted for review.

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.

In addition, we conduct conflict of interest and criminal record checks on our company directors on a regular basis.

Any non-compliance with the Hitachi Group Code of Ethics and Business Conduct 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.

Furthermore, 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.

During FY25, all disclosed conflicts of interest were reviewed and managed in accordance with company policy. No unresolved or material conflicts of interest were identified.

Code of Conduct principles	Responsible business practices
Protect Our Assets	• Asset protection • Intellectual property • Non-public information
Demonstrate Accountability	• Business partner due diligence • Conflicts of interest • Financial integrity
	• Tax compliance • Anti-money laundering • Gifts and hospitality
	• Data and information protection
Deal Fairly With Others	• Trade compliance • Fair competition • Product Compliance
	• Product and Material Compliance – Responsible Minerals Sourcing; Chemicals and substances compliance • Anti-bribery and anti-corruption • Responsible procurement • Responsible communications • Securities trading compliance
Care for Our Communities	• Environmental stewardship • Human rights • Respectful workplace
	• Health and safety • Diversity, equity and inclusion • Community investment



5.4 Ethics and integrity (continued)

Category	Details
Conflict of interest	All employees, senior management, and governance body members must disclose actual, potential, or perceived conflicts of interest
Intellectual property (IP)	IP strategy: Regular updates and improvements to IP portfolio focused on innovation for sustainability Current portfolio: More than 13,250 patents, utility models, patent applications, and utility model applications; over 525 design applications and registrations; over 1,550 trademark and domain name applications and registrations
Anti-competitive behavior, antitrust, and monopoly practices	Principles: Compliance with competition laws, fair competition, safeguarding confidential information, and being mindful of antitrust risks Code of Ethics and Business Compliance (GRI 206-1): Compete fairly, respect, responsibility, and determination Measures: Development of specific internal regulations, antitrust guidance, and training for employees in high-risk environments
Anti-bribery and anti-corruption	Policy: A zero-tolerance policy against corruption, reflected in culture and training, communicated regularly to employees and stakeholders Supplier/third-party expectations: Clear communication of anti-corruption expectations before procurement or agreements Prevention policies: Gifts, entertainment, and expenses: Policy and guidance provided; approvals by line manager and Integrity team Sponsorships and corporate social responsibility: 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

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.

Anti-competitive behavior, antitrust, and monopoly practices

Hitachi Energy is committed to conducting business in a fair, transparent, and competitive manner and to complying with applicable competition, antitrust, and anti monopoly laws in all countries and regions where we operate. The behavior of our employees with customers, other business partners, and the communities where we operate must constantly demonstrate this commitment and be guided by Hitachi's core values – Harmony, Sincerity, and Pioneering spirit.

This commitment is deeply rooted in the Hitachi Code of Ethics and Business Conduct, which requires us to compete fairly, safeguard confidential information, and be mindful of antitrust risks (GRI 206-1).

Furthermore, this commitment is reflected in Hitachi Energy's governance and antitrust compliance framework, which comprises the following elements:

Policies and standards

Hitachi Energy adheres to the Hitachi Group Code of Ethics and Business Conduct and group wide Competition Law policy, complemented by its own dedicated Antitrust Regulations, Antitrust Guidance Notes and specific Antitrust supporting guidance. These standards prohibit anti-competitive conduct and agreements, abuse of market position, bid rigging, unlawful information exchanges, and other practices that restrict fair competition.

Governance and oversight

Responsibility for antitrust compliance lies with management, supported by the Legal and Integrity function with dedicated antitrust expertise. Compliance requirements apply to all employees, executives, and relevant third parties.

Risk management and controls

Antitrust risks are assessed as part of enterprise risk management and in connection with business critical activities, including transactions, collaborations, participation in trade associations, and engagements with competitors and channel partners.

Training and awareness

Hitachi Energy conducts regular general antitrust training and awareness activities. Employees in higher risk functions receive enhanced and scenario-based guidance to support compliant decision-making.

Reporting and response mechanisms

Employees and external stakeholders may raise concerns through established speak up and whistle-blowing channels. Allegations are reviewed and, where appropriate, investigated in accordance with internal procedures.

This framework is designed to prevent violations, detect potential issues at an early stage, and promote a culture of lawful and ethical competition, in line with internationally recognized competition law standards.



5.4 Ethics and integrity (continued)

Anti-bribery and anti-corruption (GRI 205-1, 205-2, 205-3) ^A

Hitachi Energy is committed to conducting business ethically and in compliance with applicable anti-bribery and anti-corruption laws. Our Anti-Bribery and Corruption Policy (GRI 205-1 and 205-2) is consistent with the United Nations Convention against Corruption, and it 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 Corporate Social Responsibility (CSR): Sponsorships or CSR are made 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 CSR may only be given for public benefit – meaning social, educational, environmental, or cultural purposes – and when deemed appropriate for the benefit of the community and in line with our strategic direction.

At the same time, internal audits focus on regular anti-bribery throughout the year globally with evaluation of fraud risk exposure,

while considering trends across functions to prevent and detect potential fraud.

Anti-corruption compliance and response measures

All figures reported below refer to the situation as of the end of FY2025 and present data and information related to corruption cases as defined by GRI 205. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes the offering or receiving of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to undertake actions that are dishonest, illegal, or constitute a breach of trust in the conduct of the organization's business.

During FY2025, 6 incidents of corruption were substantiated, this includes 5 cases where the misconduct was committed by business partners. Of the 6 incidents, no confirmed incidents of corruption resulted in the dismissal of employees but 1 employee received a disciplinary warning for corruption-related misconduct. From the 5 incidents related to contracts with business partners, 2 resulted in the termination or non-renewal of such contracts due to corruption- or fraud-related violations.

There were no public legal cases regarding corruption brought against the organization or its employees during FY2025.

During FY25, it is also confirmed that our senior management has not been convicted in court on violating anti-corruption and anti-bribery laws. Also, no sanctions against senior management have been put in place.

ISO 37001 Anti-Bribery Management certification

In January 2023, Hitachi Energy obtained ISO 37001 Anti-Bribery Management System certification. This standard is now

implemented in 14 countries and 178 sites, with approximately 40 percent of Hitachi Energy sites currently certified. Colombia and Indonesia were certified in FY25, along with the previously certified countries.

We established the 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.

Bribery and Corruption Risk Assessment

In FY23/24, we conducted a Bribery and Corruption Risk Assessment across 21 countries in the Americas, Europe, Middle East and Asia-Pacific. The scope was defined based on criteria including corruption perception, local revenue, number of employees, audit and investigation history.

The methodology followed a structured three-step process: evaluating inherent risks, assessing residual risks after controls, and defining mitigation strategies. Key risk categories included government interactions, third-party relationships, procurement, sales practices, and internal governance, as well as Gifts and Entertainment, Anti-money laundering/Financial Integrity, HR risks, and Antitrust and Competition.

In the FY25/26 cycle, the methodology was enhanced through the use of predefined risk libraries, quantitative scoring, and a stronger focus on actionable mitigation measures rather than risk description alone. The assessments explicitly identify and prioritize functions and roles with higher

exposure to corruption and bribery risks, including Supply Chain Management, Sales and Marketing, and Finance

5.4.3 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 being hired. The modules include Ethics and Code of Conduct, anti-bribery and corruption training, Global Data Privacy, Antitrust and Competition Law. The courses are assigned based on risk-profile.

In FY25, 8,999 new joiners completed Ethics and Code of Conduct training. Employees in roles identified as having a higher exposure to bribery and corruption risks are also assigned anti-bribery and corruption training, with 5,675 employees completing this training during the reporting period. Relevant training requirements are also extended to external business partners engaged for three months or more, and to employees from acquired companies and new joint ventures.

Integrity training is fundamental to our culture and helps employees clearly understand the standards we expect. This is supported through face-to-face onboarding sessions and reinforced by continuous learning.

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	26,602	6,050	11,578	1,962	8,221	3,164	57,577
o/w enrolled for refresher training	22,328	4,972	8,932	1,869	6,726	2,537	47,355
o/w completed refresher training	21,667	4,968	8,833	1,869	6,592	2,484	46,413
% completion	97%	100%	100%	100%	98%	98%	98%
Executive Team enrolled	13	1	1	1	1	–	17
Completed	13	1	1	1	1	–	17
% completion	100%	100%	100%	100%	100%	–	100%
Indirect enrolled	16,739	2,828	7,740	1,493	4,032	1,629	34,461
Completed	16,603	2,828	7,679	1,493	4,012	1,626	34,241
% completion	99%	100%	100%	100%	100%	100%	99%
Direct enrolled	5,589	2,144	1,183	376	2,694	908	12,894
Completed	5,064	2,140	1,154	376	2,580	858	12,172
% completion	91%	100%	98%	100%	96%	94%	94%

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 FY25, 46,413 employees (98 percent of those enrolled) completed the refresher training, including 17 members of the executive team. The Hitachi Global Ethics and Compliance annual 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.

The refresher training is assigned based on predefined criteria and a risk-based approach. New employees who complete the onboarding training are not required to take the refresher training in the same year. Contingent workers, interns, and temporary workers are outside the scope of the training program. Training requirements for new joiners vary by role, with higher-risk roles assigned additional training alongside the core one.

Additionally, from April 2025, line managers receive escalation emails from the learning management system, regarding the completion of the mandatory trainings. This further strengthens accountability and the importance of completing the trainings within the assigned deadline.

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, as well as through external channels to communicate our commitment to Integrity and anti-corruption.

- **Integrity on the Business Agenda (IOBA):** To strengthen awareness of conducting business with integrity, our top management (N-1- N-3) receives annual instructions and templates to leverage within their teams by using a case study approach. Management leads the discussions with their team and report progress via a tracking tool, with results consolidated within a dashboard on a global level. In FY25 430 teams have participated in IOBA discussions.
- **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. In FY25, 5,147 employees have completed antitrust and fair competition law e-learning as part of their onboarding journey.
- **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.

While we continue to strengthen our ethics and integrity program, we recognize that ethical and compliance risks can evolve alongside changes in our business environment.

Reports, investigations, assessments, and stakeholder feedback provide valuable opportunities to identify areas for improvement and to enhance our controls, processes, and guidance. We remain committed to continuously developing our integrity framework, addressing emerging challenges, and fostering a culture where concerns can be raised, discussed, and resolved appropriately.



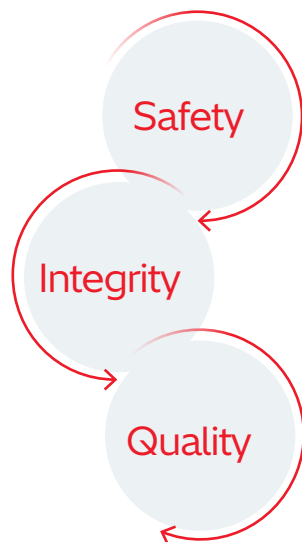
5.5 Quality and continuous improvement



Dietmar Roettger
Head of Quality and Continuous Improvement,
Hitachi Energy

“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.”

**Safety, Integrity, and Quality
– our license to operate**



An integrated approach to quality and continuous improvement enables Hitachi Energy to drive innovation, maintain operational excellence, and deliver lasting value for stakeholders.

5.5.1 Delivering quality (GRI 416-1)

Hitachi Energy is committed to powering the world's energy system to be more sustainable, secure, resilient, and affordable. 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**

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.

5.5.4 Quality assurance (GRI 416-1)

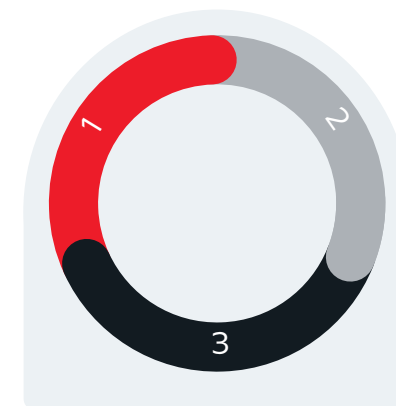
Hitachi Energy's Quality Management System is audited through a structured approach designed to ensure compliance and drive continuous improvement across all business units.

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.

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)

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

5.5.6 Continuous improvement methodologies

The continuous improvement culture is embedded into Hitachi Energy’s employee approach and supported by four distinct programs.

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.

Quality Improvement Plans (QIP)

Detailed, overarching work plans that serve as roadmaps to achieving quality targets

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

Lighthouse

Continuous improvement by implementing Lean methodologies. Lean aims to eliminate waste in processes and shorten cycle times

Ochibo Hiroi

In Hitachi, the term Ochibo Hiroi refers to all activities regarding quality problems in manufactured products. It means learning from mistakes



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 57,000 employees across 67 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 Promoter Score (TNPS).

5.6 Business approach to compliance

Over FY25, the Regulatory team continued to strengthen its global presence, expanding across key jurisdictions to address increasing regulatory complexity and evolving customer requirements. This strategic growth strengthens our ability to manage legal and regulatory risks in a consistent, aligned, and forward-looking manner.

By deepening collaboration with internal stakeholders, regulatory considerations are increasingly embedded into our business processes. In particular, the function maintains structured engagement with the Communication and Government Relations functions, providing regulatory and policy advisory support and contributing to the development and review of internal and external policy positions, with a view to ensuring consistency with applicable regulatory

requirements and expectations. This supports more effective risk identification and decision-making, supports innovation, and strengthens our ability to deliver compliant and sustainable solutions. This integrated approach contributes to our broader sustainability ambitions and supports the expectations of our customers, reinforcing trust and long-term value creation.

Compliance with regulatory requirements, including environmental, social, and governance (ESG) and product-related legislation, is fundamental to Hitachi Energy's sustainable growth and responsible business conduct. We have established processes and controls to identify, assess, and manage regulatory risks across all jurisdictions in which we operate, ensuring alignment with evolving legal requirements and supporting informed business decision-making.

By embedding compliance into our governance, processes, and controls, we not only operate within established legal frameworks and mitigate risks but also improve our ability to respond to increasing regulatory complexity and stakeholder expectations. This enables us to deliver safe, reliable, and sustainable solutions while maintaining the trust of our customers, partners, and society.

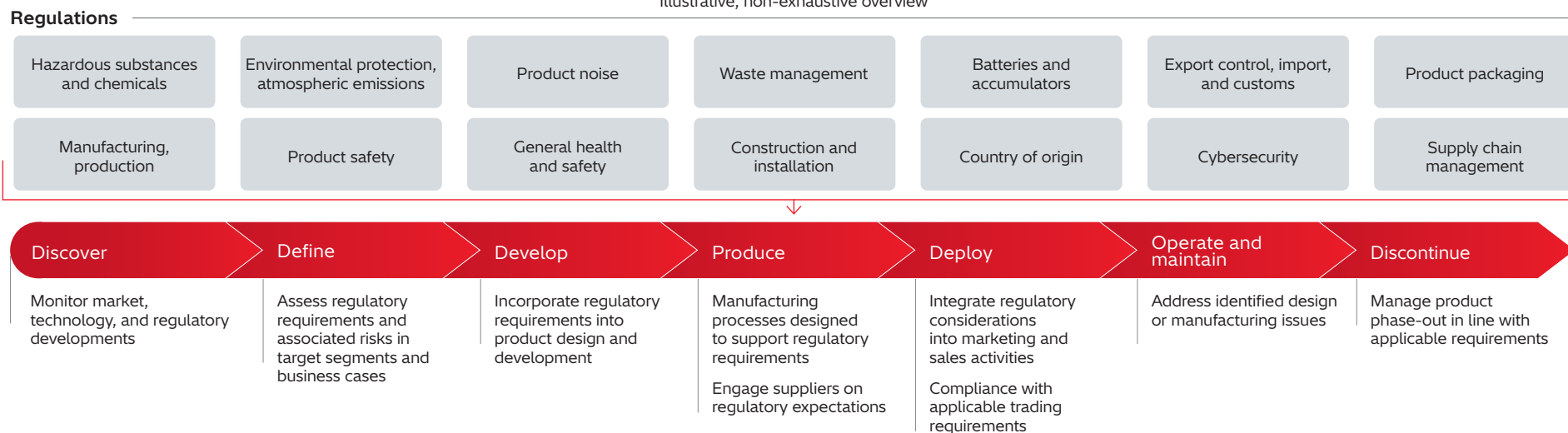
From an ESG perspective, compliance is a key enabler of environmental stewardship, social responsibility, and transparent governance. It aligns our operations with global sustainability standards and supports Hitachi Energy's broader sustainability objectives and supports our ambition to align with evolving sustainability frameworks, including the EU Taxonomy, ultimately contributing to long-term value creation.

We prioritize adherence to applicable environmental, ethical, social, and financial regulations across all markets we serve, supported by policies, procedures, and controls designed to manage risks. Our approach enables the identification and mitigation of compliance risks while supporting our customers and partners in achieving their commercial and sustainability objectives.

While regulatory environments continue to evolve, our compliance approach is designed to support timely identification and management of emerging requirements and related risks.

Regulatory requirements across the product lifecycle

Illustrative, non-exhaustive overview



Hitachi Energy product lifecycle management

5.6 Business approach to compliance (continued)

Our approach to compliance extends beyond fulfilling legal obligations. It is embedded in our culture of integrity across operations and our value chain, supported by regular training, clear accountability, and continuous monitoring. Employees and business partners are required to adhere to our Code of Conduct, which is reinforced through mandatory Ethics and Compliance training and ongoing awareness initiatives.

Responsible business conduct underpins our approach to compliance, extending across circularity, research and development (R&D), and end-of-life assessments, with active participation from our supply chain. Product and material compliance is essential to our business, ensuring that our products meet safety, quality, and environmental standards, protect people and the environment, and support sustainable value creation.

Regulatory requirements apply to our products across their lifecycle, from initial concept through to end-of-life. Our approach is to consider these requirements at each stage of the lifecycle, supporting the identification and management of compliance-related risks and helping to ensure that relevant regulatory considerations are addressed throughout.

Our approach to compliance supports the identification, assessment, and management of key regulatory and business conduct risks across our operations and value chain. It is supported by policies, processes, controls, and governance mechanisms which aim to promote consistent application and support continuous improvement. The design and implementation of these processes and controls are proportionate to our risk profile, operational footprint, and the regulatory environments in which we operate.

Code of Conduct principle	Compliance area	Objective	Policies, processes and controls	Regulatory framework	Governance and key documents
Deal Fairly With Others	Product compliance (GRI 416-1)	Retain our license to operate and deliver on our potential	Aiming to achieve product compliance across the full portfolio in all the markets we serve	- Founded on a cross-functional program led by the Legal and Integrity team - Aligned with our business units, Portfolio Management, R&D, HSE, Sustainability, and Supply Chain Management	Hitachi Energy Product Regulatory Compliance
Deal Fairly With Others	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 materials comply with all applicable regulations and standards and enforce the same standards in our supply chain	- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - Applicable regulations on responsible minerals sourcing	Hitachi Energy Responsible Minerals Sourcing Policy Hitachi Energy Responsible Minerals Sourcing report
Deal Fairly With Others	Product and Material compliance – Chemicals and substances compliance	Goods supplied for product development, production processes, products and components, packaging materials, service activities, and end-of-life phases	- 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	- EU's Regulation on Registration, Evaluation, Authorization, 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) - United States' Toxic Substances Control Act (TSCA)	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

5.6 Business approach to compliance (continued)

Code of Conduct principle	Compliance area	Objective	Policies, processes and controls	Regulatory framework	Governance and key documents
Deal Fairly With Others	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	- Centralized management by global antitrust compliance initiatives - Build up of local antitrust knowledge and expertise to ensure compliance with antitrust rules and regulations locally	Applicable antitrust and competition law rules and regulations	- Internal antitrust regulations - Specific antitrust guidance
Deal Fairly With Others	Trade compliance	Ensure all trading activities are compliant, fair, efficient, and sustainable wherever we operate and source from	- Specialized Global Trade team mandated to ensure trade compliance and optimize trade-related business operations globally - Understand export and import policies, being informed, and complying with trade regulations		
Demonstrate Accountability	Tax compliance	Being a socially responsible organization and maintaining a high standard of knowledge among all employees involved in tax management activities	- 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	- 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)

5.6.1 Product compliance and quality (GRI 416-1) ^A

By aiming to achieve 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 implemented through a cross-functional framework, with execution and operational ownership resting with the business units, including Portfolio Management, Research and Development, Sustainability, and Supply Chain Management. This approach is supported by the Legal and Integrity Regulatory team, which provides regulatory expertise and guidance. 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.

5.6.3 Chemicals and substances compliance (GRI 416-1) ^A

Management approach

Hitachi Energy is committed to complying with applicable regulatory and customer requirements concerning the prohibition and restriction of substances, including hazardous substances. The company's approach to material, chemical, and substance compliance at product-level is implemented through cross-functional collaboration across business units.

Hitachi Energy has established processes to meet the requirements of applicable legislation, including:

- Regulation (EC) No 1907/2006 on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)
- Directive 2011/65/EU on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)
- Regulation (EU) 2019/1021 on persistent organic pollutants (POP)
- Directive 2008/98/EC on waste (Substances of Concern in articles – SCIP)
- US Toxic Substances Control Act (TSCA)

These and other emerging regulatory frameworks are continuously monitored, reflecting the evolving chemical and material

regulatory landscape and the advances in scientific knowledge. This supports a proactive approach to substance compliance at Hitachi Energy and enables the company to address both current and future challenges related to hazardous substances, while maintaining alignment with international standards and stakeholder expectations, such as of customers, suppliers, investors, workers, and local communities.

Therefore, to facilitate compliance and protect ecosystems, workers, customers, consumers, and other stakeholders, Hitachi Energy maintains a List of Prohibited and Restricted Substances (The List). The List is aligned with international standards, including IEC 62474 (Material Declarations for the Electrical and Electronics Industry) and the Railway Industry Substance List (RISL). Embedded within the company's General Terms and Conditions of Purchase.

The List, together with internal Product Material Compliance (PMC) policies and its integration into business unit processes, supports the assessment, identification and lastly the appropriate evaluation of hazardous substances and specifically substances of concern, meanwhile promotes the avoidance of harmful chemical substances in products. It also provides guidance and awareness on applicable environmental laws and product related chemical regulations, supporting relevant internal stakeholders such as Supply Chain Management, HSE, and R&D, as well as external stakeholders, particularly

¹ For the purposes of this disclosure, significant product categories are defined as product lines subject to applicable chemical and substance regulations in the markets in which Hitachi Energy operates as a manufacturer, importer, or supplier. Assessed for improvement means that a formal substance compliance review has been conducted, covering at minimum the identification of regulated substances, evaluation against the Prohibited and Restricted Substances List, and corrective or preventive action where required.

5.6 Business approach to compliance (continued)

suppliers, in understanding and fulfilling their respective obligations. While the List does not replace applicable national or international regulatory obligations, it is reviewed on a biannual basis, including alignment with updates to the REACH Candidate List.

Regulatory obligations and governance documentation

As a manufacturer, importer, and supplier of products in the European Union, Hitachi Energy and its European subsidiaries regularly assess their regulatory obligations and submit notifications to the SCIP database maintained by the European Chemicals Agency (ECHA) for substances of concern in articles and complex objects, where required.

Key internal documentation governing this area includes the Hitachi Energy Prohibited and Restricted Substances Guidance Document, the List of Prohibited and Restricted Substances, the Product Regulatory Compliance framework, and the Material Compliance REACH Management document.

FY25 developments and actions

In FY25, Hitachi Energy's Health, Safety and Environment (HSE) function, in conjunction with Research and Development (R&D), and supported by the Product Material Compliance (PMC) and Sustainability teams, established an updated internal checklist tool (HSE and Sustainability Tool for R&D Projects), which supports the identification of key Health, Safety, Environmental (HSE) and sustainability aspects in Hitachi Energy's product and technology development projects, taking into consideration how the technology or product they are developing will affect the health and safety of those who will interact with the technology/product, as well as the surrounding environment throughout the product's lifecycle.

Associated training materials have been developed, and related governance

documentation is currently under final review. This represents an important step toward the formalization of a structured assessment methodology across the product development lifecycle.

In addition, initiated in FY24 and fully implemented in FY25, amid the increasing global regulatory focus and pressure related to the restriction and prohibition of per and polyfluoroalkyl substances (PFAS), Hitachi Energy continued to strengthen its approach to responsible chemicals management.

In this context, Product Material Compliance (PMC) team applied at global level, a risk-based approach, supported by cross functional collaboration, particularly with Research & Development and Health, Safety and Environment (HSE), and enhanced engagement with suppliers across the value chain, to identify the impacts of the presence of PFAS in our products and supply chain.

To support consistent implementation of global approach on PFAS, targeted training sessions and regular global awareness calls were conducted to promote adequate alignment, share regulatory developments regarding PFAS worldwide, and enhance internal understanding of PFAS related risks and expectations.

Together, these activities aimed to improve visibility on the potential presence of PFAS in products and supply chain dependencies, including disruption risk when alternatives are not readily available, and to support informed decision-making on opportunities for reduction, substitution, or elimination, where technically and commercially feasible.

5.6.4 Fair competition

Hitachi Energy is committed to conducting business with integrity, transparency, and respect for fair competition principles. The company promotes a culture of compliance

through its Code of Conduct, dedicated competition law guidance, training and awareness initiatives, and risk-based compliance controls designed to help employees identify and manage antitrust risks. By fostering ethical behavior, protecting confidential information, and ensuring compliance with applicable competition laws across all markets in which it operates, Hitachi Energy seeks to maintain stakeholder trust, support well-functioning markets, and contribute to sustainable long-term value creation.

5.6.5 Trade Compliance and Security ^A

Our Trade Compliance and Security teams operate as a single global competence center, reporting into Legal and Integrity (L&I). The effectiveness and maturity of each team is measured through robust key performance indicators (KPIs) to ensure accountability, consistency, and continuous improvement.

Trade Compliance

As set out in the Hitachi Group Code of Conduct, Hitachi Energy is committed to compliance with national and international trade regulations governing the cross border movement of goods, services, software, and technology. This includes sanctions, export control, and customs laws. Compliance with these requirements supports fair, efficient, and sustainable global trade while safeguarding Hitachi Energy's license to operate.

To ensure robust compliance, Hitachi Energy has established a dedicated Trade Compliance team mandated to "ensure trade compliance and enable Hitachi Energy's license to operate." This includes proactively monitoring regulatory developments, advising the business on trade requirements, ensuring compliance with sanctions, export controls, and customs laws, and managing trade reporting and trade-related audits end to end. The team consists of trade

compliance professionals located globally, who leverage both internal and external tools to support key trade compliance activities.

Historically, sustainability and human rights issues were treated separately from trade compliance. In the last few years, this boundary has collapsed. Governments now use trade instruments as tools to influence positive changes in governance, environmental stewardship, and social norms.

For example, some sanctions regimes are directly linked to sustainability and human rights concerns, such as the Uyghur Forced Labor Prevention Act (UFLPA), the EU Global Human Rights Sanctions Regime (GHRSR), the US Global Magnitsky Act, and the UK Global Human Rights Sanctions Regulations. Likewise, for export controls, the EU Dual-Use Regulation (2021/821) requires exporters to assess potential human rights implications, particularly for cyber-surveillance items, and the US Export Controls increasingly incorporate human rights, as seen in amendments to the Export Administration Regulations (EAR). Similarly, the EU's Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Regulation (EUDR) require importers to follow specific customs procedures and reporting.

At Hitachi Energy, compliance with these "expanded" trade laws is managed by the Trade Compliance team through rigorous sanctioned party screening, export control management and customs compliance activities.

Security and Crisis Management

As set out in the Hitachi Group Code of Conduct, Hitachi Energy is committed to secure employee safety and business continuity following criminal and geopolitical events, natural disasters, cyberattacks and terrorism.

To meet this commitment, Hitachi Energy has established a dedicated Security team

5.6 Business approach to compliance (continued)

responsible for “protecting our people, assets, and operations.” This is delivered through seven global programs:

- Physical Security
- Project Security
- Travel and Event Security
- Critical National Infrastructure (CNI) Security
- Threat Management
- Business Continuity
- Crisis Management

Through these programs, the Security team continuously strives to embed effective and proportionate security measures into our business operations worldwide aligned to global ISO standards. The work is undertaken by a global team of security professionals, supported by robust internal and external tools and, where appropriate, trusted external service providers.

Hitachi Energy is an Observer to the International Code of Conduct Association (ICoCA) and actively participates in the ICoCA Client Working Group, reinforcing our commitment to responsible security practices and respect

for human rights. ICoCA is a multi stakeholder initiative established in 2013 to promote the responsible provision of private security services in line with human rights and international humanitarian law and serves as the governance and oversight mechanism for the International Code of Conduct for Private Security Service Providers. In line with this commitment, the use of ICoCA aligned and preferred security providers is strongly encouraged and actively monitored across Hitachi Energy.

Additionally, every member of the Security team is required to attain and maintain an internationally recognized security qualification, such as the American Society for Industrial Security (ASIS) Certified Protection Professional (CPP) certification, which represents the gold standard in security management, or the ASIS Physical Security Professional (PSP) or a BTECH in Security or Crisis Management. Such courses contain modules focused on ethics and professional responsibility, which is central to commitment to embed sustainability and human rights protections in our work.

Separately, crisis management and business continuity play a vital role in supporting sustainability by protecting people, safeguarding the environment and ensuring the continuity of critical operations. By strengthening resilience and enabling effective decision-making during disruption, these disciplines help underpin long-term value, trust, and the reliable delivery of a sustainable energy system.

5.6.6 Tax compliance (GRI 207-1, 207-2, 207-3)

Hitachi Energy complies with all relevant local taxation laws and regulations in the countries where we are tax-resident and with international tax laws and frameworks applicable to the group, such as the OECD/G20 Global Minimum Tax Rules. 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 tax team’s country tax managers and oversight country tax managers have as their top priority to maintain tax compliance in all countries where Hitachi Energy operates. We manage Hitachi Energy’s tax framework, which is designed to address tax risks associated with the globalization of the business and our tax team 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 return 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.

Hitachi Energy complies with (public) country-by-country reporting through the Hitachi Group 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 the international Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations of the Organization for Economic Cooperation and Development (OECD), as well as the continually evolving global roadmap offered by the Action Plan on Base Erosion and Profit Shifting (BEPS).

Hitachi Energy operates a decentralized business model whereby the country tax managers are primary responsible to ensure compliance in their respective local tax filing positions. Our internal Transfer Pricing Practice Group is a specialist team that supports the country tax managers and most Hitachi Energy group companies in preparing, and reviewing transfer-pricing Policy documents and TP Documentation Local Files. This group also supports the Hitachi Energy Business Units during business restructurings and intercompany cross-border projects involving intangibles, as well as with preparing and maintaining appropriate Transfer Pricing Documentation, as required by the OECD and local authorities.



5.7 Cybersecurity



Joe Doetzel
Head of
Cybersecurity

“We’re building the grid and leading the evolution of the energy system for a fully electrified world – secure, affordable, and sustainable – making electricity abundant and more accessible, empowering today’s societies to thrive and securing growth for the next generation. Cybersecurity underpins this transition, ensuring it is delivered with resilience and trust.”

At Hitachi Energy, we’re continuing to strengthen our cybersecurity resilience as the risk landscape evolves, driven by AI, geopolitical shifts, and increasingly sophisticated attack methods.

As a global organization developing fundamental technology for some of the world’s most complex and critical infrastructure systems, Hitachi Energy is committed to adhering to data protection practices in our organization and embedding cybersecurity solutions into all our offerings. We recognize our responsibility in this regard and believe it is important for our customers to understand the actions Hitachi Energy takes in this pursuit and how our cybersecurity stance affects the operational effectiveness, resilience, and longevity of the solutions we provide.

5.7.1 Information Security Management System (ISMS) ^A

The purpose of Hitachi Energy’s ISO27001-certified Information Security Management System (ISMS) is to provide a framework to protect all data Hitachi Energy is entrusted with from the growing threats that have accelerated since the exponential growth in technologies such as the Internet of Things (IoT), and more recently, AI.

Our ISMS drives internal Hitachi Energy data handling activities such as human resources security, IT asset management, physical security, operational security and external considerations like legal/regulatory compliance, supply chain management and data protection regulations.

5.7.2 Global Industrial Cybersecurity

Hitachi Energy’s Industrial Cybersecurity Program is transforming the cybersecurity landscape across Hitachi Energy’s global manufacturing footprint and enhancing visibility into Operational Technology and the overall security posture at manufacturing, assembly, and testing facilities within the Hitachi Energy domain. The program is delivering measurable benefits in a standardized and scalable manner across all Business Units and in more than 30 countries. Key activities and outcomes include:

- Conducted industrial cybersecurity assessments and implemented asset monitoring and registration processes across operational sites
- Provided cybersecurity training to enhance employee awareness and understanding of their responsibilities
- Strengthened accountability for operational technology assets through defined ownership and asset management practices.
- Supported the integration of cybersecurity into operational processes to promote continuous improvement and ongoing management of industrial cyber risks

5.7.3 Cybersecurity Operations ^A

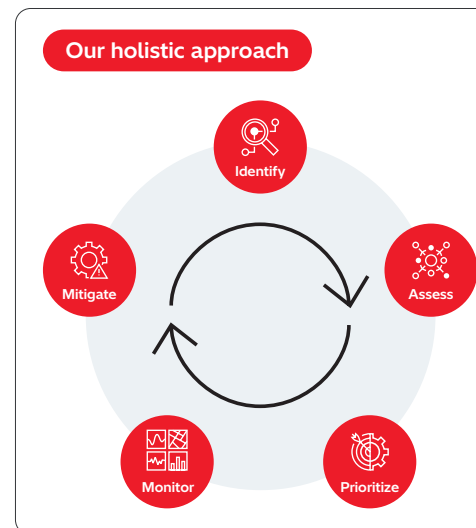
Cyber Defense Center

The Cyber Defense Center (CDC) provides 24/7 cybersecurity monitoring and incident response capabilities to help protect Hitachi Energy’s business operations, products, and industrial environments. In FY25, the Cyber Defense Center delivered stable operational performance while continuing to improve the

quality and consistency of incident response. CDC maintained disciplined workflows and ensured consistent closure of cybersecurity incidents, preserving operational stability. The Cyber Defense Center has advanced initiatives in AI-enabled automation and is working with Threat Intelligence and Detection Engineering to reduce detection and containment times through automation and AI-supported response capabilities.

Vulnerability Management and Asset Detection (VMAD)

Through continuous scanning, assessment, and prioritization, Vulnerability Management and Asset Detection supports the identification of vulnerabilities and insecure configurations across our infrastructure and applications. By leveraging automation and threat intelligence, they ensure that the most critical weaknesses are notified to relevant teams to ensure they are addressed swiftly, minimizing exposure to potential exploits and contributing to a more resilient security environment.



Product Security Incident Response Team (PSIRT)

Our Product Security Incident Response Team (PSIRT) plays a critical role in safeguarding our products and services by ensuring timely disclosure and remediation of known vulnerabilities. Within PSIRT, the Vulnerability Management team oversees and manages product vulnerabilities globally, while the Incident Response team ensures rapid, coordinated handling of security incidents to protect customers and maintain trust in our offerings.

Threat intelligence and detection engineering

The Threat Intelligence and Detection Engineering team transforms intelligence into action. By continuously identifying emerging threats, engineering high-fidelity detections, validating coverage, and refining defensive capabilities, the team improves the organization’s ability to detect, investigate, and respond to cyber threats before they can impact the business.

Cyber Resilience Services

The Cyber Resilience Services team helps protect Hitachi Energy’s digital assets by identifying cybersecurity risks, supporting compliance, and strengthening the resilience of critical systems. This is delivered through security advisory services, application and architecture reviews, firewall assessments, security tooling evaluations, and penetration testing. Through these activities, the team helps reduce cyber risk and support the secure, reliable operation of the company’s global infrastructure.

5.7.4 Cybersecurity programs

Cybersecurity Compliance Program

The Cybersecurity Compliance Program team monitors and coordinates activities related to cybersecurity laws, regulations, directives, and

5.7 Cybersecurity (continued)

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 and Communication

7

Countries, GA, Network Control

4

global certificates:

- GA Grid Edge Solution
- GI HVDC
- GI Power Quality Solutions
- HV Products

IEC 62443-3-3 (Systems)

8

system reference architectures certified:

- GA SAS,
- GI FOX615,
- GI XMC20
- GA Windfarm
- GI, HVDC MACH™
- GI, RelCare and StationConnect
- GA NM SCADA EMS
- GA DC-HAAS

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 R13)
- GA, RTU500 series (RTU560 R13)
- TR, TXpert Core Tec V3z

legislative requirements that may apply to Hitachi Energy. The team supports the organization's efforts to address regulatory and compliance obligations, including those associated with Committee on Foreign Investment in the United States (CFIUS), the EU Network and Information Security Directive (NIS2), and the EU Cyber Resilience Act (CRA). The team also serves as a subject matter resource, helping stakeholders understand, interpret, and respond to evolving cybersecurity regulatory requirements.

Cybersecurity Certification Program

Hitachi Energy aims to maintain alignment with internationally recognized cybersecurity and information security standards and certifications. In January 2021, Hitachi Energy achieved ISO/IEC 27001 global certification, demonstrating its commitment to maintaining a robust information security management system. In FY24, this commitment was further reinforced through a successful three-year

recertification and transition to the latest version of the standard, ISO/IEC 27001:2022.

We have also achieved and continue to maintain IEC 62443 certifications for our engineering and service operations, product development, systems, and products.

The team runs an annual Cybersecurity Assessment Program to strengthen audit readiness and continuously improve Hitachi Energy's cybersecurity posture, while ensuring compliance with all relevant regulations, laws, and directives.

In addition to program oversight, the team is driving progress toward Maturity Level 3/Security Level 3 for applicable IEC 62443 certifications.

Cybersecurity Internal Assessments Program

The Cybersecurity Internal Assessment team supports Hitachi Energy's cybersecurity governance and compliance efforts by conducting risk-based internal assessments against recognized standards and frameworks, supporting certification activities, performing cybersecurity assessments in the context of mergers and acquisitions, evaluating security controls and configurations, tracking and monitoring remediation activities, and helping ensure cybersecurity requirements are considered throughout organizational changes and lifecycle events.

Cybersecurity Strategy Execution Program

The Cybersecurity Strategy Execution team supports the implementation of Hitachi Energy's cybersecurity strategy by managing and coordinating strategic initiatives, maintaining governance and reporting frameworks, supporting project delivery, developing program management capabilities, and ensuring

alignment with the broader Hitachi Energy project management community.

5.7.5 Product security

Hitachi Energy integrates cybersecurity throughout the lifecycle of its products, systems, and services. Security requirements, risk management, testing, and assurance activities are incorporated into product development and lifecycle processes to help identify and address cybersecurity risks. This approach is supported by a combination of people, processes, and technology designed to strengthen the security and resilience of Hitachi Energy's offerings.

The Cybersecurity Assurance Center (CsAC) is an independent security testing function for Hitachi Energy products. Through its Open Source Security and Vulnerability Detection teams, CsAC identifies and manages open-source software components, performs security and robustness testing, and conducts activities such as vulnerability scanning, fuzzing, and penetration testing. These capabilities help strengthen product security, support regulatory compliance, and reduce cybersecurity risks throughout the product lifecycle. In January 2026, Hitachi Energy expanded its CsAC laboratory in Kraków, further enhancing its capacity to perform product security assessments and support cybersecurity testing activities across the product portfolio.

The Cybersecurity Council is the appointed governance body responsible for overseeing and strengthening cybersecurity across Hitachi Energy's product offerings. Its primary goal is to establish solid governance and risk management practices that minimize cybersecurity risks, support the delivery of high-quality, secure products, and reinforce the company's brand. The Council leads product protection by defining company-wide cybersecurity release requirements and

5.7 Cybersecurity (continued)

common security standards, while business units are responsible for implementing these standards. It also coordinates shared product security services to ensure consistent application of security practices and cybersecurity assurance across the organization.

5.7.6 Cybersecurity Governance and Risk Management

Cybersecurity Governance and Risk Management

Effective Governance and Risk Management are essential to ensure Hitachi Energy's organizational objectives are met while working within acceptable levels of uncertainty. Governance refers to the structures, policies, and processes that inform decision-making, accountability, and transparency. Risk management involves identifying, assessing, and treating uncertainty that could impact Hitachi Energy's goals.

Cybersecurity Governance and Risk is responsible for establishing and maintaining a robust framework of policies, standards, and guiding principles, aligned with industry-recognized practices such as ISO27001 and NIST, as well as legislation such as the EU AI Act and Cyber Resilience Act. The team supports consistent identification, assessment, prioritization, and treatment of risks across key cybersecurity domains, helping the organization define key risks, set thresholds, and implement effective mitigation measures. In addition, it provides risk assessment services for critical areas, delivers ongoing monitoring and reporting, and serves as a single point of entry for governance and policy-related requests. By providing harmonized cybersecurity rules, clear policy guidance, and raising vulnerability awareness, the team supports the organization in minimizing cyber risk across products, operations, and the broader supplier ecosystem.

Cybersecurity Supply Chain

Suppliers play an important role in Hitachi Energy's approach to cybersecurity. To manage cybersecurity risks across the value chain, Hitachi Energy has established Cybersecurity Standards for Suppliers that define the cybersecurity controls and requirements suppliers are expected to implement to safeguard our data, products, and services.

Hitachi Energy proactively manages supply chain cybersecurity risks to help secure its products and protect its customers. Key measures include:

- Clear Cybersecurity Expectations for Suppliers – Our Cybersecurity Standards for Suppliers (CSS) establish clear, industry-aligned, and regulatory-driven cybersecurity requirements. Suppliers are expected to implement robust cybersecurity controls within their organization, products and services to help protect Hitachi Energy's assets, systems, and data, as well as the information entrusted to us by our customers.
- Supplier Risk Assessment – Evaluate suppliers against our Cybersecurity Standards for Suppliers to identify areas of non-compliance and remediate identified findings to ensure full compliance with our cybersecurity requirements.
- Continuous Supplier Risk Monitoring – We continuously monitor our suppliers' security posture by assessing their cybersecurity practices and compliance with our Cybersecurity Standards for Suppliers. This proactive approach helps identify and address potential gaps, reducing third-party risks before they can impact our customers.

5.7.7 Cybersecurity Outreach and Awareness

Cybersecurity Outreach and Awareness team's goal is to empower both internal and external stakeholders to become the first line of defense against cyber threats by providing education, training, and resources that promote a culture of security and vigilance. We are committed to equipping every stakeholder with the knowledge and skills needed to protect our organization's critical assets and to stay ahead of emerging threats in the rapidly evolving cybersecurity landscape.

Cybersecurity Awareness, Culture, and Training

Hitachi Energy employees are trained in the latest cybersecurity practices through our mandatory Cybersecurity Foundations e-learning course, covering the most common cyberattacks and practical, step-by-step guides to equip our team with essential security skills.

In FY25, the mandatory Cybersecurity Foundations training achieved a completion rate of over 96 percent.

Hitachi Energy's annual Cybersecurity Awareness Program is essential for safeguarding an organization's digital assets and sensitive information. By implementing targeted campaigns throughout the year, employees can stay informed about the latest threats and best practices. These campaigns cover topics such as phishing prevention, data protection, mobile device safety, social engineering, secure remote work, incident response, regulatory compliance, artificial intelligence, AI threats, Operational Technology threats, Supply Chain Cybersecurity, and more. Educating employees fosters a culture of security, reduces the risk of cyberattacks, and ensures a more resilient organization.

The Cybersecurity Culture Program is in place to strengthen Hitachi Energy's cybersecurity mindset by embedding a strong, organization-wide culture of security awareness, responsibility, and resilience. It is intended to equip employees across functions with the knowledge, tools, and practical guidance needed to actively contribute to protecting our products, operations, and customers. The program promotes continuous improvement through collaboration between the cybersecurity function and business teams. It supports the development of skills and competencies through targeted training, workshops, and networking opportunities, while also assessing the current state of cybersecurity awareness to identify gaps and measure progress. By establishing best practices and enabling each function to take ownership of its cybersecurity maturity, the program helps build a consistent, measurable, and sustainable approach to cybersecurity across the organization.

Cybersecurity Awareness Month is held annually throughout October and provides Hitachi Energy employees with knowledge and practical guidance to help protect the organization's digital assets and sensitive information. The program includes webinars, panel discussions, interactive activities, technical sessions, and a major kick-off event designed to promote cybersecurity awareness and secure behaviors across the organization. In FY25, Cybersecurity Awareness Month featured 21 live sessions, four external keynote speakers, and 30 speakers from Hitachi Energy and the Hitachi Group. The Cybersecurity Awareness Month was launched with an on-site opening event in Västerås, Sweden. The initiative helped reinforce cybersecurity awareness and engagement across one of Hitachi Energy's key business locations.

5.7 Cybersecurity (continued)

Regional Cybersecurity

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.

Customer Cybersecurity Office

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.

In FY25, the team conducted a joint Cybersecurity Tabletop Exercise with a global clean energy customer to support cybersecurity collaboration and resilience preparedness. More than 50 participants from both organizations across six countries took part in a simulated cybersecurity incident scenario. The exercise enabled participants to review incident response processes, strengthen cross-organizational coordination, and identify lessons learned that may be considered in future cybersecurity preparedness activities.

The Customer Cybersecurity Office (CCSO) led the coordination of Hitachi Energy's CyberVadis assessment activities. As a result of the company's demonstrated cybersecurity, data protection, and digital infrastructure security practices, Hitachi Energy was awarded a Platinum CyberVadis rating in July 2025.

Data privacy and protection (GRI 418-1)

Respecting privacy rights is a top priority for Hitachi Energy

Hitachi Energy is fully committed to complying with privacy legislation globally and has developed a privacy 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 privacy 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 that all employees must comply with.

Privacy awareness is maintained through mandatory privacy training for all staff, supplemented by additional training for specialized functions.

Managing the risks

Hitachi Energy conducts risk assessments for data processing operations that include personal data, and those operations that pose a high risk to the rights and freedoms of individuals are subject to an additional data protection impact assessment. Each risk assessment reviews the processing activity against global standards and, where necessary, provides advice on mitigating privacy 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 16 languages.

Trainings ¹	GDPR training	HR Privacy Basics
Number of employees enrolled	5,833	387
Completed	5,666	348
Completions	97%	90%

¹ As at end FY25; registration period FY25



5.8 Supply chain management



Armin Ploetz
Head of
Supply Chain
Management
and Common
Shared Services

“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.”

Supply Chain Management plays a strategic role within the ESG framework by embedding responsible business practices across the supplier lifecycle and extended value chain.

As a significant share of environmental, social, and governance impacts may arise through purchased goods, materials, services, logistics, packaging, product components, and supplier operations, the supply chain represents both a key area of ESG risk exposure and an important lever for sustainability impact.

The scope of supply chain ESG management includes supplier qualification, responsible sourcing, supplier sustainability assessments, Supplier Code of Conduct acceptance, supplier development, product and material compliance, regulatory data collection, and corrective action management. Through a structured and risk-based approach, the organization identifies, assesses, manages, and mitigates ESG risks related to human rights, labor practices, environmental performance, responsible minerals sourcing, carbon exposure, packaging and circularity, and regulatory compliance. This enables more informed procurement decisions, strengthens supplier resilience, and improves transparency and traceability across the value chain.

Supplier qualification, responsible sourcing, and sustainability assessments form the foundation of a resilient, transparent, and compliant supply chain. Hitachi Energy applies a structured due diligence approach to identify, assess, and mitigate environmental, social, and governance (ESG) risks across our supply base.

The increasing pace and complexity of sustainability related regulations require strong governance structures and coordinated action across functions. Within Supply Chain Management, this responsibility sits with Change Management and Continuous Improvement, and Regulatory Compliance (CMCI) function, which translates regulatory requirements into actionable business processes and supports Hitachi Energy’s sustainability ambitions through proactive engagement across the value chain.

5.8.1 Embedding Sustainable Procurement through an integrated Supplier Sustainability and Compliance Framework

Our objective is to do business with fully qualified, compliant, and high-performing suppliers. Hitachi Energy continuously engages with suppliers, identifies risks and implements corrective action.

Sustainability is systematically embedded into the supply chain through an integrated framework spanning supplier qualification, risk-based assessment (Supplier Sustainability Assessment Process), continuous improvement (Supplier Sustainability Development Program), Product Material Compliance (PMC) and Change Management, Continuous Improvement and Regulatory Compliance (CMCI). Together, these elements enable responsible sourcing, supplier sustainability performance, product compliance, and regulatory resilience across the supplier lifecycle.

This structured approach helps embed environmental, social, and governance (ESG) considerations across each stage of the supplier lifecycle.

At the onboarding stage, supplier qualification acts as the first control point to embed sustainability expectations. All suppliers are required to adhere to Hitachi Energy’s Supplier Code of Conduct (SCoC), ensuring alignment with internationally recognized standards on human rights, labor practices, environmental protection, and business ethics. Suppliers are required to provide key information through qualification questionnaires, enabling early identification of potential ESG risks and alignment with corporate values and regulatory requirements. This process aims to secure supplier’s commitment to meet minimum sustainability requirements.

Building on this, the Supplier Sustainability Assessment Process (SSAP) provides a robust, risk-based methodology to evaluate supplier sustainability performance. Through the integration of Supplier Qualification data and tools such as EcoVadis IQ+ and detailed assessments, suppliers are classified into risk categories (high, medium, low), allowing targeted engagement and prioritization.

High- and medium-risk suppliers undergo comprehensive sustainability assessments enabling the identification of ESG gaps and strengthening transparency, accountability, and compliance across the value chain. Tools such as EcoVadis are supporting us to enable independent ESG risk assessment and standardized data collection, improving the transparency, traceability, and reliability of reported information.

This process supports informed procurement decisions, assesses supplier risk to improve supply chain resilience, helps to align with sustainability objectives, and enhances the organization’s ability to meet regulatory frameworks such as CSRD and global due diligence requirements.

To drive continuous improvement, the Supplier Sustainability Development Program (SSDP) translates assessment insights into measurable actions. The program focuses on supplier awareness, assessment, capability building and corrective action plans (CAPs).

Through structured engagement, training, and defined KPIs, SSDP ensures that identified risks are mitigated and supplier performance is progressively elevated. This creates a feedback loop where risk identification leads to targeted interventions and measurable improvements over time.

Launched in FY23 and continued through FY25, the Supplier Greenhouse Gas (GHG) Assessment Program (SGAP) aims to educate suppliers on GHG emissions and their environmental impacts, assess and benchmark emissions performance, and monitor progress. The program focuses on suppliers providing high-emission materials such as steel, aluminum, and copper, supporting greater transparency and continuous improvement in supply chain emissions management.

Responsible minerals sourcing is a critical component of sustainable and ethical supply chain management. Its objective is to ensure that minerals used in products are sourced responsibly, with respect for human rights, prevention of conflict financing, elimination of forced labor and other serious abuses, and promotion of responsible business practices throughout the value chain.

5.8 Supply chain management (continued)

Although Hitachi Energy does 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](#).

Within Supply Chain Management, the Product and Material Compliance (PMC) team contributes to regulatory compliance on hazardous substances and responsible minerals sourcing by strengthening material transparency and supporting the mitigation of risks linked to conflict-affected sourcing, human rights abuses, corruption, and the financing of armed groups.

In parallel, the Change Management, Continuous Improvement and Regulatory Compliance (CMCI) team provides governance and oversight of evolving sustainability and product compliance regulations. The team translates regulatory requirements into operational processes, tools, controls, and reporting mechanisms, while supporting implementation of regulations such as EU Battery Regulation, CBAM, EU Deforestation Regulation and EU Critical Raw Materials Act. Through cross-functional engagement with suppliers, business units, and internal stakeholders, this function translates regulatory requirements into actionable business processes and supports Hitachi Energy's sustainability ambitions through proactive engagement across the value chain.

Together, these programs enable proactive risk management, strengthen supply chain resilience and emissions management, support regulatory compliance, and promote responsible business conduct across the value chain.

Key elements of this framework include:

- 1) Supplier Qualification embeds sustainability at entry.

- 2) Supplier Sustainability Assessment Process (SSAP) enables risk identification, assessment, corrective actions and transparency.
- 3) Supplier Sustainability Development Program (SSDP) ensures remediation, performance improvement, and long-term value creation. Supplier Greenhouse Gas Assessment Program (SGAP) educates suppliers, benchmarks emissions performance, and tracks continuous improvement.
- 4) Product Material Compliance (PMC) supports traceability of supplied products down to the smelter or refiner level and helps verify whether hazardous substances are present in supplied products.
- 5) Change Management, Continuous Improvement and Regulatory Compliance (CMCI) ensure compliance with emerging regulations, strengthens responsible supply chain practices, and supports Hitachi Energy's long-term sustainability commitments.

This integrated approach not only reduces supply chain risks but also drives positive environmental and social impact, strengthens supplier collaboration, and supports the organization's broader sustainability strategy and regulatory commitments.

5.8.2 Supply quality, sustainability and risk (GRI 308-1, 408-1, 409-1, 414-1, 414-2)

This section includes selected information that has been subject to independent assurance. For further details, see the Assurance Statement in section 6.5.

Hitachi Energy continuously enhances its Supplier Quality and Sustainability process to enable the systematic identification, assessment, management, monitoring, and reporting of supplier-related sustainability risks.

Supplier Qualification

During FY25, Supplier Qualification process has been migrated to a newer framework within SAP-Ariba which offers modularity and flexibility in execution. While the overall process remains intact, Hitachi Energy used this migration activity as an opportunity to embed sustainability questions and improve the qualification questionnaires for consistency and content.

The Supply Quality function retains responsibility for supplier qualification, product quality assurance, performance measurement, sustainable procurement, and risk management. It operates within an integrated governance framework involving business units, Indirect Purchasing, and Trade, Transport and Logistics, which collectively ensure the effective execution of the supply chain sustainability agenda.

Supplier Sustainability Assessment

Our Supplier Sustainability Assessment Procedure is designed 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 is a critical step toward developing collaborative dialogue on mitigating risk by resolving sustainability challenges and establishing good practices. A spend-based target is established to increase supplier coverage under EcoVadis assessments. Our approach until FY25 was anchored in a holistic sustainability risk framework covering environment, labor and human rights, ethics, and sustainable procurement. Going forward, Hitachi Energy will enhance the granularity of child and forced labor risk indicators, further expand EcoVadis coverage, and strengthen supplier remediation and engagement practices.

Supplier Sustainability Development Program

Our Supplier Sustainability Development Program serves as a strategic framework across the organization, that prioritizes partners according to a risk matrix, aggregating country and commodity risks, operational characteristics, the supplier's criticality, and spending level. The program currently covers suppliers from 23 high-risk countries, with additional countries planned for inclusion from FY26 to strengthen coverage of suppliers in high-risk geographies.

Carbon Management and Green Together program

Under this program, Hitachi Energy helps our suppliers to establish Scope 1 and 2 emission targets and prepare a 2030 Carbon Neutrality Plan. Suppliers with high emissions in their products supplied and high business criticality to Hitachi Energy are prioritized and nominated by our Business Units.

During FY25, Hitachi Energy advanced its Carbon Neutrality Supplier Engagement Program as part of our Green Together 2030 initiatives to collaborate with strategic suppliers in accelerating decarbonization efforts across our supply base.

In alignment with the Hitachi Group target, Hitachi Energy Business Units identified 40 strategic suppliers contributing substantially to Scope 3, Category 1 emissions and aim to expand the program's coverage to 55 suppliers by FY26.

5.8 Supply chain management (continued)

Product Material Compliance

The Product and Material Compliance (PMC) team within Supply Chain Management supports compliance with applicable regulatory, customer and internal requirements related to hazardous substances, responsible sourcing and other strategic regulatory topics. Through established due diligence and management processes, PMC team facilitates the identification, collection, assessment and communication of material compliance information, enhancing transparency and traceability across the supply chain and supporting the assessment and mitigation of risks associated with conflict-affected and high-risk areas. Starting in FY25, Hitachi Energy expanded its due diligence processes to include additional minerals and materials, including copper, lithium, graphite, nickel and rare earth elements.

Supplier governance framework for responsible business conduct

- [Supplier Code of Conduct \(SCoC\) and Supplier Sustainability Manual](#)
- [Hitachi Energy's Modern Slavery and Human Trafficking Transparency Statement](#)
- [Hitachi Energy General Terms and Conditions](#)
- [Cybersecurity Standards for Suppliers](#)
- [Cybersecurity requirements](#)
- [Hitachi Energy Responsible Minerals Sourcing Policy](#)
- [List of Prohibited and Restricted Substances](#)
- [Guidance to Hitachi Energy List of Prohibited and Restricted Substances](#)
- [Hitachi Energy Privacy Notice](#)
- [Hitachi Energy Supplier Quality Manual and Supplier Quality Assurance Agreement](#)

Our Supplier Code of Conduct (SCoC) defines the principles by which Hitachi Energy requires its suppliers to conduct business. Hitachi Energy is committed to sourcing goods and services from suppliers who fully comply with these standards.

In parallel, our [Supplier Sustainability Manual](#) reinforces our commitment to sustainability, ethics, and responsible sourcing. The manual was developed to clearly communicate our sustainability expectations to suppliers, aligned with the Sustainable Procurement Guidelines, Supplier Code of Conduct, and our strategic commitments.

[Hitachi Energy's Modern Slavery and Human Trafficking Transparency Statement](#) covers our operations worldwide. It also requires Hitachi Energy 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.

In addition to the policies detailed above, Hitachi Energy's supplier requirements are supported by a comprehensive set of policies, standards, and contractual frameworks, including the Hitachi Energy General Terms and Conditions, Cybersecurity Standards for Suppliers, Cybersecurity Requirements, Responsible Minerals Sourcing Policy, List of Prohibited and Restricted Substances and related guidance, Hitachi Energy Privacy Notice, Quality Management requirements, and the Supplier Quality Assurance Agreement.

Together, these documents help ensure that purchased goods and services are responsibly and sustainably sourced, compliant with applicable regulatory expectations, and aligned with Hitachi Energy's quality, cybersecurity, privacy, product compliance, and responsible sourcing standards.

Supplier quality

The Supplier Company Qualification Process aims to ensure a smooth working relationship with suppliers and increase quality. Hitachi Energy always strives to do business and develop partnership with suppliers compliant with Safety, Health, Environment, Integrity or any other local regulations. The process focuses on how to avoid and manage non-conformities, including related costs. Hitachi Energy expects 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

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 supplier creation and qualification to performance evaluation and classification.

- The onboarding process adds a supplier company to our supply base management platform. This involves collecting their profile, products, bank a/c details, contacts, and obtaining acknowledgment of Hitachi Energy [Supplier Code of Conduct \(SCoC\)](#), which outlines our policies on quality and sustainability
- A supplier company is then assessed based on standardized business-specific questionnaires, which include details about quality and management systems, their operations, sustainability (covering topics such as but not limited to Human Rights, Health and Safety), data privacy, and integrity
- Suppliers complete self-assessment and submit the responses, which are reviewed by the Supply Quality Function and approved by SCM or category managers. Optionally, the qualifying units may perform additional assessments (Onsite, Process, Financial, HSE etc.) before taking a decision to qualify or reject the supplier. All the records of responses, supporting evidence etc. are stored in SAP-Ariba
- 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 desourcing and blocking suppliers in cases of non-compliance

5.8 Supply chain management (continued)

Supplier Sustainability Development Program (GRI 308-2, 414-2)

For suppliers with higher sustainability risks, Hitachi Energy offers 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, Hitachi Energy has partnered with third-party service providers such as Bureau Veritas, SGS, and TUV in various regions to assist us in training our suppliers and internal colleagues and carrying out the on-site assessments.

The SSDP focuses on tier-one suppliers in priority countries and expands its reach from time to time. Hitachi Energy encourages its tier-one suppliers to cascade the [Supplier Code of Conduct \(SCoC\)](#) 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, Hitachi Energy helps suppliers to assess their strengths and weaknesses.

Hitachi Energy works 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).

As part of SSDP program, during FY25, eight suppliers were desourced as a result of critical findings and failure to comply with the [Supplier Code of Conduct \(SCoC\)](#) during the corrective action phase. These suppliers were assessed in the previous years.

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)

843

Eligible suppliers formally qualified during the reporting period (compared to 767 in FY24) *

* Number of suppliers formally qualified during the reporting period with the eligibility requirements described in the internal procedure

In FY25, one supplier was identified with non-systematic hiring policy, and corrective actions are being pursued in close cooperation with the supplier. The red flag findings have been closed in May 2026.

While SSDP focuses on higher sustainability risk suppliers, Supplier Greenhouse Gas Assessment program (SGAP) focuses on suppliers with high GHG emissions.

During FY25, Hitachi Energy assessed 20 suppliers across all three regions – AMEA, Europe and the Americas – and shared the

results of their maturity assessment under the Supplier Greenhouse Gas (GHG) Assessment Program (SGAP) with both the suppliers and the relevant business units. This program aims to educate our suppliers about GHG emissions and their environmental impacts, audit and benchmark their GHG emissions, and monitor performance. SGAP focuses on suppliers found to have supplied us products with high emissions related to metals like steel, aluminum and copper. Hitachi Energy has partnered with Bureau Veritas India and other consultants.

SSDP Progress	Status FY24	Status FY25
Number of internal employees trained	• 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	• 29 Supply Quality Engineer and Supply Chain Management (SQEs and SCM) colleagues trained on SSDP and SGAP globally in our three regions, covering all four business units
Number of suppliers trained	• 124 suppliers and their associates trained by third-party service providers	• 118 suppliers and their associates trained by third-party service providers on SSDP and SGAP
Number of assessments (on-site audits) completed	• 101 supplier assessments completed which accounts for 81 percent of the globally planned assessments	• 99 Suppliers assessed for SSDP out of 152 which accounts for 65 percent completion; • 20 SGAP assessment completed out of 46 which accounts for 43 percent completion of the planned assessments
Number of countries where SSDP is currently rolled out	23 countries covering high-risk areas of AMEA, Europe and Americas where Hitachi Energy carries out assessment of ESG parameters and trains suppliers on carbon emission calculation and reduction.	

5.8 Supply chain management (continued)

Sustainability assessment via EcoVadis (GRI 308-1, 414-1)

Hitachi Energy's global supply chain presents unique and diverse sustainability profiles. Hitachi Energy recognizes the critical role suppliers play in our sustainability journey.

Hitachi Energy acknowledges 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 Hitachi Energy's suppliers align with its 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.

Hitachi Energy's policy prohibits child labor and forced labor across its operations and value chain. In support of this commitment, the company applies a risk-based human rights due diligence approach, aligned with international frameworks such as the UN Guiding Principles and ILO Conventions, to identify, assess and address risks within its supply chain.

Risk assessment incorporates geographic, sectoral, and commodity-specific factors, utilizing supplier evaluations, audits, and external risk intelligence tools. All suppliers must adhere to the Supplier Code of Conduct (SCoC), which explicitly prohibits child labor, forced labor, and human trafficking. When risks are detected, Hitachi Energy implements mitigation strategies, including corrective action plans, targeted engagement, and capacity-building initiatives. An annual modern slavery statement is published, detailing measures taken to address forced labor and child labor risks within the value chain.

Furthermore, grievance mechanisms are available for workers and stakeholders to report concerns, ensuring appropriate remediation actions are implemented. Progress and outcomes are monitored and transparently disclosed through sustainability reporting.

The supplier sustainability risk analysis is a crucial phase in our sustainability assessment process. To determine the initial risk level of a supplier, Hitachi Energy relies on two primary factors:

- Risk scoring obtained from the internal Supplier Qualification Questionnaire
- Overall Risk rating provided by the EcoVadis IQ+ module (EcoVadis Country Risk wherever EcoVadis IQ+ overall risk rating is not available)

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.

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.

Topic	Status FY24	Status FY25
Number of suppliers invited to take an EcoVadis assessment since Hitachi Energy's roll-out of the program	3,736	5,300
Percent of spend coverage from our suppliers	58% (our commitment for FY24 was 50 percent)	66% (our commitment for FY25 was 63 percent)
Number of suppliers assessed in EcoVadis since our roll-out the program	1,992	2,654
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	62
Number of active internal users on the EcoVadis platform	268	540
Average ratings performance	55.6/100 Average rating performance (versus 48.1 EcoVadis global average)	57.4/100 Average rating performance (versus 50.3 EcoVadis global average)
Supplier trainings FY25	416 suppliers completed at least one course in the EcoVadis Academy	
Suppliers overall score improvement during FY25	4.8 points (58.6 -> 63.4)	

To strengthen ESG transparency and raise supplier performance standards in the wind energy industry, Hitachi Energy collaborated with EcoVadis and WindEurope on a supply chain sustainability program under the Wind Energy Initiative.

Launched in March 2024 by EcoVadis and WindEurope, the initiative brings together key industry players to standardize ESG performance metrics and improve transparency across the wind sector.

Through the standardized EcoVadis Sector Initiatives framework, the partnership streamlines supplier assessments, reduces reporting burden, and supports continuous improvement in carbon reduction, human rights, and biodiversity. Participating companies also provide capacity-building resources, such as the Decarbonization Learning Program, to help suppliers build the practical capabilities needed to meet industry climate targets.

5.8 Supply chain management (continued)

EcoVadis Suppliers Assessment

66%

spend covered by EcoVadis-rated suppliers during FY25

7.1

points higher: All EcoVadis-assessed suppliers typically scored 7.1 points higher than the industry average in all the four core categories

57.4

our suppliers' overall score is higher than average: 57.4 compared to an average of 50.3

75.21%

medium to large enterprises

18%

newly assessed

45%

have a medal

82%

reassessed

As part of “EcoVadis Wind Energy Initiative,” Hitachi Energy provided training to its suppliers on Decarbonization strategy and action plan. 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.

Hitachi Energy is sourcing globally from approximately 40,000 active external suppliers, many of whom are long-term trusted partners with whom it has successfully collaborated over the years. Hitachi Energy is 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 since FY23, warning the user when a purchase order is being placed with a non-qualified supplier.

Our supplier risk screening methodology is grounded in a holistic sustainability risk framework encompassing four core dimensions: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. This integrated approach enables us to assess supplier risk in a structured and comparable manner across our value chain.

Recognizing the growing global focus on child labor and forced labor as priority human rights concerns, Hitachi Energy is committed to enhancing the specificity and depth of our risk-assessment capabilities. Going forward, Hitachi Energy will progressively evolve its risk matrix to afford greater granularity to these topics — ensuring that child labor and forced labor indicators are assessed with the rigor and dedicated attention these issues demand, alongside our broader sustainability criteria.

This evolution will be accompanied by an expansion of EcoVadis engagement across suppliers identified as higher-risk, a strengthened approach to supplier dialogue and remediation, and a continued commitment to ensuring that no supplier relationship – regardless of spend level or duration – creates gaps in our human rights due diligence coverage.

While Hitachi Energy continuously works 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, Hitachi Energy 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.

Responsible minerals sourcing

Hitachi Energy is committed to sourcing minerals responsibly, as described in our [Responsible Minerals Sourcing policy](#).

Until FY24, Hitachi Energy's Responsible Minerals Sourcing Program covered Conflict Minerals (3TG) and Cobalt. Starting in FY25, Hitachi Energy began expanding the scope of its responsible minerals activities to additional

minerals, including copper, battery minerals such as lithium, nickel and graphite, and rare earth elements. This expansion reflects our ongoing efforts to respond to evolving regulatory requirements and emerging human rights risks, while progressively strengthening due diligence, supplier engagement, and alignment with internationally recognized responsible sourcing expectations.

Through this enhanced approach, Hitachi Energy reaffirms its commitment to responsible sourcing, contributing to more sustainable and ethical supply chains across an expanded set of critical materials.

While conflict minerals processes show higher maturity, the extended minerals program is progressing steadily, improving transparency and reinforcing our commitment to responsible sourcing across a broader range of critical materials.

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 labor, 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 the minerals contained in the products and materials supplied to Hitachi Energy originate from conflict-free sources.

5.8 Supply chain management (continued)

The program aims 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

Hitachi Energy is committed to engaging with our customers regarding their reporting and disclosure requirements related to conflict minerals.

In FY25, Hitachi Energy achieved a high response rate of 84 percent for the Conflict Minerals survey and accepted 87 percent of the templates received. For the Extended Minerals survey, Hitachi Energy received 31 percent of the response and accepted 52 percent of the templates received. We are in dialogue with the remaining suppliers who provided us with an incomplete or inconsistent response. Among the suppliers engaged in our assessment of the presence and sources of Rare Earths in the products

supplied to Hitachi Energy, all responding suppliers reported that the products supplied to Hitachi Energy do not contain Rare Earths.

Hitachi Energy has 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 extended minerals (Cobalt, Copper, Lithium, Graphite Nickel) 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, Hitachi Energy continues 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.

To reinforce responsible sourcing practices, Hitachi Energy drives internal awareness through targeted communications and training programs for relevant employee groups, including Supply Chain Management. In FY25, 90 SCM colleagues received training on responsible minerals sourcing due diligence, covering program objectives, governance structures, reporting tools, and their responsibilities in supporting due diligence activities and program effectiveness. 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, extended minerals and additional minerals for FY25, 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](#).

Hitachi Energy is 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-free 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 Responsible Minerals Sourcing Report on supply chain due diligence concerning the origins of conflict minerals and extended within our supply chain

Supporting documentation:

- [Responsible Minerals Sourcing Policy](#)
- [Responsible Minerals Sourcing Report](#)

→ [Read more in Supplier Compliance | Hitachi Energy](#)

Advancing Supplier Sustainability, Human Rights, and Carbon Management

As part of Hitachi Energy's commitment to continuous improvement, Supplier Qualification Questionnaires will be reviewed and updated to better reflect evolving Supply Chain Management (SCM) regulatory requirements. Hitachi Energy is also planning to further develop the Supplier Performance Evaluation (SPE) process, enabling businesses to assess suppliers more effectively and flexibly based on quality and delivery performance, sustainability assessment outcomes, and compliance with applicable SCM regulatory requirements.

To advance our carbon management agenda, Hitachi Energy has developed a preliminary roadmap to support the reduction of Scope 3, category 1 GHG emissions and align with our 2030 and 2050 decarbonization ambitions. Following business unit alignment and prioritization, Hitachi Energy will focus engagement efforts on high-emission suppliers, encouraging emissions reduction initiatives while increasing the use of low-carbon and recycled materials within our supply chain, particularly in key metal categories.

Topic	Status
Conflict minerals survey responses received	84%
Of which accepted according to the criteria	87%
Conflict minerals smelters and refiners (SORs) with RMAP conformant status	62%
Extended Minerals (Cobalt, Copper, Battery Minerals) survey responses received	31%
Of which accepted according to the criteria	52%
Extended Minerals smelters and refiners (SORs) with RMAP conformant status	43%
Extended Minerals smelters and refiners (SORs) with RMAP third party assessed status	23%
Rare Earth Elements survey responses received	67%
Of which accepted according to the criteria	50%

5.8 Supply chain management (continued)

These actions are intended to support the transition toward a lower-carbon, more resilient, and sustainable supply chain.

During FY26, Hitachi Energy will further strengthen its human rights due diligence approach related to GRI 408-1 (Child Labor) and GRI 409-1 (Forced or Compulsory Labor). Building on our established risk-based supplier sustainability framework, Hitachi Energy will place greater focus on suppliers identified through EcoVadis IQ+ as having high-risk exposure to child labor, forced labor, and human trafficking. This enhanced prioritization will support more targeted supplier screening, engagement, assessment, and follow-up activities.

In addition, increased attention will be given to corrective actions resulting from supplier sustainability assessments through EcoVadis, particularly where suppliers provide limited or insufficient evidence regarding grievance mechanisms, preventive measures, employee awareness and training programs, age verification processes, protection of young workers, prohibition of retention of employee identification documents, and responsible recruitment practices, including controls related to recruitment fees. These topics will be addressed through the Supplier Sustainability Assessment and Corrective Action Management processes to strengthen supplier practices, improve evidence quality, and support effective remediation where needed.

5.8.3 Strengthening Resilience Through Regulatory Compliance

An embedded, cross-functional approach to regulatory compliance strengthens Hitachi Energy's supply chain resilience, contributing to society through superior, original technology.

The increasing pace and complexity of sustainability-related regulations require strong governance structures and coordinated

action across functions. Within Supply Chain Management, this responsibility sits with our Change Management and Continuous Improvement, and Regulatory Compliance (CMCI) team, which translates regulatory requirements into actionable business processes and supports Hitachi Energy's sustainability ambitions through proactive engagement across the value chain.

Preparing for an evolving regulatory landscape

During the reporting period, CMCI continued to drive preparedness for key regulations, including:

- Carbon Border Adjustment Mechanism (CBAM)
- EU Deforestation Regulation (EUDR)
- EU Critical Raw Materials Act (CRMA)
- EU Battery Regulation (EUBR)

These regulations introduce enhanced requirements for supply chain traceability, emissions reporting, and critical raw material resilience. Meeting them requires coordinated action across Supply Chain Management, Operations, Trade Compliance, Transport and Logistics, Regulatory, Finance, Sustainability, and Information Technology functions.

From project-based compliance to compliance-by-design

Preparing for an evolving regulatory landscape

Rather than addressing each regulation as a standalone effort, Hitachi Energy embeds compliance directly into standard, reusable supply chain processes – building the controls, monitoring, and escalation mechanisms that scale across regulations rather than being rebuilt each time a new requirement emerges.

CMCI identifies common regulatory data requirements across regulations and drives harmonization efforts through its digital

landscape. By promoting a regulatory-agnostic approach to data management – such as supplier information, country-of-origin data, material composition, emissions information, and due diligence documentation – Hitachi Energy reduces duplication, improves data quality, and builds a stronger foundation for future regulatory compliance.

Building organizational capability

In FY25, Supply Chain Management enhanced regulatory compliance maturity by delivering five targeted training programs to 155 Hitachi Energy employees and

one supplier-focused session reaching 17 external suppliers. By building knowledge and awareness across internal and external stakeholders, these efforts turn regulatory readiness from a point-in-time exercise into an ongoing organizational capability.

Through its partnership with key business stakeholders, CMCI helps ensure compliance with emerging regulations, strengthens responsible supply chain practices, and supports Hitachi Energy's long-term sustainability commitments – creating value for customers, suppliers, and society.

Training topic	Training type	No. of people trained in FY25
EU Battery – Foundation Training	Internal	6
EU Battery – Advanced Training	Internal	26
EU Deforestation Regulation – Foundation Training	Internal	28
EU Deforestation Regulation – Intermediate Training	Internal	93
Regulatory Compliance – SharePoint show and Tell	Internal	2
EU Deforestation Regulation – Supplier briefing	External	17



6.

Appendix

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6.1 Our approach to reporting

6.1.1 Reporting period and frequency (GRI 2-3)

The Sustainability Report is published on an annual frequency, by latest Sept. 30 of the calendar year and covers the previous fiscal year sustainability performance, in alignment with the financial results fiscal year, that runs from April 1 to March 31 of the following year. The present report covers fiscal year 2025 (FY25), from April 1, 2025 to March 31, 2026, of Hitachi Energy Ltd., globally consolidated.

Hitachi Energy Ltd. is a Swiss stock corporation (Aktiengesellschaft, AG) incorporated under Swiss law and headquartered in Zurich, Switzerland. Hitachi Energy was formerly part of the ABB Group as business unit 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 as Hitachi Energy Ltd., headquartered in Zurich and incorporated under the laws of Switzerland. On Dec. 28, 2022, Hitachi Energy fully transitioned under Hitachi Group.

Hitachi Energy Ltd. is majority-owned by Hitachi, Ltd. and forms part of Hitachi Group.

Hitachi, Ltd. is a publicly traded Japanese stock corporation (Kabushiki Kaisha) headquartered in Chiyoda, Tokyo, that includes public-listed and private subsidiaries across multiple sectors: industrial machinery, electronics, IT services, financial services, and rail systems.

6.1.2 Scope and boundaries

The present sustainability report has been prepared in accordance with the GRI Standards, and proactively embeds relevant regulations, CDP, SBTi, and EcoVadis recommendations and requirements.

The current sustainability report accounts for Hitachi Energy's global policies and management systems as well as the environmental, health, and safety performance of 167 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 FY25, the portfolio adjustments included the addition of twelve reporting sites, one site relocation, and the removal of six sites from reporting. Of those removed, three sites no longer met our reporting criteria and the other three ceased operations.

- (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 FY25. 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 FY23-FY25 were included in FY25 reporting unless stated otherwise:

- 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 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 2.4 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, 2026.

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 FY25 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.

FY25 Employees by gender		Female	%	Male	%	Not disclosed*	%	Total	%
		13,740	24%	43,824	76%	13	0.0%	57,577	100%
by category	permanent	13,168	24%	42,532	74%	12	0.0%	55,712	97%
	temporary	572	31%	1,292	2%	1	0.0%	1,865	3%
		13,740	24%	43,824	76%	13	0.0%	57,577	100%
by contract type	full-time	13,097	23%	42,841	74%	12	0.0%	55,950	97%
	part-time	643	40%	983	2%	1	0.0%	1,627	3%
		13,740	24%	43,824	76%	13	0.0%	57,577	100%
by function	white collar	11,474	28%	29,542	51%	11	0.0%	41,027	71%
	blue collar	2,266	14%	14,282	25%	2	0.0%	16,550	29%

FY25 Employees by age group		< 30 years	%	30-50 years	%	> 50 years	%	Total	%
		12,270	21%	33,844	59%	11,463	20%	57,577	100%
by category	permanent	11,015	19%	33,561	58%	11,136	19%	55,712	97%
	temporary	1,255	2%	283	0%	327	1%	1,865	3%
		12,270	21%	33,844	59%	11,463	20%	57,577	100%
by contract type	full-time	11,653	20%	33,308	58%	10,989	19%	55,950	97%
	part-time	617	1%	536	1%	474	1%	1,627	3%
		12,270	21%	33,844	59%	11,463	20%	57,577	100%
by function	white collar	7,880	14%	25,286	44%	7,861	14%	41,027	71%
	blue collar	4,390	8%	8,558	15%	3,602	6%	16,550	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)

							Middle East, Africa		North America		South America				
FY25 Employees by region		Europe	%	North Asia	%	South Asia	%						Total		
		26,602	46%	6,050	11%	11,578	20%	1,962	3%	8,221	14%	3,164	5%	57,577	100%
by category	permanent	25,378	44%	5,899	10%	11,373	20%	1,899	3%	8,134	14%	3,029	5%	55,712	97%
	temporary	1,224	2%	151	0%	205	0%	63	0%	87	0%	135	0%	1,865	3%
		26,602	46%	6,050	11%	11,578	20%	1,962	3%	8,221	14%	3,164	5%	57,577	100%
by contract type	full-time	25,182	44%	6,040	10%	11,567	20%	1,960	3%	8,154	14%	3,047	5%	55,950	97%
	part-time	1,420	2%	10	0%	11	0%	2	0%	67	0%	117	0%	1,627	3%
		26,602	46%	6,050	11%	11,578	20%	1,962	3%	8,221	14%	3,164	5%	57,577	100%
by function	white collar	19,631	34%	3,378	6%	9,600	17%	1,683	3%	4,734	8%	2,001	3%	41,027	71%
	blue collar	6,971	12%	2,672	5%	1,978	3%	279	0%	3,487	6%	1,163	2%	16,550	29%

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%

* 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 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%

							Middle East, Africa			North America			South America		
FY24 Employees by region		Europe	%	North Asia	%	South Asia	%		%		%			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%

Note: All percentages in the tables above are mathematically rounded.

6.2 GRI indicators (continued)

GRI 2-8 Workers who are not employees

	Function			Type			Contract type		Total
	Direct (blue collar)	Indirect (white collar)	Not Declared	Agency Temp	Consultant	Contractor	Full time	Part time	
FY25 Workers who are not employees	1703	2167	20	2584	170	1136	3722	168	3890

GRI 2-8 is contingent workers, specifically the following types: Agency Temp – a temporary worker hired by a third party and under Hitachi Energy’s direct supervisory; Consultant – a consultant is a self-employed person who offers professional advice in their area of expertise; Contractor – a worker is selected directly by a company to complete work for that company. They are directly hired by a company without a third party. GRI 2-8 excludes Vendor (A worker hired by a third party and assigned to work for Hitachi Energy, but not under Hitachi Energy’s direct supervisory.)

Figures are presented on a headcount basis, and they refer to the position as of 31 March 2026 (reporting closing date).

GRI 2-16 Communication of critical concerns

The Board of Directors (BoD), as the highest governance body, receives updates on critical concerns periodically, including through regular BoD meetings. Critical concerns, if any, are escalated based on factors such as the severity, legal or financial exposure, reputational risks, potential business implications, as well as the nature of the underlying issue and could, in particular, relate to operational, strategic or legal topics with broader business implications.

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
Lorena Dellagiovanna	Chair of Hitachi Energy Ltd Board, Director; Senior Vice President and Executive Officer, Chief Sustainability Officer, CHRO, General Manager of Human Capital Group, CDEIO	✓	✓	✓					✓	✓
Frank Duggan	Vice-Chair of Hitachi Energy Ltd Board; Marketing GEM	✓	✓	✓		✓	✓	✓	✓	
Manuel Valverde	Director; Corporate Officer and Deputy Chief Risk Management Officer (CRMO)	✓	✓	✓			✓	✓		
Shashank Samant	Director; Executive Chairman Hitachi America/Hitachi Digital	✓	✓	✓	✓	✓	✓		✓	✓
Akihide Hirao	Director; CFO GEM	✓	✓	✓			✓			

Note: Two Board members resigned effective April 3, 2025.

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 to 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 93 times all employees' median total direct compensation target. The movement in the ratio compared to the prior year is primarily driven by changes in workforce composition rather than changes in executive pay.

GRI 2-23 Policy commitments

Document name	Externally available	Scope	Precautionary principle	Alignment with internal and external frameworks and legislations	Approval and governance	Topics	Location
Hitachi Group Code of Ethics and Business Conduct	<u>Yes</u>	Own operations /Suppliers	Yes		Hitachi Group Board of Directors	Mission, values, and vision; governance and scope; reporting and non-retaliation; asset and information protection; ethical conduct (partners, conflicts, AML, records); gifts and privacy; compliance (trade, anti-corruption, competition, insider trading); communication; environment, human rights, DEI, safe workplace, and community.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Supplier Code of Conduct	<u>Yes</u>	Own operations	Yes	Ref. Human Rights Policy; Sustainability commitment including Responsible Minerals Sourcing and List of Prohibited and Restricted Substances; CoC; data privacy laws	Hitachi Energy Executive Team	Human rights and labor: non-discrimination, freedom of association, no forced labor, fair pay and hours, compliance. HSE and sustainability: ESG and HSE management, risk and impact reduction, circularity, GHG reduction, carbon neutrality. Materials and sourcing: substance restrictions, responsible minerals sourcing (OECD/CAHRA), compliance. Ethics: anti-corruption, no facilitation payments, fair competition, conflict management, data/IP protection, trade and AML compliance, accurate records. Data protection; security and crisis management. Procurement, audits, consequences, training, and reporting channels.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles- 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 110
Statement of commitment to Human Rights	<u>Yes</u>	Own operations /Suppliers	Yes	International Bill of Human Rights, ILO eight core conventions and Declaration on Fundamental Principles and Rights at Work. UNGPs and OECD MNE; other frameworks and instruments within the document	Hitachi Energy's Board of Directors	Work: no child/forced labor; freedom of association; fair, voluntary employment; protection of vulnerable workers; DEI and safe, fair conditions; data privacy. Community: stakeholder engagement; Indigenous rights (FPIC); human rights due diligence; protect defenders. Environment and products: clean environment; climate action; biodiversity; responsible products and marketing; respect end-users.	4. Social – 4.4. Supporting human rights – 4.4.1. Commitments and policy architecture – page 75
Internal Controls Over Integrity	No	Own operations	Yes		Head of Integrity	Integrity framework ensuring compliance with laws, the Code of Ethics, and anti-corruption standards through defined governance, controls, training, reporting, and transparency.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Anti-Bribery and Corruption	No	Own operations	Yes		Head of Integrity	Zero tolerance for bribery and corruption, banning improper or facilitation payments. Sets responsibilities, rules, and reporting to ensure ethical, transparent, and lawful conduct by employees and partners worldwide.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Gifts, Entertainment, and Expense; Sponsorship and Donation	No	Own operations	Yes		Head of Integrity	Clear rules and approvals for gifts, entertainment, and donations to prevent bribery, ensure compliance, and avoid undue influence.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92

6.2 GRI indicators (continued)

Document name	Externally available	Scope	Precautionary principle	Alignment with internal and external frameworks and legislations	Approval and governance	Topics	Location
Review & Onboarding of Business Partners	No	Own operations	Yes		Head of Integrity	Mandatory, risk-based process for reviewing, onboarding, approving, renewing, and monitoring business partners through due diligence, risk assessment, mitigation, and governance controls to ensure anti-bribery, corruption compliance, and alignment with the Hitachi Code of Ethics and applicable laws.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Integrity Committees	No	Own operations	Yes		Head of Integrity	The structure, mandate, and processes of Hitachi Energy's global, regional, and country Integrity Committees; how substantiated Code of Conduct violations are reviewed and how consistent, lawful disciplinary and remedial actions are decided and implemented.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Whistleblower Policy	No	Own operations	Yes		Head of Integrity	Whistleblower framework: defining who can report, what concerns are covered, how reports can be made confidentially or anonymously, and the protections against retaliation to ensure integrity concerns are reported, investigated, and addressed in compliance with applicable laws.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92
Conflict of Interest	No	Own operations	Yes		Head of Integrity	Requirements for identifying, disclosing, assessing, approving, documenting, and mitigating actual, potential, or perceived conflicts of interest to ensure employees act objectively and in the best interests of the company in line with ethical standards and applicable laws.	5. Governance – 5.4 Ethics and Integrity – 5.4.2 Our business principles – page 92

6.2 GRI indicators (continued)

GRI 2-27 Compliance with laws and regulations

Litigation portfolio: There were no instances of significant cases of non-compliance with laws and regulations and therefore no fines paid in that regard.

Potential instances of non-compliance are identified through internal reporting channels and investigated by dedicated functions. The significance of cases is assessed based on factors such as the severity, legal or financial exposure, reputational risks, potential business implications, as well as the nature of the underlying issue, and are escalated to the highest governance body.

GRI 101-1 Policies to halt and reverse biodiversity loss

The Biodiversity and Ecosystem Protection Standard, supported by the Biodiversity and Ecosystem Protection Guideline, defines the organization's approach and implementation guidance for mitigating biodiversity impacts and protecting ecosystems.

Policy	Name	Scope	Alignment with internal and external frameworks and legislations
Biodiversity and Ecosystem Protection Standard	HSE Protocol Standard (7HAC20800) – available internally	Own operations	Aligned with Global Biodiversity Framework
Biodiversity and Ecosystem Protection Guideline	HSE Guideline (7HAC20800G01) – available internally	Own operations	Aligned with Global Biodiversity Framework

GRI 101-2 Management of biodiversity impacts

Mitigation Hierarchy is implemented into the Biodiversity and Ecosystem Protection Standard. To achieve “standard level,” sites need to develop an action plan for countermeasures against the entity's negative impacts on biodiversity is defined according to the Biodiversity Mitigation Hierarchy: Avoid, Minimize, Restore, Offset and Contribute. Updated every three years, at a minimum.

Information on sites with the most significant impacts (101-2-d) is not available as the current biodiversity impact assessment has only evaluated potential impacts without clear evidence of any significant impacts on biodiversity.

GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

We benchmark our entry-level compensation against applicable local minimum wages to support responsible pay practices across all markets in which we operate.

Based on actual employees Total Base Pay (TBP) at entry-level positions effective March 31, 2026, the entry level wage ratio to the applicable country minimum wage is 1.41x at the median, indicating that entry level wages are above applicable local minimum wage thresholds.

Both minimum wage data and TBP are assessed on a full annual basis and compared at the country-level using local currency values. Ratios are calculated only for countries where statutory minimum wage data are available.

Entry-level positions are defined as the lowest applicable job grade and entry-level position within Hitachi Energy's job architecture.

Local statutory minimum wage data are sourced from the WageIndicator database. Where multiple statutory minimum wages apply within a country (for example, due to regional, sectoral, or other categorical differences), the highest applicable minimum wage is used to ensure a conservative and consistent comparison.

Our salary range structures are defined based on job architecture and are established independently of gender.

Temporary employees, part-time employees, and employees without an assigned job grade or those without reported base salary data in the global Hitachi HR system, are excluded to ensure data consistency and reliability.

The reported total ratio reflects the median of the applicable employee population.

Median Ratios of entry level wage by gender compared to local minimum wage

Gender	Total
Male	1.41
Female	1.29
Not declared	1.20
All	1.41

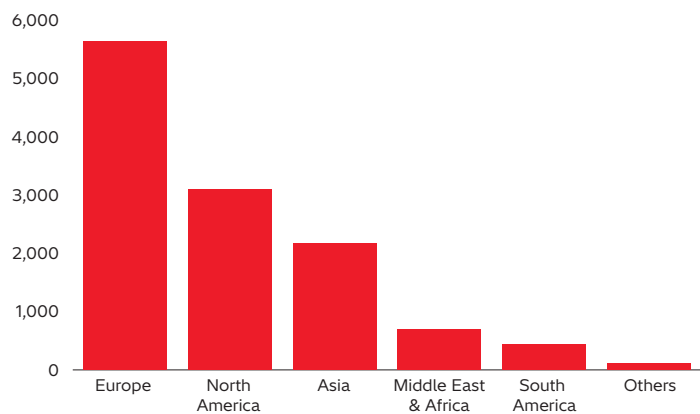
6.2 GRI indicators (continued)

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	Spend by region	mUSD
Electrical components and electronics	2,303	Europe	6,499
Services and IS	3,517	North America	4,065
Raw materials and semi-finished products	1,552	Middle East, Africa	611
Engineered parts and mechanical components	1,774	North Asia	1,535
Sub-systems and equipment	1,529	South Asia	1,194
Selling, general, and administration	1,264	South America	487
Plant sub-systems and equipment	0.03	N/A	7
Others	2,458	Grand Total	14,398
Grand Total	14,398		

Invoice value USD budget (mUSD)



GRI 205-3 Confirmed incidents of corruption and actions taken

All figures reported below refer to the situation as of the end of FY2025 and present data and information related to corruption cases as defined by GRI 205. Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes the offering or receiving of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to undertake actions that are dishonest, illegal, or constitute a breach of trust in the conduct of the organization's business.

During FY2025, six incidents of corruption were substantiated, this includes five cases where the misconduct was committed by business partners. Of the six incidents, no confirmed incidents of corruption resulted in the dismissal of employees for corruption-related misconduct but one employee received a disciplinary warning for corruption-related misconduct. From the five incidents related to contracts with business partners, two resulted in the termination or non-renewal of such contracts due to corruption- or fraud-related violations.

There were no public legal cases regarding corruption brought against the organization or its employees during FY2025.

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

Pending or completed legal actions: During fiscal year 2025, there were no material legal actions in which Hitachi Energy was prosecuted or penalized by competition authorities for anti-competitive behavior, antitrust, or monopoly practices. As of the reporting date, there are no material pending or ongoing legal actions for anti-competitive behavior, violations of antitrust law, or monopoly practices in which Hitachi Energy was identified as a participant.

GRI 301-1 Materials used by weight or volume

Materials used were estimated from procurement spend data in our spend analysis system, considering supplier purchases and excluding service-related expenditures.

Spend values were converted into weight-based quantities using weighted average material prices and standardized unit conversions.

The resulting material quantities were then classified by material type and renewability (renewable or non-renewable) to enable consolidated reporting of material consumption by weight.

Following a reassessment of material classification criteria in FY2025, ceramic materials were determined to be more appropriately excluded from the renewable materials category. To ensure consistency and comparability, the corresponding prior-year figures have been restated accordingly.

In addition, pulp and pressboard materials, which were inadvertently omitted in the previous assessment, have been included in both the current and prior-year calculations and disclosures.

6.2 GRI indicators (continued)

Analysis of the classifications of the materials purchased for the production and packaging of Hitachi Energy's primary products and services during FY25 shows:

- i. Non-renewable materials used: approximately 89 percent.
- ii. Renewable materials used: approximately 11 percent.

After incorporating the reassessment of material classification criteria of FY25 for the year FY24, the revised figures of non-renewable and renewable materials are as follows:

- i. Non-renewable materials used: approximately 88.1 percent as against 88 percent reported earlier.
- ii. Renewable materials used: approximately 11.9 percent as against 12 percent reported earlier.

Material type	Supplier type	Renewable	Quantity (metric ton)	% of total
Associated process materials	External supplier	No	2,395	0.4%
	Internal supplier	No	2	0%
Other materials	External supplier	No	9,232	1.6%
	Internal supplier	No	2,078	0.4%
Packaging materials	External supplier	No	2,198	0.4%
		Yes	7,506	1.3%
	Internal supplier	No	14	0%
		Yes	43	0%
Raw materials	External supplier	No	333,104	57.7%
		Yes	55,794	9.7%
	Internal supplier	No	8,303	0%
		Yes	1,884	0.3%
Semi-manufactured goods or parts	External supplier	No	152,772	26.4%
	Internal supplier	No	2,351	0.4%

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.

Note that these values rely on the SCM classification of materials and that the SCM team continues working on improving the granularity and quality of the purchased material data.

GRI 301-2 Recycled input materials used

Recycled input materials were estimated from procurement data using the same methodology applied for GRI 301-1.

Recycled-content factors from recognized industry and sustainability sources were applied to categorized materials, and the resulting recycled material quantities were reported as a percentage of total material use.

The average recycled rate thus calculated is roughly 23 percent. The comparable figure for last year was 27 and this reflects the dynamics in the purchase portfolio depending on customer order's received.

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. The internal purchases are not considered here to avoid duplicity of reporting.

Throughout FY25, 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

A significant part of our business is based on service activities designed to extend asset life, ensure efficient and safer operation, and improve the sustainability footprint of installed assets. 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 products, it's done to make sure valuable materials are reused or recycled, and to make sure that all materials are properly disposed of. An ongoing example of this is at Dosquebradas factory, where customers can return decommissioned 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 closed return loops, such as in the case of our Mysore factory in India, where we are taking back and reusing packaging sent to customer.

6.2 GRI indicators (continued)

GRI 302-1 Energy consumption

GRI Ind.	Indicator requirement	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19
302-1	Energy consumption within the organization	TJ	3429.02	3,231.40	3,189.97	3,095.61	3,119.76	3,035.81	3,250.73
302-1	Fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used	TJ	945.14	962.50	961.49	928.00	912.56	884.42	996.17
302-1	Fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used	TJ	229.99	150.45	170.85	178.00	173.00	145.00	184.90
302-1	Total	TJ	2253.89	2,118.45	2,039.77	1,989.81	2,034.20	2,006.38	2,069.66
302-1	Electricity consumption	TJ	2078.22	1,958.40	1,873.30	1,791.48	1,822.89	1,794.70	1,836.72
302-1	Heating consumption	TJ	175.67	160.06	166.41	198.34	209.17	211.68	232.94
302-1	Cooling consumption	TJ	0	0.00	0.05	0.00	0.00	0.00	0.00
302-1	Steam consumption	TJ	0	0.00		0.00	2.15	0.00	0.00
302-1	Electricity sold (solar)	MWh	765.71	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	FY25	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	5,367.17	5,697.51	5,255.91	5,073.17	4,898.45	4,713.61	5,186.44	5,244.87
	i. Surface water	ML	3794.91	4,188.40	3,731.94	3,453.30	2,517.93	2,391.56	2,596.14	2,393.20
	ii. Groundwater	ML	199.19	172.38	152.54	230.47	1,035.34	989.67	1,201.68	1,320.50
	iii. Seawater	ML	0.00	0.00	0.00	–	0.00	0.00	0.00	0.00
	iv. Produced water	ML	Not applicable							
	v. Third-party water	ML	1,363.49	1,327.24	1,367.14	1,385.60	1,341.31	1,328.94	1,382.64	1,504.95
	Wastewater from external sources	ML	0.00	0.00	0.0001	0.16	0.24	0.13	2.80	0.00
	Collection of rainwater	ML	9.58	9.49	4.29	3.64	3.63	3.31	3.17	0.00
	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	871.97	833.93	775.16	844.69	Information unavailable/incomplete			
	i. Surface water	ML	396.19	388.97	379.85	369.84	Information unavailable/incomplete			
	ii. Groundwater	ML	156.60	148.20	130.27	194.66	Information unavailable/incomplete			
	iii. Seawater	ML	0.00	0.00	–	–	Information unavailable/incomplete			
	iv. Produced water	ML	0.00							
	v. Third-party water	ML	318.09	295.38	264.61	279.62	Information unavailable/incomplete			
	Wastewater from external sources	ML	0.00	0.00	0.00	0.16				
	Collection of rainwater	ML	1.08	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 (≤1,000 mg/L Total Dissolved Solids)	ML	5,357.59	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	9.58	9.49	4.29	3.80	3.87	0.13	6.04	–

6.2 GRI indicators (continued)

GRI Ind.	Indicator requirement	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY13
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	4,669.32	5,175.63	4,772.56	4,558.40	3,923.48	4,365.83	5,136.81	
	i. Surface water	ML	3,373.31	3,795.93	3,338.14	3,230.11	2,888.41	Information unavailable/incomplete		
	ii. Groundwater	ML	0.00	101.51	91.41	98.61	40.87	Information unavailable/incomplete		
	iii. Seawater	ML	0.00	0.00	0.00	–	Information unavailable/incomplete			
	iv. Produced water	ML	0.00	0.00	0.00	–	Information unavailable/incomplete			
	v. Third-party water	ML	1,296.01	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	4,669.32	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	3,932.09	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	737.23	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	610.44	611.38	585.38	606.16	Information unavailable/incomplete			
	i. Freshwater (≤1,000 mg/L Total Dissolved Solids)	ML	437.04	450.10	412.22	451.31	Information unavailable/incomplete			
	ii. Other water (>1,000 mg/L Total Dissolved Solids)	ML	173.40	161.28	173.16	154.85	Information unavailable/incomplete			
303-5	Water consumption	ML								
	Total water consumption from all areas in megaliters	ML	697.84	521.88	483.35	514.77	974.97			
	Total water consumption from all areas with water stress in megaliters	ML	264.75	222.51	190.01	275.83	Information unavailable/incomplete			

6.2 GRI indicators (continued)

GRI 305 Emissions

No.	GRI Ind.	Indicator requirement	Unit	FY25	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	94,014.27	85,483.10	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	22,813	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	195 277.15	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	7,460	6,459.10	10,005.50	11,744.64	47,969.30	177,851.00	189,528.20

6.2 GRI indicators (continued)

No.	GRI Ind.	Indicator requirement	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19
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				
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	165,793,746.3	158,723,590.0	156,018,321.6	167,956,948.00		158,373,724.73	
19		Biogenic CO ₂ emissions in metric tons of CO ₂ equivalent	tCO ₂ e	100,290.7	120,539.9	106,977.79	97,764.20		88,538.57	
		Gross other indirect (Scope 3) GHG emissions – upstream (categories 1, 4, and 6)	tCO ₂ e	7,330,366.8	6,878,176.0	6,077,302.5	5,340,999.53		4,563,683.66	
		Gross other indirect (Scope 3) GHG emissions – downstream (categories 9 and 11)	tCO ₂ e	157,377,243.3	151,845,414.0	149,941,019.1	162,615,948.47		153,810,041.06	
20	305-4	305-4 GHG emissions intensity								
21		GHG emissions intensity ratio for the organization	tCO ₂ e/ MVA	416.2	444.1	452.2	494.4			653.4
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				

6.2 GRI indicators (continued)

No.	GRI Ind.	Indicator requirement	Unit	FY25	FY24	FY23	FY22	FY21	FY20	FY19
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	1278.14	1311.79	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				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		
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	101.7	90.63	95.50	93.09	95.36	87.69	99.70
44		SOx	metric tons	83.80	67.73	72.40	71.24	72.93	57.62	64.07

6.2 GRI indicators (continued)

GRI 305 Emissions (continued)

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

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 are collected in the units of measurement commonly used and reported locally. For reporting purposes, these data are subsequently converted into standardized energy units, such as 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

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 obtained through the Climatiq tool, 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
- All transportation emissions reclassified as upstream emissions, due to a legacy error in categorization. Downstream transportation emissions currently being reviewed for data availability and quality, results to be reconfirmed in FY26
- Emission factors taken from Measuring and Managing CO₂ Emissions, McKinnon and Piecyk, 2011

6.2 GRI indicators (continued)

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.

Avoided Emissions Methodology

We calculate our avoided emissions according to guidance from the World Business Council for Sustainable Development (WBCSD) and in line with the GHG Protocol accounting principles.

Solutions are only considered for calculating avoided emissions if they:

- are aligned with 1.5°C climate pathways (referencing taxonomies such as EU Taxonomy or IPCC AR6)
- are not directly related to fossil fuel exploration, extraction, production, distribution or sale, and
- deliver a substantiated and significant decarbonization impact

AE is calculated by comparing the GHG emissions of an eligible solution with those of a credible and conservative reference scenario, defined as the most likely alternative in the absence of the solution, and:

- Follows the Hitachi Group Avoided Emissions from Products and Services Calculation Guidelines, aligned with the above principles
- Applies conservative assumptions to avoid overstatement
- Uses an ex-ante approach, recognizing lifetime avoided emissions at the point of sale
- Ensures avoided emissions are reported separately from Scope 1, 2, and 3 emissions

6.2 GRI indicators (continued)

GRI 306-2 Management of significant waste-related impacts

GRI Ind.	Indicator requirement	Unit	2025	2024	2023	2022	2021	2020	2019	2013
306-2	Management of significant waste-related impacts									
	Share of non-hazardous waste recycled or reused	%	79%	88%	84%	79%	80%	77%	78%	NA
	Share of non-hazardous waste recovered (including energy recovery)	%	96%	99%	94%	89%	92%	90%	90%	NA

GRI 306-3 Waste generated

306-3	Waste generated	Unit	2025	2024	2023	2022	2021	2020	2019	2013
306-3	Total weight of waste generated	metric tons	91,318.12	79,634.19	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	82,202.92	71,083.26	70,451.83	74,267.78	64,002.65	59,821.09	64,048.73	n/a
306-3	Hazardous waste generated	metric tons	9,115.21	8,550.93	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	91,318.12	79,634.19	77,732.19	83,577.86	54,400.78	50,218.68	53,149.61	n/a
	Cardboard	metric tons	6,321.18	5,242.29	3,687.46	3,193.65	Information unavailable/incomplete			
	Batteries	metric tons	23.56	16.97	18.06	25.13	Information unavailable/incomplete			
	Electronics	metric tons	507.31	198.43	222.78	632.97	Information unavailable/incomplete			
	Glass and ceramics	metric tons	662.94	691.34	247.98	214.02	Information unavailable/incomplete			
	Metal	metric tons	32,050.94	28,109.34	28,870.27	28,911.82	Information unavailable/incomplete			
	Oil	metric tons	3,422.07	3,405.85	3,116.44	2,684.21	Information unavailable/incomplete			
	Paper	metric tons	1,570.70	1,351.69	1,505.99	1,573.78	Information unavailable/incomplete			
	Plastics	metric tons	1,432.37	1,093.60	1,199.65	1,128.28	Information unavailable/incomplete			
	Rubber	metric tons	53.50	48.52	37.13	52.13	Information unavailable/incomplete			
	Wood	metric tons	25,768.20	20,594.11	19,922.79	18,769.24	Information unavailable/incomplete			
	Other non-hazardous waste	metric tons	14,343.08	13,952.36	14,980.56	20,424.86	Information unavailable/incomplete			
	Other hazardous waste	metric tons	5,162.27	4,929.69	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	2025	2024	2023	2022	2021	2020	2019
306-4	Total weight of non-hazardous waste diverted from disposal	metric tons	65,008.68	57,722.50	59,004.82	58,656.10	51,024.00	46,215.81	50,203.61
306-4	Preparation for reuse (offsite)	metric tons	6,393.74	5,344.55	6,319.57	4,844.59	n/a	n/a	n/a
306-4	Recycling (offsite)	metric tons	58,614.94	52,377.95	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	5,087.52	4,705.37	4,043.10	4,140.39	3,376.78	4,002.87	2,946.00
306-4	Preparation for reuse (offsite)	metric tons	133.91	413.79	306.63	184.93	n/a	n/a	n/a
306-4	Recycling (offsite)	metric tons	4,953.62	4,291.58	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	2025	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	17,194.24	16,293.50	11,447.01	15,611.68	12,978.65	13,605.28	13,845.12
306-5	Incineration (with energy recovery, offsite)	metric tons	13,753.32	12,929.65	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	3,440.91	3,363.85	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	4,027.68	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	2,017.82	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	2,009.87	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

A total of 843 suppliers, that represents 100 percent, 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. No negative incidents observed during FY25.

Product Material Compliance (PMC) team applied at global level, a risk-based approach, supported by cross-functional collaboration, particularly with Research & Development and Health, Safety and Environment (HSE), and enhanced engagement with suppliers across the value chain, to identify the impacts of the presence of PFAS in our products and supply chain. To support consistent implementation of global approach on PFAS, targeted training sessions and regular global awareness calls were conducted to promote adequate alignment, share regulatory developments regarding PFAS worldwide, and enhance internal understanding of PFAS related risks and expectations. Together, these activities aimed to improve visibility on the potential presence of PFAS in products and supply chain dependencies, including disruption risk when alternatives are not readily available, and to support informed decision-making on opportunities for reduction, substitution, or elimination, where technically and commercially feasible.

GRI 401-1 New employee hires and employee turnover

FY25

Employee hires by gender and category (headcount)	Female	%	Male	%	Not disclosed	%	Total	%
Number of employees	2,815	20%	8,012	18%	5	38%	10,832	19%
o/w permanent	2,402	18%	7,199	17%	5	42%	9,606	17%
o/w temporary	413	72%	813	63%	0	0%	1,226	66%

Employee hires by age group and category (headcount)	< 30 years	%	30-50 years	%	> 50 years	%	Total	%
Number of employees	5,057	41%	4,949	15%	826	7%	10,832	19%
o/w permanent	4,088	37%	4,763	14%	755	7%	9,606	17%
o/w temporary	969	77%	186	66%	71	22%	1,226	66%

Employee hires by region and category (headcount)	Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees	4,245	16%	1,248	21%	2,653	23%	351	18%	1,676	20%	659	21%	10,832	19%
o/w permanent	3,520	14%	1,128	19%	2,493	22%	298	16%	1,614	20%	553	18%	9,606	17%
o/w temporary	725	59%	120	79%	160	78%	53	84%	62	71%	106	79%	1,226	66%

6.2 GRI indicators (continued)

GRI 401-1 New employee hires and employee turnover (continued)

FY25 (continued)

Employee terminations by gender and category (headcount)							Female	%	Male	%	Not disclosed	%	Total	%	
Number of employees							691	5%	2,300	5%			2,991	5%	
o/w permanent							613	5%	2,149	5%			2,762	5%	
o/w temporary							78	14%	151	12%			229	12%	
Employee terminations by age group and category (headcount)							< 30 years	%	30-50 years	%	> 50 years	%	Total	%	
Number of employees							1,193	10%	1,509	4%	289	3%	2,991	5%	
o/w permanent							1,004	9%	1,479	4%	279	3%	2,762	5%	
o/w temporary							189	15%	30	11%	10	3%	229	12%	
Employee terminations by region and category (headcount)															
		Europe	%	North Asia	%	South Asia	%	Middle East, Africa	%	North America	%	South America	%	Total	%
Number of employees		917	3%	300	5%	887	8%	107	5%	617	8%	163	5%	2,991	5%
o/w permanent		797	3%	226	4%	873	8%	104	5%	606	7%	156	5%	2,762	5%
o/w temporary		120	10%	74	49%	14	7%	3	5%	11	13%	7	5%	229	12%

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%

6.2 GRI indicators (continued)

GRI 401-1 New employee hires and employee turnover (continued)

FY24 (continued)

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%

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%

Notes:

1 Only voluntary terminations are disclosed.

2 With regard to the figures related to hires, please note that these represent employees who were hired during the fiscal year and were still active employees as of April 1. Therefore, employees who were both hired and terminated during FY2025 are not included in this figure; such employees are reflected only within the turnover rate.

6.2 GRI indicators (continued)

GRI 402-1 Minimum notice periods regarding operational changes

During or prior to reorganizations/restructurings within Hitachi Energy, there are provisions for minimum notice periods in individual countries' labor laws or in collective agreements signed at the country, industry or company level. This may also be included in policies within a specific company where corresponding rules have been introduced.

Collective Bargaining Agreements (CBAs) cover a significant portion of Hitachi Energy's employees and contain provisions for minimum notice periods for significant business changes, such as restructuring, staff reductions or plant closures. These provisions of minimum notice periods are defined in accordance with applicable local laws and the respective collective agreements and therefore vary between countries and jurisdictions. Typically, these notice periods range from two weeks to six months, depending on the nature of the change, legal requirements and employee representation mechanisms. In addition to statutory or contractual notice periods, some jurisdictions require formal information and consultation processes with employee representatives or works councils before restructuring decisions are implemented. These processes may extend the effective timeline for implementation. Hitachi Energy is committed to comply with all relevant legal and contractual requirements and to engage in open dialogue with employee representatives in a timely manner to mitigate the impact of business changes.

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	1,629	815
Environmental Essentials	0.5	4,364	2,182
Ergonomics Awareness – Ergonomic Hazards	0.5	310	155
Ergonomics in the office	0.5	1,805	903
Fair Process	0.5	7,851	3,926
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	16,781	8,391
Health Resilience & Resilience 2.0	2	441	882
HSE for Project Managers (Emergency Preparedness and Response, Incident Management, Risk Assessment)	0.5/module	1,068	534
HSE Leadership Development Program (LDP)	16	2,233	35,728
HSE Masterclass	8	405	3,240
HSE Operating System	0.5	3,035	1,518
Internal HSE Auditor Training program	8	39	312
Life Saving Rules	1	8,778	8,778
Medium Incident Investigation	8	93	744
Minor Incident Investigation	0.5	2,146	1,073
Person in Charge of Electrical Works (PICW)	8	1,321	10,568
PICW Light	1	2,184	2,184
Risk Assessment & ABRA – Expert	4	20	80
Risk Assessment & ABRA training for Local Managers	2	45	90
SOT 2.0 – Learning Walks	0.5	7,600	3,800
Understanding hazard and risk	0.5	801	401

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 the Health and safety section of this report and in accordance with the relevant certifications listed in the ISO Certifications table. This HSE Management System applies to all employees and contractors.
- A total of 100 percent of employees and other workers whose work and/or workplace is controlled by the organization are covered by this management system, and no workers are excluded from this disclosure. Each auditor conducts between 20 and 25 audits annually. All fixed manufacturing assets (factories) are audited every year.
- Once audits of fixed assets are scheduled, project and service audits are planned based on priorities submitted by the relevant business units. In addition, Real Estate, TT&L, and other corporate locations are also subject to audit. Business units maintain operational certifications such as ISO 45001, ISO 14001, ISO 50001, and MASE, as applicable.

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
FY25	61	58	24	0	0	0	4	147	4	0.007	147	0.24	113,335,858
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	431	290	153	4	2	0.001	21	899	23	0.008	899	0.305	609,465,377

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
FY25	34	16	9	0	0	0	2	61	2	0.013	61	0.41	29,753,325
FY24	30	15	8	0	0	0	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	198	94	41	0	1	0.001	8	342	9	0.011	342	0.409	167,327,579

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)
- Hazards are defined based on ISO standards as unsafe situation and/or unsafe condition arising from the course of work that, if not corrected, has the potential to cause harm and injuries, illness, and/or damage to material, property or the environment. Hazards never involve any type of injury, impact or damage

→ 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		
FY25	0	2	0	0	0	2
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	FY25			FY24		
	Contractor	Employee	Total	Contractor	Employee	Total
Work-related temporary illness	0	2	2	0	6	6
Occupational disease	0	0	0	0	0	0
Total	0	2	2	0	6	6

The main types of recorded work-related ill health incidents relate to ergonomics.

Occupational diseases are defined per the International Labour 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.

GRI 404-1 Average hours of training per year per employee

Training refers to any type of learning opportunity provided to employees, including online self-paced resources and instructor-led sessions (virtual or face-to-face), covering a wide range of topics such as technical, functional, HSE, and leadership development.

	By gender			By category		
	Female	Male	Not disclosed	Permanent	Temporary	Total
Average hours of training	13.54	12.57	36.22	12.95	8.53	12.8

6.2 GRI indicators (continued)

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

	FY25 eligible %	FY24 eligible %
Global Performance Management (GPM) reviews		
Female	27.79%	26.79%
Male	72.14%	72.62%
Not declared	0.02%	0.01%
(blank)	0.05%	0.57%
Grand total	100%	100%

	FY25 eligible %	FY24 eligible %
Global Performance Management (GPM) reviews		
Regular employee	98.71%	98.57%
Secondee/expatriate	0.80%	0.79%
Trainee (Trainee)	0.41%	0.62%
	0.07%	0.02%
Grand total	100%	100%

Note: All percentages in the tables above are mathematically rounded.

For FY25, we recorded 97.5 percent of performance reviews completed for the Global Performance Management (GPM) eligible group. Eligibility is defined as:

- Eligible: regular employees and/or secondee who joined on or before Dec. 31, 2024
- Non-eligible: all other workforce types and/or secondee employees joined after Dec. 31, 2024

For FY24, we recorded 96.7 percent of performance reviews completed for the Global Performance Management (GPM) eligible group. Eligibility is defined as:

- Eligible: regular employees and/or secondee who joined on or before Dec. 31, 2023
- Non-eligible: all other workforce types and/or secondee employees joined after Dec. 31, 2023

GRI 405-1 Diversity of governance bodies and employees

	FY25		FY24		FY23	
	#	%	#	%	#	%
Total Board Members*	5		7		8	
Executive members	0	0%	0	0%	0	0%
Non-executive members	5	100%	7	100%	8	100%
o/w independent	0	0	0	0	0	0
Total Executive Team Members	17		15		15	
Gender group						
Women	2	12%	1	7%	0	0%
Male	15	88%	14	93%	15	100%
Age group						
Under 30 years old			0	0%	0	0%
30-50 years old	2	12%	1	7%	1	7%
Above 50 years old	15	88%	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)

	2025	%	2024	%	2023	%
Board of Directors – nationalities	5	100%	7	100%	8	100%
British			1	14%	2	25%
India	1	20%				
Irish	1	20%	1	14%	1	13%
Japanese	1	20%	2	29%	2	25%
Spain	1	20%	1	14%	1	13%
Switzerland					1	13%
Italian	1	20%	1	14%		
USA			1	14%	1	13%
Executive Team – nationalities	17	100%	15	100%	15	100%
China	1	6%	1	7%	1	7%
Germany	4	24%	4	27%	3	20%
India	1	6%	1	7%	1	7%
Italy	2	12%	2	13%	3	20%
Finland	1	6%	1	7%	1	7%
Pakistan			1	7%	1	7%
South Africa	1	6%	1	7%	1	7%
Sweden	1	6%	1	7%	2	13%
Switzerland	2	12%	2	13%	1	7%
USA	1	6%	1	7%	1	7%
France	1	6%				
Portugal	1	6%				

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 99 percent of the total base pay (TBP) male employees receive, indicating a high level of pay equity across our global workforce. 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 most consistent 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. We try to provide a consistent and unbiased comparison across employees globally 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 FY25, there were seven cases in different regions (opened and/or closed), where there was confirmed discriminatory treatment and/or exclusion based on their nationality or gender. Some remarks – either directly or indirectly – were perceived as discriminatory in their nature. In some of these cases, the issues were part of organizational/managerial problems and were addressed accordingly through mitigative actions. All relevant cases are included in the table.

The cases were addressed by providing feedback to the individuals (coaching), or through Disciplinary Committees deciding on disciplinary actions up to and including termination. The actions were implemented by the HR function.

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.

	FY25	FY23	FY22
Incidents of discrimination	7	1	0

GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

Respect for freedom of association and the effective recognition of the right to collective bargaining is embedded in Hitachi Energy’s commitment to responsible business conduct and human rights.

Across our global operations, employment relationships are governed by applicable national labor laws and, where relevant, collective bargaining agreements (CBAs), which act as legally binding supplements to individual employment contracts and regulate conditions of employment and employer-employee relations.

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.

6.2 GRI indicators (continued)

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.

There were no suppliers found at high risk on social dialogue based on EV IQ+ risk screening for the suppliers with available DUNS number. A D-U-N-S (Data Universal Numbering System) Number is a unique nine-digit identifier assigned and managed by Dun & Bradstreet (D&B). It is used globally to verify corporate identities, assess business creditworthiness, and establish business credibility for international partnerships, government contracts, and vendor approval.

GRI 408-1 Operations and suppliers at significant risk for incidents of child labor and GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

Hitachi Energy outlines its engagement as set out in the Statement of Commitment to Human Rights and Modern Slavery Statement, in alignment with international standards (e.g. UNGPs, ILO).

Following risk screening and internal control reviews, residual risk in Hitachi Energy's own operations and direct hires is assessed as low, with continuous monitoring, periodic audits, and escalation pathways in place to test effectiveness and address any issues promptly in line with legal obligations.

Hitachi Energy uses EcoVadis IQ+ to identify high-risk "hotspots" before implementing deeper, evidence-based assessments. EcoVadis uses the United Nations' ISIC (International Standard Industrial Classification) system to classify companies' economic activities. The EcoVadis IQ+ methodology, to identify the supplier risk level, applies industry-specific materiality assessments based on ISIC classifications, assigning sustainability criteria a relevance level of High, Medium, or Non-activated according to their significance for the respective industry. Where no EcoVadis IQ+ risk assessment is available, the supplier could not yet be screened within the IQ+ platform because a valid DUNS number could not be obtained or matched. Hence the reported results are based on the subset of suppliers for which the specific risk screening is currently available. There is a process ongoing to identify the remaining DUNS numbers.

During the reporting period, EcoVadis IQ+ risk screening methodology identified 173 suppliers operating in high-risk contexts for child labor and forced labor, based on geographic and sectoral indicators.

To further refine prioritization, we applied enhanced due diligence, integrating internal qualification risk scoring and EcoVadis IQ+ overall risk ratings (or EcoVadis country risk when EcoVadis IQ+ overall risk rating is not available), resulting in a focused subset of narrowing the focus to 12 suppliers requiring heightened attention. Of these, 16 percent completed EcoVadis assessments, enabling structured evaluation of labor practices and consequent de-risking. Among the remainder, 50 percent have completed or are progressing through the qualification process, while 50 percent represent low residual risk due to limited spending and infrequent engagement. Despite lower commercial exposure, these suppliers remain within Hitachi Energy's due diligence scope.

GRI 411-1 Incidents of violations involving the rights of Indigenous people

During FY25, 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 843 suppliers, that represents 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

During FY25, eight suppliers were desourced as a result of critical findings and failure to comply with the Supplier Code of Conduct (SCoC) during the corrective action phase. These suppliers were assessed in previous years.

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.

6.2 GRI indicators (continued)

GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

Oversight of incidents of non-compliance concerning the health and safety impacts of products and services is exercised at local and regional legal-entity level, consistent with the organizational model. This is supported by global frameworks and HSE and product management processes to enable consistency, transparency, and appropriate escalation where required. Product and service safety considerations are supported by structured feedback mechanisms for continuous review and improvement. Based on information available through internal reporting and governance processes, no material incidents of non-compliance were recorded during FY2025.

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 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 2026 but closed in April 2026, this will fall into FY25 (April 2025 to March 2026).

Similarly, the training figures in section 5.7.7 are based on the date of registration. For example, if someone registered for a course in March 2025 and completed the course in April 2026, this will be included in FY25 (April 2025 to March 2026) and shown as complete.

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	3	None of these incidents related to previous years

6.2 GRI indicators (continued)

Application of due diligence to salient issues: eliminating child labor and forced labor

	Own operations	Workers in the value chain	Projects (downstream activities – internal scope)
Approach	Ethical employment and strong labor governance systems to prevent and address child and forced labor risks within operations.	Risk-based supplier due diligence integrated into procurement and supplier management to address child and forced labor risks in high risk geographies and sectors	Risk-based project due diligence integrating ESG and human rights across the lifecycle to manage risks linked to contractors, partners, and operating contexts.
Risk identification and assessment	HR systems, internal controls, and audits screening for underage employment, forced labor risks, working conditions, and labor rights.	Supplier screening (e.g. EcoVadis), country/sector risk mapping, and supply chain analysis to identify high-risk suppliers and labor practices.	Structured screening of projects, counterparties, and contractors using risk maps and project assessments to identify human rights risks (incl. forced labor).
Prevention and mitigation	Controls include: prevention of child labor or hazardous work for minors; transparent contracts; compliance with labor standards; protection of Freedom of Association (FOA).	Supplier Code and Sustainability Manual set requirements on child and forced labor, fair conditions, and recruitment practices. Measures include qualification, contracts, audits, and supplier engagement.	Risk-based due diligence and escalation ensure oversight. Mitigation measures embedded in project design (e.g. contractor oversight, labor standards, stakeholder engagement – including affected communities where relevant). Security aligned with ICoCA.
Monitoring and control	HR audits, human rights assessments, and worker dialogue ensure ongoing monitoring and continuous improvement.	Risk-based audits (including worker interviews), supplier assessments, KPIs, and corrective action tracking. Responsible Minerals program adds controls for high-risk materials.	Lifecycle monitoring of risks and mitigation actions, with oversight by business units and functions; alignment with enterprise risk management.
Remediation and grievance mechanisms	Where adverse impacts are identified, we apply structured remediation measures, including removal from harmful conditions, individual support measures, and escalation to specialized functions.	Where adverse impacts are identified, corrective actions required and tracked; accessible grievance mechanisms for workers with safeguards against retaliation.	Escalation through governance channels; mitigation effectiveness tracked; corrective actions integrated into project execution.
Training and continuous improvement	Targeted training and awareness programs support managers and HR professionals, while processes are continuously updated in line with regulatory developments and double materiality results.	We drive ongoing improvement through supplier engagement, training of procurement teams and partners, and alignment with evolving regulations to strengthen supply chain transparency, accountability, and long-term resilience.	Training for project teams; ongoing refinement of tools and due diligence processes.
FY results	Hitachi Energy outlines its engagement as set out in the Statement of Commitment to Human Rights and Modern Slavery Statement, in alignment with international standards (e.g. UNGPs, ILO). Following risk screening and internal control reviews, residual risk in our own operations and direct hires is assessed as low, with continuous monitoring, periodic audits, and escalation pathways in place to test effectiveness and address any issues promptly in line with legal obligations.	Supplier screening scope: FY25 supplier population screened for child labor and forced labor risks: 37,757 suppliers. Screening coverage: 37,757 suppliers, 21,410 or 56.7 percent suppliers had EcoVadis IQ+ risk details High-risk screening outcome: 173 suppliers identified as operating in significant child labor and/or forced labor risk contexts. Enhanced due diligence/focused prioritization: 12 suppliers identified as requiring heightened attention and targeted engagement under the current SSAP process Higher-focus supplier follow-up status: 2 suppliers completed EcoVadis assessment; 5 suppliers are in qualification or qualification in progress; 5 were lower-spend suppliers requiring direct engagement. Corrective action tracking: to be confirmed where CAPs have been formally initiated. In FY2025, five of the eight desourced suppliers were linked to various issues, including but not limited to labor rights and occupational health and safety (OHS) concerns, which we view as critical indicators for preventing forced labor and other labor rights violations, particularly through ensuring decent working conditions.	Project due diligence tools are being piloted in selected higher-risk geographies, with particular focus on risks that may affect vulnerable groups; where potential concerns are flagged, they are reviewed, escalated as appropriate, and managed through mitigation measures embedded in project planning and delivery. (see case studies) Project due diligence tools were piloted in 6 risk geographies with heightened focus on vulnerable groups; one red flag was identified and escalated, with mitigation measures embedded into project planning and tracked to closure.

This table summarizes application across internal scopes and FY25 metrics, illustrative case studies are provided below. These processes enable consistent and risk-based management of child labor and forced labor across our operations, value chain, and projects – strengthening accountability, transparency, and responsible business conduct while supporting a just and inclusive transition.

6.3 GRI content index

Statement of use	Hitachi Energy has reported in accordance with the GRI Standards for the period April 1, 2025 to March 31, 2026				
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 7; 6. Appendix – 6.1 Our approach to reporting – 6.1.1 Reporting period and frequency – page 118			
	2-2 Entities included in the organization’s sustainability reporting	6. Appendix – 6.1 Our approach to reporting – 6.1.3 Reporting perimeter – page 118			
	2-3 Reporting period, frequency and contact point	6. Appendix – 6.1 Our approach to reporting – 6.1.1 Reporting period and frequency, 6.1.2 Scope and boundaries – page 118			
	2-4 Restatements of information	6. Appendix – 6.1 Our approach to reporting – 6.1.3 Reporting perimeter – page 118			
	2-5 External assurance	6. Appendix – 6.5 Independent assurance statement – page 171			
	2-6 Activities, value chain and other business relationships	2. About us – 2.1 About Hitachi Energy – page 7; 2.2 Paving the way to a fully electrified world – page 8; 2.3 Our expertise in action – page 14			
	2-7 Employees	4. Social – 4.2 Inclusion at Hitachi Energy – page 66; 6. Appendix – 6.2 GRI indicators – GRI 2-7 Employees and GRI 405-1 Diversity of Governance Bodies and Employees – page 119			
	2-8 Workers who are not employees	6. Appendix – 6.2 GRI indicators – GRI 2-8 Workers who are not employees – page 122			

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 Sustainability governance at Hitachi Energy – page 84	c. describe the composition of the highest governance body and its committees by: i) tenure of members on the governance body ii) under-represented social groups.	Information unavailable/incomplete	c. i) The company does not currently publicly report the tenure of members of its highest governance body. c. ii) Currently, the organization has not established a standardized methodology for reporting on underrepresented social groups across its operations.
	2-10 Nomination and selection of the highest governance body	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84			
	2-11 Chair of the highest governance body	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84			
	2-12 Role of the highest governance body in overseeing the management of impacts	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84; 5.2 Management of sustainability-related impacts, risks and opportunities – page 86			
	2-13 Delegation of responsibility for managing impacts	5. Governance – 5.2 Management of sustainability-related impacts, risks and opportunities – page 86			
	2-14 Role of the highest governance body in sustainability reporting	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4. Risks and opportunities of material topics – page 28; 5 Governance – 5.2 Management of sustainability-related impacts, risks and opportunities – page 86			
	2-15 Conflicts of interest	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84; 5.4 Ethics and integrity – 5.4.2 Our business principles – Conflict of interest – page 93			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021 continued	2-16 Communication of critical concerns	5. Governance – 5.3 Stakeholder engagement – 5.3.4 Grievance system – page 90; 6. Appendix – 6.2 GRI indicators – GRI 2-16 Communication of critical concerns – page 122			
	2-17 Collective knowledge of the highest governance body	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84; 5.2 Management of sustainability-related impacts, risks and opportunities – page 86; 6. Appendix – 6.2 GRI indicators – GRI 2.17 Collective knowledge of the highest governance body – page 122			
	2-18 Evaluation of the performance of the highest governance body	5. Governance – 5.1 Sustainability governance at Hitachi Energy – page 84			
	2-19 Remuneration policies	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – Remuneration of the highest governance body and senior executives – page 61			
	2-20 Process to determine remuneration	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – Remuneration governance – page 61			
	2-21 Annual total compensation ratio	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – Remuneration governance, Remuneration of the highest governance body and senior executives – page 61; 6 Appendix – 6.2 GRI indicators – GRI 2-21 Annual total compensation ratio of highest paid individual – page 123			
	2-22 Statement on sustainable development strategy	1. Introduction – 1.1 CEO Letter – page 3; Global Head of Sustainability vision – page 4; 4. Social – 4.1 Our people – page 60			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021 continued	2-23 Policy commitments	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – page 92; 6 Appendix – 6.2 GRI indicators – GRI 2-23 Policy commitments – page 123			
	2-24 Embedding policy commitments	5. Governance – 5.6 Business approach to compliance – page 99			
	2-25 Processes to remediate negative impacts	5. Governance – 5.3 Stakeholder engagement – 5.3.4 Grievance system – page 90			
	2-26 Mechanisms for seeking advice and raising concerns	5. Governance – 5.3 Stakeholder engagement – 5.3.4 Grievance system – page 90			
	2-27 Compliance with laws and regulations	6. Appendix – 6.2 GRI indicators – GRI 2-27 Compliance with laws and regulations – page 125			
	2-28 Membership associations	5. Governance – 5.3 Stakeholder engagement – 5.3.1 Approach to stakeholder engagement – page 88; 5.3.2 Key stakeholder groups and engagement formats – International organizations page 88			
	2-29 Approach to stakeholder engagement	5. Governance – 5.3 Stakeholder engagement – 5.3.1 Approach to stakeholder engagement – page 88			
	2-30 Collective bargaining agreements			Information unavailable/incomplete	Information is currently unavailable, the gap has been identified and is being addressed, with data expected to be available for FY26 reporting.

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 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 118			
	3-2 List of material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 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 118			
Climate Change					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4 Risk and opportunities of material topics – page 28; 3. Environment – 3.1. Climate – 3.1.1 Our commitment towards net-zero by 2050, 3.1.2 Advancing our climate transition plan and adaptation plan, 3.1.3. Climate risk assessment – page 34			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	3. Environment – 3.1.2 Advancing our climate transition and adaptation plan; 3.1.3 Climate risk assessment – page 35			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.2 Paving the way to a fully electrified world – 2.2.2. Our ambitious pathway of record-breaking technologies – pages 9 – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4 Risk and opportunities of material topics – page 28; 3 Environment – 3.3 Circular economy-enabling the value cycle – 3.3.1 Eco-design as an enabler for circular economy – page 50			
GRI 2: General Disclosures 2021	2-6 Activities, value chain and other business relationships	2. About us – 2.1. About Hitachi Energy – page 7; 2.2 Paving the way to a fully electrified world – page 8; 2.3 Our expertise in action – page 14			
Additional standalone disclosures	Product innovation (Eco-design, R&D and IP, all the way to applying our expertise in action)	2. About us – 2.1. About Hitachi Energy – page 7; 2.2 Paving the way to a fully electrified world – page 8; 2.3 Our expertise in action – page 14			
Additional Standalone Disclosures	Circular economy – enabling the value cycle	3 Environment – 3.3 Circular economy-enabling the value cycle – 3.3.1 Eco-design as an enabler for circular economy – page 50			
Carbon Neutrality					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4 Risk and opportunities of material topics – page 28; 3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 34; 3.1.5 Carbon neutral operations – page 39; 3.1.8 Helping customers towards carbon neutrality – page 42			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 302: Energy 2016	302-1 Energy consumption within the organization	3. Environment – 3.1 Climate – 3.1.5 Carbon-neutral operations – page 39; 6 Appendix – 6.2 GRI indicators – GRI 302-1 Energy consumption – page 128			
	302-2 Energy consumption outside of the organization			Information unavailable/incomplete	Energy consumption from the use of our sold products is known and forms a key part of our Scope 3 calculations. We intend to report this figure in future following a review, aggregation and alignment with the GRI requirements. Energy consumption from all other parts of the value chain is insignificant in comparison and currently unavailable. We have no plan to obtain this information in future since we are already able to calculate reliable emissions results for our relevant Scope 3 categories using other data (e.g spend, weight, distance), and do not need energy data to estimate emissions for our non-relevant Scope 3 categories.
	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 39			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 302: Energy 2016 continued	302-5 Reductions in energy requirements of products and services			Information unavailable/incomplete	We track the energy efficiency of our products rather than the energy requirements, due to the nature of their operation and how varied it can be. Efficiency improvement data has not previously been collected or aggregated at company level due to improvements being mostly driven by regulation, or because of difficulties setting a baseline due to the highly customizable and varied nature of our products. Alongside building our Net Zero pathways, we intend to improve our tracking of efficiency improvements and report on this metric in future where possible.
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 – page 34; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-1 Direct (Scope 1) GHG Emissions – page 131			
	305-2 Energy indirect (Scope 2) GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 34; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-2 Energy indirect (Scope 2) GHG Emissions – page 131			
	305-3 Other indirect (Scope 3) GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 34; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – GRI 305-3 Other indirect (Scope 3) GHG emissions – page 132			
	305-4 GHG emissions intensity	3. Environment – 3.1. Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 34; 3.1.2 Advancing our climate transition plan and adaptation plan – page 35; 6. Appendix – 6.2. GRI indicators – GRI 305 Emissions – 305-4 GHG emissions intensity – pages 132			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 305: Emissions 2016 continued	305-5 Reduction of GHG emissions	3. Environment – 3.1 Climate – 3.1.1 Our commitment toward net-zero by 2050 – page 34; 6 Appendix – 6.2 GRI indicators – GRI 305 Emissions – 305-5 Reduction of GHG emissions – pages 133	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 133			
Health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4 Risk and opportunities of material topics – page 28; 4. Social – 4.3 Health and safety – pages 68			
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 69, 4.3.5 Health and wellbeing – pages 72			
	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 69; 4.3.4 Proactive risk and incident management – page 70			
	403-3 Occupational health services	4. Social – 4.3 Health and safety – 4.3.4 Proactive risk and incident management – page 70; 4.3.5 Health and Wellbeing – page 72			

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	403-4 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 70			
	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 70; 4.3.5 Health and wellbeing – page 72; 6. Appendix – 6.2 GRI indicators – GRI 403-5 Worker training on occupational health and safety – page 141			
	403-6 Promotion of worker health	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 72			
	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 72			
	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 72; 6 Appendix – 6.2 GRI indicators – GRI 403-8 Workers covered by an occupational health and safety management system – page 142			
	403-9 Work-related injuries	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 72; 6 Appendix – 6.2 GRI indicators – GRI 403-9 Work-related injuries – page 142			
	403-10 Work-related ill health	4. Social – 4.3 Health and safety – 4.3.5 Health and wellbeing – page 72; 6 Appendix – 6.2 GRI indicators – GRI 403-10 Work-related ill health – page 144			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Human rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	2. About us – 2.4 Sustainability in our business strategy – 2.4.3 Identification of material topics – page 27; 2.4.4 Risk and opportunities of material topics – page 28; 4 Social – 4.4 Supporting human rights – page 75			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5. Governance – 5.3 Stakeholder engagement – 5.3.2 Key stakeholder groups and engagement formats – Collective bargaining agreements – page 89; 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 146			
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 – 4.4.3 Due diligence overview – Due diligence on child and forced labor – page 75; 5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 110; 6. Appendix – 6.2 GRI Indicators – 408-1 Operations and suppliers at significant risk for incidents of child labor and 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor; table: Application of due diligence to salient issues: eliminating child labor and forced labor – pages 147, 149	b. Operations and suppliers considered to have significant risk for incidents of child labor either in terms of: 1. type of operation; 2. countries or geographic areas with operation considered at risk.	b. Confidentiality constraints	The disclosure is partially addressed, primarily through the description of measures taken to prevent and mitigate the risk. Certain elements required by the disclosure, such as the breakdown by geography or supplier type, are not provided due to confidentiality constraints.

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
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 – 4.4.3 Due diligence overview – Due diligence on child and forced labor – page 75; 5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 110; 6. Appendix – 6.2 GRI Indicators – 408-1 Operations and suppliers at significant risk for incidents of child labor and 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor; table: Application of due diligence to salient issues: eliminating child labor and forced labor – pages 147, 149	a. Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor either of terms of: 1. type of operation; 2. countries or geographic areas with operations considered at risk.	a. Confidentiality constraints	The disclosure is partially addressed, primarily through the description of measures taken to prevent and mitigate the risk. Certain elements required by the disclosure, such as the breakdown by geography or supplier type, are not provided due to confidentiality constraints.
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	5. Governance – 5.6 Business approach to compliance – 5.6.5 Trade Compliance and Security – page 103	a. Percentage of security personnel who have received formal training in the organization's human rights policies or specific procedures and their application to security.	Information unavailable/incomplete	The disclosure is addressed through evidence of responsible security practices. It does not disclose the percentage of security personnel trained in human rights policies or procedures, and the underlying reporting process is currently being refined, and reliable data was not available for reporting during the current cycle.
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 147			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	4. Social – 4.5 Corporate citizenship – page 79	a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs.	Information unavailable/incomplete	While community engagement and development initiatives are described, data on the percentage of operations with implemented local community engagement, impact assessments, and development programs is not currently available. Reporting processes and data collection methodologies are being enhanced to support future disclosure.

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 413: Local Communities 2016 continued	413-2 Operations with significant actual and potential negative impacts on local communities			Information unavailable/incomplete	While the report discusses community impact management in general terms, the company is refining the underlying reporting process, and the required data could not be collected in time to support a reliable and accurate disclosure. Work is underway to establish a more robust process for capturing and reporting this information in future reporting periods.
Other GRI disclosures					
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	3. Environment – 3.4 Biodiversity – page 58; 6. Appendix – 6.2 GRI indicators – GRI 101-1 Policies to halt and reverse biodiversity loss – page 125			
	101-2 Management of biodiversity impacts	3. Environment – 3.4 Biodiversity – page 58 – 6.2 GRI indicators – GRI 101-2 Management of biodiversity impacts – page 125			
	101-4 Identification of biodiversity impacts	3. Environment – 3.4 Biodiversity – page 58			
	101-5 Locations with biodiversity impacts	3. Environment – 3.4 Biodiversity – page 58			
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	4. Social – 4.1 Our people – 4.1.2 Remuneration and compensation – Defined benefit and other retirement plans – page 62	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
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	6. Appendix – 6.2 GRI indicators – GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage – page 125			
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 126			

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our Business Principles – Anti-bribery and anti-corruption – page 95	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.
	205-2 Communication and training about anti-corruption policies and procedures	5. Governance – 5.4 Ethics and integrity – 5.4.2 Our business principles – Anti-bribery and anti-corruption – page 95; 5.4.3 Training and communication – page 95	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 – 5.4.3 Our business principles – Anti-bribery and anti-corruption – page 95; 6. Appendix – 6.2. GRI indicators – GRI 205-3 Confirmed incidents of corruption and actions taken – page 126			
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 – 5.4.3 Our business principles – Anti-competitive behavior, antitrust, and monopoly practices – page 94; 6 Appendix – 6.2 GRI indicators – GRI 206-1 Legal action for anti-competitive behavior, anti-trust, and monopoly practices – page 126			

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 – 5.6.6 – Tax Compliance – page 104			
	207-2 Tax governance, control, and risk management	5. Governance – 5.6 Business approach to compliance – 5.6.6 – Tax Compliance – page 104			
	207-3 Stakeholder engagement and management of concerns related to tax	5. Governance – 5.6 Business approach to compliance – 5.6.6 – Tax Compliance – page 104			
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 126			
	301-2 Recycled input materials used	6. Appendix – 6.2 GRI Indicators – GRI 301-2 Recycled input materials used – page 127			
	301-3 Reclaimed products and their packaging materials	6. Appendix – 6.2 GRI Indicators – GRI 301-3 Reclaimed products and their packaging materials – page 127			
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 – 3.3.3 Water as a shared resource – page 52			
	303-2 Management of water discharge-related impacts	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Water as a shared resource – page 52			
	303-3 Water withdrawal	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Water as a shared resource – page 52; 6 Appendix 6.2 GRI indicators – GRI 303 Water and effluents – page 129			

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	303-4 Water discharge	3. Environment – 3.3 Circular economy – enabling the value cycle – 3.3.3 Water as a shared resource – page 52; 6 Appendix – 6.2 GRI indicators – GRI 303 Water and effluents – pages 129	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 129			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.2 Waste – page 52			
	306-2 Management of significant waste-related impacts	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.2 Waste – page 52; 6 Appendix – 6.2 GRI indicators – GRI 306-2 Management of significant waste-related impacts – page 136			
	306-3 Waste generated	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.2 Waste – page 52; 6 Appendix – 6.2 GRI indicators – GRI 306-3 Waste generated – page 136			
	306-4 Waste diverted from disposal	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.2 Waste – page 52; 6 Appendix – 6.2 GRI indicators – GRI 306-4 Waste diverted from disposal – page 137			
	306-5 Waste directed to disposal	3.Environment – 3.3 Circular economy – enabling the value cycle – 3.3.2 Waste – page 52; 6 Appendix – 6.2 GRI indicators – GRI 306-5 Waste directed to disposal – page 137			

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	5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 110; 6. Appendix – 6.2. GRI indicators – GRI 308-1 New suppliers that were screened using environmental criteria – page 138			
	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 – page 110; 6 Appendix – 6.2 GRI indicators – GRI 308-2 Negative environmental impacts in the supply chain and actions taken – page 138			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	4. Social – 4.2 Inclusion at Hitachi Energy – page 66; 6 Appendix – 6.2 GRI indicators – GRI 401-1 New employee hires and employee turnover – page 138			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4. Social – 4.1 – Our people – 4.1.2 Remuneration and compensation – Employee benefits – 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.
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	6 Appendix – 6.2 GRI indicators – GRI 402-1 Minimum notice periods regarding operational changes – page 141			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6 Appendix – 6.2 GRI indicators – GRI 404-1 Average hours of training per year per employee – page 144			
	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	b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.		While general learning and development opportunities are available to employees, they do not constitute dedicated transition assistance programs. Any country-specific initiatives are managed locally and are not reported at the global level.

6.3 GRI content index (continued)

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 404: Training and Education 2016 continued	404-3 Percentage of employees receiving regular performance and career development reviews	4. Social – 4.1 Our People – 4.1.2. Remuneration and compensation – Global performance management process (GPM) – page 63; 6. Appendix – 6.2 GRI indicators – GRI 404-3 Percentage of employees receiving regular performance and career development reviews – page 145			
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 119; GRI 405-1 Diversity of governance bodies and employees – page 145	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 146			
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 90; 6 Appendix – 6.2 GRI indicators – GRI 406-1 Incidents of discrimination and corrective actions taken – page 146			

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	5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability and risk – page 110; 6. Appendix – 6.2 GRI indicators – GRI 414-1 New suppliers that were screened using social criteria – page 147			
	414-2 Negative social impacts in the supply chain and actions taken	5. Governance – 5.8 Supply chain management – 5.8.2 Supply quality, sustainability, and risk – page 110; 6. Appendix – 6.2 GRI indicators – 414-2 Negative social impacts in the supply chain and actions taken – page 147			
GRI 415: Public Policy 2016	415-1 Political contributions	5. Governance – 5.3 Stakeholder engagement – 5.3.3 Stakeholder engagement: Public policy – page 90			
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 50; 5. Governance – 5.5 Quality and continuous improvement – 5.5.1 Delivering quality; 5.5.2 Quality management system; 5.5.4 Quality assurance – page 97; 5.5.8 Continuous measurement of customer satisfaction – page 98; 5.6 Business approach to compliance – 5.6.1 Product compliance and quality – page 102	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.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5. Governance – 5.7. Cybersecurity – 5.7.7 Cybersecurity Outreach and Awareness – Data privacy and protection – page 108; 6. Appendix – 6.2 GRI indicators – GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data – page 148			

6.4 Sustainability Performance Management

1000 Mt of avoided emissions by FY30

Avoided emissions continued to scale in FY2025, reaching 329.4 Mt CO₂e and 781.4 Mt CO₂e cumulatively, demonstrating how our solutions actively enable customers and societies to accelerate electrification, integrate renewables, and reduce system-wide emissions.

	FY22	FY23	FY24	FY25	Total cumulative to date
Avoided emissions (Mt CO ₂ e)	78.63	186.54	212.81	329.41	781.37

Methodology details are provided in Section 6.2, GRI Indicators, under GRI 305 Emissions.

Accelerating the energy transition by enabling electrification, integrating renewables and unlocking grid capacity through technology

As Hitachi Energy's sustainability strategy evolved, the High-Impact Commitment "Continue to increase GW of renewable power enabled" was reframed as "Accelerating the energy transition by enabling electrification, integrating renewables and unlocking grid capacity through technology."

As the energy transition accelerates, Hitachi Energy recognizes the need to increase transparency and awareness that growing electricity demand can only be sustained by unlocking grid capacity through technology while continuing to enable electrification and integrate renewables. There is no energy transition without transmission. This evolution of the commitment reinforces our mission and vision and aligns with The Next 25 identity.

In FY2025, Hitachi Energy supplied 393.415 GVA of eligible rated apparent power capacity across the defined scope of the commitment. Based on the approved Grid Equipment Quantification Model, this represents a 4.04% contribution to the additional aggregate transformer-capacity requirement modelled for the 2035 scenario, supporting future electricity demand growth, electrification and renewable-energy integration. Internally, Hitachi Energy has also developed and validated a longer-term assessment framework aligned with the 2050 scenario to support ongoing performance measurement and strategic decision-making.

Powering people's daily lives through our technology

As Hitachi Energy's sustainability strategy evolved, the High-Impact Commitment "Contribute to closing the gap of those without access to electricity" was reframed as "Powering people's daily lives through our technology." This evolution reflects a broader view of Hitachi Energy's contribution to society and aligns the commitment with the company's The Next 25 vision of leading the evolution of the energy system for a fully electrified world.

The revised commitment recognizes that electricity is fundamental to modern life and that Hitachi Energy's impact extends far beyond new electricity connections alone. Through technologies deployed across generation, transmission, distribution and end-use applications, the company helps deliver reliable electricity that powers homes, businesses, transportation systems, industries and digital infrastructure every day. In FY2025, Hitachi Energy estimated that 3.177 billion people relied on electricity that has, at some point, passed through equipment built and delivered by

Hitachi Energy. Building on this baseline, the company's ambition is to support the flow of electricity relied upon by at least 3.5 billion people by 2030, reinforcing the role of its technologies in powering people's daily lives and supporting sustainable and resilient societies.

+10 million people with raised electricity and energy awareness

In FY2025, 5.4 million people were reached through electricity and energy awareness initiatives, supporting informed decision-making and contributing to a more inclusive and socially driven energy transition.

PLANET

	CY19 (base year)	CY20	FY22	FY23	FY24	FY25	Compared to base year
Net-zero by 2050							
Scope 1&2 (ktCO ₂ e)	365.2	368.9	96.7	92.7	91.9	101.5	
YoY		1%	-51%	-4%	0.9%	10%	-72%
Scope 3 (tCO ₂ e/MVA)	653.3	-	494.4	452.2	444.1	416.2	
YoY		-	-24%	-9%	-8%	-6%	-36%

In FY25, Scope 1 and 2 emissions remained 72 percent below the 2019 baseline despite a 10 percent year-on-year increase, primarily driven by higher SF₆ emissions due to several incidents in our High Voltage operations. Scope 3 emissions intensity decreased to 36 percent below the base year, although absolute emissions increased slightly compared with FY24 due to business growth and shifts in project and product deployment across energy systems with differing carbon intensities. These results demonstrate continued progress toward Hitachi Energy's Net-Zero 2050 ambition while highlighting the challenges of decarbonizing a rapidly expanding business while supporting the global demand and scale-up of energy infrastructure.

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

	FY20 (ref. value)	FY21 (ref. value)	FY22	FY23	FY24	FY25
Service lifecycle value creation index	1	1.105	1.208	1.390	1.621	1.745

In FY2025, the Service lifecycle value creation index reached 1.745, representing a 74.5 percent increase from the 2020 baseline and reflecting the growing impact of our Service and Digital portfolio in enabling more efficient and sustainable asset lifecycles.

6.4 Sustainability Performance Management (continued)

Increase business positive impact:

In FY2025, we achieved a top quartile position within our peer group based on our Business Positive Impact score, combining EU Taxonomy-eligibility revenues with strong external sustainability performance across CDP, EcoVadis and SBTi.

PEOPLE

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

	FY21	FY22	FY23	FY24	FY25
Total fatalities	0	0	1	1	0
Life-changing injuries	1	8	2	6	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). While the ultimate goal of zero fatalities and life-changing injuries has not yet been achieved, Hitachi Energy recorded zero fatalities in FY25 and sustained focused efforts to manage major safety risks, with six life-changing injuries reported during the year.

Closing the gender gap¹: 25 percent women in workforce and manager roles by 2025

	FY23	FY24	FY25
Female employees ¹	22.4%	23.0%	23.6%
Female managers ¹	20.8%	21.4%	22.0%

In FY2025, women represented 23.6 percent of the workforce and 22.0 percent of managerial roles, and although the numbers show regular improvement year on year, we failed to reach the 25% by FY25 target that we had set for our company. We are currently reviewing this target in the context of our business growth and reconsidering potential actions to supporting our ambition to close the gender gap and strengthen diverse perspectives in decision-making.

Energizing education

In FY2025, we expanded our education initiatives to 139 across 19 countries, reaching over 5,200 beneficiaries, including children supported through school access and learning programs, helping to create opportunities for the next generation.

PRINCIPLES

Maintain ethics and integrity commitments > 90 percent

	FY23	FY24	FY25	Weight %
Percentage of eligible new joiners trained on ethics and integrity within 90 days of joining	91.84%	88.53%	94.55%	25%
Percentage of eligible employees retrained via yearly refreshers	96.50%	94.91%	97.99%	25%
Completion of Integrity on Business Agenda (IOBA)	118.99%	119.78%	119.95%	25%
Confidence in reporting channels (non-anonymous reports ≥50%)	57%	63%	66%	25%
Ethics and integrity commitments	97.09%	95.86%	98.14%	

In FY2025, we achieved 98.1 percent on our ethics and integrity commitments, exceeding our target of 90 percent and reflecting improvements through enhanced leadership engagement, higher levels of training completion, and solid confidence in reporting channels.

Increase sustainability investments²:

Capital expenditure (CapEx) and research and operational expenditure (OpEx).

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

	FY22	FY23	FY24	FY25
Suppliers assessed	266	1,558	1,992	2,654
Spend covered (%)	23	42	58	66

In FY2025, 66 percent of our procurement spend was covered by suppliers assessed on ESG criteria, reflecting our continued efforts to embed sustainability, transparency and responsible sourcing across our value chain.

¹ 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 Calculation methodology being developed. The name has been updated to better represent the investment-focused scope of the metric, in line with EU Taxonomy principles, enhancing clarity and transparency of disclosures.

6.5 Independent assurance statement



Statement no. DNV-2026-ASR- C888608

To the Board of Directors of
Hitachi Energy Ltd.
Brown-Boveri-Strasse 5, 8050 Zurich,
Switzerland

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 2025 to 31st March 2026.

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.

Reporting criteria and scope of assurance

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 & Integrity
- Environment
- Health & Safety
- Supply Chain & Human Rights
- Workforce

The assessment is limited to data and information in scope within the defined reporting period. 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).

Any data outside this period is not considered within the scope of assurance. 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.

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.

6.5 Independent assurance statement (continued)

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, 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.

We did not review any financial disclosures and data as they are not within the scope of our assurance engagement.

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 process owners, data

owners and senior managers responsible for the management of disclosures and KPIs, to understand governance arrangements, systems, controls, methodologies and reporting processes used to generate, validate and report the information included in the Report;

- Review of the processes used to gather, consolidate and validate selected performance data at Group level, including examination of supporting system extractions, calculation files, internal procedures and control documentation;
- In-presence audit to one site (Łódź, Poland) and remote audits to five sites (Vadodara, India; Chongqing, China; Ludvika Lyviksvagen 4, Sweden; Stoney Creek, Canada; Chennai, India), to evaluate local data collection, validation and reporting practices through interviews with site representatives and review of supporting evidence;
- Sample-based testing of selected performance data reported in the Report. This included review of source documentation, system records, supporting calculations and reported figures to assess whether data had been appropriately recorded, aggregated and disclosed. Sample-based testing was performed on eleven selected sites (the audited sites and, additionally: Xiamen 6, China; Jefferson City, USA; Mysore, India; Bac Ninh, Vietnam; Krakow, Poland), selected considering their contribution to Group GHG emissions, workforce size and Business Unit representation;
- Review of environmental performance data, including:
 - examination of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions calculations, methodologies, activity data, aggregation processes and selected supporting evidence;
 - review of purchased energy data, electricity certificates and supplier-provided environmental information, where applicable;
 - examination of waste generation data, including source documentation, categorization and aggregation methodologies;
- Review of materials-related disclosures, including verification of methodologies, classification criteria, estimation assumptions, calculation models and reported figures, together with consistency checks between the described processes, site-based procurement evidence and central datasets;
- Review of health and safety data, including system extractions relating to work-related injuries and illnesses, selected investigation reports, corrective actions and aggregation processes;
- Review of workforce-related data, including privacy-safe extractions from the Human Resources management system and testing of processes supporting employee hiring, termination, workforce and training disclosures;
- Review of supplier-related disclosures, including supplier qualification processes, environmental and social screening procedures, human rights due diligence processes, risk assessment methodologies, evidence of analysis for selected suppliers and system extractions supporting supply chain-related KPIs, to understand and verify the identification, prioritization and management of environmental, social and human rights risks within the supply chain;
- Review of Ethics and Integrity data through examination of relevant system extractions and supporting documentation relating to corruption cases and investigations occurring during the reporting period;
- Review of policy commitments and

responsible business conduct disclosures, and review of evidence regarding communication and awareness of policy commitments across selected sites;

- Review of methodologies, assumptions and calculation models supporting selected indicators, including assessment of consistency with applicable GRI requirements and Hitachi Energy's internal reporting procedures;
- Review of supporting evidence for selected key qualitative claims identified in the Report, identified as described in the section "Reporting criteria and scope of assurance" and selected according to materiality and risk considerations;
- Assessment of the application of the reporting criteria and selected GRI reporting requirements, including testing of selected controls and processes supporting adherence to reporting requirements;
- Provision of observations and feedback on draft versions of the Report within the defined assurance scope.

In addition to what above, our reasonable assurance procedures, included, but were not limited to:

- additional testing of work-related injuries data, including detailed review of selected severe incidents, investigation reports, corrective actions and associated data management controls, verification of incident classification practices and data entry processes observed during site visits, supported by additional interactions with relevant central functions;
- additional testing of supplier qualification

6.5 Independent assurance statement (continued)

data, including expanded sample-based verification of newly qualified suppliers at selected sites (e.g., cross-checking of site-level qualification records against the global SAP Ariba extraction, review of ESG questionnaire submissions), responsible sourcing and due diligence processes with central functions;

- additional data testing on waste generated data, through the selection of three additional sites (Halle (Saale), Germany; Ludvika Lyviksvagen 4, Sweden; Roigheim, Germany), on both hazardous and non-hazardous waste categories with the highest impact on total waste generated, enabling a broader coverage of verified data and providing additional evidence regarding the accuracy of the reported figures and the consistency of the methodologies applied;
- additional interactions with relevant process owners to deepen the understanding of the processes, responsibilities, procedures and systems supporting employee hiring and termination activities, including a more detailed review of how data used for the calculation is collected, processed and aggregated, with particular attention to the controls applied throughout the employee lifecycle data management process both at site and corporate level.

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 2026, has not been prepared in accordance with the reporting 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 2026, in accordance with the reporting criteria specified in this Statement.

For and on behalf of DNV Business Assurance Italy S.r.l.

Vimercate (MB), Italy
11th September 2026



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.

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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 2-23 Policy commitments

Ethics and Integrity

- GRI 205-3 Confirmed incidents of corruption and 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 (all categories)
- GRI 305-4 Emission intensity (Scope 3 only)
- GRI 301-1 Materials used by weight or volume
- GRI 301-2 Recycled input materials used
- GRI 306-3 Waste generated **R**

Health & Safety

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

Supply Chain & Human Rights

- GRI 308-1 New suppliers that were screened using environmental criteria **R**
- GRI 414-1 New suppliers that were screened using social criteria **R**
- GRI 408-1 Operations and suppliers at significant risk for incidents of child labor (Supplier-related disclosure only)
- GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor (Supplier-related disclosure only)

Workforce

- GRI 401-1 New employee hires and employee turnover **R**
- GRI 404-2 Programs for upgrading employee skills and transition assistance programs

6.6 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
ML:	Megaliter
MMT:	Million metric tons
MVA:	Megavolt-Ampere
MW:	Megawatt
MWh:	Megawatt 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 dioxide; LPG: Liquid petroleum gas
NO _x :	Nitrogen oxides
O ₂ :	Oxygen
PFAS:	Polyfluoroalkyl substances
SF ₆ :	Sulfur hexafluoride or sulfur hexafluoride
SO _x :	Sulfur oxides
HVO:	Hydrotreated Vegetable Oil

International organizations:

BK2S:	BringKids2Schools
CDP:	Carbon Disclosure Project
COP:	UN Climate Change Conference of the Parties (CCOP)
DSO:	Distribution System Operator
ECHA:	European Chemicals Agency
ERGs:	Employee Resource Groups
EU:	European Union
FSC:	Forest Stewardship Council
GRI:	Global Reporting Initiative
HEERA:	Harmony, Energy, Equity, Respect, Ambition
ILO:	International Labour Organization
IPCC:	Intergovernmental Panel on Climate Change
ISO:	International Organization for Standardization
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
TSO:	Transmission System Operator
UN SDGs:	United Nations' Sustainable Development Goals
WBCSD:	World Business Council for Sustainable Development
WHO:	World Health Organization

6.6 List of abbreviations (continued)

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
ESG:	Environmental, social, governance
EVP:	Employee Value Proposition
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
GPM:	Global Performance Management System
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
KBA:	Key Biodiversity Area
KPI:	Key performance indicator
L6S:	Lean Six Sigma

Abbreviations:

LCA:	Lifecycle assessment
LGBTQIA+:	Lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual, and more
NCR:	Non-Conformance Report
PPA:	Power Purchase Agreement
R&D:	Research and development
RAB:	Remuneration Advisory Board
REACH:	Regulation (EC) No 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals
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
TRIFR:	Total Recordable Injury Frequency Rate
TSCA:	Toxic Substances Control Act
TT&L:	Trade, Transport & Logistics
VOC:	Volatile organic compound
WFD:	Waste Framework Directive
ZWTL:	Zero Waste to Landfill

Disclaimer

This voluntary sustainability report for FY25 has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The content is informed by collaboration and engagement with internal and external stakeholders of Hitachi Energy Ltd. Hitachi Energy Ltd. 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 Ltd. 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 Ltd. 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 Ltd. could be materially different. Hitachi Energy Ltd. 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

Hitachi Energy Ltd.
Brown-Boveri Strasse 5
Zurich, Switzerland (HQ)

hitachienergy.com

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