

HITACHI

ABB

HITACHI ABB POWER GRIDS



Sustainability 2030

Powering Good for Sustainable Energy

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Towards a sustainable
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Introduction

Sustainability 2030 is our new strategic plan for sustainability where we summarize the main commitments to act and drive business in a sustainable way. Based around four pillars: **Planet, People, Peace and Partnerships**, our strategy draws from the UN's Sustainable Development Goals (SDGs), where each pillar has corresponding targets that drive our business to contribute social value, environmental value and economic value.





Claudio Facchin
CEO
Hitachi ABB Power Grids

Sustainability 2030: Towards a sustainable energy future



Society must move towards a carbon-neutral energy future to cope with the challenges of climate change. Following the pandemic, policymakers industry, and the general public have sharpened their focus on the environment. Climate targets have been set across all continents and the ambition level is higher than ever before. The energy transition is crucial to achieving a sustainable future, from a social, environmental and economic perspective.

Electricity is rapidly becoming the backbone of the entire energy system.

According to the IEA's Net Zero by 2050 report, 'the path to net zero emissions is narrow: staying on it requires immediate and massive deployment of all available clean and efficient energy technologies.' By 2030, the world economy is expected to be 40% larger but consuming 7% less energy to be on track for net zero in 2050. By 2050 'the energy sector will be dominated by renewables' and 'electricity accounts for almost 50% of the total energy consumption' up from 20% today¹. We will be sharing our planet with two billion more people many of whom will be living in cities and have higher expectations for quality of life.

Clean energy generation, network infrastructure and electrification of end-use sectors are crucial to decarbonization.

To efficiently meet the changing needs of a growing population and limit climate change, large-scale volumes of variable energy generated from renewable sources (i.e. wind and solar) need to be efficiently integrated into the world's energy system. The electrification of transportation, industry and building sectors will continue to be ramped up to fulfil demand. The energy landscape is in transition – and the shift is exponentially increasing in pace.

A Sustainability plan aligned with a net-zero emissions future is integral to our business, to our growth and long-term success. We have placed sustainability at the heart of our Purpose: Powering good for a sustainable energy future, with pioneering and digital technologies as the partner of choice for enabling a stronger, smarter and greener grid. Through **Sustainability 2030**, we have defined our strategy, which combines innovative solutions with a diverse and inclusive company culture, to contribute to a more sustainable society – aligned with the UN's Sustainable Development Goals (SDGs).

Now is the time for all stakeholders to collaborate to solve the challenges of our time. Together with our customers and partners, we are co-creating and deploying flexible and resilient energy systems at scale, which are sustainable, efficient, safe and secure. As a global technology and market leader, we bring a rich heritage of pioneering breakthroughs that have evolved the world's electrical systems. To enable the deployment of technology at the scale and speed required, we must also adapt and adopt new business models and collaborate with all stakeholders to support **Secure** (Strong), **Sustainable** (Green) and **Scalable** (Smart) infrastructure such as power grids.

Today, we are pioneering digital and energy platforms which help to overcome complexity, increase efficiency and accelerate the shift towards a carbon-neutral energy future. In 2021, we took an important step launching EconiQ™ – our eco-efficient portfolio of products, solutions and services, which are sustainability-oriented in design and proven to deliver a superior environmental performance compared to conventional solutions.

Sustainability 2030 is also for our people. At the inception of our new company in 2020, we introduced 'Diversity 360' – our vision for diversity and inclusion - as essential to our sustainability goals helping to connect our people to our purpose of Powering good for a sustainable energy future. Diversity 360 is an employee-centered experience designed to nurture diversity of thought and embrace the power of connections to foster innovation for our customers, partners and broader society.

We have made a promise to contribute to a sustainable energy future. Now we inject a sense of urgency to progress fast with near-term implementation, setting out Sustainability 2030, underpinned by short and medium-term concrete and measurable targets.

We have much work to do and I am personally excited by the potential we have to contribute to accelerating the transition to a sustainable energy future that everyone can benefit from.

Best regards,

Claudio Facchin

¹ Hitachi ABB Power Grids study based on reports by IEA, BP, BNEF, DNVGL, Exxon mobile, Total, Shell, Irena, McKinsey, IPR.



Through Sustainability 2030, we're reinforcing our commitment to building a sustainable energy future.

Claudio Facchin

Our 2030 Targets



Planet

Carbon-neutral in our own operations¹

- ↓ 50% reduction of CO₂ equivalent emissions² along the value chain
- ↓ 50% reduction of waste disposed³
- ↓ 25% reduction of freshwater use³
- ↓ 25% reduction of hazardous substances and chemicals⁴

People

Zero harm

Top quartile health absence rates

Life-long learning culture

Increase female diversity from 19% to 25% by 2025

Peace

Zero incidents of corruption and bribery

Partnerships

Increase involvement in multi-stakeholder partnerships

Our Purpose: We are powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid.



Discover Sustainability 2030



Matthew North
 Head of Health, Safety,
 Environment
 & Sustainability,
 Hitachi ABB Power Grids

Through Sustainability 2030, we are taking the next big step towards a sustainable energy future.

Sustainability 2030 reinforces our commitment to all of the UN Sustainable Development Goals, and in particular, we commit to making a significant contribution to the below eight SDGs.

Affordable and clean energy; responsible consumption and production; clean water and sanitation; good health and well-being; quality education; gender equality; peace, justice and strong institutions; and partnerships for the goals.

Planet, People, Peace and Partnerships are the four pillars of our Sustainability 2030 strategic plan. Each pillar aligns with one or more of the SDGs, and includes corresponding sustainability target(s). These are ambitious and are designed to guide, stretch and advance our whole business, as we strive towards a sustainable society.

SUSTAINABLE DEVELOPMENT GOALS



The UN Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all.

Through Sustainability 2030, we are making a significant contribution to eight SDGs.

PEOPLE	PLANET	PEACE	PARTNERSHIPS
3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
4 QUALITY EDUCATION	6 CLEAN WATER AND SANITATION		
5 GENDER EQUALITY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		



By 2030, we aim to achieve carbon-neutrality in our own operations. We target to reduce our emissions along the value chain by 50% with customers, partners, and suppliers, supporting SDG 7 ‘Affordable and Clean Energy’ and in alignment with the Paris agreement – to limit global warming to 1.5 degrees.



Planet

To achieve carbon-neutrality in our own operations, our first step is to invest in energy efficiency, ensuring our facilities are as efficient as possible. In 2019, we continued our journey towards being fossil-free and set an ambitious target of transitioning to 100% fossil-free electricity in our operations by the end of 2021. We have made good progress in Europe and the Americas, and are confident that we will achieve this goal globally.

In Ludvika, Sweden, we have one of our largest and most complex production facilities. We have proven that with the right decisions and focus, for example by installing a heat pump to supply heat from the

nearby lake and transitioning to electric boilers run on fossil-free electricity, we can make significant progress in achieving carbon-neutrality in our own operations. Such learning is exchanged across our facilities as we focus on the remaining operations and our fleet.

We have a responsibility to support our customers and other key stakeholders to accelerate the energy transition and deliver solutions which help to reduce the overall carbon footprint. Our products and solutions drive energy efficiency not only for our operations but also for society.

Two examples of pioneering technologies that we have introduced, include:



HVDC Light® – efficient integration of large-scale renewable energy

We pioneered commercial HVDC technology more than 65 years ago. HVDC has been a breakthrough in connecting remote regions with grids, efficiently transmitting large amounts of electricity, with a significantly smaller environmental and carbon footprint through the integration of renewable energy into the grid and its transmission with extremely low losses. HVDC has been recognized as a key technology for enabling the clean energy transition, contributing to the SDG 7: increasing access to affordable, reliable, sustainable and modern energy for all.

HVDC Light® is a highly efficient alternative to alternating current (AC) for transmitting large amounts of electricity with higher efficiency, over longer distances, and with lower electrical losses. HVDC Light contributes to the secure and stable transmission of power across networks that operate on different voltages and frequencies. This makes the technology suitable for many key power applications, enabling the integration of renewable energy such as offshore wind farms and interconnecting and strengthening AC networks.

EconIQ™ – eco-efficient portfolio

Our business is continuously reducing the use of sulfur

hexafluoride (SF₆), (currently the industry norm due to its excellent insulation and switching capabilities) improving its lifecycle management, and accelerating the development of eco-efficient products and solutions as an alternative to SF₆. In April 2021, we launched the first part of our new EconIQ™ eco-efficient portfolio, which delivers game-changing technology as alternatives to reduce the environmental impact. Through EconIQ we are supporting the worldwide efforts to reduce the impact of greenhouse gas emissions. Its potential goes much further, with a focus on reducing and reusing resources too.



Our ambition extends beyond carbon-neutrality. We are working to reduce waste – along with our consumption of precious resources, like freshwater. We will support ‘Clean Water and Sanitation’ (SDG 6) and ‘Responsible Consumption and Production’ (SDG 12).



We have performed several Life Cycle Assessments (LCAs) to assess and improve the environmental impact from our products over their life span. In our own operations, we have reduced the amounts of waste sent to disposal by over 40% since 2013 and we will continue to promote a circular economy. We will also increase digitalization to extend the life cycle of our solutions in support of our sustainability efforts.

While all of these targets are set for 2030, we want to accelerate our actions to achieve significant impacts over the next few years. In 2021, in addition to transitioning to fossil-free electricity, we will put our focus on our top ten factories.

We will look closely at how they can become carbon-neutral, beyond the electricity they use and leverage best practices.

The world's window towards mitigating climate change and achieving carbon-neutrality is narrow. **It is important that we act now.** Working with our supply chain, our partners and our customers in the power, industry, mobility and other sectors, we will drive emission reduction throughout the value chain. Collaboration will be a key success factor – across stakeholders, geographies and sectors. Together, with our partners, we are committed to accelerating the energy transition towards a carbon-neutral future through innovative technologies.



People

Sustainability is all about people. Our Diversity 360 promise is to deliver meaningful employee experiences, where our extraordinary people are given the right environment and are empowered to thrive – in a place where everyone can bring their best self to work every day.





We are contributing to ‘Good Health and Wellbeing’ (SDG 3) with health and safety targets that enable our people to work in an environment in which they can feel safe and perform at their best.

As mission-critical infrastructure providers, we are proud of our people and their passion and commitment to pioneering a sustainable energy future. The health of our people is our top priority. We are fostering safe working environments to protect our people, preserve business continuity and operate effectively in our modern world.

As an organization, we have established a very strong focus on safety and have helped our employees stay healthy – both, physically and mentally. Our targets for 2030 include zero harm – through rigorous risk assessments and training – and top-quartile health absence rates.

Through our Diversity 360 approach, as an enabler for sustainable and profitable growth, we are committed to attracting and developing the best talent. We partner with educational institutions, mentor and sponsor diverse talents at an early stage, for example with the “Women in Engineering” project in India.



We are contributing to ‘Quality education’ (SDG 4) by nurturing a life-long learning culture and creating inclusive learning opportunities for all.

By cultivating life-long learning and creating inclusive learning opportunities, we foster innovation. We are continuously developing our experts and leaders to further advance their professional skills and knowledge, which enables our business to provide superior, high quality products, systems and services to our customers.

We make learning a daily habit within an integrated learning framework – not only off the job but also along and even more so on the job. We provide world-class learning journeys for leaders, nurture critical soft skills and functional competencies. An important part of our learning framework is on-demand learning, which we offer through Power your Learning, Collaborative Learning and Power+ for early talents for example. Equally important are culture-building and mindset-shifting activities such as Learning Agility, Interrupting Unconscious Bias, Health Resilience and Power Your Leadership.

With our unique Leadership Pillars, we integrate learning and growth into the fabric of our people leadership. We believe that leaders are the engine that connects our people to

purpose, people, potential and performance, creating a sustainable energy future.

Through Diversity 360, we are embracing the full power of diverse thought. We believe that ‘diversity plus collaboration equals great innovation’ – and through innovation, we will deliver the sustainable solutions needed to help solve the shared challenges of the energy transition.

Female Acceleration is an important part of Diversity 360. We are working to ensure full inclusion and equal opportunities for women at all levels of our business. We are integrating Diversity and Inclusion into all our practices and policies and foster female acceleration through global platforms, internal talent bench strength and our Female Talent Development Program just to name a few examples. We have set clear targets for the recruitment and development of women in leadership roles, aiming to increase our female diversity from 19% to 25% by 2025.



We are contributing to ‘Gender Equality’ (SDG 5) by increasing female diversity from 19% to 25% by 2025; and are championing our Diversity 360 approach and mindset in our daily work.



Peace

We promote peaceful, inclusive and sustainable societies. Everything we do is based on safety, integrity and quality – our license to operate. We have a policy for zero tolerance for corruption and bribery - no matter how minor, we take resolute actions against any incidents of unfair business practices. We want to ensure an effective and accountable environment to prevent, detect, and respond to concerns raised. As part of this, we maintain a solid whistleblowing program that encourages the disclosure of issues and the protection of whistleblowers. We believe that we can play a vital role within and outside of our organization and will work with our partners, customers, suppliers, and authorities to achieve this.



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



We are contributing to ‘Partnerships for the Goals’ (SDG 17) by increasing our involvement in multi-stakeholder partnerships.



Partnerships

Partnerships for the Goals is the inspiration for our final Sustainability 2030 pillar. The energy transition requires strong collaboration. Our ambition is to be the partner of choice for a sustainable energy future. We believe that diversity and collaboration equal great innovation. Together with customers, partners and other key stakeholders, we are co-creating flexible, resilient, reliable and sustainable technologies that are accelerating the energy transition towards a carbon-neutral future.

Sustainability 2030 gives us a clear focus on how we will contribute to our society

and solves some of the biggest challenges of our time. Our Sustainability Strategy 2030 is not something that our business can achieve alone, we need our partners to help make it a reality. Only if we all work together, can we reach our targets.

With a clear framework and targets in mind, we are co-creating a carbon-neutral future, where electricity is the backbone of the entire energy system. By balancing economic, societal, and environmental value creation in harmony with one other, we know that true progress will be made. Together, we’re committed to accelerating a sustainable energy future – for our generation and those to come.



About Us

Hitachi ABB Power Grids is a global technology leader with a combined heritage of almost 250 years, employing around 36,000 people in 90 countries. Headquartered in Switzerland, the business serves utility, industry and infrastructure customers across the value chain, and emerging areas like sustainable mobility, smart cities, energy storage and data centers. With a proven track record, global footprint and unparalleled installed base, Hitachi ABB Power Grids balances social, environmental and economic values. It is committed to powering good for a sustainable energy future, with pioneering and digital technologies, as the partner of choice for enabling a stronger, smarter and greener grid.

www.hitachiabb-powergrids.com

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