

Hitachi Energy UK Limited

Gender Pay Report

April 2021

Hitachi Energy is a global technology leader serving customers in the utility, industry and infrastructure sectors with innovative solutions and services across the value chain. Together with customers and partners, we pioneer technologies and enable the digital transformation required to accelerate the energy transition towards a carbon-neutral future. Hitachi Energy has a proven track record and unparalleled installed base in more than 140 countries. Headquartered in Switzerland, we employ around 38,000 people in 90 countries and generate business volumes of approximately \$10 billion USD.

Following the joint venture creation of Hitachi ABB Power Grids (now Hitachi Energy, on 1 November 2021 we changed our name from ABB Power Grids UK Limited to Hitachi Energy UK Limited), this is the second year that we as a stand-alone UK organisation have conducted our own analysis in respect of the UK Gender Pay Gap Regulations, which came into effect in April 2017. Prior to then, our data was reported as part of the overall summary and analysis carried out by our previous parent company, ABB Limited. Last year we reported under the Company name ABB Power Grids UK Limited as part of our interim transition to becoming Hitachi Energy.

This is the first year we have been able to benchmark year on year; we have also compared against industry standards in order to analyse our current position as well as areas for improvement.

At Hitachi Energy UK Limited we are committed to solving some of the biggest global challenges of our time. We transfer the power of the world's largest wind farms, bring energy to mass transportation systems, and protect our biggest cities from blackouts. This is made possible by our exceptional talent who embrace and live by a powerful equation:

Diversity + Collaboration = Great Innovation

As an organisation, we have a range of initiatives aimed at increasing the diversity and inclusion within the workforce, as part of our Diversity 360 strategy.

Diversity 360 is vital to our purpose and is a business imperative. Diversity in thought and experience enables us to create a dynamic solutions-oriented culture of innovation and collaboration that prepares our people to realise their highest potential and empowers us to deliver on our mission to accelerate a sustainable energy future for all.

For our part, it's our promise to deliver brilliant employee experiences as a new, combined company, where our extraordinary talents are given the right environment and are empowered to thrive.

The Diversity 360 vision is underpinned by four key workstreams: A new leadership model, Female acceleration, Live diversity, and inclusion, and attract and grow Talent.

This includes specific targets around recruitment and promotion of females within the organisation (40% of early careers recruits and 25% of senior roles by 2025), together with dedicated programmes and talent pools both locally, regionally, and globally, to help develop our female population for future roles and opportunities. Learning and development initiatives for all have been launched, including unconscious bias and inclusive leadership, a Female Network (open to all genders) has been created, we have delivered our first cohort of our Female Acceleration Programme for the UK and Ireland, and we have also introduced anonymous recruitment for our early careers entrants into the business, resulting in a 50/50 split in male/female entrants into the business.

We continue to develop collaboration with external organisations to further strengthen our knowledge and change management ability in this space. Future talent and encouraging young people into STEM is high on our agenda, working with the education sector, local schools, and national charities to increase engagement opportunities.

Pay and bonus difference between men and women at 5 April 2021

	Mean Pay Gap	Median Pay Gap
Hourly Pay	21.85	35.33
Bonus	29.82	23.19

Compared to our 2020 reporting figures, we have seen a decrease in the mean gap in hourly pay (from 23.96% to 21.85%). This is a pleasing result and one we believe is indicative of our work in this space. The overall median figure has been affected by outliers and therefore we believe the mean provides the greatest confidence to us that we are heading in the right direction.

With regard to the bonus difference, last year, as an impact of the TUPE transfer of the majority of the Power Grids employees from ABB Limited part way through the 12 months preceding 5 April 2020, we were missing the payroll data relating to the full year bonuses that would have been paid during that year and which are paid annually to the majority of employees within the business based on business scorecard performance. This omission led to a disproportionate gap showing on the 'bonus' difference, which has captured only those bonuses and commissions that were paid in the 12 months to those employees who were already employed within the legal entity ABB Enterprise Software UK Limited (which was renamed as part of the joint venture creation process, to ABB Power Grids UK Limited). A more accurate reflection of the true situation has been portrayed this year, with the gap being as a result of the lower number of females in the functions that generally receive both higher salaries and higher bonus payments and commissions, such as sales. During 2021 there was a strong campaign to bring female talent into our Front-End Sales team, and it is anticipated this will further help to balance the figures in this area.

Detailed Pay Quartile Analysis

	Men	Women	Mean Gap	Median Gap
Upper hourly pay quartile	84%	16 %	-2.16%	-1.72%
Upper middle hourly pay quartile	89%	11%	1.97%	-1.84%
Lower middle hourly pay quartile	87%	13%	-0.42%	-0.29%
Lower hourly pay quartile	56.4%	43.6%	4.98%	4.71%

The mean and median pay gaps on hourly pay, are lower when we look at the data on a quartile-by-quartile basis. This indicates that we broadly pay equal pay for comparable level jobs. We will continue to review and analyse this rigorously with the commitment to ensure that our people receive equal pay for equal work. We welcome the opportunity presented by this process to carry out this robust and holistic review of our pay data.

The overall percentage of females within our workforce at the snapshot date of this report is 20%, which has reduced by 2% since the last report. This male dominance in the headcount, is currently commonplace within the industry. We continue to endeavour, through the initiatives outlined above, to drive the change in this both for now and for the future.

Compared to our 2020 report, we do see a considerable improvement in the mean and median position across the upper, upper middle and lower middle pay quartiles, when looking at the gap. Across these quartiles, the balance is largely in favour of women, showing that despite having fewer women than men in these quartiles, they are treated comparably with their male counterparts in terms of pay.

The overall gap is explained by the balance of gender across the jobs within the UK, where a larger proportion of women is found in the more junior, administrative positions. It is noted that across all quartiles, women make up less than 50% of the workforce. We have seen a step change in the gender makeup of our Leadership Team and in other traditionally 'male' dominated roles such as Front End Sales, over the last 12 months. We continue to drive for this to become embedded across all levels of management into the future.

Integral to our business strategy are diversity and inclusion. As a modern and progressive company, we believe that the best ideas can come from anyone, anywhere - and that

everyone can make a difference. This belief and outlook is nurtured by our leadership philosophy. We work closely with our leaders to cultivate and reinforce the right leadership 'role model' behaviours - exploring topics such as 'unconscious bias's and equipping our leaders with the skills and support to energize their teams to give their best.

We confirm that the data reported is accurate.



Ian Funnell

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For and on behalf of Hitachi Energy UK Limited



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