

Empowering What's Next

FY2023 Sustainability Report





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Introduction

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A Message From Our CEO

At Hitachi Digital Services, we strive to bring a better tomorrow closer to today. As the global community faces the defining challenge of our time—to address climate change—we understand that technology can and must be part of the solution. For our team, that means powering transformations that not only meet customer needs but also foster a meaningful positive impact for society.

Last year, Hitachi, Ltd., our parent company, announced an exciting global reorganization to strengthen our operational and informational technology offerings, as well as bolster our contribution to a more sustainable society. From this bold organizational move, Hitachi Digital Services was born. We have already made tremendous strides in our mission to bridge the physical and digital worlds, and we are just getting started.

Sustainability in terms of both what we produce and how we produce it is foundational to this work. To that end, I am pleased to share with you Hitachi Digital Services' inaugural Sustainability Report. It looks back at our achievements across environmental, social and governance (ESG) issues and dives into current initiatives, while also shedding light on where we go from here to deliver tangible and lasting impact.

Just months following our launch as a company, I am immensely proud of our team's commitment to embedding sustainability across our business practices. From creating more sustainable products and services to setting emissions targets for our business, the areas in which Hitachi Digital Services can drive progress on sustainability are vast. As we work toward a net-zero future and make deeper commitments to modern slavery due diligence, I am optimistic about the potential across our business to accelerate impact in so many crucial ways.

We know that the efforts detailed in this report are just the beginning, but they underscore our steadfast commitment to being a responsible corporate citizen. As we partner with global leaders across key sectors, we have a tremendous opportunity to not just achieve our organization-wide sustainability objectives but have a ripple effect across mission-critical industries to ultimately leave the world in a better place than we found it.

As a global leader in powering digital transformations, Hitachi Digital Services has an important role to play in addressing the greatest global challenges we face today, and we remain dedicated to working alongside our customers to foster a more sustainable future for all.

Thank you for being a part of this journey with us.

Roger Lvin

A handwritten signature in black ink that reads "Roger Lvin". The signature is written in a cursive, professional style.

CEO, Hitachi Digital Services

About Hitachi Digital Services

Hitachi Digital Services (referred to as Digital Services throughout this report) is an edge-to-core digital consultancy and technology services provider helping organizations realize the full potential of AI-driven digital transformation with information technology (IT) and operational technologies (OT). The company serves key industry segments including aerospace and defense; healthcare; automotive; financial services; communication, media and high-tech; energy and utilities; and manufacturing. Digital Services brings together real-world proficiency, transformative innovation and specialized knowledge to create a new generation of sustainable and secure digital solutions.

Playing a pivotal role in Hitachi's digital transformation strategy, Digital Services places a strong emphasis on AI (including generative AI) to deliver an integrated end-to-end digital transformation for enterprises. The company is strategically positioned within the Hitachi Digital portfolio of companies to leverage the synergies between IT and OT ecosystems. Such positioning allows Digital Services to work closely with other Hitachi group businesses to create integrated digital transformation solutions for enterprises.

Relationship With Hitachi, Ltd.

Digital Services is a wholly owned subsidiary of Hitachi, Ltd., (referred to as "Hitachi" throughout this report), which began in 1910 with the mission to contribute to society through the development of superior, original technology and products. Digital Services draws upon Hitachi's global network of companies to create digital, green and innovative solutions that benefit the world. We are always finding new ways to synergize our impact for *Powering Good*.

The Re-Envisioned Hitachi Digital Services

In October 2023, Hitachi announced a reorganization of select Hitachi subsidiaries to further accelerate the creation of synergies between its IT consultancy and software development companies and other Hitachi Group companies in various industries including, but not limited to, energy, transportation and industrial equipment, while strengthening digital capabilities and value chains. Digital Services spun off from Hitachi Vantara as an independent digital consultancy and technology company, as detailed in this [press release](#).

As this change was announced about halfway through our fiscal year 2023, this report covers the sustainability efforts of Digital Services as part of Hitachi Vantara prior to Digital Services becoming operational as of April 1, 2024.





Our Sustainability Report

Our Approach

Our company's purpose-driven mission is to guide businesses, industries and society on a journey to identify and accelerate new opportunities. This ambition is deeply connected to our approach to sustainability, which includes the ESG factors most relevant to our long-term business success. To that end, we are pleased to share our FY2023 Sustainability Report, which outlines our current sustainability and ESG initiatives, practices and objectives and highlights our progress in areas fundamental to our business. This inaugural report is organized into four main sections: Sustainability Innovation, Environment, Social Capital and Corporate Governance.

This report includes the sustainability efforts of Digital Services prior to the broader Hitachi reorganization in fiscal year 2023 (FY2023). Unless otherwise noted, all quantitative data provided for Digital Services throughout this report covers our FY2023, reflecting data for the period from April 1, 2023, through March 31, 2024. The report also guides readers to additional sources of information on our website and beyond for further reading.

Our Sustainability Report is aligned with the software and IT services industry accounting standards published by the Sustainability Accounting Standards Board (SASB), now part of the International Financial Reporting Standards Foundation (IFRS). We have also identified the United Nations Sustainable Development Goals (SDGs) that best align with our business activities and the priority areas in which we can have the most impact. Both are included in the [Appendix](#) at the end of this report.

Our Sustainability Governance Structure

Digital Services continues to refine its sustainability governance structure as we progress toward building a world-class ESG program. The transformation and execution of our company's sustainability strategy and program is managed by our Sustainability Director, who reports to Hitachi Digital's Chief Financial Officer, with oversight by the Digital Services Executive Committee. Our sustainability work is also aligned to Hitachi's sustainability policies and initiatives, led by its Chief Sustainability Officer.

Goal:
Launch a Sustainability Committee by FY2025

Our Sustainability Commitment and Focus Areas

Materiality Assessment

During FY2023, Digital Services conducted its first ESG Materiality Assessment as part of the legacy Hitachi Vantara, led by a third-party sustainability expert. This effort was designed to better understand the ways in which various ESG topics affect our long-term financial success and have an impact on society and the environment. It also examined the current state of our performance in those areas. Digital Services will use the results of the FY2023 Materiality Assessment completed as part of the legacy Hitachi Vantara to inform our sustainability strategy in the near term.

Moving forward, we intend to reevaluate our material issues to reflect the company's take over structure.

Approach

The FY2023 Materiality Assessment process helped to identify and define nineteen (19) core ESG topic areas across five themes most relevant to Digital Services as a part of the legacy Hitachi Vantara. For our external stakeholders, we derived the importance of each topic area by analyzing key ESG ratings, frameworks and standards, as well as incorporating industry best practices, customer perspectives and peer disclosures. The results of this portion of the assessment make up

the y-axis of our Materiality Matrix pictured below. For our internal stakeholders, we conducted a survey of a cross-section of team members from various departments and seniority levels to provide a diversity of perspectives. The results of this survey make up the x-axis of our Materiality Matrix.

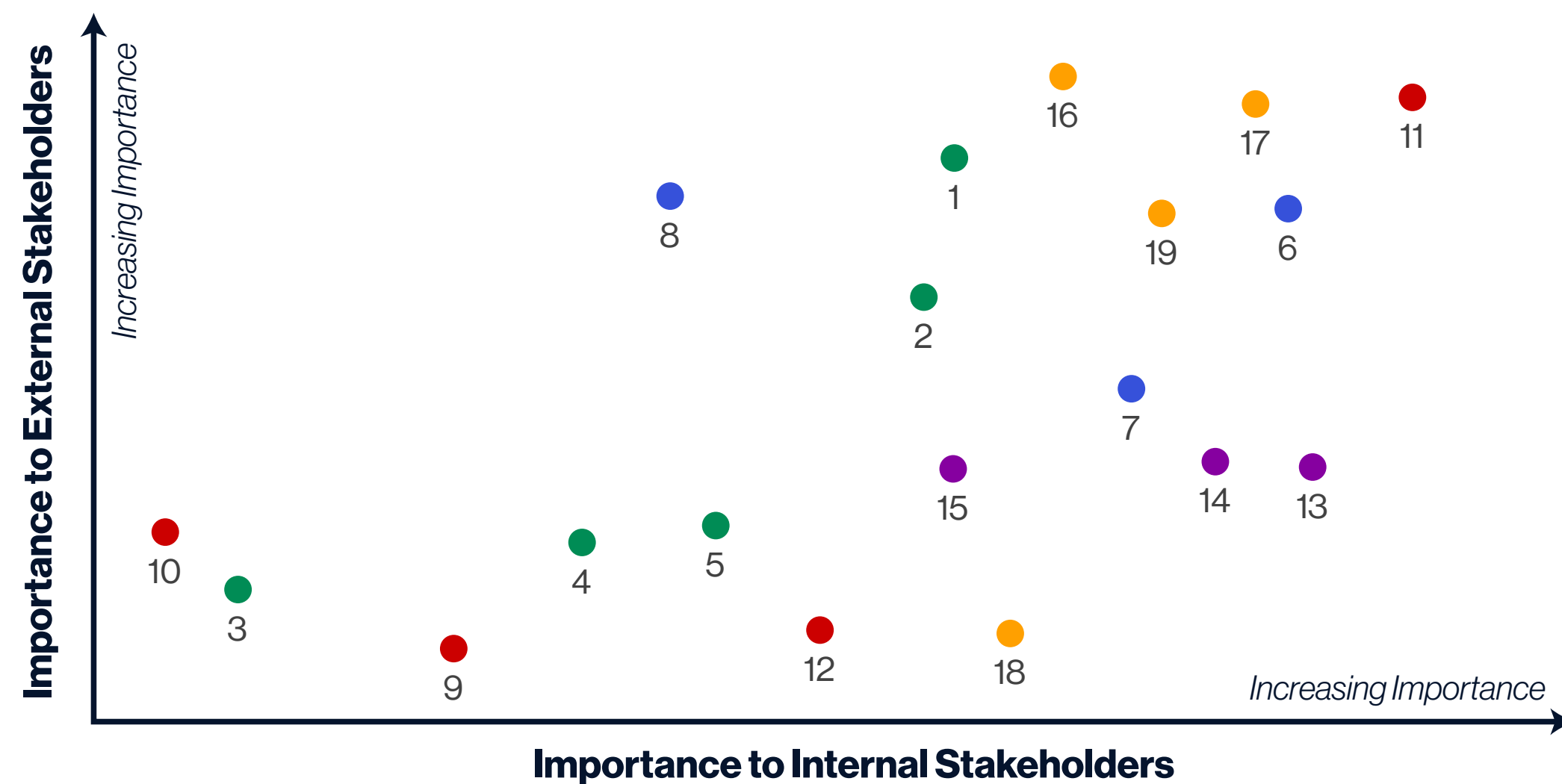
Findings and Outcomes

The assessment revealed overall consistency across both internal and external stakeholders and how they viewed the importance of each material topic area. Six ESG topics rose to the top as most important to both stakeholder groups:

- Greenhouse gas management
- Labor practices and employee health & safety
- Data privacy and cybersecurity
- Corporate structure and governance of ESG
- Business ethics
- Risk management and business continuity

This report dives into each of these six key areas, including their governance and oversight structure, as well as any relevant initiatives that are under way or took place during FY2023.

Materiality Matrix



Legend

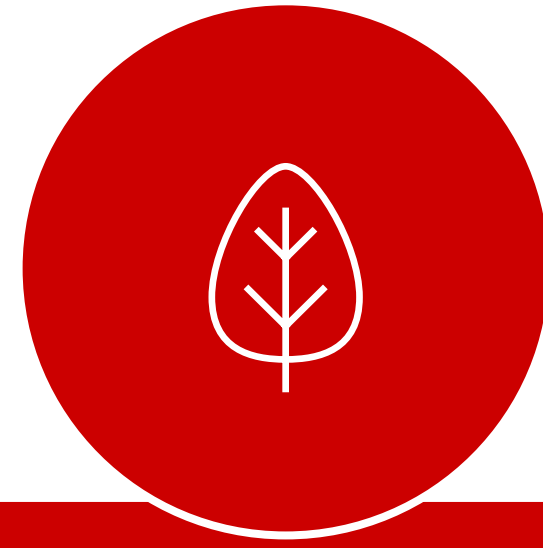
- **Environment**
 - 1. GHG Management (Scope 1, 2 & 3)*
 - 2. Energy Management
 - 3. Water Management
 - 4. Recycling & Waste Management
 - 5. Responsible Selling Practices & Customer Well-Being
- **Human Capital**
 - 6. Labor Practices and Employee Health & Safety*
 - 7. Employee Training, Engagement & Development
 - 8. Diversity, Equity & Inclusion
- **Social Capital**
 - 9. Digital Inclusion & Accessibility
 - 10. Philanthropy & Volunteerism
 - 11. Data Privacy & Cybersecurity*
 - 12. Responsible Selling Practices & Customer Well-Being
- **Business Model & Innovation**
 - 13. Supply Chain Management
 - 14. Intellectual Property Protection & Competitive Behavior
 - 15. Environmental & Social Innovation in Products and Services
- **Governance**
 - 16. Corporate Structure & Governance of ESG*
 - 17. Business Ethics*
 - 18. Public Policy & Government Relations
 - 19. Risk Management & Business Continuity*

* Six ESG topics rose to the top as most important to both stakeholder groups



Sustainability Goals

Digital Services' Executive Committee has approved nine time-bound goals for the organization to demonstrate our commitment to increasing our impact. These goals align with the topic areas most relevant to the long-term financial sustainability of our business, as surfaced in the Materiality Assessment. We are committed to regularly and transparently sharing progress against these goals as we progress in our efforts.



| Environmental | Social | Governance |
|----------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Commit to becoming net-zero by FY2050 | Achieve 30% ratio of female people leaders by FY2030 | Engage and educate 90% of our active supplier spend on reaching GHG reductions by FY2040 |
| Commit to setting a near-term goal aligned with SBTi by FY2025 | Achieve 1,000 volunteer hours during our annual Global Giving Week by FY2025 | Launch a Sustainability Committee by FY2025 |
| Achieve carbon neutrality in Scope 1 and 2 by FY2030 | Achieve 100% cybersecurity training completion rate for employees by FY2025 | |
| | Expand Satisfaction Surveys for customers with \$1M+ in revenue by FY2027 | |



Sustainability Innovation

Services and Solutions to Advance Customer Sustainability | Green Services and Solutions to Advance Our Sustainability

As digital transformation continues to unfold, Digital Services is empowering a sustainable future by fostering a positive impact for our people and planet through technology innovation. From sustainability offerings for our customers to leveraging the use of technology to optimize and measure our own ESG impacts, our commitment to driving sustainability transformation can be found in every part of our business.

Services and Solutions to Advance Customer Sustainability

In addition to building sustainable practices within our engineering and software delivery process, we are also innovating to help our customers reduce their carbon emissions and drive sustainability transformation with Digital Services' end-to-end sustainability expertise and solutions.

In 2023, we launched new sustainability solutions and services tools to aid organizations in evaluating their environmental and decarbonization goals. These solutions focus on assisting our customers largely around two areas of focus:

- *Decarbonization*
- *Sustainability Innovation Through Co-Creation*
- *Data Analytics for Sustainability*





Decarbonization

Our core decarbonization services empower businesses to effectively reduce their carbon footprint, specifically within manufacturing, facilities and IT operations.

Manufacturing Decarbonization

Manufacturing decarbonization requires a combination of capabilities that provide the fundamental building blocks for realizing business growth through lower carbon intensity and resource efficiency. Through Hitachi's 100+ years of expertise in manufacturing and 60+ years of IT competencies, we at Digital Services continue to develop innovative solutions in the sustainable manufacturing landscape.

Focus Areas

- **Sustainable, Smart Manufacturing** – Industrial process optimization requires I4.0 expertise via IoT, AI/ML and domain knowledge. The ability to analyze data across various streams provides insights to optimize the business while achieving new levels of resource efficiency.
- **Energy Transition & Electrification** – The transition to renewable energy, energy storage and digital energy management realizes business savings and reduced CO₂e. Electrification of industrial processes provides another avenue for reducing carbon intensity and reducing costs.
- **Intelligent & Transparent Supply Chain** – A digital supply chain control tower solution provides critical insights required to optimize within an industrial setting and monitor across the value chain. Materials traceability is becoming necessary for regulatory compliance.
- **Sustainable Product Design** – Adapting design to be more sustainable requires a deep analysis of the BOM and suppliers. An AI-enabled solution provides the means to easily analyze and take action.
- **Circular Economy** – The shift to circularity requires a combination of capabilities from materials traceability, demand forecasting and even, in some cases, the creation of a digital marketplace for second-life parts and products.
- **Compliance & Reporting** – With more regulations on the way, the ability to monitor, report and verify targets for KPIs and compliance is now table stakes.

Our analytics capabilities help organizations understand the energy consumption and carbon emissions of their manufacturing processes to contribute to continuous improvement. We focus on material traceability, product passports, life cycle assessments and emissions tracking throughout the value chain.

Case Study: Reducing Emissions in Manufacturing Operations

Digital Services' industrial IoT technology helped a Tier 1 global supplier to the automotive sector gather machine data to help reduce carbon emissions by more than 20%. This data, which includes temperature, pressure, position, machine status and more, provides operation profiles for energy optimization and the ability to analyze real-time data from connected machines to make operational decisions.



IT Decarbonization

Our IT decarbonization strategy takes a holistic look into the IT footprint, and hence we create a systemic approach that hinges on six core pillars: power supply and power equipment, IT infrastructure, applications, architecture and engineering, cloud strategy, and data stewardship. We bring a holistic understanding of the IT footprint to consider all applications and infrastructure, helping organizations to lower carbon emissions.

Our six pillars of IT decarbonization

POWER SUPPLY & POWER EQUIPMENT

- Energy strategy (risk, PPAs, offsets)
- Renewable energy, battery storage
- Virtual power plants (VPPs)
- Transformers, switching gear, digital substations

IT INFRASTRUCTURE

- Energy-efficient IT assets
- Carbon efficiency monitoring
- Real-time workload allocation
- HVAC & facility energy optimization

APPLICATIONS

- Application CO₂ optimization (Scope 1, 2 & 3)
- Green software development (DevOps)

GREEN IT Carbon insights and analytics

ARCHITECTURE AND ENGINEERING

- Design for reliability, resiliency and sustainability
- Application portfolio management and rationalization

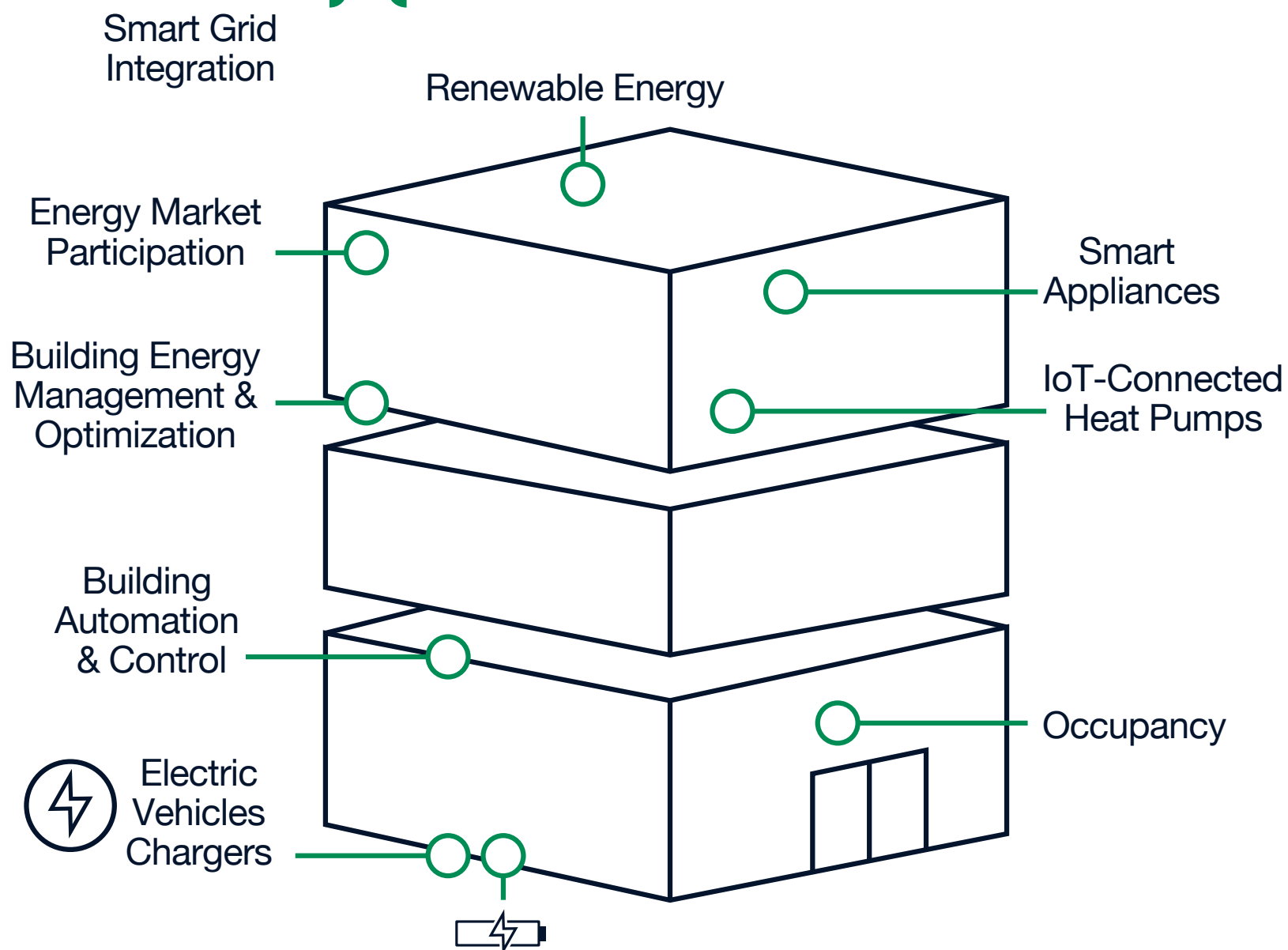
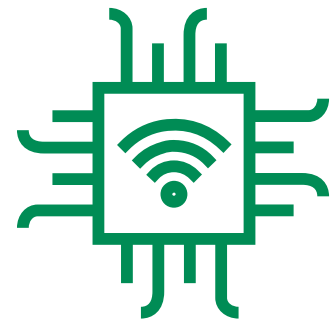
CLOUD STRATEGY

- Granular monitoring of GHG emissions
- Cloud CO₂ optimization (GreenOps)

DATA STEWARDSHIP

- Data governance for CO₂ optimization
- Data lifecycle management
- Data de-duplication and compression
- Virtualization and consolidation

This focus necessitates building a foundation for data center emissions analytics and coordinating across functions to enhance collaboration, building visibility and transparency with greater understanding and more accurate and granular carbon accounting across all scopes that allow identification of carbon reduction initiatives, building a real-time response system to take immediate actions responding to demand shifts, minimizing energy consumption and carbon emissions, and ultimately helping optimize investments with ROI assessments considering adding carbon reduction as a criteria.



Data-Driven Analysis

Through a detailed analysis of an organization’s energy consumption patterns, we identify areas for improvement.

IoT-Enabled Solutions

Identify and address energy inefficiencies quickly with our real-time IoT solutions.

Machine Learning and AI

With our advanced analytics and machine learning algorithms organizations can optimize energy use, reduce waste and increase operational efficiency.

Digital Energy Suite

Our digital energy suite provides the ability to easily integrate & optimize renewable energy sources, battery energy storage systems, EV charging infrastructure and distributed energy resources (DERs) with building operations.

Facility Decarbonization

To exist within a sustainable world, industrial facilities and buildings must realize new operational capabilities that extend the traditional set of smart facility capabilities: managing and optimizing energy usage, achieving net-zero and resource efficiency.

Our focus on facility decarbonization is around three core areas:

- **Resource Efficiency & Optimization** – We utilize data from IoT devices to help companies understand, monitor and optimize energy and water use.
- **Energy Transition & Electrification** – The transition to renewable energy, energy storage and digital energy management realizes business savings and reduced CO2e. Electrification of facility infrastructure (e.g., heat) creates another avenue for reducing carbon intensity and costs.
- **Operational Efficiency Improvement** – We gather insights from a company’s current operations to identify ways of minimizing the carbon footprint throughout business operations and processes.

Renewables and Electric Vehicle Transition

To help organizations transition to electric vehicle usage, we focus on technologies that integrate charging infrastructure, optimize energy efficiency through microgrids, and enhance user experience.

Case Study: The Net-Zero Journey of the UK’s Pubs

The UK’s leading operator of restaurants, pubs and bars partnered with Digital Services to reduce energy costs and drive sustainability improvements. Utilizing IoT devices to collect gas and electricity data, and implementing centralized temperature and energy monitoring contributed to a reduction in both the company’s carbon footprint and related costs.



Sustainability Innovation Through Co-Creation

We partner with organizations to create tailored sustainability solutions by leveraging our broad technology experience. This includes robotics, IoT, big data, digital twins, AI, blockchain and other novel technologies.



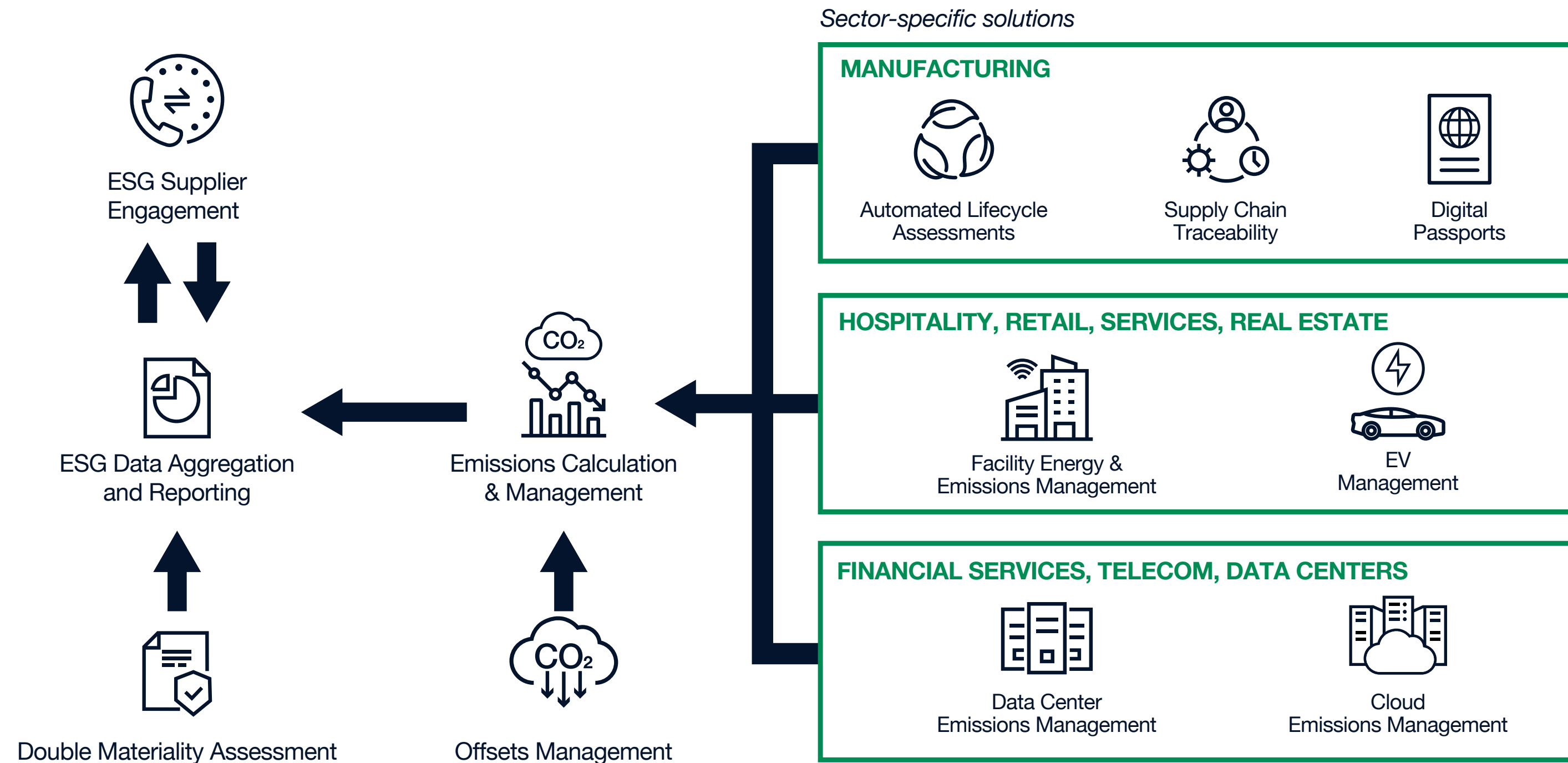
Data and Analytics for Sustainability

We help organizations discover, catalogue, analyze and report with confidence through our ESG software solutions. This includes services such as:

- **ESG Data Aggregation and Reporting** – With compliance requirements evolving, ESG reporting helps businesses to identify, assess and manage environmental, social and governance risks, which can have a significant impact on their long-term viability.
- **GHG Emissions Reporting** – Our GHG emissions platform, aligned to the Greenhouse Gas Protocol, helps organizations establish a carbon emissions reporting capability. Data is easy to export for standard frameworks such as GRI, CDP, Nasdaq ESG, TCFD, SASB and SECR.
 - Automated emission factor allocation and continuous factor updating
 - Incorporation of supplier’s private and public decarbonization data via data ingestion

- Supplier engagement via the platform and engagement monitoring
- Simulation of the impact of decarbonization initiatives and assessment of their effectiveness
- **Advanced Data Management and Analytics** – In certain cases, sustainability-related data is scattered across an organization. We provide the means to intelligently discover and catalogue data to provide the insights and automated reports required to operationalize sustainable business practices.
- **Climate Risk Assessment** – To understand the impact of climate change on a business, we provide the services to stand up a climate risk analysis capability.

Hitachi’s Sustainability Analytics Suite



Case Study: Restoring Ecosystems with Data

BMC, a leading mining company based in Australia, worked with Digital Services to meet and exceed its rehabilitation obligations to restore the areas where the company operates. By using technology such as high-resolution satellite imagery and multispectral drone images to monitor vegetation and soil health, BMC was able to track the progress of its restoration efforts in a more efficient and effective way.



Case Study: Sustainable Packaging

We helped an organic tea manufacturer introduce new and improved packaging by providing a digital representation of their products to enable real-time monitoring, analysis and simulation within the supply chain. The identified materials are certified for industrial composting and the cardboard tube is fully recyclable. The manufacturer's packaging is now 67% lighter than their previous version provides a 58% reduction in their carbon footprint.



Green Services and Solutions to Advance Our Sustainability

As a software services and digital solutions provider, we support innovation around green software coding. We have incorporated sustainable practices into the engineering and delivery phases of the software development and integration lifecycle.

Here are a few optimized energy saving techniques we are carefully investigating through the end-to-end product design lifecycle:

- **Energy-Aware Software Design** – We are integrating energy-aware software design principles into the development process, which involves writing code that is optimized for minimal energy consumption. This includes reducing redundant processes, optimizing

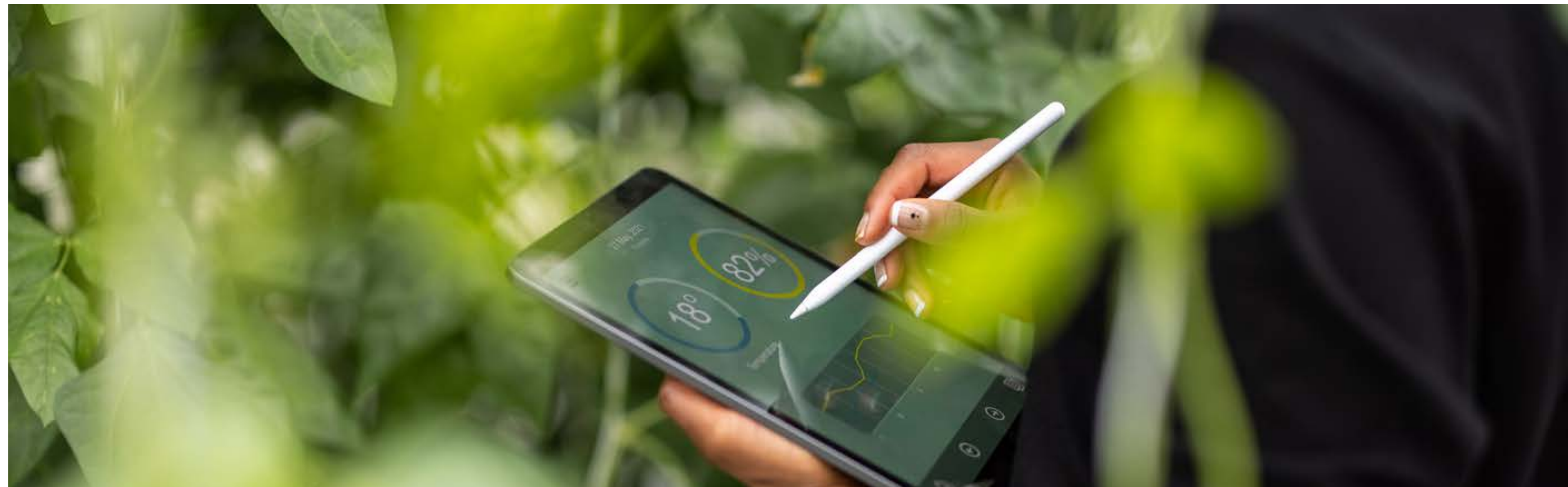
algorithms and managing power usage effectively.

- **Efficient Algorithms and Data Structures** – Using appropriate data structures and sorting algorithms for real-world data can significantly reduce the number of operations and can be more energy-efficient.
- **Code Optimization and Refactoring** – Techniques like loop optimization and memory management practices can save processing power.
- **Energy Profiling and Monitoring** – Using energy profiling tools to monitor and analyze the energy consumption of software and implementing dynamic power management techniques, such as putting idle components into low-power states, can significantly reduce energy usage.
- **Adopting Asynchronous Processing** – Implementing non-blocking I/O operations can reduce the energy consumed by making

better use of system resources and avoiding idle CPU cycles. Utilizing concurrency models can help manage resource utilization more efficiently, reducing energy consumption.

- **Eco-Friendly Coding Practices** – Using practices like modular code and creating reusable components and libraries means that less new code needs to be written, compiled and executed, saving energy in the long run. Ensuring that applications release resources such as threads, database connections and file handles when they are no longer needed can prevent unnecessary energy consumption.

Implementing these energy-aware software design principles can lead to the development of more sustainable and efficient software, ultimately contributing to the reduction of the environmental impact of the digital software solutions that we design, build and operate for our customers.



Digital Innovation Strategies

Digital Twin Technology

Supporting innovation around digital green operational technology (OT) efforts involves leveraging advanced digital technologies to enhance sustainability and energy efficiency in industrial and operational environments. We are innovating around digital twin technology that allows us to create a virtual replica of physical assets, systems or processes, allowing for real-time monitoring, simulation and optimization. This helps analyze the performance of customer operations in detail, identify inefficiencies and test improvements without disrupting actual production to save energy and reduce environmental impact.

AI and Machine Learning

Utilizing AI and machine learning for predictive analytics allows us to assess vast amounts of operational data, predict equipment failures and optimize maintenance schedules. This prevents unplanned downtime and reduces energy by ensuring that equipment is running optimally. We are investing in AI to help optimize production processes so that parameters can be adjusted dynamically to minimize energy use while maintaining product quality. This reduces waste and improves overall sustainability in industrial operations.

IT/OT Convergence

We are also assessing IT/OT convergence to help build cloud-based systems and centralize the monitoring and control of OT systems, providing scalability, flexibility and advanced data analytics capabilities. Cloud-based systems enable remote monitoring and management, allowing for real-time adjustments that can enhance energy efficiency and reduce emissions.

Our investment into these digital innovation strategies helps enhance green OT efforts for our customers, not only reducing environmental impact but also driving cost savings and energy-efficient operational improvements.

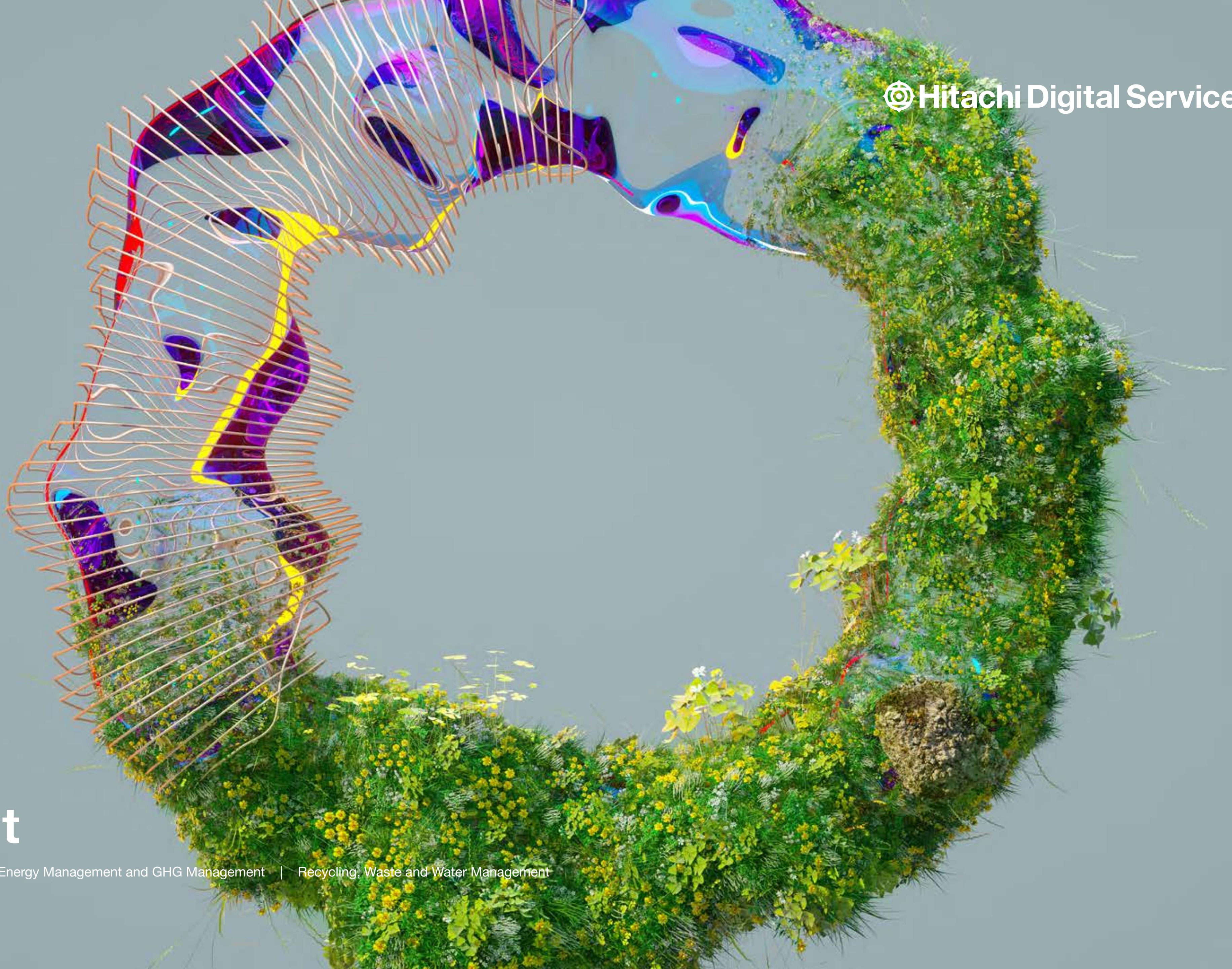
Culture of Sustainability

Long-term success across our green software initiatives requires nurturing a culture of sustainability within the company. We provide training and resources on sustainable coding practices, to support and encourage employees to contribute to green projects. By promoting awareness and collaboration, we strive to ensure sustainability is a core consideration in all projects. Regularly sharing best practices also allows teams to continuously improve and adopt greener methodologies.



Environment

Environmental Impact of Our Operations | Energy Management and GHG Management | Recycling, Waste and Water Management



We recognize our role in driving climate action not just in the services and solutions we offer but also in our direct operations. This year, we formalized the elements of our climate strategy to continue working toward a less carbon-intensive future.

Environmental Impact of Our Operations

Environmental Governance

Digital Services' environmental sustainability strategy and execution is led by the Sustainability Director, who partners with the executive team. This helps ensure environmental impact, outcomes and progress are incorporated into the company's overall business strategy. The Executive Committee provides oversight of the company's environmental sustainability program, with regular updates from the Sustainability Director.

Green Facilities

Digital Services seeks to operate in facilities that maintain efficiency and reduce impact on the surrounding environment. We actively work with partners, including real estate brokers and Hitachi Group companies, to increase the number of Digital Services' facilities with green building certifications and environmentally friendly measures. Our headquarters in Santa Clara, California, is LEED Gold certified.

Portfolio Optimization

Hitachi Digital Real Estate teams collaborate to ensure that vacancy in the portfolio is kept to a minimum by consolidating group companies in shared office spaces and closing sites that are no longer required. This increases the efficiency of our leased spaces and the usage of utilities.

Environmental Features at our HQ

- LEED Gold certified building
- Public transportation access
- Water-efficient landscaping
- Innovative waste technologies
- Enhanced refrigerant management
- New high-efficiency HVAC equipment
- Indoor chemical and pollutant source control
- Green power through the Sunwave solar system
- Electric vehicle charging stations
- Title 24 lighting and fixtures, including high-efficiency LED lighting and smart lighting controls
- Indoor water efficiency technology
- High-efficiency plumbing conversions
- ENERGY STAR designed
- UL Verified Healthy Building Mark: Indoor Air





Environmental Employee Training and Programs

Earth Alliance Employee Resource Group (ERG)

Digital Services' Earth Alliance ERG was launched in 2022 by employees who wanted to bring both small and big environmental changes to our daily lives at work and home. Members were invited to collaborate on:

- **Improving waste management:** looking for e-waste to decommission and recycle and incorporating compost and recycling bins into waste office collection.
- **Lab efficiencies:** collaborating with Hitachi's IT Platform Products Management Division on best practices and energy metrics for comparison.
- **Developing best practices:** learning what we are doing well in one office to measure and manage our environmental impact and encourage similar initiatives in other offices.
- **Community partnerships:** identifying and supporting local environmental projects by volunteering our time with local nonprofits and schools.

In 2023, we expanded the work of our Earth Alliance to include 12 global Earth Alliance Leaders. Leaders meet biweekly to discuss local office engagement and raise awareness on Earth Alliance and Digital Services environmental efforts. The Earth Alliance Leaders also coordinate in-person and virtual global volunteer opportunities during the company's annual Giving Week and Earth Month campaigns and act as a resource for employees to engage more deeply in environmental initiatives.

Environmental Compliance

Compliance is measured against local and country government requirements such as the Energy Savings Opportunity Scheme (ESOS) in the UK and Article 8 Energy Efficiency Directive (EED) in the EU. We also monitor findings and follow best practices from globally recognized organizations such as the International Energy Agency (IEA) and the World Resources Institute (WRI), as well as ASHRAE and ENERGY STAR in the U.S.



Energy Management and GHG Management

Our GHG Reduction Strategy

We recognize our role in driving climate action not just in the services and solutions we offer but also in our direct operations. This year, we formalized the elements of our climate strategy to continue working toward our targets and driving meaningful climate action.

Procuring Renewable Energy

Purchased electricity accounts for the largest portion of our Scope 1 and 2 footprint, which is why we understand the importance of Digital Services transitioning to renewable energy through both on-site renewable energy production and sourcing energy covered by credible renewable energy certificates (RECs) and other market-based mechanisms that align with our business operations.

Measurement and Transparency

Digital Services intends to quantify our emissions each year, and our commitment to transparency means regular reporting showcasing our progress. We understand getting a complete picture of our emissions across our entire value chain (Scope 1, 2 and 3) is an iterative and multidisciplinary process. We aim to continue to improve our monitoring over time to work toward accounting for a complete inventory and will seek opportunities to pursue stronger data quality.

Optimizing Efficiency

Digital Services operates with a mission to drive innovation not only for our customers but in our operations, too. As a core part of our strategy, we promote cloud solutions and efficient IT systems that minimize resource consumption.

Engaging Our Value Chain

Collaborating with our customers, suppliers and other value chain partners who share our commitment to the environment will not only reduce our footprint but also drive systemic climate action across our industry.

Goal:

- *Commit to becoming net-zero by FY2050*
- *Commit to setting a near-term goal aligned with SBTi by FY2025*
- *Achieve carbon neutrality in Scope 1 and 2 by FY2030*

Scope 1 and 2 Emissions

We completed our first Scope 1 and 2 emissions inventory for Digital Services in FY2023. During this period, Digital Services operated under the legacy Hitachi Vantara business, so our GHG inventory shown to the right is inclusive of all of Hitachi Vantara's operations. As of April 1, 2024, Digital Services operated as a newly established, separate business unit, and we plan to account for the emissions of our business unit separately in future reporting years.

Methodology

For our Scope 1 emissions, also called direct emissions, sources included stationary combustion (fuels burned on-site), mobile sources (fuels burned by our fleet) and fugitive sources (emissions from refrigerants). Primary data was leveraged, where available, and best practice methods to estimate emissions where data availability was limited were also used to ensure our inventory was as complete as possible. Our Scope 2 emissions, also called indirect emissions, include the purchased electricity for all sites within our operational control boundary. Per the GHG Protocol, emissions are reported using the location-based method and the market-based method.

The largest source of emissions in our Scope 1 and 2 footprint comes from purchased electricity, which is why continuing to grow our procurement of renewable energy is a foundational piece of our GHG reduction strategy.

Scope 3 Emissions

We recognize a significant portion of our climate impact occurs outside of our direct operations. In FY2023, the legacy Hitachi Vantara business, which included Digital Services, took initial steps and committed to conducting a Scope 3 materiality screening to evaluate the relevance and significance of each of the 15 Scope 3 categories from the GHG Protocol. This screening included Digital Services' operations as well as operations of Hitachi Vantara. In this next reporting year, we plan to screen and measure emissions associated with Digital Services. This screening will inform our strategy and how we prioritize improving our metrics and transparency, prioritize data quality and accuracy, and develop a value chain engagement strategy to further drive GHG reduction across our business.

| Scope 1 Emissions* | FY2023 GHG Emissions (mtCO ₂ e) |
|--------------------------------|--------------------------------------------|
| Stationary Combustion | 1,179 |
| Fugitive Sources | 934 |
| Total Scope 1 Emissions | 2,113 |

| Scope 2 Emissions* | FY2023 GHG Emissions (mtCO ₂ e) |
|--------------------------|--------------------------------------------|
| Scope 2 (Market Based) | 15,039 |
| Scope 2 (Location Based) | 17,389 |

| Total Organization Emissions* | FY2023 GHG Emissions (mtCO ₂ e) |
|--------------------------------------|--------------------------------------------|
| Total Scope 1 and 2 (Market Based) | 17,152 |
| Total Scope 1 and 2 (Location Based) | 19,502 |

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.



Managing and Monitoring Energy in Our Operations

The majority of our energy consumption occurs in our data centers and offices. At these locations, we have integrated management and monitoring systems to show continuous usage and provide alerts when consumption goes over a certain threshold. Where we manage main mechanical and electrical plants, we track our consumption against design parameters and implement measures to ensure all plants run as efficiently as possible. We are implementing internal targets at these locations to ensure we minimize our impact. We are constantly innovating and expanding our data collection efforts to other locations, including offices, where we have control over energy systems.

Renewable Energy Production and Procurement

The following renewable energy data reflects operations for the legacy Hitachi Vantara, which includes Digital Services. In future reporting years, Digital Services will measure and report renewable energy production and procurement specific to our business entity.

Energy Consumption

51,644

Total energy consumption (MWh)

1,452

Total renewable energy generated (MWh)

86%

Percentage of total energy from grid electricity

19%

Percentage of total energy from renewables

Recycling, Waste and Water Management

Waste Management

Digital Services is committed to minimizing waste and waste-related impact across our operations. We maintain regional recycling programs to ensure the proper treatment of waste streams and reduction of waste to landfill. All waste streams are identified at source, segregated and collected according to legal requirements and in consultation with our waste handling companies.

Water Management

During FY2023, Digital Services collected water data at our headquarters. Collection of water data was prioritized at our headquarters given the significance to both our business strategy and water-related impacts. We are working to expand our efforts to capture all our operations over time and have plans to extend water usage data collection to all locations where water usage is measurable over time.



Social Capital

Employee Engagement, Training and Development | Diversity, Equity and Inclusion | Employee Health and Safety | Responsible Procurement | Social Contribution Activities



Digital Services remains committed to powering good for our employees, partners and communities. Our inclusive culture and diversity of thought are pivotal in achieving data-driven outcomes that are human-centric.

Employee Engagement, Training and Development

Our People

At Digital Services, our greatest value lies in our people. We are committed to a philosophy of continuous growth and development, ensuring innovative, positive results for clients and the company, and supporting employees' career aspirations. We cultivate a growth mindset and expect active pursuit of opportunities for education and skills enhancement by providing access to a suite of learning platforms and resources.

Onboarding

To ensure employees feel supported and equipped from the moment they join the Digital Services team, we have created a comprehensive onboarding program. The Global New Hire Curriculum covers activities such as connecting with managers, assigning mentors, building networks, team meetings and more. New employees are encouraged to explore Connect, our corporate SharePoint, where they can find the resources they need to navigate the essentials, from key communications channels to talent development information to travel and expenses policies, and more. In some specific locations such as India and Vietnam, new employees are welcomed in person with a daylong induction, meeting key leaders and new team members, and finding out more about the company. HR also plays a big part in supporting and providing guidance to all new employees.

Learning at Digital Services

The ongoing pursuit of education is a core principle at Digital Services and is emphasized from the moment an employee is onboarded. Our team offers several learning systems and resources for our employees, including internal training delivered in-house, live boot camps, career navigation, self-directed learning guides and region-specific tuition reimbursement.

Learning Platforms

There are three main learning platforms available to all employees globally.

Hitachi University

Learning management system

- Custom e-learning and live virtual and in-person training opportunities. This includes ongoing curriculum offerings for individual contributors (such as Career Navigator) and managers and leaders (such as the Perspectives for Leaders). Some courses are offered for intact teams (Collaboration Conversations) or aligned with a business cycle (Meaningful Performance and Goal Setting Conversations). Courses may be delivered to address business initiatives and events, such as the customized Navigating Change webinars offered to support employees during a time of significant organizational change.
- Mandatory annual compliance training for all employees is housed here.

Percipio

Skills training platform

- Broad scope of courses to develop skills in a wide variety of areas, including professional development, technology and project management.
- Training and exam preparation helps lead to successful achievement of certifications on Project Management Professional (PMP) certification, Google Cloud Engineer certification, AWS certification and more.

goFLUENT

Platform for language learning

- Helps to ease the barrier of communication across our global employee base and with clients by developing language skills used by colleagues and clients.
- Typically utilized more heavily by employees in EMEA and APAC to learn English, the company's primary language used in daily operations.





Managing People

People Manager Influence

People managers at Digital Services play a critical role in developing a diverse, inclusive and high-performance culture. We have developed five key areas of influence, along with resource links and tools on our internal intranet, to help managers excel in their roles.

Core Areas of Influence for People Managers

- 1 Attract and interview
- 2 Onboard and transition
- 3 Engage and excite
- 4 Grow and develop
- 5 Recognize and reward

Our managers embrace a “coaching mindset,” prioritizing a deep understanding of employees’ diverse work styles to optimize their contributions. We actively engage in conversations about performance and career aspirations and provide constructive feedback. Despite occasional ambiguity, we collaboratively define goals and strategies that support continuous learning. Each of these steps requires a manager to uphold the Digital Services values to not only bring in the top talent but also foster their abilities to help them thrive.

People Manager Training

As a people-centric business, we are focused on creating opportunities for our people to grow and succeed. Focusing on how our people managers can best support employees, in FY2023, we launched a restructuring of our People Manager Development and Training program. This 12-part program is developed for live virtual delivery, with e-learning options available as supplemental resources. To supplement the core curriculum, we also provide mini courses that serve as a learning or refresh opportunity.

The core curriculum courses develop skills for effective conversations that nurture growth and inspire creativity. A focus area is emotional quotient (EQ), or a measure of a person’s emotional intelligence. By fostering their own EQ, people managers can engage in ongoing conversations that provide each unique employee appropriate support and guidance to foster their growth and development, and enable them to adapt, innovate and contribute their best.

While the restructure is in process and will continue to be rolled out in FY2024, we have already provided training on:

- Inspiring people managers
- A coaching mindset
- Annual compensation review conversations
- Meaningful performance, goals and development conversations

Cultivating Leadership

We are a people business. Empowering our employees as dynamic individuals allows us to cultivate powerful leadership skills across the company. We provide several programs to foster and grow these abilities.

Mentorship Program

Digital Services' Global Talent Enablement Mentorship Program is available to all employees and is intentionally designed to build and nurture inspiring relationships across the company. A more informational mechanism for growth, we believe the value of the program allows all to learn and feel supported without barriers.

Trust and confidentiality within the program enable participants to better understand our company by connecting with others across the business and learning more about our culture, values and unique contributions. Through mentorship, inspiring relationships are built and nurtured, helping employees gain momentum for personal growth.

Amplify Leadership Development

The Hitachi Amplify program is a by-nomination leadership development program with the intention of transforming communication impact and enhancing career outcomes by creating visibility for our future leaders. Designed and delivered for Digital Services by Ginger Leadership Communications, Hitachi Amplify highlights talent for career sponsorship prospects and improves our diversity at leadership levels. We value equitable gender representation and seek to create space for our top female talent to be seen, heard and connected with opportunities.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.

In FY2023, 30 high-potential female employees from around the world were selected to participate in this exclusive opportunity*. In FY2024, we are opening the program to all genders and are inviting people to share their idea worth spreading for the future – within our organizations and beyond.

Hitachi Amplify is built around seven modules to enhance the already promising skill sets brought in by the cohort.

Module 1: Your idea worth amplifying

Module 2: Structure and the journey method

Module 3: Amplifying your storytelling

Module 4: Making your ideas stick

Module 5: Speaking with confidence

Module 6: Bringing personality and impact to your talk

Module 7: Amplifying your impact and inhabiting the role of evangelist





Additional Leadership Development

Digital Services is committed to developing our leaders in partnership with Hitachi, Ltd., sending select employees to Hitachi global leadership development programs. These exclusive programs broaden employees' understanding of Hitachi while providing networking opportunities with leaders across the enterprise.

Beyond these programs, we offer a suite of leadership assessments for insights into current strengths, growth areas and potential. Assessment knowledge is used to support individual development and improve leadership, which leads to positive organizational transformation. In addition, we offer formal leadership coaching to improve self-awareness, increase leadership effectiveness and unlock potential. We are continuously expanding our portfolio of offerings and are excited to watch our leaders flourish.

Employee Engagement

Employee Engagement Survey

Each year, Hitachi sends out an employee engagement survey, called the Hitachi Insights Survey, to capture feedback, insights and perspectives from hundreds of thousands of Hitachi employees across the globe.

The survey addresses Hitachi's strengths, opportunities and areas for improvement, company vision, areas of strategic importance to achieving Hitachi Group company goals, workplace environment, management effectiveness, health and safety, DEI, and other employee-impacting initiatives and programs. The goal is to collect employee feedback, analyze that data with internal and external benchmarks, and convert that feedback and analysis into actionable plans

that will lead to improvement of employee performance, employee satisfaction and business performance. The survey, available in 21 languages, is conducted by a third-party partner to ensure anonymity.

Digital Services' Executive Committee reviews results with management, who develop action plans for further improvement of team performance and engagement.

Company Engagement

While surveys are an efficient form of gathering broad and anonymized perspectives, we pride ourselves on our in-person company engagement. Frequently and at least annually, the Digital Services' leadership team hosts a Corporate Townhall to celebrate our achievements and discuss near-term priorities. This includes an open Q&A to promote transparency and equitable discussion.

Talent Enablement and Feedback

At Digital Services, our Global Talent Management and Enablement process aligns individual and organizational goals to foster a culture of growth and accountability. We incorporate individual goal setting, ongoing coaching and an annual review.

Throughout the year, managers also engage with employees in constructive conversations to provide directed feedback. Looking back, up and forward, these conversations explore achievements, organizational goals and career aspirations. To prioritize promoting from within, we conduct talent reviews, enabling us to facilitate mobility across Hitachi companies.

Networkers of Hitachi Digital Services

In FY2023, the Talent Enablement Team launched a campaign called What's the Big Idea, asking for the global team's feedback on how to be a better Digital Services. The idea that rose to the top was to create a Networkers of Hitachi program to better support the connection of employees across the globe. We aim to develop and roll out the program in FY2024.

The Shift to Talent Enablement

In FY2023, we started the process of shifting away from traditional performance management to talent and performance enablement. Through this shift, we encourage employees to focus on what inspires them, setting an annual goal that is developmental and aspirational, not solely role-based. We want employees to tap into the areas that excite them and will allow desired career growth and impact.

Benefits

We are proud to provide benefits that support all aspects of our employees' lives — their health and well-being, financial stability, family resources and time away. Read more below and on our careers website [here](#).

Health and Well-Being

Unique Health Benefits

We maintain comprehensive medical, dental and vision insurance for all employees. To remain vigilant in our care for employees whose health benefits may be at risk, we have updated our U.S. healthcare to provide out-of-state coverage for all health benefits. The shift supports those who would have otherwise been denied access to certain medical care programs due to their state's regulations, such as gender-affirming care and reproductive health care. Additionally, we fulfill the diverse needs of our employees by bringing in the recommendations of our ERGs. Our UK offices exhibited this prioritization by adding prayer spaces and feeding rooms for women.

Wellness Benefits

We value the well-being of the body and mind by offering live physical fitness courses as well as on-demand fitness, courses and information about nutrition, our Digital Services' sleep center information and meditation sessions. While these are offered to all, we recognize that our employees may require a different approach to wellness. To provide our employees with the freedom to choose the wellness program that best suits them, we allocate \$650 per year to U.S. employees to use where they want. They can purchase personal gym equipment, take exercise courses, or sign up for a gym membership.

Mental Health

We prioritize mental well-being alongside physical health, recognizing the significance of mental health first aid. All employees have the opportunity to undergo training, including programs like Mental Health First Aid certification and QPR (Question, Persuade, Refer), to identify and aid those dealing with mental health issues. Fostering a culture of awareness, we provide webinars and courses on topics like emotional fitness, breathwork, meditation and mental health in the workplace. Free sessions are offered, and employees are compensated for related health and safety courses taken externally, reinforcing our commitment to mental health wellness and support.

Financial Stability

Compensation and Bonuses

At Digital Services, we want everyone to share in our success. Therefore, all permanent employees are eligible for a bonus. Our 401(k) match for U.S. employees, set at 6% with no cap, garnered enthusiastic participation from 86% of our employees in FY2023*.

Commitment to Pay Equity

Equity of pay is a priority at Digital Services. As an organization, we promote fair compensation for all employees and ensure our Reward Policies are unbiased and consistently applied across our male and female population in similar pay grades. We hire a third-party legal firm to analyze our pay structure annually.

Family Resources

Child and Elder Care

To support our employees caring for children or elderly family members, we offer resources such as care coaches, education and homework help, backup care and more.

Disability

We offer a comprehensive disability benefits program featuring a yearlong short-term disability program that provides U.S. employees with 80% of their salary.

Time Away

Time-Off and Leave Programs for U.S. Employees

Work-life balance is safeguarded by our unlimited time-off program, of which Digital Services was an early adopter, and leave of absence policies.

Other examples of our generous leave policies include, but are not limited to, the following:

1. Medical leave – Up to 52 weeks off with a doctor's approval
2. Parental leave – Collectively provides 24 weeks of time away
3. Bereavement leave – Offers 40 paid hours
4. Jury duty – 10 paid days each year
5. Military duty – Jobs protected under the Uniformed Services Employment and Reemployment Rights Act (USERRA)
6. Personal leave – Unpaid six months to pursue personal interests
7. Volunteer time off

Flexible Work

Committed to flexibility, Digital Services allows employees to choose work locations based on business needs, country regulations and personal preferences. The flexible-work policy, applicable to all employees, empowers them to choose their optimal work environment. This approach, initiated during the pandemic, reflects adaptability and understanding. Employees are free to determine where they can excel, whether in the office or at home, aligning with our hybrid working expectations, which have been positively received by our staff. This philosophy promotes mutual benefit for both the company and its employees.

Labor Practices and Contingent Work

Contingent Workforce Policy

Digital Services' Global Contingent Worker policy reflects our commitment to recognizing and appreciating the contributions of every member of our workforce. This policy ensures the accurate classification, utilization and tracking of contingent workforce members. When engagement managers identify the need for external resources to meet business requirements, this policy must be followed in the treatment and engagement of contingent workforce members.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.



Diversity, Equity and Inclusion

Our DEI Strategy

We take pride in celebrating diversity and firmly believe that creating an inclusive environment paves the way for a more prosperous future. Our respectful culture and diversity of thought are pivotal in achieving data-driven outcomes that are human-centric. We're always striving to create an environment where everyone feels seen, heard and valued. Only by embracing all forms of diversity can we truly co-create a better future for all.

Oversight

To help ensure inclusion and equity are at the forefront of decision-making across the company, we appointed a Chief Diversity and Inclusion Officer in 2022, followed by an Office of DEI with dedicated resources to provide programming and training to global employees. Additionally, the DEI team actively engages with the Hitachi DEI Global Council to build alignment with strategies, objectives and available resources.

DEI Policy

The Hitachi Group Global Diversity, Equity and Inclusion (DEI) Policy sets behavioral expectations, guidelines and commitments across Hitachi's business units. In line with Hitachi's core tenets of gender balance, cultural diversity and multigenerational diversity, Digital Services has tailored a unique DEI approach to address regional differences. For a comprehensive review of our official DEI policy, see [more here](#).

Goal:

Achieve 30% ratio of female people leaders by FY2030

DEI Pillars

Our three DEI pillars guide our strategy, actions and goal-setting across the company.

Leadership

- Embed DEI in behaviors, policies and decisions
- Invest in leader and middle manager capability
- Raise EQ and vulnerable leadership: hosted discussion sessions with 150 leaders in the company on how bias shows up in daily life

Living DEI

- Embed DEI in our culture/everyday work
- Create continuous learning for all: brought in external speakers to share their lived experiences
- Grow thriving ERG communities: increased number of ERGs from four to eight, and hosted 90 ERG events in FY2023

Attract and Grow Talent

- Embed DEI into compelling employer brand
- Source diverse candidates for all roles
- Build leader pool
- Increase early talent focus
- Increase female population to 30% by 2025

While we acknowledge there is always work to be done, we are proud of our efforts in FY2023.

Inclusive Recruitment Practices

As we navigate the dynamic landscape of talent acquisition, we remain committed to removing biases, attracting diverse candidates and ensuring inclusivity within our recruitment process.

Job Advertisements

Our job advertisements are crafted with inclusive language to attract diverse candidates and remove the barrier of a “box-checking” mindset. Selecting the ideal candidate for a role goes beyond mere checklist evaluation, and we want candidates to apply if they are excited by the opportunity.

In FY2023, we introduced a step in our hiring process to run all job postings through an online inclusive language review tool and developed training for recruiters to create inclusive and impactful job postings. We also added the ability for applicants to provide their pronouns and name recordings as part of the application process.

Applicant Data

Our applicant pool is invited to answer a set of voluntary demographic questions to measure the diversity of our candidate sources. The responses are anonymous and aggregated to protect the privacy of applicants. This data helps inform our hiring strategy and improve our recruitment process. Our primary candidate sources include direct talent acquisition, campus/graduate hires, employee referrals, internal promotions and agency hires.

Equitable and Inclusive Interview Process

Grounded in the belief that streamlined interviewing is central to equitable hiring, we utilize a third-party applicant tracking system with built-in functionality to support fair assessment and selection practices. The system incorporates predetermined selection criteria, consistent interview questions and a common rating scale to remove potential bias. We also leverage a specific tool called Inclusion Nudge, which prompts recruiters and interviewers with nudges to raise awareness about potential biases in the moment.

Recruiters for Digital Services are charged with ensuring there are at least two diverse candidates in the hiring pool and that candidates are assessed holistically by a diverse selection of interviewers.

To enhance our visibility as an LGBTQ+ friendly workplace and to actively promote this commitment, we joined myGwork, a global recruitment and networking hub for LGBTQ+ professionals.

Hiring Manager Training

To strengthen our diverse hiring practices, we provide both foundational interview skills training and more in-depth Critical Behavior Interview training for all hiring managers. We are currently enhancing our hiring training programs to incorporate more robust elements on inclusive hiring practices and proactively eliminating biases in our hiring processes.





Inclusion Training and Awareness

We conduct annual compliance training on both diversity and anti-discrimination and -harassment. Available in nine languages, the “Understanding Unconscious Bias, Equality and Equity” training course educates employees about the importance and value of a diverse workplace and introduces the Digital Services mission and vision. Training participation was 100% in FY2023*.

DEI Training and Programs for Leadership

Aligning with our commitment to DEI, we extended a unique opportunity to our top 150 leaders, inviting them to engage in insightful two- to three-hour discussion sessions addressing the manifestation of biases in their daily lives. Through education and awareness initiatives, we facilitated discussions led by external speakers, sharing diverse perspectives and experiences.

In FY2023, we also launched a program for high-potential female talent called Hitachi Amplify, focusing on storytelling training and amplifying a message. It culminated in a global finale with over 1,350 attendees and an inspiration score of 4.7/5*. Read more about Hitachi Amplify in the [Learning and Development](#) section of this report.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.

Employee Resource Groups

Employee resource groups (ERGs) are voluntary, self-directed groups of employees who represent diverse backgrounds and perspectives, provide ideas and solutions, and create opportunities for mentoring and career development. Our ERGs provide a supportive space for fostering personal growth, addressing difficult topics and uniting under a common voice. We currently have eight ERGs across Digital Services.

| | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Black Employee Resource Group (BERG) | DiversAbility | Earth Alliance | HOLA! ERG |
| <ul style="list-style-type: none"> • Fosters a supportive community for Black employees • Promotes networking, professional development and leadership opportunities • Actively works to recruit, retain and advance Black careers | <ul style="list-style-type: none"> • 15-30% of population identified with disabilities or neurodivergence • Offers support and education to address challenges and leverage strengths | <ul style="list-style-type: none"> • Addresses environmental issues for higher quality of life • Actively fights climate change • Leverages technology leadership to address challenges | <ul style="list-style-type: none"> • Uplifts Hispanic and Latin employee voices to achieve full potential • Connects employees to resources in cultural awareness, career growth and community outreach |
| Mental Health First Aiders | Rainbow Connection | Veterans ERG | Women of Hitachi |
| <ul style="list-style-type: none"> • Trained in active listening and providing direction to professional services for individuals facing mental health challenges • Hosts monthly safe-space discussions | <ul style="list-style-type: none"> • Provides visibility for LGBTQ+ employees • Promotes inclusive and safe culture • Establishes business goals to improve LGBTQ+ hiring, provide gender affirming healthcare and establish gender affirming content • Extends to allies to foster community | <ul style="list-style-type: none"> • Enhances work environment for veteran employees and job seekers • Supports and engages with community through sharing experiences and resources for professional growth | <ul style="list-style-type: none"> • Grounded in allyship, provides programs to help women develop skills in financial literacy, career development, negotiation and addressing imposter syndrome |



ERG Impact*

90+

ERG experiences with over 8,000 participants across Digital Services globally

8

Number of Digital Services' ERGs, which has doubled since 2022, to offer community and engagement

Spotlight: Women of Hitachi

With more than 700 members, Women of Hitachi strives to be an open and welcoming community to all employees who identify as women and their allies. The group commits to the development and celebration of every person within our company by offering in-person activities and virtual get-togethers, organizing inspiring speaker sessions and creating a knowledge center, and promoting diversity and equitable pay. The Women of Hitachi ERG is not only succeeding in breaking the glass ceiling but also surpassing expectations to achieve even more for all of the employees at Digital Services.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.

Case Study: Website Accessibility

Accessibility is not just about what you see visually but also about how a website functions for all users who may require assistive technology or who use alternative methods to view content and traverse the site. At Digital Services, we take concrete steps to ensure our website is universally usable by a diverse audience. We follow the Web Content Accessibility Guidelines (WCAG), a set of standards developed by the World Wide Web Consortium (W3C) that helps organizations create accessible websites. In FY2023, we achieved the second-highest level of accessibility compliance set by W3C.

Other ways we have increased the accessibility of the Digital Services website include:

- Adding titles to SVG icons like our social media icons
- Updating color contrast
- Updating heading structure, which is important for users of assistive devices
- Updating link color and design
- Making all content accessible via keyboard
- Ensuring all videos have captioning available
- Adding a text-to-audio button to allow visitors to listen to blogs and news
- Creating websites in multiple languages, such as Vietnamese and Japanese

Employee Health and Safety

Digital Services is committed to conducting all work activities in a manner that promotes the safety and health of colleagues and visitors and minimizes risk to Digital Services property.

Health and Safety at Our Offices

Safety and Compliance

We are committed to complying with all Environmental, Health and Safety (EH&S) regulations in every office location where we operate. Our goal is to build and maintain a practical and positive EH&S program and culture supported by a robust management system with a risk-based approach. We work collaboratively with our suppliers and contractors to ensure they also adhere to our EH&S standards and comply with all regulations.

Risk Assessment and Management

We have ongoing risk management processes including risk-based analysis of our workplaces and operations and identification of appropriate controls to eliminate or minimize potential risks. We conduct periodic inspections, assessments and audits to identify gaps in our policy or management plan and track actions to completion.

Emergency Preparedness and Response

We maintain robust business continuity and emergency response plans to address potential incidents promptly and efficiently. We provide regular training and conduct periodic drills to ensure employees are well-prepared to respond to emergencies.

Performance Measurement and Reporting

EH&S performance indicators such as training completion, inspection results and corrective actions are integrated into an EH&S database for real-time tracking. We also monitor all EH&S commitments and report to EH&S Policy stakeholders for quarterly review.

Incident Reporting

We require that all incidents are reported and investigated, and take appropriate action to reduce reoccurrence. Incident reporting, including on near-misses, is encouraged through our online e-Alert platform.





Responsible Procurement

Supply Chain Operations

Digital Services' global business operations focus on product and service offerings. At the highest level, suppliers are grouped in the IT/technology category or in the service category. Digital Services aligns with the [Hitachi Group Sustainable Procurement Guidelines](#) and has established a [Hitachi Vantara Partner Code of Ethics and Business Conduct](#) (Partner Code) for Digital Services' business operations. The Global Procurement department undergoes annual mandatory training on sustainable procurement, with a 100% completion rate in FY2023.

Supplier/Vendor Code of Ethics and Business Conduct

We believe that high ethical standards not only for employees but also all business partners are the foundation of both a successful business and a great work environment. The Partner Code articulates our commitment to upholding responsible and ethical business practices throughout the value chain and outlines expectations of all Digital Services' partners. Suppliers are required to review and accept the Partner Code.

Due Diligence and Qualification

Our supplier selection and onboarding procedures include due diligence checks and compliance with applicable laws and regulations. The supplier qualification process includes, where required, reputational due diligence, financial viability assessment, identification

of potential conflicts of interest, confirmation of the Partner Code of Conduct, and a social responsibility questionnaire.

In addition to service quality, cost and product specifications, Digital Services' qualification process assesses suppliers' efforts to adequately address:

- Environmental sustainability
- Business continuity
- Service and product security
- Data privacy protection
- Diversity
- Human rights (to be incorporated in FY2024)
- Reputational due diligence/financial crimes (to be incorporated in FY2024)

In undertaking responsible partnerships with business partners, our qualification process also requires suppliers to disclose their external sustainability rating as verified by organizations such as EcoVadis and the Responsible Business Alliance.

Third-Party Risk Assessments and Audits

In FY2023, we continued to enhance our due diligence process for assessing and addressing risks in the supply chain.

Our assessment methodology for suppliers starts by determining the risk based on the supplier category (e.g., the type(s) of goods and/or services the supplier provides to Digital Services). Higher-risk requests are sent to Business Continuity Management, Data Privacy

and Cybersecurity departments, which conduct appropriate reviews. All new suppliers are subject to a vendor risk assessment, as are existing suppliers that add new products or services to the business relationship.

Enhanced channel partner due diligence typically includes internal business justification, completion of external questionnaires by the channel partner applicant; corporate registry and beneficial ownership checks; office location and facilities verification; documented evidence of compliance program components; and detailed desktop due diligence performed on the channel partner entity, its leadership and its key employees. An authorized representative of distribution channel partners operating on our behalf in high-risk countries is required to sign Anti-Corruption Compliance Certification acknowledgements at onboarding and periodically thereafter.

Digital Services has also deployed a channel partner audit program. Several distribution channel partners are selected for audits on an annual basis using an evolving risk assessment methodology reviewed and approved periodically by the company's Audit Committee. These channel partner audits focus on a combination of transaction sampling, policy, procedures, systems and controls reviews, as well as interviews conducted via on-site visits to the channel partners. In FY2022-2023, audits/site visits were conducted with channel partners in at least eight different countries.



Third-Party Information Security

Security in Supplier Relationships

Confidentiality Agreements

External parties (such as suppliers, vendors or sub-processors) performing services on or requiring access to Digital Services or its data hosting and data processing facilities are required to commit to contractual confidentiality language, which may include a nondisclosure agreement. Where applicable, external parties must also sign a data protection agreement and EU Model Clauses. All agreements in which a third party may be given such access must also incorporate approved confidentiality standards and security provisions into their downstream suppliers' contracts, as relevant.

Third-Party Evaluation and Monitoring

Digital Services evaluates third-party services, assesses the information security risk associated with third-party services, and identifies remedial actions to mitigate the risk and lower it to an acceptable level. Existing third-party services are periodically evaluated for security risks, and risk mitigation measures are instigated.

Third-Party Risk Assessment Questionnaire

- **Data Privacy** – Types of data (PII), countries of storage and transfer, location of service
- **Business Continuity** – Including service level availability (SLA), business process recovery time objective (RTO) and recovery point objective (RPO)
- **Service/Product Security** – Publicly available security information, third-party attestation and certifications, penetration tests and data encryption, security logging and auditing, records retention

- **Third-Party's Security Practices** – Organization of information security, checklists, employee screening, segregation of duties, system hardening, malware and threat management
- **Data Loss Prevention** – Processes in place to prevent and monitor the exfiltration of Digital Services data

Third-Party Service Delivery Management

Digital Services maintains master service agreements with various vendors for services and products. In these agreements, specific security and privacy controls are defined and agreed upon prior to the onset of service.

Supplier Sustainability

We assess the environmental commitments of top-tier suppliers in order to assure alignment with Digital Services' environmental requirements.

Trusted Ally Program

Digital Services' Trusted Allies are a selective group of suppliers who meet a high level of performance, quality, service, flexibility and contracting guidelines to provide global services, tools and support. The purpose of this program, launched in late FY2023, is to create a global ecosystem of suppliers that have a vested interest in growing Digital Services business and strengthening its infrastructure. These suppliers must have preferable commercial and legal terms and be considered high-performing in the areas of technology, cost, quality, flexibility and services provided. We also include ESG considerations in the Sourcing Guidelines.

Human Rights in the Supply Chain

Digital Services recognizes the importance of identifying and preventing modern slavery in our business and supply chain. Our Modern Slavery Transparency Statement sets out the steps we have taken to minimize the risk of modern slavery and human trafficking in our global business operations and supply chain. The statement is compliant with the requirements of the Australian Modern Slavery Act, the UK Modern Slavery Act and the California Supply Chain Act, and is reviewed and updated annually.

Our commitment to the identification and prevention of modern slavery covers various exploitative activities such as forced labor, slavery, child labor and human trafficking. By promoting awareness and understanding of the risks within our own sector, improving collaboration across our organization and strengthening supply chain transparency, Digital Services continues to combat the risk of human trafficking and modern slavery entering our supply chain. Recent actions are summarized below.

- Incorporated learnings related to modern slavery, unfair labor practices and the identification of any association with trafficking into a framework to consider these issues in our vendor risk assessment process, the outputs of which will be deployed in FY2024.
- Continued enhancement of our processes to evaluate supplier compliance with Digital Services' standards for preventing trafficking and modern slavery.
- Equipped employees with greater knowledge and ability to identify the risk of modern slavery in our supply chain, as well as how to address it.

Supplier Diversity

At Digital Services, we consider working with diverse suppliers an integral part of our strategic sourcing and procurement processes and continually seek to build mutually beneficial relationships with a broad and diverse supplier base. This base includes owners of small businesses, as well as businesses with minority, women, LGBTQ+ or disabled owners. Our RFPs ask prospective suppliers to identify their diversity classification, indicate if they have a supplier diversity policy and provide supplier diversity spend reporting.



Social Contribution Activities

Powering Good

At Digital Services, we are committed to harnessing our advanced technology and global presence to address key societal challenges and create positive social impacts and sustainable shared value, for both people and the planet. Employees around the globe are also doing their part, actively contributing through volunteer service projects that help us achieve global targets such as the UN's Sustainable Development Goals (SDGs).

As part of the Hitachi Group, Digital Services is committed to investing in future generations, empowering communities and enhancing environmental stewardship. We do this by:

- Implementing comprehensive STEM (science, technology, engineering and mathematics) education programs and future-ready skills aimed at reaching students across diverse communities.
- Achieving community impact participation as measured by employees' actions, including volunteering, donating and participating in programs that positively impact their communities.
- Working with organizations focused on environmental conservation, protection and education.

Digital Services' Community Action Committees and functional teams choose their partner organizations based on proximity to our Hitachi offices and alignment with our vision to co-creating a better world for us all.

Employee Volunteering

Digital Services provides paid time off during the workweek for employees to perform volunteer work at schools, Digital Services' sponsored community events or nonprofit charitable organizations that have IRS 501(c)(3) status. In the U.S., full-time employees receive eight hours of volunteer time off (VTO), and part-time employees receive four hours of VTO for the calendar year.

Demonstrating Impact

In 2022, we developed an online form to capture where and how our employees were contributing to their communities. Digital Services' teams working on the ground with nonprofit organizations assess need, impact and potential adjustments on an ongoing basis. A few examples are highlighted below.

- Our Global Learning team partnered with Mmakgabo Senior Secondary school in South Africa to lessen the digital divide and support students with ambitions to attend college. In addition to providing the technology equipment and clothing needed, the team partnered with educators to develop their curriculum.
- In India, the team has been supporting The Akshaya Patra Foundation, a nonprofit organization striving to eliminate classroom hunger, for several years. By measuring how our support was affecting the foundation's Mid-Day Meal program from year to year, Digital Services realized we could double our impact by donating a food delivery truck to the organization.
- In Mexico, employees teamed up with nonprofit Mutua to help build 10 urban gardens at Pro Niños, a children's homeless shelter in Mexico City.
- In the U.S., Digital Services awards five scholarships to students in bachelor's degree programs that are renewed for up to four years based on their academic standing according to school requirements.

FY2023 Powering Good Impact Worldwide*

42

Number of organizations supported/partnered with

~\$350,400

Total charitable contributions

~4,600

Total hours of employee volunteering

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.

Goal:

Achieve 1,000 volunteer hours during our annual Global Giving Week by FY2025

Corporate Governance

Governance Structure | Risk Management and Business Continuity | Business Ethics | Competitive Behavior | Cybersecurity and Data Privacy

Operating ethically is the foundation of how we deliver for our customers, employees and communities.

Digital Services maintains a resilient infrastructure, safeguards data and effectively manages risk.

Governance Structure

To promote the interests of and deliver for our customers, employees, communities and other stakeholders, we maintain a strong corporate governance structure that starts with our board of directors, Audit Committee, and Internal Risk and Controls Committee.

Digital Services' directors have a wide range of skills and experience across the technology and data industry, as well as expertise in management. We consider the diversity of backgrounds, skills and experience when selecting our leadership. We will continue to seek future candidates whose talents and background reinforce our culture and enhance our long-term business success.

Risk Management and Business Continuity

Oversight

Digital Services' Business Continuity Management (BCM) department is responsible for the company's risk management and business continuity programs and planning. The department's leadership includes the BCM Steering Committee, which consists of senior members across the company in core functions such as delivery team, marketing,

communications, legal, human resources, security, information technology, cybersecurity, internal audit, facilities operations, and sustainability. The BCM Steering Committee reports to Digital Services' Executive Committee on a periodic basis and conducts crisis management training and a simulation exercise for the Executive Committee every two years.

BCM leadership also coordinates and collaborates closely with the Corporate Risk Management department of Hitachi, with meetings held on a monthly basis.

Enterprise Risk Identification and Management

Our risk assessment process follows the Committee of Sponsoring Organizations (COSO) enterprise risk management (ERM) framework when identifying and assessing likelihood or severity of relevant risks. Based on input from relevant stakeholders, risks are identified that might prevent Digital Services from achieving strategic objectives in consideration of the expected impact, likelihood and velocity of a risk to the company.

The risk assessment also gives consideration to the following aspects:

- New developing risks according to research institutions
- Identification of industry-specific risks based on competitors' financial reports
- Regulatory changes
- Macroeconomic developments

Digital Services' Internal Audit department conducts audits to assess the effectiveness of our established controls at managing the risks presented.





Climate Risk

We recognize the warming climate increases the likelihood of climate-related risks that may impact our business. Climate change has been an important topic at BCM Steering Committee meetings, diving deeper in FY2023/2024 to integrate climate activism and ESG challenges as specific areas in Digital Services' enterprise-wide business disruption risk assessment process.

Business Continuity Management Program

Through our Global Business Continuity Management (BCM) Program, we conduct enterprise-wide business disruption risk assessments that identify core risks across the business, reviewed and approved by the BCM Steering Committee. Risk assessment methodology considers historical incident trends and internal and external emerging trends. Risks are identified and rated by identified department owners, and mitigation plans are developed.

Digital Services' Business Continuity Management Program follows internationally accepted standards through alignment with ISO 22301 and with professional practices from The Business Continuity Institute and Disaster Recovery Institute. The Global Business Continuity Management Policy guides how the company monitors risk and maintains recovery procedures in the event business operations are threatened. Mandatory training exercises

and awareness sessions are conducted with different teams across all locations to ensure understanding and compliance with the policy. This happens annually or whenever there are major changes to the policy. The policy is reviewed and approved by the BCM Steering Committee.

Digital Services maintains a redundant and resilient infrastructure with the ability to recover services in the event of a significant disaster or disruption. For critical business functions, Digital Services provides for the recovery and reconstitution of our production-computing environment to the most recent available state following a disaster. Digital Services has established alternate processing sites to accommodate full operating capability in the event of loss of service at a primary facility.

Crisis Management and Major Incident Management Plan

Digital Services' Business Continuity Management team maintains the crisis management framework, which includes Crisis Management and Major Incident Management Plans. These plans provide a playbook to respond to all types of major incidents or crisis situations. The primary objective is to ensure employees are safe, followed by continuation of business activities.

We also maintain an Emergency Preparedness Plan that provides instructions and guidance for emergency response. Emergency preparedness activities are conducted to ensure that employees are properly prepared to handle safety or environmental incidents or accidents that happen on-site. Emergency response activities are periodically tested and exercised through drills that are evaluated to identify improvement opportunities.

Tabletop Exercises

On an annual basis, business continuity plans for selected information systems are tested as a live exercise or a tabletop test. The tests are used for training Digital Services' users and are coordinated with all personnel responsible for contingency planning and execution. The tests verify that online backups can be recovered and the procedures for shifting a service to the alternate processing site are adequate and effective. Test plans are developed in accordance with industry best practices. Results of the testing are used to improve the process and initiate corrective actions.

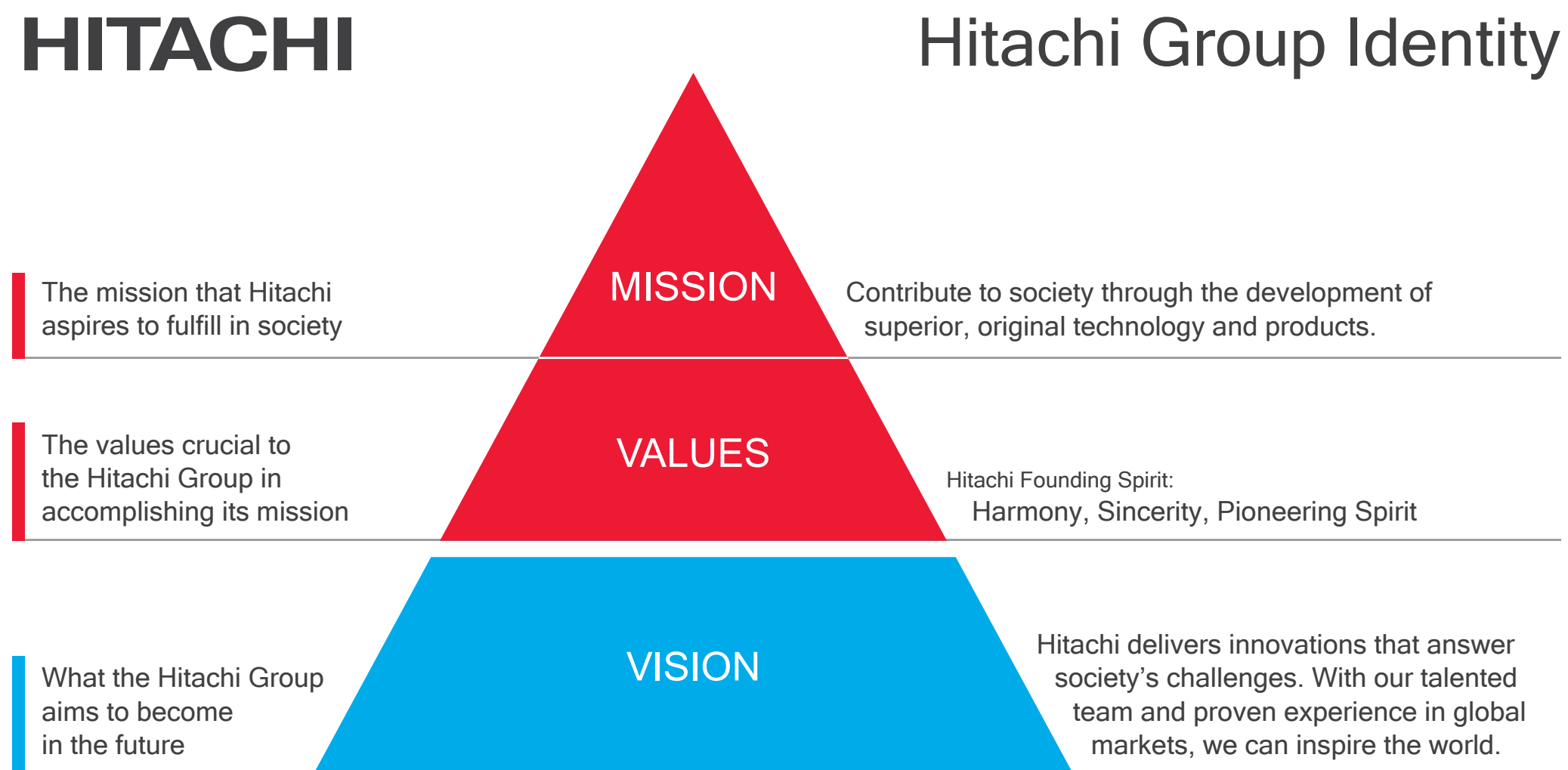
Business Ethics

Digital Services is committed to the highest standards of ethical, moral and legal business conduct. Operating ethically is the foundation of how we deliver for our customers, employees and communities. Hitachi Group’s core values of Harmony, Sincerity and Pioneering Spirit guide the development of our ethics philosophy and program.

The Values Crucial to the Hitachi Group

Harmony, Sincerity, Pioneering Spirit

These values emulate the founding spirit of Hitachi and have been embraced with care and guided by our predecessors for over a century. This spirit resonates through the way we think and operate, as we collectively strive to deliver solutions that create new value globally.



Harmony:

The willingness to respect the opinions of others and discuss matters in a manner that is thorough and frank but fair and impartial, and once a conclusion has been reached, to cooperate and work together to achieve a common goal.

Sincerity:

To act with a sense of ownership and honesty at all times and never pass the buck. The spirit to meet society’s expectations and generate credibility for Hitachi.

Pioneering Spirit:

To work creatively, using novel approaches to enter new areas. To always act as a pioneer within our areas of expertise and to have the passion to pursue higher goals beyond our capabilities.

Policies

Code of Ethics and Business Conduct

We recognize that our complex business environment can create uncertainty about how to uphold the company’s ethical standards. [Digital Services’ Code of Ethics and Business Conduct](#) (the Code) articulates the company’s commitment to ethical business practices and helps our employees and third parties acting on Digital Services’ behalf (e.g., contractors, distribution channel partners and supplier/vendors; collectively, “Business Partners”) navigate potentially challenging situations.

The Code focuses on five areas:

- Personal conduct
- Lawful and ethical behavior, including fraud, anti-bribery, anti-corruption, antitrust and fair competition
- Company assets, including intellectual property
- Data protection
- Conflicts of interest, including insider trading and political contributions

We also align with the [Hitachi Group Code of Ethics and Business Conduct](#), which is issued for implementation by all Group companies and reviewed annually unless major regulatory changes necessitate expedited update frequency. The Hitachi Group Code is acknowledged and certified on an annual basis by our employees and contractors as part of the annual compliance training initiative.

Digital Services has also issued and periodically updates a Partner Code of Conduct that outlines the guiding principles, values and rules for our distribution channel partners, vendors, suppliers and service providers to abide by when conducting business on Digital Services’ behalf. The Partner Code of Conduct is incorporated by reference into our standard distribution channel partner and vendor terms and conditions.

Anti-Money Laundering, Anti-Bribery and -Corruption, Fair Competition and Conflict of Interest Policies

To ensure that Digital Services remains compliant with applicable anti-bribery/anti-corruption, anti-money laundering and fair competition laws, we have established standalone policies, managed by the Chief Legal and Compliance Officer. In addition to these core policies, Digital Services has issued several other subject matter-specific, supporting compliance policies issued to educate employees and contractors regarding more targeted rules and controls used to ensure that misconduct is prevented or detected in a timely fashion. Examples of these policies include Donations and Charitable Giving Policy, Third-Party Gifts, Travel and Entertainment Policy, Third-Party Due Diligence Policy and the Conflicts of Interest Policy.

All of these policies include scenarios and frequently asked questions to guide employees and contractors and are available in nine languages, giving them the tools they need to identify and report red flags indicative of misconduct without fear of retaliation. Employees and business partners report suspected compliance and integrity breaches to their manager, Human Resources, the Legal and Compliance Department, or the Digital Services Ethics Hotline.

Equal Employment Opportunity Policy

Digital Services adheres to equal opportunity principles in employment decisions, considering all individuals without discrimination. We strive to provide a work environment based on trust, respect and fairness. Our Global Equal Opportunity Policy applies to all Digital Services' employees and is approved by the Chief Human Resources Officer and Chief Legal Officer. We take equal employment opportunity concerns and allegations of discrimination very seriously. Digital Services prohibits retaliation of any kind for employees seeking guidance or reporting suspected violations.

Policy Steering Committee

Digital Services maintains a cross-functional Policy Steering Committee, which reviews both new and updated policies across the entire company in addition to legal and compliance policies. The team meets weekly to discuss new and updated policies.

Whistleblower Program and Ethics Hotline

An essential characteristic of our open culture is the availability of appropriate channels for Hitachi employees and other stakeholders to report concerns in good faith and the ability to do so without fear of retaliation. Our Whistleblower Policy applies worldwide to Digital Services and its subsidiaries, affiliates, and anyone doing business with or on behalf of the company. It provides an avenue for our employees, business partners, customers and the general public to raise concerns or report suspected misconduct in good faith.

Key Components of Digital Services' Whistleblower Program

Anonymous reporting

- Concerns can be reported anonymously through the [Hitachi Global Compliance Hotline](#), available 24 hours a day, 365 days per year, where permissible by law. The hotline reflects the current local reporting requirements and is available internationally. Reporters may raise concerns in approximately 50 languages either online or via telephone. Anonymity may be maintained using either the telephone or online reporting options provided by the hotline platform.
- Other channels to report concerns include line managers and the Human Resources, Legal and Compliance departments.

Zero-tolerance policy for retaliation

- Digital Services has a zero-tolerance policy for retaliation of any kind against persons who report concerns in good faith.

Confidentiality

- Strict confidentiality is applied, to the extent possible, when handling concerns, including investigation details and the identity of the person making the allegation.

Investigation

- Digital Services is committed to following up appropriately, promptly and confidentially where possible, led by different investigative teams dependent on the issue.

FY2023 Ethics Training Completion Rate*

100%

of employees and contractors are required to complete annual ethics and compliance training

Ethics and Compliance Training

Our annual online compliance training program, mandatory for all employees and contractors, raises awareness of our integrity and compliance policies and sets expectations regarding the standards of conduct expected of all who represent Digital Services in the marketplace and within the communities in which we participate. It also helps us to demonstrate our commitment and adherence to our policies.

In FY2023, employees and contractors took separate, subject matter-specific courses in addition to the General Code of Conduct training course. This additional training covered the following topics: anti-harassment; discrimination and retaliation; cybersecurity; data privacy; DEI; and procurement (an overview of the Procurement Policy). Employees and contractors working in Procurement also take a course in identifying human rights/modern slavery red flags.

Our online training is supplemented with targeted face-to-face and webinar-based training, typically provided by function, role and geography on a rolling basis to employees and select channel partners throughout the year. These programs provide “deeper dives” on areas of concern specific to Digital Services' business, frequently using case studies pulled from the company's own experience, as well as others within the technology, professional services and ancillary industry sectors to educate attendees about how to A) navigate difficult ethical and compliance situations, B) identify red flags and C) reinforce how to report suspected misconduct.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.



Using this more interactive and facilitated discussion format allows Digital Services' employees, contractors and business partners to engage in meaningful dialogue about decision-making tactics used when confronting ethics and compliance "gray areas" and reinforcing the importance of speaking up when suspected misconduct is observed.

Code of Conduct Training Topics

- Business ethics
- Bribery and corruption
- Anti-money laundering laws
- Fraud
- Fair competition
- Export control
- Company assets
- Information owned by others
- Data protection
- Conflict of interest
- Reporting and nonretaliation
- Ethics hotline

Separate sessions are organized to educate managers regarding their unique and enhanced obligations to ensure integrity and compliance are embedded in the fabric of Digital Services' corporate culture. Managers are also provided with Hitachi, Ltd.'s Ethics and Compliance Toolkit for Managers, a working guide that provides Digital Services managers with guidance, workflows and examples needed to implement and monitor adherence to Hitachi's core values within their teams.

Ethics and Compliance Risk Assessments

Digital Services' Compliance Department conducts periodic risk assessments to detect and evaluate areas of increased risk based on a variety of factors, including, but not limited to, evolution in business models, systems and controls and governance structures, as well as changes to regulatory schemes and enforcement.

In FY2023, Digital Services undertook an assessment of its overall Compliance Program based on the updated guidance regarding Effective Corporate Compliance Programs provided by the United States Department of Justice in March 2023. Gaps identified from that assessment are being prioritized for action as part of the Digital Services Compliance Team's strategic initiatives in FY2024.

Targeting 15 regions across the Americas, EMEA and APAC, we conducted an assessment in which employees from various departments and roles provided responses to online questions and were interviewed, including from Finance, HR, Sales, Legal and more. The assessment methodology included identifying which risks may affect the company in each region, assessing the risk exposure (e.g., likelihood of occurrence and impact of occurrence) to prioritize action, planning and implementing risk responses and continuous monitoring.

In addition to structured risk assessment methods, the Compliance Department prioritizes gaps detected and takes appropriate corrective actions when matters requiring improvement are identified.

In FY2023, Digital Services built and launched an antitrust/fair competition risk assessment to evaluate existing and developing competition law risks as our company and the technology industry evolves to present new challenges. Primary areas for review in this assessment include interactions with competitors/collusion, information exchange and standards-setting, vertical relationships (distribution channels and end user customers), relationships with vendors/suppliers, market power and monopolization, merger, acquisition, joint venture and strategic partnership relationships, employer-employee non-compete clauses and select other bespoke topics.

Public Policy and Government Relations

The Hitachi Washington Corporate Office (WASHI) is Hitachi's North American government relations team. Based in Washington, D.C., the team works with federal, state and local governments to promote Hitachi's business across all sectors. Cooperation between the private and public sectors is necessary to encourage and support innovation, confront society's most urgent challenges, and realize a sustainable and equitable future. To this end, WASHI

works closely throughout Hitachi to address challenges they face doing business in the United States and builds bridges between group companies and policymakers.

WASHI supports U.S. government policies that enable Hitachi to achieve its goals of a more sustainable, connected and secure society. The team engages with government at every level — state governors and legislators, Congress and federal government agencies — to educate them on Hitachi's work and impact. They also advocate with industry association partners, such as the Consumer Technology Association (CTA) and the National Association of Manufacturers (NAM), to collaborate with like-minded companies and explain and build awareness of Hitachi in the United States.

Digital Services does not participate in political advocacy activities. Employees are not permitted to make financial contributions or provide other support to political parties, politicians or candidates for election to public office in the name of Digital Services or on our behalf.

Competitive Behavior

Actions in place to prevent anticompetitive practices include:

- Antitrust/Fair Competition Policy
- Supplemental compliance training that includes antitrust/fair competition training provided periodically
- Appointment of Global Competition Counsel in FY2023
- Antitrust/Fair Competition Risk Assessment
- Distribution Channel: transaction sampling in country and partner audits to examine tender/bids for collusion red flags and M&A deal review

Digital Services reported zero monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations during FY2023*.

* Data represents the legacy Hitachi Vantara business as it was structured in FY23, which includes Digital Services. Refer to our [press release](#) for more information on the global reorganization.

Cybersecurity and Data Privacy

Cybersecurity

Digital Services understands how critically important information protection is to our customers. We recognize the contribution that cybersecurity can make to an organization's strategic initiatives and overall risk management. Therefore, we have adopted security practices that are designed to protect the confidentiality, integrity and availability of customer information. We continually work to strengthen and improve these security practices.

Digital Services recognizes that people, information, information systems and facilities are critical assets. Digital Services implements, maintains and monitors a comprehensive cybersecurity program appropriate to:

- The risks of Digital Services' operations and mission
- Generally accepted information and cybersecurity practices
- Applicable legal and regulatory requirements

Digital Services is committed to protecting the confidentiality, integrity and availability of sensitive data and systems.

Governance and Oversight

Cybersecurity is a cross-functional effort at Digital Services and includes oversight from:

- The executive level
- Corporatewide cybersecurity governance
- Cybersecurity, product security and physical security organizations

Management actively supports security initiatives, requirements and compliance objectives through strategic planning, ongoing compliance and audit measures, as well as a commitment to maintaining a secure service environment. Cybersecurity responsibilities and activities are defined and coordinated by personnel trained in cybersecurity practices applicable to their role or job function.

Appropriate cybersecurity management necessitates a flexible and effective governance structure that supports the proper execution of roles and responsibilities throughout Digital Services and its subsidiaries, as well as corporate oversight capabilities. Digital Services' governance is structured with regulatory and legal requirements in mind. These bodies, described in the following table, promote a clear, effective decision-making process, as well as transparency in the allocation of responsibilities.



Goal:

100% of employees complete Cybersecurity Trainings by FY2025

Digital Services' Cybersecurity Governance Entities and Responsibilities

| | |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hitachi (Corporate Cybersecurity Functions) | <ul style="list-style-type: none"> • Define and communicate cybersecurity requirements applicable for Digital Services. • Review the Digital Services Cybersecurity Program alignment with corporate cybersecurity strategy. |
| Digital Services Executives | <ul style="list-style-type: none"> • Approve Digital Services' risk appetite and posture. • Are informed of cyber risk for Digital Services and ensure the escalation of identified risks to Hitachi. • Promote the adoption of cybersecurity behaviors at Digital Services. • Maintain oversight of cyber risk for Digital Services and ensure the escalation of identified risks. • Ensure proper priority and resources are allocated to the protection of systems and data in accordance with cybersecurity requirements, policies, business risk, and applicable legal, regulatory and contractual requirements. |
| Audit Committee | <ul style="list-style-type: none"> • Verify follow-up procedures after a cyber incident to prevent or avert recurrence. • Verify the results of cyber risk indicator evaluations. |
| Digital Services Cybersecurity | <ul style="list-style-type: none"> • Develops cybersecurity strategy and aligns the program with the company's business strategy. • Provides and receives input regarding current and emerging cybersecurity business requirements. • Maintains cybersecurity standards, processes and policies. • Implements cybersecurity efforts and investments to ensure effective risk management. |

Risk Management, Policies and Audits

Rather than focusing on individual components, Digital Services takes a holistic approach to cybersecurity, implementing a layered defense security strategy. We ensure that network, operating system, database and application security practices complement one another, with strong internal controls, governance and oversight.

Digital Services uses a systematic approach to cybersecurity risk management, considering the organizational and business needs, cybersecurity threat landscape and state of controls within the organization. Our risk management process is modeled after industry best practices. Our methodology also includes a prescribed approach to treating risk at various levels, risk assessments, and the monitoring, review and re-evaluation of cybersecurity risk.

Digital Services' cybersecurity policies and control requirements are reviewed periodically and aligned with NIST CSF and ISO/IEC 27001/27002:2013. All Digital Services' personnel (including full-time employees, temporary employees and contingent workers) are subject to Digital Services' cybersecurity policies and additional policies that govern their employment or the services they provide to Digital Services.

Digital Services and Hitachi conduct internal security reviews, assessments and audits annually to confirm compliance with Digital Services' cybersecurity policies, procedures and practices. The internal controls of Digital Services are subject to periodic testing by audit organizations such as Digital Services' Internal Audit and Hitachi.

Employee Training

Digital Services promotes security awareness on a company-wide basis and educates personnel through security awareness campaigns, phishing tests and periodic internal news articles.

All Digital Services' personnel are required to complete a data protection training course upon employment and annual training throughout their tenure. The course teaches personnel about their obligations under Digital Services' privacy and security policies. The course also trains personnel on data privacy principles and proper data handling practices, which align with company policies. Employees also receive training on notice, consent, use, access, integrity, sharing, retention, security and disposal of data.

Additionally, role-based security trainings are made available to personnel, including certain individuals involved in human resources, IT development and operations roles. Cybersecurity team members also maintain professional industry-security certifications and participate in industry-security forums to stay current with emerging threats and security trends.

Customer Compliance

Customers remain solely responsible for regulatory compliance in their use of any Digital Services' product or service. Customers must make Digital Services aware of any technical requirements that result from any regulatory obligations prior to contract signing. Selected Digital Services' organizations and services are audited to industry standards, and ISO/IEC 27001:2013 certifications or SOC attestation reports may be available for such selected services. Customers should check with their respective Digital Services' representatives to confirm the availability and applicability of such certifications or attestations.

Unless specifically mutually agreed to, customers must not provide Digital Services with personally identifiable information (PII), personal health information (PHI), personal financial information (PFI) or other similar information that requires specific regulatory, legal or industry data security obligations for the processing of such data.

Where available, Digital Services may offer customers the option to purchase additional services designed for the processing of regulated data within its environment. Note that such additional services are not available for all Digital Services' products and services. Digital Services understands that some customers may have regulatory audit requirements. In those cases, Digital Services will cooperate with customers as described in Digital Services' Data Processing Agreement.

Cybersecurity Incident Management

Digital Services monitors security events and responds to anomalies, alerts and incidents. We evaluate and respond to incidents of suspected or confirmed unauthorized access to any data. Digital Services' Cybersecurity organization is informed of security incidents and events and, depending on the circumstances, defines escalation paths and response teams to address those incidents.

Cybersecurity works with the customer, the appropriate technical teams and other third parties, where necessary, to respond to incidents. The goal of the incident response is to restore the confidentiality, integrity and availability of the Digital Services computing environment, as well as to establish root causes, take appropriate remediation actions and comply with applicable data protection laws. Digital Services regularly tests the efficiency and effectiveness of its cybersecurity incident response plan.





Digital Services' Cybersecurity Organization is responsible for ongoing security management and improvements. As part of a risk management program, team members use a risk-based methodology to assess and prioritize risk and make recommendations for continuous improvements. Senior management reviews these recommendations and provides approvals to allocate resources to implement them. As described above, projects undergo a security review to formally evaluate the architecture and security controls of new, upgraded or replacement technologies and third-party services. In addition, as part of annual planning, roadmaps are reviewed and updated to proactively plan for security investments that align with strategy, operational performance and regulatory compliance requirements.

Data Privacy

Governance and Oversight

Digital Services has a global Data Privacy Office to support corporate and employee functions, product development, customer engagements and supplier enablement. Digital Services' Privacy Team consists of privacy professionals in the United States, Europe, South America, India and China who are charged with meeting the most rigorous standards in existing privacy regulations.

Privacy Program Cornerstones

The mission of Digital Services' privacy program is designed around seven cornerstones of compliance:

- **Data subject rights:** Global process for data subjects to exercise geo-specific rights.
- **Article 30 reports:** We track data flows through reports of processing.
- **External privacy notices:** We maintain a public facing notice of privacy rights, as well as a notice specific to job applicants.
- **Internal privacy policies:** Every employee expressly acknowledges a geo-specific privacy notice.
- **Workforce training:** Digital Services administers yearly privacy-specific training to global workforce.
- **Privacy vendor review:** We perform a detailed review of data flows of new and existing vendors.
- **Privacy review of products:** We conduct a detailed review of new product offerings in the go-to-market process.

To enable ongoing compliance with new and emerging privacy regulations, Digital Services leverages our compliance efforts in meeting the demands of, among others, the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA).

Policies and Procedures

Digital Services' Global Data Protection and Privacy Policy

Digital Services respects and values the privacy of our customers. Our [Global Data Protection and Privacy Policy](#) discusses our methods and approach to earning their trust.

Our policy is not to share personal information with third parties except as provided for in this policy, to facilitate our internal information processing activities or to comply with applicable law. We recognize that our customers' personal information is confidential, and we take steps intended to protect their personal information while it is in our possession.

Global Record Retention and Destruction Policy

Proper records management is an important function of every successful corporation, and we have a policy to outline our approach. We strive for an effective records management program to ensure that all records that are required for us to conduct business, to fulfill our legal responsibilities, and to support our tax and accounting functions are properly maintained and available.

Data Subject Request Policy

The Data Subject Request Policy sets out Digital Services' policy for responding to a data subject rights request under applicable data protection laws, including the EU's GDPR.

Digital Services welcomes all reasonable requests for information. Digital Services will review and, when appropriate, respond to these requests within the time period specified by applicable law.

Data Privacy and Security Terms







Our Data Privacy and Security Terms document outlines the contractual terms related to the data privacy Digital Services offers to its customers. It includes our approach to personal data and confidentiality, our responsibilities as the data controller and the process for third-party data requests.

Appendix

United Nations Sustainable Development Goals (SDGs) | Sustainability Accounting Standards Board (SASB) | ESG Materiality Assessment Topic Definitions

United Nations Sustainable Development Goals (SDGs)

The [United Nations Sustainable Development Goals \(SDGs\)](#) are a collaborative, global effort to achieve a better and more sustainable future for all by addressing challenges of poverty, inequality, climate change, environmental degradation, peace and justice. We identified the key areas where we have the greatest influence and impact through our business strategy, products and services.

| Goal | Description | Alignment to Hitachi Digital Services | Report Reference |
|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
|  <p>5 GENDER EQUALITY</p> | Achieve gender equality and empower all women and girls | <p>We are committed to increasing the representation of women in our workforce and to attracting high-quality female talent to the tech industry through our sponsored programs and the Women of Hitachi ERG. [Targets 5.5 and 5.b]</p> <p>We fulfill the diverse needs of our female employees under recommendations of our ERGs, for instance, offering feeding rooms for women in our UK offices. [Target 5.6]</p> | Diversity, Equity and Inclusion |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | Ensure access to affordable, reliable, sustainable and modern energy for all | <p>We are committed to increasing the share of our energy consumption coming from renewable sources and contributing to increasing the global rate of energy efficiency through our decarbonization programs, our transition to EVs and the integration of environmental impact into business strategy, led by the sustainability director. [Targets 7.2 and 7.3]</p> | Environmental Impact of Our Operations Energy Management and GHG Management |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all | <p>Pay equity and employee learning and development, made available to all employees globally, are priorities at Digital Services. [Targets 8.2 and 8.5]</p> <p>We are committed to conducting all work activities in a manner that promotes the safety and health of colleagues and visitors and minimizes risk to Digital Services property. [Target 8.8]</p> <p>We use an eternity design mindset to extend the lifecycle of our systems throughout the value chain. [Target 8.4]</p> | Employee Engagement, Training and Development Employee Health and Safety |
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation | <p>We provide end-to-end sustainability expertise and solutions to help our customers reduce their carbon emissions, develop innovative digital processes and drive sustainability transformation. [Target 9.4 and 9.5]</p> | Services and Solutions to Advance Customer Sustainability |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | Ensure sustainable consumption and production patterns | <p>Digital Services supports waste prevention, including food, material and e-waste, by optimizing our recycling process and reducing waste that goes to the landfill. [Targets 12.3 and 12.5]</p> <p>We have adopted sustainability into our reporting and are committed to carbon neutrality in our scope 1 and 2 emissions by 2030. [Target 12.6]</p> | Energy Management and GHG Management |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels | <p>Digital Services complies with all anti-bribery/anti-corruption laws and sets expectations regarding the standard of conduct for all who represent Digital Services in the marketplace, managed by the chief ethics and compliance officer. [Targets 16.5 and 16.6]</p> <p>Digital Services adheres to equal opportunity principles in employment decisions, considering all individuals without discrimination. [Target 16.b]</p> | Governance Structure Business Ethics |

Sustainability Accounting Standards Board (SASB)

The accounting standards from the [Sustainability Accounting Standards Board \(SASB\)](#) — now housed under the International Sustainability Standards Board (ISSB) — related to the software and IT services industry are listed below, with information on the relevant topic metric(s) and/or references to sections within this report where specific topics are discussed.

| Topic | Accounting Metric | SASB Code | Response | Report Reference |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Environmental Footprint of Hardware Infrastructure | (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable | TC-SI-130a.1 | <ol style="list-style-type: none"> 51,644 MWh 86% 19% <p>These numbers represent operations for Hitachi Vantara, which includes Hitachi Digital, in FY23.</p> | For more information, please see the Energy Management and GHG Management section of our Sustainability Report. |
| | (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with high or extremely high baseline water stress | TC-SI-130a.2 | During FY2023, Digital Services collected water data at five global sites representing more than a third of our total square footage. In the coming years, we will disclose data for Digital Services operations only. | For more information, please see the Recycling, Waste and Water Management section of our Sustainability Report. |
| | Discussion of the integration of environmental considerations into strategic planning for data center needs | TC-SI-130a.3 | As part of Digital Services' resource and energy management strategies, we have built management systems and other monitoring systems to show continuous usage and provide alerts when consumption goes over a certain threshold. We are implementing internal targets at these locations to ensure we minimize our impact. | For more information, please see the Energy Management and GHG Management section of our Sustainability Report. |
| Data Privacy and Freedom of Expression | Description of policies and practices relating to targeted advertising and user privacy | TC-SI-220a.1 | <p>Digital Services' global Data Privacy Office oversees and supports corporate and employee functions, product development, customer engagements and supplier enablement as relates to privacy matters.</p> <p>Digital Services' privacy program is designed around seven cornerstones of compliance: data subject rights, Article 30 reports, external privacy notices, internal privacy policies, workforce training, vendor privacy reviews and privacy reviews of products.</p> | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| | Number of users whose information is used for secondary purposes | TC-SI-220a.2 | Digital Services does not report this information. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| | Total amount of monetary losses as a result of legal proceedings associated with user privacy | TC-SI-220a.3 | Digital Services does not report this information. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| | (1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure | TC-SI-220a.4 | Digital Services does not report this information. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| | List of countries where core products or services are subject to government-required monitoring, blocking, content filtering or censoring | TC-SI-220a.5 | Digital Services does not report this information. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |

Sustainability Accounting Standards Board (SASB) - continued

| Topic | Accounting Metric | SASB Code | Response | Report Reference |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Data Security | (1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of users affected | TC-SI-230a.1 | Digital Services does not report this information. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| | Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards | TC-SI-230a.2 | Digital Services takes a holistic approach to cybersecurity, implementing a layered defense security strategy. We ensure that network, operating system, database and application security practices complement one another with strong internal controls, governance and oversight. Digital Services' cybersecurity policies and control requirements are reviewed periodically and aligned with NIST CSF and ISO/IEC 27001/27002:2013. Digital Services and Hitachi conduct internal security reviews, assessments and audits annually to confirm compliance with Digital Services' cybersecurity policies, procedures and practices. The internal controls of Digital Services are subject to periodic testing by audit organizations such as Digital Services' Internal Audit and Hitachi. | For more information, please see the Cybersecurity and Data Privacy section of our Sustainability Report. |
| Recruiting and Managing a Global, Diverse and Skilled Workforce | Percentage of employees that require a work visa | TC-SI-330a.1 | Digital Services does not report this information. | For more information, please see the Diversity, Equity and Inclusion section of our Sustainability Report. |
| | Employee engagement as a percentage | TC-SI-330a.2 | Digital Services does not report this information. | For more information, please see the Employee Engagement, Training and Development section of our Sustainability Report. |
| | Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) nonexecutive management, (c) technical employees and (d) all other employees | TC-SI-330a.3 | Digital Services does not report this information. | For more information, please see the Diversity, Equity and Inclusion section of our Sustainability Report. |
| Intellectual Property Protection and Competitive Behavior | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | TC-SI-520a.1 | Digital Services reported zero monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations during FY2023. | For more information, please see the Competitive Behavior section of our Sustainability Report. |
| Managing Systemic Risks from Technology Disruptions | Number of (1) performance issues and (2) service disruptions, (3) total customer downtime | TC-SI-550a.1 | Digital Services does not report this information. | For more information, please see the Risk Management and Business Continuity section of our Sustainability Report. |
| | Description of business continuity risks related to disruptions of operations | TC-SI-550a.2 | Digital Services' risk assessment process follows the Committee of Sponsoring Organizations (COSO) Enterprise Risk Management (ERM) framework when identifying and assessing likelihood or severity of relevant risks. Based on input from relevant stakeholders, risks are identified that might prevent Digital Services from achieving strategic objectives in consideration of the expected impact, likelihood and velocity of a risk to the company. Furthermore, Digital Services' Business Continuity Management team maintains the crisis management framework that includes Crisis Management and Major Incident Management Plans. These plans provide a playbook to respond to all types of major incidents or crisis situations. The primary objective is to ensure employees are safe, followed by continuation of business activities. | For more information, please see the Risk Management and Business Continuity section of our Sustainability Report. |

ESG Materiality Assessment Topic Definitions

The following table lists the nineteen (19) topic areas that were identified through our ESG Materiality Assessment in FY2023, as well as definitions that were used to communicate the specific relevance of each topic to Hitachi Digital business and operations.

| Theme | Topic # | Topic Name | Topic Definition |
|--------------------------------------|---------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment | 1 | Greenhouse Gas Management (Scope 1, 2 and 3) | Measuring and minimizing greenhouse gas emissions — like carbon — throughout the lifecycle of the company’s operations, products and services. This may include reporting Scope 1, 2 and 3 emissions or mitigation strategies (such as reducing carbon on-site). |
| | 2 | Energy Management | Measuring and minimizing the usage and impacts of energy consumption throughout the company’s operations. This may include efforts like promoting renewable energy production and consumption for data center operations. |
| | 3 | Water Management | Measuring and minimizing the usage and impacts from water consumption wherever feasible throughout the lifecycle of the company’s products and services. This may include topics like water management processes and wastewater treatment. |
| | 4 | Recycling and Waste Management | Measuring and minimizing the production of waste wherever feasible throughout operations and the lifecycle of the company’s products and services. This may include topics like disclosing waste and hazardous waste generation, recycling and composting efforts. |
| | 5 | Environmental Management Systems and Real Estate | Establishing an environmental management system to monitor and reduce environmental impacts and risks throughout the company’s offices, facilities and operations. This may include establishing environmental policies and programs, environmental monitoring and oversight systems, and pursuing green building certifications. |
| Human Capital | 6 | Labor Practices and Employee Health and Safety | Supporting the financial, physical and mental well-being of our employees and ensuring human rights within our operations. This may include efforts or policies that relate to fair and livable wages and employee benefits. |
| | 7 | Employee Training, Engagement and Development | Implementing programs and policies that attract and retain talent. This may include efforts or policies that relate to talent development, employment security or compensation. |
| | 8 | Diversity, Equity and Inclusion | Providing a work environment that promotes diversity of gender, ethnicity, sexual orientation, physical ability, age, religious or personal beliefs, socioeconomic background or any other protected characteristic and an inclusive environment for all. This may include policies that prohibit harassment and/or discrimination and recruitment and retention strategies. |
| Social Capital | 9 | Digital Inclusion and Accessibility | Addressing the company’s ability to ensure broad access to its products and services, specifically in the context of disadvantaged population groups. This may include compatibility with assistive technology and initiatives to address the “digital divide.” |
| | 10 | Philanthropy and Volunteerism | Supporting and establishing positive relations with communities where we operate. This may include volunteer programs and charitable donations. |
| | 11 | Data Privacy and Cybersecurity | Establishing systems that ensure privacy is protected, including the secure use of confidential information from employees and customers. This may include identifying, managing and mitigating the risks of security breaches and implementing employee IT training. |
| | 12 | Responsible Selling Practices and Customer Well-Being | Aligning products and services with the interests, rights and well-being of the people who use our service. This may include fair and transparent selling practices and ensuring customer satisfaction, and feedback mechanisms, quality management systems and more. |
| Business Model and Innovation | 13 | Supply Chain Management | Understanding and ensuring suppliers align with the company’s business ethics, including social and environmental performance. This may include “green procurement” policies or efforts that detail considerations and expectations for suppliers to protect human rights, undergo audits, promote transparency and more. |
| | 14 | Competitive Behavior | Implementing anticompetitive practices and behaviors that address the issues associated with monopolies. This may include policies or practices relating to collusion, protection of intellectual property and patents, enforcing compliance and more. |
| | 15 | Environmental and Social Innovation in Products and Services | Researching, developing and offering products that integrate ESG considerations and take advantage of consumer trends and interests in sustainability. This may include development and innovation to solve environmental and social impacts through the company’s products and services, customer education and environmental product certifications. |

ESG Materiality Assessment Topic Definitions - continued

| Theme | Topic # | Topic Name | Topic Definition |
|------------|---------|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Governance | 16 | Corporate Structure and Governance of ESG | Promoting and accurately sharing the company's governance structure to ensure alignment and advancement of the company's mission and values. This may include promoting strong leadership within the highest governing body of the organization, ensuring ESG-related risks and opportunities have established oversight structures, transparent and ethical corporate governance practices and more. |
| | 17 | Business Ethics | Ensuring the company's values, standards and practices are ethical and incorporated throughout business operations. This may include policies or practices relating to the company's code of conduct, anti-corruption and regulatory compliance. |
| | 18 | Public Policy and Government Relations | Ensuring compliance with applicable laws and/or regulations and upholding ethics and values when engaging in activities that may influence law or regulations. This may include topics like fair practices and company transparency relating to lobbying or political contributions. |
| | 19 | Risk Management and Business Continuity | Identifying, preparing for and managing potential crises and risks that may impact the business, including, but not limited to, cyber, geo-political, public health and physical climate events. This may include risk forecasting and mitigation strategies. |



About Hitachi Digital Services

We are Hitachi Digital Services, a company with a bold vision of our world's potential. We're building a world where we guide businesses, industries and society on a journey to identify and accelerate new opportunities through the power of acceleration.

