Customers (Consumer Issues)

❯ Hitachi's Aims

Under the Hitachi Group Codes of Conduct, we have worked to provide high quality and safe products and services and to prioritize the customer's perspective. The Hitachi Group provides a broad range of products and services extending from household electronics to social infrastructure, and we strive to expand our lineup to address the needs of our clients and issues facing society. We feel it is important to contribute to building societies where everyone can enjoy a lifestyle of convenience and comfort, and toward this goal we are working to respond to the diverse needs of customers regardless of factors such as age, physical and mental abilities, economic circumstances, and cultural background.

We develop products and services with which customers will be satisfied and which can be used with confidence while also striving to improve their accessibility. We also respect the rights of customers and are working to provide accurate information about our products and services while strictly managing customer information.

Main Plans and Results

Policies	FY 2015 goals/plans	Results in FY 2015	Achievement level	FY 2016 goals/plans
· Infiltration and embeddedness of QF (Quality First) mindset and sense of responsibility and efforts to strengthen implementation	· Implement *ochibo hiroi*, analyzing root causes of product accidents and reviewing preventive measures with the needs of customers foremost in mind	· Implemented *ochibo hiroi* at 85 offices worldwide	★★★	· Implement *ochibo hiroi*, analyzing root causes of product accidents and reviewing preventive measures with the needs of customers foremost in mind
· Improvement of corporate website accessibility in keeping with 2010 revisions of Japan Industrial Standards	· Conduct two training/briefing sessions in Japan · Conduct training/briefing sessions at five locations outside Japan · Promote use of guidelines for regional portal sites	· Conducted two training/briefing sessions in Japan · Conducted five training/briefing sessions at four locations outside Japan · Re-examined the corporate website for accessibility	★★★	· Conduct an annual training session in Japan · Annually update information and distribute materials for online conferences at various locations outside Japan

★★★: Achieved   ★★: Partially achieved   ★: Not achieved

Pursuing Customer Satisfaction

Hitachi's Approach

As a company that offers a broad range of products and services, we believe it is important to engage in corporate activities with the general public in mind, not just the corporate and individual consumers with whom we deal directly.

To improve customer satisfaction (CS), we have created the Customer Satisfaction Management Guidelines. We share customers' thoughts obtained through direct dialogue, customer service counters, and other means within the relevant divisions and reflect these in our management, products and services, and solution strategies. We also look to disseminate information through our advertising and public relations activities in a truthful and appropriate manner that does not mislead customers or in other ways that may adversely affect society, such as by reinforcing human rights infringements.

Customer Satisfaction

CS Improvement Activities

Using the Customer Satisfaction Management Guidelines, one of the pillars of the company's business management, Hitachi continues to improve CS with the goal of creating innovation through collaboration with customers.

> **Customer Satisfaction Management Guidelines**
> 1. Listen to our customers, who determine the value of products and services
> 2. Review information from our customers is another source of improvement
> 3. Offer prices and quality that are competitive
> 4. Respond rapidly to keep our promises to our customers
> 5. Adopt systems that prevent accidents and minimize their impact
> Formulated in 1994

Reflecting Customers' Voices

Our sales and marketing division uses customer input in developing management, product, and solution strategies. We identify key customers who will help grow our business, then assign an account manager (AM) to each one. The AMs serve as customers' "portals" into Hitachi Group companies in Japan, and the whole Group works with them to build closer relations with customers and to boost customer satisfaction.

Our Hokkaido, Tohoku, and Shikoku area operations hold executive seminars for local customers. Through direct dialogue with customers participating in our seminars and lectures, we incorporate their expectations for Hitachi and their opinions into product strategies.

We also hold the Hitachi Social Innovation Forum, which includes lectures, business sessions, seminars, and exhibits showcasing new businesses and initiatives targeting social innovation. Project leaders explain details to customers to deepen their understanding of Hitachi's business. We use feedback from this forum to improve our operations.

Our R&D Technology Community program provides opportunities for creation through collaboration with customers. Project leaders invite customers to their research labs to see exhibits of products and systems currently being developed.

Applying Advertisement Guidelines

Based on its Customer Satisfaction Management Guidelines, Hitachi, Ltd. applies advertisement guidelines to ensure that its advertising activities comply with laws and regulations showing proper consideration for society as a whole. We will continue to create advertisements that reflect ongoing changes in society, that provide customers with clear and concise messages, and that are appropriate for a company committed to contributing to society.

As issues that arise from advertisement activities can have broad impact on the company, we have established in each business unit a framework for evaluating the expressions in advertisements that stands independent of the ad production process. Following this institutional check, we also evaluate advertisements to ensure that they are socially appropriate.

We designed our advertisement guidelines to be flexibly adjusted and applied to the entire Hitachi Group's diverse operations. At our business locations outside Japan in particular, we strive to ensure appropriate advertising activities by confirming all items on the checklist included in the guidelines.

Providing Customer Support Online

Hitachi offers comprehensive customer support on its website. This enables us to process customer inquiries, opinions, requests, and complaints—in collaboration with the customer support offices of Hitachi Group companies in Japan—to improve our business operations, as well as our products and services. We also conduct training courses to provide better handling of these inquiries.

As one initiative, we have been holding the Web Inquiry Responsiveness Improvement Course since fiscal 2009. In fiscal 2015, 52 Hitachi Group company employees took the course (bringing the cumulative total to 701 participants), which features case studies on responses to inquiries. Going forward, we will strengthen coordination among Group companies to respond more quickly and effectively to customer inquiries, using the website as an important contact tool.

Improving Customer Satisfaction in Electric Home Appliances

The Electric Home Appliances Customer Satisfaction Division has enabled the expansion of Hitachi's business from electronic and electric equipment to the environment business by drawing up a vision for environmental value creation, actively promoting various service areas.
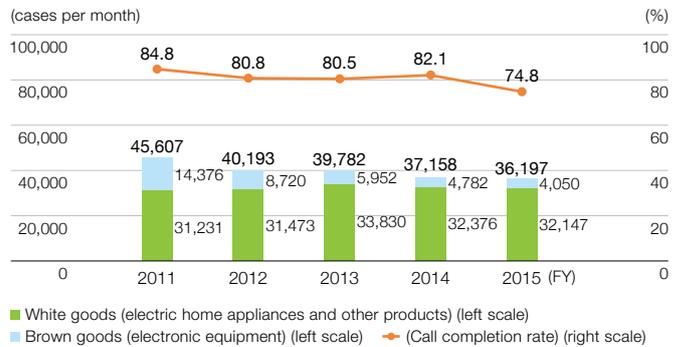
Our call center and website handle about 2.31 million customer inquiries, repair requests, and complaints about washing machines, LCD TVs, and other appliances per year.[1] We have undertaken a number of initiatives to better respond to inquiries and to reflect customer feedback in our *monozukuri* craftsmanship, including improving the contact success rate by using outsourcing; creating a database of customer feedback, including consultations, inquiries, and complaints; and enhancing our website's FAQ section.

We also conduct semiannual customer service evaluation surveys at approximately 90 service centers in Japan. Based on the answers, we improve services through CS training courses and other programs.

With the expansion of Hitachi's markets outside Japan, sales offices have been opened in nine countries in Asia and the Middle and Near East. We are also working on unifying management of operations outside Japan.

[1] Since fiscal 2013, technical inquiries from suppliers and parts orders have been excluded from these statistics.

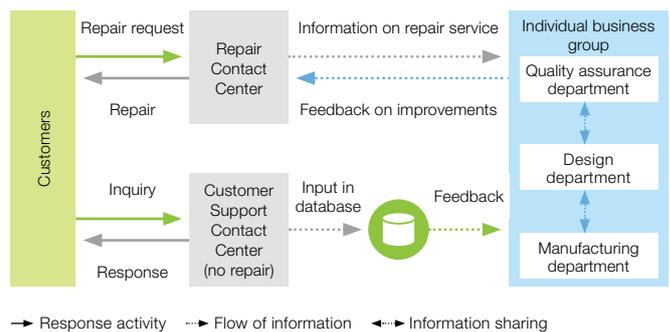● Customer Contact Cases, Call Completion Rate (12-Month Average) ✓

(cases per month)

	2011	2012	2013	2014	2015 (FY)
Call completion rate (%)	84.8	80.8	80.5	82.1	74.8
Total	45,607	40,193	39,782	37,158	36,197
Brown goods	14,376	8,720	5,952	4,782	4,050
White goods	31,231	31,473	33,830	32,376	32,147

■ White goods (electric home appliances and other products) (left scale)
■ Brown goods (electronic equipment) (left scale) ● (Call completion rate) (right scale)

● Results of Evaluation Survey for Customer Repair Services (Customer Satisfaction) ✓

	2011	2012	2013	2014	2015 (FY)
(%)	97.1	96.6	97.1	97.2	97.3
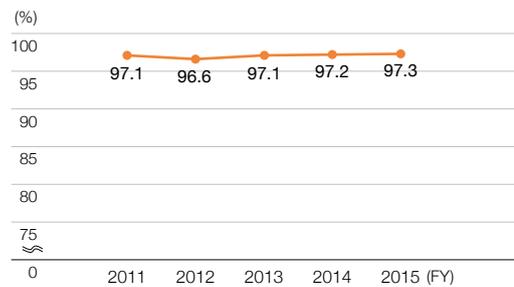
Notes: Evaluation survey for 2015 carried out in June–August 2015 (35,400 respondents; 38.8% response rate) and December 2015–February 2016 (28,800 respondents; 37.9% response rate).

Flow of Customer Service

→ Response activity   ┅▶ Flow of information   ◀┅▶ Information sharing

Hitachi Sustainability Report 2016

HITACHI
Inspire the Next

Contents

61

Management Approach | Activities | Performance Data

Customers (Consumer Issues) ❯ Ensuring Accessibility to Products and Services

Ensuring Accessibility to Products and Services

Hitachi's Approach

ISO 26000 provides guidelines for corporate social responsibility. It identifies such core consumer issues as "fair marketing, factual and unbiased information" and "access to essential services" and calls on corporations to actively take measures addressing these. It is the base of our CSR management framework, and in applying it we are working to improve our products and services to make them broadly accessible to society through such activities as the appropriate disclosure of product information and the promotion of universal design. In addition, to support the growth of emerging economies we are developing products and services to meet new social needs and carrying out our Social Innovation Business while also engaging in active marketing and other activities.

Universal Design

We promote universal design (UD) with a focus on three aspects of our products: their quality of use, their accessibility, and their entire life cycle. Quality of use means focusing on the traits that make people feel that the product is easy and enjoyable to make a part of their lives. Accessibility refers to the range of people who can use a product or service. And the life cycle covers all the customer-relevant stages of the value chain, from product purchase through to disposal.

We conduct basic research on users' behavioral and cognitive characteristics to formulate UD guidelines and reflect these in product development, incorporating input from users and experts at every stage. The information obtained during product development goes into a database shared by our businesses in Japan. We also distribute some of this information externally to promote open-source standardization and education.

Universal Design at Hitachi

Increasing UD Products in Digital and Home Appliances

We define people as customers as soon as a product interests them, and therefore make a point of considering UD concepts in all stages, from presales to disposal. Key attributes are usability, features, harmony with the environment, safety, and maintenance. Our intention is to provide products that suit the physical capabilities and lifestyles of all customers and are appreciated for a long time.

Our UD focus extends beyond products to include product manuals. For example, to allow the visually impaired to use our products safely and easily, we are working with the NPO Kanagawa Information, Employment, and Welfare Network for the Visually Impaired (View-Net Kanagawa) to make our manuals available as audio text files.

The entire manual, including photographs, diagrams, and tables, is converted into a text file that can be played aloud using text-to-speech software (a screen reader for the visually impaired) and made available online. The text files are created based on feedback from visually impaired people who have operated and verified product use while listening to the instructions.

We have also launched a range of measures to improve the accessibility of increasingly complex electronic consumer appliances for the elderly and disabled. DVDs providing clear explanations on product use are included with products, while some products have Japanese Braille labeling on their buttons.

Instruction DVD.

Verifying audio text files for product operation.

Bringing UD to Public Equipment and Systems

Public equipment and systems are used by a large number of people, including children, either individually or collectively, in public spaces like government buildings, stations, railways, and hospitals. Product design must address not only ease of use but also security, privacy, and safety.

For example, our automated teller machines (ATMs) include considerations and ideas based on a human-centric approach aimed at producing a machine that a range of people can operate in the same way with ease and without any particular concern. The arched guide frame leads hands naturally toward the card, bankbook, and cash slots. The open space below the user panel has been substantially deepened to improve wheelchair access.

The screen interface, designed to be easier to use regardless of differences in color vision, has received Color Universal Design certification[1] from the NPO Color Universal Design Organization (CUDO).

[1] CUDO Color Universal Design certification: Granted where the color schemes used in products and facilities, etc., are tested and found to be consistent with CUDO standards for color UD, the concept of designing products and facilities for universal ease of use, regardless of people's differences in color perception. The aim of the CUDO certification system is to contribute to the public good by creating a society that accommodates individuals' differences.

An arched guide frame leads hands naturally toward the slots.

An inset front face below provides better wheelchair access.

A display screen accommodating color vision differences.

AKe-S next-generation ATM.

Increasing UD Products in Web and Information Systems

Web and information systems are essential for gathering information and communicating. For users with disabilities who have difficulty accessing information, it is particularly important to make systems accessible, usable, and secure. Hitachi promotes UD that ensures accessibility in our web and information systems by using the international Web Content Accessibility Guidelines (WCAG) 2.0.[1] Examples include screens and layouts that are easy to read, compatibility with screen readers that read content out loud, and a feature that allows people to alter font size and color.

The Assistance for Color Generation by CSS3 (CSS3 Generator) tool uses CSS3,[2] enabling the rendering of gradation, shadows, glow effects, font bordering, rounded corners, and other effects that allow more people to create web pages efficiently without factoring in colors or using images. This tool makes it easy to choose colors that can be differentiated regardless of color vision. Hitachi has made this tool available for free so that it can be used by screen designers and systems developers.

[1] WCAG 2.0: Guidelines created by the World Wide Web Consortium (W3C) that form the basis of the Japanese Industrial Standard on information communications and Web content. The International Organization for Standardization (ISO) adopted these guidelines as an ISO/IEC 40500:2012 standard on October 12, 2012.
[2] CSS3 (CSS Level 3): An additional specification for the W3C's Cascading Style Sheets (CSS), a language for describing the rendering of HTML and XML documents.

Screenshot of the Assistance for Color Generation tool.

Hitachi Sustainability Report 2016

HITACHI
Inspire the Next

Contents

63

Management Approach | Activities | Performance Data

Customers (Consumer Issues) ⟩ Ensuring Accessibility to Products and Services, Ensuring Thorough Management of Quality and Safety

Product Safety Information Disclosure

Information Disclosure for Safety

Hitachi's Product Safety Assurance Guidelines state that our highest priority is the safety of our customers, and we have established activity guidelines for safety across the Group.

As changes in social norms and the environment bring about the need for higher standards of safety, we are crafting even higher safety standards by having the Hitachi Group's risk assessment team share the latest practical cases within the Group and evaluate the safety activities related to each product.

Moreover, we are also proactively working to disclose safety information on the use of our products and improving risk communication with our customers by establishing the Guide for Preparing User Instruction Manuals.

Adaptation for Emerging Markets

Product and Service Adaptation for Emerging Markets

As a consequence of their rapid economic development, emerging markets face issues including food shortages, poverty, and environmental and energy concerns, which are attributed to urbanization and population growth. In an effort to seek solutions to these social issues, we are expanding our Social Innovation Business globally.

Economic growth and rising incomes in India have made bolstering the nation's financial infrastructure a top-priority issue, and the Indian government is promoting measures to expand access to financial services throughout the country, including in rural communities. Hitachi has entered India's payment services market by acquiring a major domestic firm with a proven record in automated teller machine (ATM) services, including monitoring, maintenance, and support in optimizing installation for better location selection and further efficiency. Pairing the local company's knowledge of the markets with our big data analytic technology has enabled us to increase our services nationwide. As of March 2016, we manage over 50,000 ATMs and over 270,000 point of sale (POS) service devices.

The introduction of our payment services business represents a change in direction for our operations in India toward more complete financial solutions. In contrast to developed countries, where FinTech[*1] such as cashless settlement services is widely available, the need for ATM-centered financial services is expected to continue as emerging markets are heavily reliant on cash payments. Moving forward, we plan to expand our financial services business in Southeast Asia and other emerging countries.

*1 FinTech: A portmanteau of financial technology, describing convenient and innovative financial services using IT created from the point of view of customer needs.

Ensuring Thorough Management of Quality and Safety

Hitachi's Approach

Meeting the quality standards our customers expect and providing products and services they can use with confidence are the management themes cited at the beginning of the Hitachi Group Codes of Conduct that each employee strives to fulfill as a promise to society. We are establishing thorough quality assurance measures from the design and production stages through after-sales service, as well as working to ensure a quick response and proper information disclosure in the event a problem emerges. In addition, as production and other operations increasingly take place outside of Japan, we giving importance to quality assurance in our global human resource development activities, and we are working to expand our current programs.

Quality Assurance Activities

About Our Activities

Based on the Corporate Credo of contributing to society through the development of superior, original technology and products, Hitachi is engaged in the *monozukuri* craftsmanship with quality and reliability as top priority. An integral aspect of this is *ochibo hiroi*, Hitachi's traditional approach meaning "gleaning" in English, through which we learn from failure and further develop our technologies. In practice, when an accident occurs, we not only investigate the technical cause of the accident but also have an executive officer in charge and relevant staff members thoroughly discuss the process, framework, and psychological factors of the incident in order to improve our product reliability and customer satisfaction. To ensure quality and reliability, we enhance our quality assurance activities from the perspectives of organization and management, technology, and human resources in every process—from planning, development, design, manufacturing, and delivery to maintenance—in order to perform our safety-driven brief.

From fiscal 2010 to 2015 we promoted Group-wide measures to ensure product safety, compliance with laws and regulations, human resource development, and quality improvements. To realize our fiscal 2018 Mid-term Management Plan, from fiscal 2016 onward we are steadily working to improve the quality of services and the reliability of our products for quality, as well as to promote the reduction of loss costs with better quality management.

Intensive Risk Assessment

Hitachi is committed to the quality, reliability, and delivery of safe products and services by combining expertise and technologies in such varied areas as planning, research, design, manufacturing, quality assurance, and maintenance. The safety of our customers' life, health, and property is the top priority in product development. Therefore, we verify safety at every step, from development and production to sales and maintenance, and conduct risk assessments from a wide perspective in collaboration with related business units and research laboratories.

### Complying with Technical Laws

To supply our customers with products that they can use with confidence, we comply with all product safety and technical laws, including those covering environmental

consciousness and safety labels. We distribute information on product regulations worldwide, along with amendment trends and enforcement dates, among Hitachi Group companies. We have also created guidelines for assessment of technical laws and quality assurance systems, sharing them throughout the Group. The guidelines focus on clarifying product-specific laws (the product-specific laws map); on regulatory compliance activities and continuous improvement of processes, based on our compliance management system; and on compliance education, as well as raising compliance awareness.

Handling Product Accidents

When a product accident occurs, the division responsible acts swiftly to resolve the problem from the customer's perspective. For an especially severe accident, we report to government agencies in line with legal requirements and publish the incident information on our website and through other channels. At the same time, we promptly submit a status report to top management, ensuring fast and appropriate action at all companies across the Group.

Response Flow in the Event of Product Accident

Legend: ···▶ Flow of information　─▶ Report　◀─▶ Information sharing
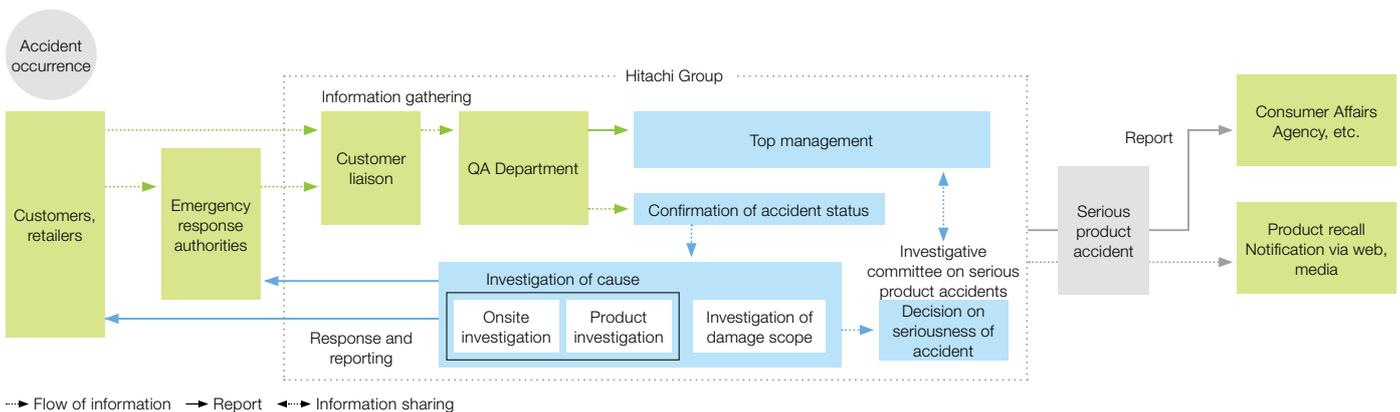
Quality and Reliability Education

We conduct various technical lectures for engineers engaged in *monozukuri* craftsmanship, beginners and experts alike, in the field of the Weibull, FTA, and FMEA analysis methods in addition to product safety. In addition to these lectures, we initiated training on reliability improvement to foster instructors from November 2014 to August 2015. The content of the training extended from the Founding Spirit and lessons learned from accidents to our distinct approach, *monozukuri*, which makes Hitachi special. As of August 2015, we have trained over 200 instructors, who are passing on Hitachi's *monozukuri* to the next generation of engineers.

Each business unit also conducts specialized technical courses regarding manufacturing, quality assurance, and maintenance at their quality assurance training centers.

Ensuring Home Appliance Safety

We are reducing consumer appliance accidents to near zero levels in line with Hitachi's Customer Satisfaction Management Guidelines, which set avoidance of all accidents as the baseline. For example, since fiscal 1987 we have been testing worst-case scenarios, such as deliberately setting a fire inside a product to confirm that the fire will not spread outside it. Since fiscal 2006, we have also been conducting

product safety risk assessments at the development stage, creating "accidents" that might be caused by misuse.

We will continue to make all our consumer appliances even safer, using our own voluntary action plan for product safety, so that customers can use our products with confidence.

Training Global QA Personnel in Asia

As local production has been growing in Asia, we are carrying out training to ensure that products from the region meet Hitachi's global standard of quality. For example, we host conferences for QA managers in China and Thailand, where we have a large number of manufacturing sites, to raise quality awareness with regard to Hitachi's *monozukuri* craftsmanship and to share information and best practices.

Additionally, to help employees in quality assurance become global players and improve their level of quality management, we provide three levels of training courses in Beijing, Shanghai, and Guangzhou in China and in Bangkok, Thailand: the Basic Reliability Course,[1] Intermediate Reliability Course,[2] and Advanced Reliability Course. In the Advanced Reliability Course, managers and senior managers hold group discussions on past product accidents to investigate the causes, including process-related, organizational, and psychological factors, and the discussions help them enhance their ability to identify issues and craft solutions.

[1] Basic Reliability Course: Deepens understanding of Hitachi's *monozukuri* craftsmanship, quality management, and labor safety.
[2] Intermediate Reliability Course: Improves understanding of more practical issues, including Hitachi's *monozukuri* craftsmanship, ISO 9001 certification, defect elimination, design for reliability, and purchase management.

Rigorous Information Management

Web Marketing

Hitachi utilizes online platforms, including the corporate website and social media, to promote its business and enhance customers' understanding of Hitachi as part of developing the Social Innovation Business globally. The use of these platforms requires effective risk management to protect our brand and to prevent violations of human rights. To this end, we have established the Hitachi Disclosure Policy, the Global Information Security Administration Rules, and the Social Media Guideline as guidance tools, sharing them with Group companies worldwide.

Additionally, Hi-CRM, Hitachi's customer relations management system, has been applied to 194 Group companies to collect and accurately manage customer information Group-wide, in addition to serving as a marketing tool. Hi-CRM covers 66% of the orders received across the whole Group, with the database enabling us to formulate more effective sales strategies and offer collaborative solutions by multiple businesses. We are currently considering rolling out the system more aggressively across the Group.

Protecting Personal Information

We established a personal information protection management system based on our Personal Information Protection Policy. Through the rollout of this system, as well as the safe handling of personal information, e-learning programs for all employees, and periodic audits, we are ensuring protection of personal information throughout the company.

We are also establishing a management system and defining internal regulations in line with legal requirements to appropriately manage information related to Japan's My Number taxpayer identification system, which the government introduced in January 2016.

Hitachi experienced no leaks of personal information during fiscal 2015.

Privacy Mark[1] Certification ✓

Hitachi, Ltd. first received Privacy Mark certification in March 2007. We have maintained the high level of privacy protection needed to renew this certification five subsequent times, most recently in March 2015. We are making every effort to ensure our sixth consecutive certification in March 2017. The entire Hitachi Group is committed to personal information protection, with 57 Hitachi Group companies in Japan having received the Privacy Mark as of May 2016. In July 2009, the Corporate Hospital Group in Japan also gained Privacy Mark certification. This group is working hard to protect and carefully handle the personal information of its patients and others. Hitachi also strives to safeguard personal information globally at Group companies outside Japan based on the Personal Information Protection Policy and by adhering to all applicable laws and regulations, including social requirements.

Again, Hitachi experienced no leaks of personal information during fiscal 2015.

[1] Privacy Mark: A third-party certification established in April 1998 that is granted by the assessment body Japan Information Processing Development Corporation to businesses that have taken appropriate security management and protection measures related to personal information.

Personal Information Protection Policy