



Management Approach

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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

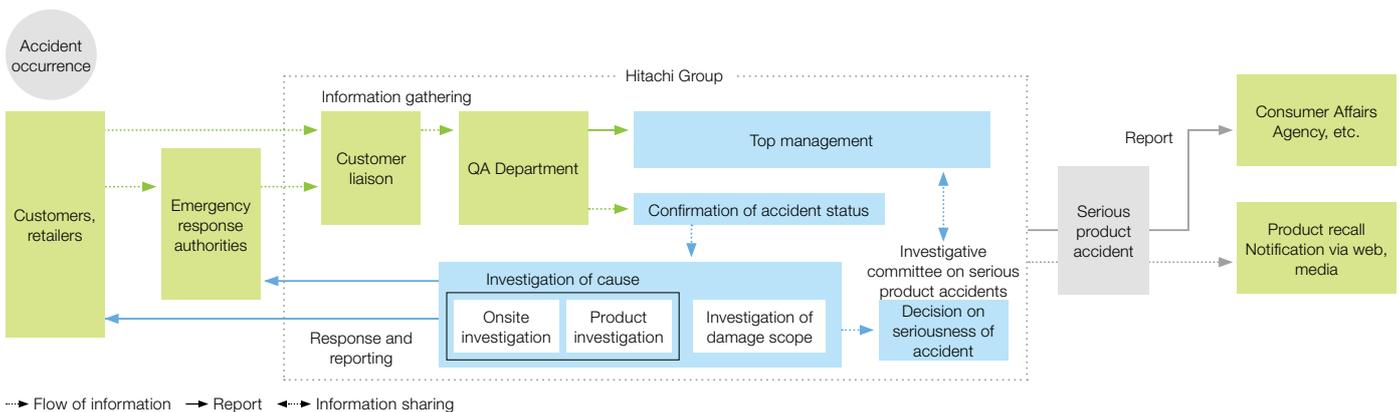
To supply our customers with products that they can use with confidence, we comply with all product safety and technical laws, including those covering environmental

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



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



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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

