



## Hitachi's Aims: Building a Sustainable Society Through Our Products and Services

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. In accordance with this philosophy, we provide a broad range of channels through which customers can make an inquiry or voice their opinions about our products and services. In addition to communicating with the sales floor staff, customers can contact our comprehensive customer support through the websites of Hitachi, Ltd. and all Group companies.

# Customers (Consumer Issues)

### Key SDGs



## Hitachi and Society

### Our Impact on Society

No. of consolidated subsidiaries (Japan)

**202** companies (as of March 2018)

### Our Performance

Information and security audits 

**221** companies  
(Hitachi Group in Japan and Hitachi, Ltd.)

# 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, 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.

The opinions and requests we receive from our corporate clients, as well as the more than 2.2 million comments submitted each year by a broad spectrum of individual customers, are shared with all Hitachi divisions engaged in manufacturing. Drawing on our strengths as a provider of solutions for consumer issues, we apply this feedback in implementing improvements in a full range of products, from industrial equipment to consumer appliances.

We also look to communicate 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. These guidelines and activities are

shared with a continually larger number of Group companies outside Japan, enabling Hitachi to enhance customer satisfaction from a global perspective.

## 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, Chubu, Kansai, and Shikoku area operations hold executive seminars for local customers. Through direct dialogue with customers participating in these seminars and lectures, we incorporate their expectations for Hitachi and their opinions into product strategies.

To accelerate collaborative creation with customers in Hitachi's evolving Social Innovation Business, we also hold Hitachi Social Innovation Forums in Europe, Asia, and other regions, providing lectures, exhibits, and more. Our sales teams invite our customers to these events to deepen their understanding of Hitachi's business. We also collect feedback from these events to improve our future operations.

Our R&D Technology Community program provides opportunities for collaborative creation 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

Customers (Consumer Issues) > Pursuing Customer Satisfaction

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 2017, 45 Hitachi Group company employees took the course (bringing the cumulative total to 795 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 provides services and solutions to improve quality of life for people of all ages—both at home and in the city. In Japan, these initiatives are carried out under the slogan, “360°

Happiness: Encircling People and All Their Dreams for the Future.”

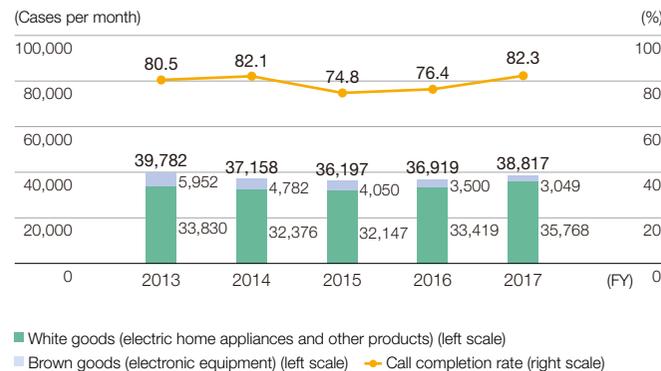
Our call center and website handle about 2.24 million customer inquiries, repair requests, and complaints about washing machines, LCD TVs, and other appliances per year.\*1 We have undertaken a number of initiatives to better respond to inquiries and to reflect customer feedback in our *monozukuri* craftsmanship, 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.

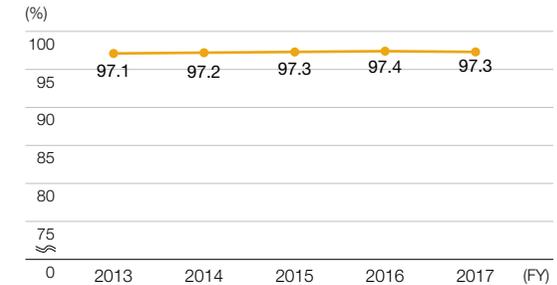
With the expansion of Hitachi's markets outside Japan, sales offices have been opened in ten countries in Asia and the Middle and Near East. We are also working on unifying management of operations outside Japan.

\*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)**

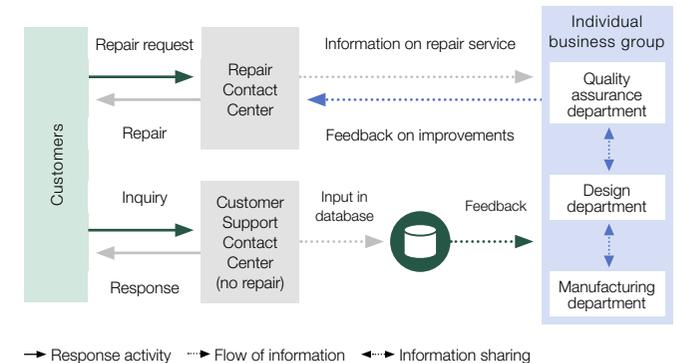


**Results of Evaluation Survey for Customer Repair Services (Customer Satisfaction)**



Note: Evaluation survey for fiscal 2017 carried out in June–July 2017 (35,400 respondents; 37.9% response rate) and December 2017–January 2018 (28,800 respondents; 35.8% response rate).

**Flow of Customer Service**



# 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.

As symbolized by the adoption of the UN Sustainable Development Goals, worldwide interest is growing in achieving a more sustainable society, such as by supporting the economic growth and higher living standards of emerging economies. We, too, are enhancing our business structure to contribute to the development of these economies, developing products and services to meet new social needs and engaging in active marketing activities carrying out our Social Innovation Business.

## 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 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.

We incorporate UD considerations as a fundamental component of home and digital appliance product design. During the development of the front loading washer-dryer machines released by Hitachi Appliances in 2017, we modified the 2016 UD-conscious models to further improve the product's performance, including increased capacity and extended range of functions.

Based on usability testing of the previous year's model, we built on earlier exploration of button layouts for more intuitive operation and angles for superior visibility to further enhance operational simplicity and usability by clarifying functional areas. For example, buttons are now aligned horizontally with a display

panel behind each. Maintainability was improved by equipping the dryer filter with a sliding blade, allowing captured dust to be more easily removed.



A front loading washer-dryer machine that incorporates UD-conscious performance improvements.

## 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, based on these guidelines, we promote activities to ensure 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 through Group-wide activities to increase trust in Hitachi, sharing the latest practical cases within the Group and cross-evaluating the product-safety activities of each division.

We are also proactively working to disclose safety information on the use of our products and establish the Guide for Preparing User Instruction Manuals in order to improve risk communication with our customers.

## 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.

India is the seventh largest country by area and the second largest by population. With economic development expanding and household income rising nationwide, India's government has launched an ambitious program called Digital India that

aims to digitalize administrative and financial services and provide digital infrastructure to citizens.

In April 2018, Hitachi formed Hitachi MGRM Net by acquiring shares in MGRM Net, a company with a history of successful application development for the government-led "e-Governance" digitalization initiative. Going forward, we will contribute to Digital India by offering solutions in fields such as education, healthcare, agriculture, and insurance, combining the expertise of MGRM Net with our Lumada IoT platform.

In the financial services field, Hitachi Payment Services (1,300 employees as of May 2018) provides services including operation and maintenance of automated teller machines (ATMs\*<sup>1</sup>) and support for optimal selection of ATM locations. As of May 2018, we manage over 50,000 ATMs and over 800,000 point of sale (POS) service devices.

Additionally, in response to India's strong demand for ATMs and a governmental "Make in India" initiative designed to promote the manufacturing sector, Hitachi established Hitachi Terminal Solutions India (30 employees as of the end of April 2018) as an ATM manufacturing base. Producing highly reliable banknote recycling ATMs using the latest sensing and mechatronics technology developed by Hitachi-Omron Terminal Solutions, the company is aiming at a manufacturing target of 1,500 units per month.

As the Digital India program advances, cashless settlement and other FinTech\*<sup>2</sup> services are expected to grow. Hitachi stands at the forefront of these developments, strengthening its support for cashless settlement services in addition to its existing cash settlement solutions and continuing to contribute to the improvement of India's financial and settlement infrastructure.

Moving forward, we also plan to expand our financial services business in Southeast Asia and other emerging countries.

\*1 Here, ATMs are defined to include cash dispensers (CDs).

\*2 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 is expected 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 are giving importance to quality assurance in our global human resource development activities and working to expand our current programs. To protect information privacy, Hitachi adheres to the European General Data Protection Regulation (GDPR) and other rules and regulations in each country and region around the world.

These efforts are important in enabling Hitachi to grow together with society. They must also be actively and comprehensively pursued in light of the impact of our products and services on society in case of an emergency. Hitachi not only complies with laws and regulations but also formulates and abides by stringent Group-wide criteria in response to economic, social, and technological demands.

## 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 that quality and reliability are maintained, we enhance our quality assurance activities from the perspectives of organization and management, technology, and human resources in every process—from planning and development to design, manufacturing, delivery, and maintenance.

Since fiscal 2010 we have been promoting Group-wide measures to ensure product safety, compliance with laws and regulations, human resource development, and quality improvements. In addition, with a view to achieving the goals of our 2018 Mid-term Management Plan, from fiscal 2016 we have been steadily working to improve the quality of services and the reliability of our products and to reduce losses arising from quality issues with better quality management.

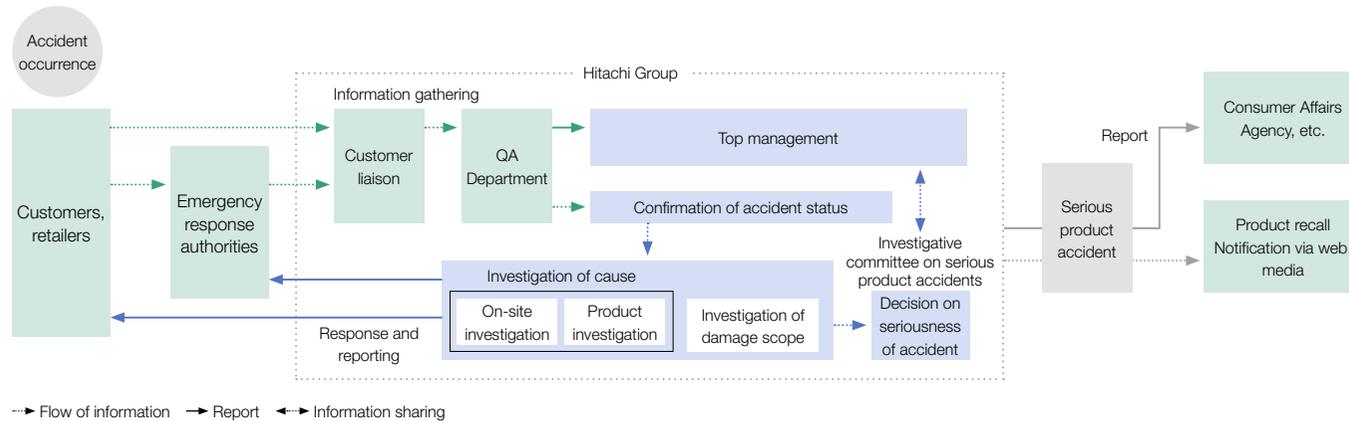
### ▶ Intensive Risk Assessment

Hitachi is committed to the 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. In responding to these risks, we apply the safety principles of ISO/IEC Guide 51 in accordance with the product safety handbook for business operators published by Japan's Ministry of Economy, Trade, and Industry, ensuring safety by means of the mitigation measures of risk reduction through design (fundamental safety design), risk reduction through protective measures (safeguards), and risk reduction through usage information (product manuals), in order of priority.

### ▶ 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

**Response Flow in the Event of Product Accident**



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.

**Quality and Reliability Education**

We conduct technical lectures for engineers engaged in *monozukuri* craftsmanship at a range of levels from beginner to expert.

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. To this end, we conduct product safety risk assessment as well as testing worst-case scenarios—for example, deliberately setting a fire inside a product to confirm that the fire will not spread outside it. Furthermore, along with each product's full manual, we include a quick start guide summarizing key features and operations, and make step-by-step how-to videos available on our corporate website as well.

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 quality standards. 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,<sup>\*1</sup> Intermediate Reliability Course,<sup>\*2</sup> 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 these discussions help them enhance their ability to identify issues and craft solutions.

<sup>\*1</sup> Basic Reliability Course: Deepens understanding of Hitachi's *monozukuri* craftsmanship, quality management, and labor safety.

<sup>\*2</sup> 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

### Communicating with Customers on the Web and Social Media

Hitachi places great importance on its corporate website, social media, and other tools for promoting its activities and deepening customer understanding as part of developing its Social Innovation Business globally. Effective risk management is required when using these tools to protect our brand and avoid violating the rights of others, including human rights. To this end, we have established the Hitachi Disclosure Policy, the Global Information Security Administration Rules, and the Social Media Communication Guidelines as guidance instruments, sharing them with Group companies worldwide.

Also, HiCRM, Hitachi's customer relations management system, has been applied to 195 Group companies to collect and accurately manage customer and transaction information Group-wide, in addition to serving as a marketing tool. HiCRM covers more than 80% 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, programs for all employees, and periodic audits, we are ensuring protection of personal information throughout the company.

During fiscal 2017, there was no grievance concerning breach of customer privacy or loss of data.

#### ▶ 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 and we are working toward our sixth renewal in March 2019.

The entire Hitachi Group is committed to personal information protection, with 44 Hitachi Group companies  in Japan having received the Privacy Mark as of May 2018.

Hitachi also strives to safeguard personal information globally at Group companies outside Japan based on each company's personal information protection policy and compliance with all applicable laws and regulations as well as the expectations of society at large.

Hitachi experienced no leaks of personal information during fiscal 2017.

\*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



#### ▶ Personal Data Protection Laws Outside Japan

As the risk of privacy violation increases with the advancement of IT and globalization of socio-economic activities, lawmakers are actively seeking to create new legislation and modify existing laws in countries and regions around the world. In particular, the impact of the European General Data Protection Regulation (GDPR) has extended far beyond Europe's borders. The Hitachi Group is addressing the GDPR on a global basis, responding appropriately to it both within Europe and around the world. The Group continues to monitor related developments in order to take appropriate action when necessary.